

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 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, 1999

or

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: 1-11954

VORNADO REALTY TRUST

(Exact name of Registrant as specified in its charter)

MARYLAND

22-1657560

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

PARK 80 WEST, PLAZA II, SADDLE BROOK, NEW JERSEY

07663

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number including area code: (201) 587-1000

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

Title of Each Class -----	Name of Each Exchange on Which Registered -----
Common Shares of beneficial interest, \$.04 par value per share	New York Stock Exchange
Series A Convertible Preferred Shares of beneficial interest, no par value	New York Stock Exchange
8.5% Series B Cumulative Redeemable Preferred Shares of beneficial interest, no par value	New York Stock Exchange
8.5% Series C Cumulative Redeemable Preferred Shares of beneficial interest, no par value	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 X 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.

The aggregate market value of the voting shares held by non-affiliates of the registrant, i.e. by persons other than officers and trustees of Vornado Realty Trust as reflected in the table in Item 12 of this Form 10-K, at March 1, 2000 was \$2,130,503,000.

As of March 1, 2000, there were 86,393,140 common shares of the registrant's shares of beneficial interest outstanding.

Documents Incorporated by Reference

PART III: Proxy Statement for Annual Meeting of Shareholders to be held on May 31, 2000.

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- (1) These items are omitted because the Registrant will file a definitive Proxy Statement pursuant to Regulation 14A involving the election of directors with the Securities and Exchange Commission not later than 120 days after December 31, 1999, which is incorporated by reference herein. Information relating to Executive Officers of the Registrant appears on page 46 of this Annual Report on Form 10-K.

Certain statements contained herein constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Certain factors could cause actual results to differ materially from those in the forward-looking statements. Factors that might cause such a material difference include, but are not limited to, (a) changes in the general economic climate, (b) local conditions such as an oversupply of space or a reduction in demand for real estate in the area, (c) conditions of tenants, (d) competition from other available space, (e) increased operating costs and interest expense, (f) the timing of and costs associated with property improvements, (g) changes in taxation or zoning laws, (h) government regulations, (i) failure of Vornado to continue to qualify as a REIT, (j) availability of financing on acceptable terms, (k) potential liability under environmental or other laws or regulations, and (l) general competitive factors.

PART I

ITEM 1. BUSINESS

THE COMPANY

Vornado Realty Trust is a fully-integrated real estate investment trust ("REIT"). In April 1997, Vornado transferred substantially all of its assets to Vornado Realty L.P., a Delaware limited partnership (the "Operating Partnership"). As a result, Vornado conducts its business through the Operating Partnership. Vornado is the sole general partner of, and owned approximately 86% of the common limited partnership interest in, the Operating Partnership at March 1, 2000. All references to the "Company" and "Vornado" refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

The Company currently owns directly or indirectly:

Office Building Properties ("Office"):

(i) all or portions of 22 office building properties in the New York City metropolitan area (primarily Manhattan) aggregating approximately 14.0 million square feet;

(ii) a 34% limited partnership interest in Charles E. Smith Commercial Realty L.P. ("CESCR"), a limited partnership which owns and manages approximately 10.7 million square feet of office properties in Northern Virginia and Washington, D.C., and manages an additional 7.9 million square feet of office and other commercial properties in the Washington, D.C. area;

Retail Properties ("Retail"):

(iii) 56 shopping center properties in six states and Puerto Rico aggregating approximately 12.0 million square feet, including 1.4 million square feet built by tenants on land leased from the Company;

Merchandise Mart Properties:

(iv) the Merchandise Mart Properties portfolio containing approximately 6.8 million square feet, including the 3.4 million square foot Merchandise Mart in Chicago;

Temperature Controlled Logistics:

(v) a 60% interest in partnerships that own 89 warehouse facilities nationwide with an aggregate of approximately 428 million cubic feet of refrigerated space (excludes 15 additional warehouses containing approximately 91 million cubic feet managed by AmeriCold Logistics). AmeriCold Logistics leases all of the partnerships' facilities;

Other Real Estate Investments:

(vi) approximately 32% of the outstanding common stock of Alexander's, Inc. ("Alexander's"), which has eight properties in the New York City metropolitan area;

(vii) The Hotel Pennsylvania in New York City contains approximately 800,000 square feet of space with 1,700 rooms and approximately 400,000 square feet of retail and office space;

(viii) approximately 30% interest in the Newkirk joint ventures which own various equity and debt interests relating to 120 limited partnerships which own real estate, primarily office and retail, net leased to credit rated tenants;

(ix) eight dry warehouse /industrial properties in New Jersey containing approximately 2.0 million square feet; and

(x) other real estate investments.

Objectives and Strategy

The Company's business objective is to maximize shareholder value. The Company intends to achieve its business objective by continuing to pursue its investment philosophy, making opportunistic investments and executing its operating strategies through:

- Maintaining a superior team of operating and investment professionals and an opportunistic entrepreneurial spirit;
- Investing in properties in the New York City metropolitan area and other selected markets where the Company believes there is high likelihood of capital appreciation;
- Acquiring high quality properties at a discount to replacement cost and where there is a significant potential for higher rents;
- Investing in retail properties in selected understored locations such as the New York City metropolitan area;
- Investing in fully integrated operating companies that have a significant real estate component with qualified, experienced operating management and strong growth potential which can benefit from the Company's access to efficient capital; and
- Developing and redeveloping the Company's existing properties to increase returns and maximize value.

The Company expects to finance its growth, acquisitions and investments using internally generated funds, proceeds from possible asset sales and by accessing the public and private capital markets.

ACQUISITIONS AND INVESTMENTS

Since January 1, 1999, the Company completed approximately \$807 million of real estate acquisitions and investments. The following table lists the acquisitions and investments by business segment:

	LOCATION -----	TOTAL CONSIDERATION (IN MILLIONS) -----
OFFICE: -----		
888 Seventh Avenue.....	New York City	\$ 117
Charles E. Smith Commercial Realty, L.P.:		
Increase in investment to 34%.....	Northern Virginia and Washington, D.C.	242
Crystal City hotel land.....	Crystal City, Virginia	8
909 Third Avenue.....	New York City	123
595 Madison Avenue (the Fuller Building).....	New York City	125
GreenPoint leasehold interest.....	New York City	37
RETAIL: -----		
Vornado-Ceruzzi Joint Venture (80% interest).....	Northeast and Mid-Atlantic states	12
OTHER REAL ESTATE INVESTMENTS: -----		
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Hotel Pennsylvania - increase in investment from 80% to 100%.....	New York City	42
Alexander's Inc. - increase in investment from 29.3% to 32%.....	New York City	9
Student Housing Joint Ventures (90% interest).....	Florida	24
Total Acquisitions and Investments.....		\$ 807 =====

OFFICE:

888 Seventh Avenue

On January 12, 1999, the Company completed the acquisition of 888 Seventh Avenue, a 46 story Manhattan office building, for approximately \$117,000,000, of which \$55,000,000 was indebtedness.

Charles E. Smith Commercial Realty L.P.

On March 4, 1999, the Company made an additional \$242,000,000 investment in CESCER by contributing to CESCER the land under certain CESCER office properties in Crystal City, Arlington, Virginia, and partnership interests in certain CESCER subsidiaries. The Company acquired these assets from Commonwealth Atlantic Properties, Inc. ("CAPI"), an affiliate of Lazard Freres Real Estate Investors L.L.C., immediately prior to the contribution to CESCER. Together with the Company's investment in CESCER made in 1997 and the units it reacquired in March 1999 from Vornado Operating Company, the Company owns approximately 34% of CESCER's limited partnership units. In addition, the Company acquired from CAPI for \$8,000,000 the land under a Marriott Hotel located in Crystal City.

The purchase price was paid to CAPI by the Company issuing \$250,000,000 of 6% Convertible Preferred Units of the Company's Operating Partnership. The Preferred Units are convertible at \$44 per unit and the coupon increases to 6.50% over the next three years and then fixes at 6.75% in year eight. The Company has the right to appoint one of three members to CESCER's Board of Managers, increasing under certain circumstances to two of four members in March 2002.

In connection with these transactions, the Company made a five-year \$41,200,000 loan to CAPI with interest at 8%, increasing to 9% ratably over the term. The loan is secured by approximately \$55,000,000 of the Operating Partnership's units issued to CAPI as well as certain real estate assets.

909 Third Avenue

On July 21, 1999, the Company acquired 909 Third Avenue, a 33 story Manhattan office building, for approximately \$123,000,000, of which \$109,000,000 was indebtedness.

595 Madison Avenue

On September 15, 1999, the Company acquired 595 Madison Avenue (the "Fuller Building"), a 40 story Manhattan office building, for approximately \$125,000,000.

GreenPoint Leasehold Interest

On December 16, 1999, the Company acquired GreenPoint Financial Corporation's 99-year leasehold interest in approximately 56,000 square feet, adjacent to One Penn Plaza, as part of its redevelopment plan for the Penn Plaza district for approximately \$37,300,000.

RETAIL:

Vornado-Ceruzzi Joint Ventures

On January 4, 2000 and January 25, 2000, the Company and its joint venture partner acquired fee and/or leasehold interests in six properties located in Pennsylvania, Virginia and Maryland formerly occupied by Hechinger, Inc., a home improvement retailer, which was liquidated. The purchase price for the 500,000 square feet acquired was \$15,000,000. The Company's share of this investment is 80% or \$12,000,000.

OTHER REAL ESTATE INVESTMENTS:

Newkirk Joint Ventures

On March 9, 1999, the Company and its joint venture partner completed the acquisition of additional equity interests in certain limited partnerships. The Company's additional investment of \$52,435,000 consisted of \$47,790,000 in Operating Partnership Units and \$4,645,000 in cash.

On October 15, 1999, the Company completed the acquisition of \$15,600,000 of securitized debt of the Newkirk Joint Ventures which has an average yield of 14.28%.

Hotel Pennsylvania

On August 5, 1999, the Company increased its interest in the Hotel by acquiring Planet Hollywood International, Inc.'s ("Planet Hollywood") 20% interest in the hotel for approximately \$18,000,000 and assumed \$24,000,000 of existing debt. In connection with the transaction, the Company terminated the licensing agreement with Planet Hollywood for an Official All-Star Hotel. The Hotel Pennsylvania is located in New York City on Seventh Avenue opposite Madison Square Garden. After the acquisition, the Company owned 100% of the commercial portion of the building (retail and office space) and 98% of the hotel portion through a preferred stock affiliate (in which the Company owns all of the preferred equity and none of the common equity).

Alexander's

On October 21, 1999, the Company increased its ownership interest in Alexander's from 29.3% to 32% by acquiring an additional 135,600 shares of Alexander's common stock for approximately \$8,956,000.

Student Housing Joint Venture

On January 28, 2000, the Company and its joint venture partner, acquired a 252-unit student housing complex in Gainesville, Florida, for approximately \$27,000,000, of which \$19,600,000 was indebtedness. The Company's share of this investment is 90%.

DISPOSITIONS

On March 3, 2000, the Company sold three shopping centers located in Texas for approximately \$25,750,000 resulting in a gain of \$4,400,000.

DEVELOPMENT AND REDEVELOPMENT PROJECTS

During 1999, the Company expended approximately \$93,444,000 in connection with development and redevelopment projects which included (i) \$27,544,000 to buyout the tenant's lease on 28,000 square feet of office space at 640 Fifth Avenue, thereby permitting re-leasing for retail use, (ii) \$11,000,000 to buyout the Bradlees lease at 14th Street and Union Square (effective March 15, 2002), and (iii) \$54,900,000 for the multi-year projects described below.

The following table sets forth certain information for multi-year projects currently in development or redevelopment as of December 31, 1999:

Project -----	Anticipated Completion Date -----	The Company's Share of		
		Estimated Total Project Cost -----	Costs Expended through December 31, 1999 -----	Estimated Costs to Complete -----
YMCA Development (80% interest) construction and sale of 119,000 square foot residential condominium tower in Manhattan (46 of the 53 units (87% have been presold as of March 1, 2000)	Spring 2001	\$ 99.5	\$ 22.9	\$ 76.6
Fort Lee, New Jersey (75% interest) - construction of an 800,000 square foot high rise rental apartment complex	Winter 2002	125.4	17.8	107.6
Temperature Controlled Logistics (60% interest) - acquisition, development and expansion of distribution and production warehouses	2000-2001	75.7	--	75.7
770 Broadway - refurbishment of 1,016,000 square foot office property	Spring 2000	36.0	24.9	11.1
Market Square Complex in High Point, North Carolina - 335,000 square foot expansion project	Spring 2000	23.0	15.3	7.7
		----- \$ 359.6 =====	----- \$ 80.9 =====	----- \$ 278.7 =====

The above table does not include the capital requirements of Alexander's which are described in Item II: Properties.

In addition to the projects noted above, the Company has identified the following opportunities for future development or redevelopment: (i) the site at 14th Street and Union (currently leased to Bradlees), which may include razing the existing building and developing a large multi-use building, (ii) the refurbishment of the Hotel Pennsylvania, (iii) the redevelopment of the Company's Penn Station properties which may include creating new retail space, (iv) the construction of a large office tower at 7 Times Square (50% interest), (v) the construction of 435,000 square feet of new showrooms in High Point, North Carolina, (vi) the redevelopment of office space at 595 Madison Avenue, and (vii) the 45,000 square foot expansion of 640 Fifth Avenue.

There can be no assurance that the above projects will be commenced or will be successful.

OPERATIONS OF VORNADO OPERATING COMPANY

In October 1998, Vornado Operating Company ("Vornado Operating") was spun off from the Company in order to own assets that the Company could not itself own and conduct activities that the Company could not itself conduct.

The Company and Vornado Operating are parties to certain agreements described below.

Revolving Credit Agreement

Vornado Operating was granted a \$75,000,000 unsecured revolving credit facility from the Company (the "Revolving Credit Agreement") which expires on December 31, 2004. Borrowings under the Revolving Credit Agreement bear interest at LIBOR plus 3%. The Company receives a commitment fee equal to 1% per annum on the average daily unused portion of the facility. No amortization is required to be paid under the Revolving Credit Agreement during its term. The Revolving Credit Agreement prohibits Vornado Operating from incurring indebtedness to third parties (other than certain purchase money debt and certain other exceptions) and prohibits Vornado Operating from paying dividends. As of December 31, 1999, \$4,587,000 was outstanding under the Revolving Credit Agreement.

Agreement with Vornado Operating

The Company and Vornado Operating are parties to an Agreement pursuant to which, among other things, (a) the Company will under certain circumstances offer Vornado Operating an opportunity to become the lessee of certain real property owned now or in the future by the Company (under mutually satisfactory lease terms) and (b) Vornado Operating will not make any real estate investment or other REIT-Qualified Investment unless it first offers the Company the opportunity to make such investment and the Company has rejected that opportunity.

Under the Agreement, the Company provides Vornado Operating with certain administrative, corporate, accounting, financial, insurance, legal, tax, data processing, human resources and operational services. For these services, Vornado Operating compensates the Company in an amount determined in good faith by the Company as the amount an unaffiliated third party would charge Vornado Operating for comparable services and reimburses the Company for certain costs incurred and paid to third parties on behalf of Vornado Operating. Pursuant to the Agreement, compensation for such services was \$330,000 for the year ended December 31, 1999 and \$50,000 for the period from October 16, 1998 (commencement date) through December 31, 1998.

Vornado Operating and the Company each have the right to terminate the Agreement if the other party is in material default of the Agreement or upon 90 days written notice to the other party at any time after December 31, 2003. In addition, the Company has the right to terminate the Agreement upon a change in control of Vornado Operating.

Vornado Operating's Management

Messrs. Roth, Fascitelli, West and Wight are directors of Vornado Operating. Mr. Roth is also Chairman of the Board and Chief Executive Officer of Vornado Operating, Mr. Fascitelli is also President of Vornado Operating, and certain other members of the Company's senior management hold a corresponding position with Vornado Operating.

Temperature Controlled Logistics Business

On October 31, 1997, partnerships (the "Vornado/Crescent Partnerships") in which affiliates of the Company have a 60% interest and affiliates of Crescent Real Estate Equities Company have a 40% interest, acquired each of AmeriCold Corporation ("AmeriCold") and URS Logistics, Inc. ("URS"). In June 1998, the Vornado/Crescent Partnerships acquired the assets of Freezer Services, Inc. and in July 1998 acquired the Carmar Group.

On March 12, 1999, the Vornado/Crescent Partnerships sold all of the non-real estate assets of Temperature Controlled Logistics encompassing the operations of the temperature controlled business for approximately \$48,000,000 to a new partnership owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc. ("AmeriCold Logistics"). The new partnership leases the underlying temperature controlled warehouses used in this business from the Vornado/Crescent Partnerships which continue to own the real estate. The leases generally have a 15 year term with two-five year renewal options and provide for the payment of fixed base rent and percentage rent based on revenue AmeriCold Logistics receives from its customers. The new partnership is required to pay for all costs arising from the operation, maintenance and repair of the properties as well as property capital expenditures in excess of \$5,000,000 annually. The new partnership has the right to defer a portion of the rent for up to three years beginning on March 12, 1999 to the extent that available cash, as defined in the leases, is insufficient to pay such rent and pursuant thereto, rent was deferred for the period ended December 31, 1999 of which the Company's share was \$3,240,000.

Disposition and Acquisition of Interest in CESC

On December 31, 1998, the Company sold approximately 1.7% of the outstanding partnership units of CESC to Vornado Operating Company for an aggregate purchase price of approximately \$12,900,000, or \$34 per unit (which is the price at which CESC issued partnership units in October 1998 in connection with a significant "roll-up" transaction). The purchase price was funded out of Vornado Operating's working capital. After giving effect to this purchase, the Company owned approximately 9.6% of CESC as of December 31, 1998. In connection with this purchase, the Company granted to Vornado Operating an option to require the Company to repurchase all of the CESC units at the price at which Vornado Operating purchased the CESC units, plus a cumulative return on such amount at a rate of 10% per annum. In March 1999, Vornado Operating exercised such option and the Company reacquired the CESC units from Vornado Operating for \$13,200,000.

FINANCING ACTIVITIES

During 1999, the Company sold an aggregate of \$539,500,000 of Cumulative Redeemable Preferred Units and \$200,000,000 of Cumulative Redeemable Preferred Shares, resulting in net proceeds of approximately \$718,734,000.

In addition, during 1999 the Company completed \$485,000,000 of property level refinancings.

On March 1, 2000, the Company completed a \$500,000,000 private placement of 10-year, 7.93% mortgage notes, cross-collateralized by 42 shopping center properties, resulting in net proceeds of approximately \$490,000,000. In connection therewith, the Company repaid \$228,000,000 of existing mortgage debt scheduled to mature on December 1, 2000 and \$262,000,000 outstanding under its revolving credit facility.

Further detail of the Company's financing activities are disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II of this document.

At December 31, 1999, the ratio of debt-to-enterprise value (market equity value plus debt less cash) was 43% based on debt of \$3.2 billion which included the Company's proportionate share of debt of partially-owned entities. In the future, in connection with its strategy for growth, this percentage may change. The Company's policy concerning the incurrence of debt may be reviewed and modified from time to time by the Company without the vote of shareholders.

The Company may seek to obtain funds through equity offerings or debt financings, although there is no express policy with respect thereto. The Company may offer its shares or Operating Partnership units in exchange for property and may repurchase or otherwise reacquire its shares or any other securities in the future.

EBITDA BY SEGMENT AND REGION

The following table sets forth the percentage of the Company's EBITDA(1) by segment and region for the years ended December 31, 1999, 1998 and 1997. Prior to April 1997, the Company operated in one segment-retail real estate, primarily in the Northeast section of the United States.

SEGMENT	PERCENTAGE OF EBITDA		
	Years Ended December 31,		
	1999	1998	1997
Office.....	42%	37%	38%
Retail.....	19%	26%	57%
Merchandise Mart Properties.....	12%	9%	--
Temperature Controlled Logistics.....	16%	20%	8%
Other.....	11%	8%	(3)%
	===	===	===
100%	100%	100%	
REGION			
New York City metropolitan area.....	48%	54%	72%
Washington D.C./Northeast Virginia.....	12%	7%	1%
Chicago.....	8%	6%	--
New Jersey.....	4%	5%	14%
Puerto Rico.....	2%	2%	4%
Other (2).....	26%	26%	9%
	===	===	===
100%	100%	100%	

- (1) EBITDA represents income before interest, taxes, depreciation and amortization, extraordinary or non-recurring items, gains or losses on sales of real estate and the effect of straight-lining of property rentals for rent escalations. Management considers EBITDA a supplemental measure for making decisions and assessing the performance of its segments. EBITDA may not be comparable to similarly titled measures employed by other companies.
- (2) Other includes the Temperature Controlled Logistics segment which has facilities in 31 states and Alberta, Canada. See page 34 for details.

RELATIONSHIP WITH ALEXANDER'S

The Company owns 32.0% of the outstanding shares of common stock of Alexander's. See "Interstate Properties" below for a description of Interstate's ownership of the Company and Alexander's.

Alexander's has eight properties (see Item 2. Properties--Alexander's).

At December 31, 1999, the Company has loans receivable from Alexander's aggregating \$95,000,000, including \$50,000,000 loaned to Alexander's on October 20, 1999. The loans, which were scheduled to mature on March 15, 2000, were extended to March 15, 2001. The interest rate was reset from 14.18% to 15.72%, reflecting an increase in the underlying Treasury rate. Management believes there are no indications of impairment as discussed in Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan".

The Company manages, develops and leases the Alexander's properties under a management and development agreement (the "Management Agreement") and a leasing agreement (the "Leasing Agreement") pursuant to which the Company receives annual fees from Alexander's. These agreements have a one-year term expiring in March of each year and are automatically renewable. See Item 2. Properties for a description of Alexander's Development and Redevelopment projects.

Alexander's common stock is listed on the New York Stock Exchange under the symbol "ALX".

INTERSTATE PROPERTIES

As of December 31, 1999, Interstate Properties and its partners owned approximately 17.8% of the common shares of beneficial interest of the Company, 27.3% of Alexander's common stock and beneficial ownership of 17.8% of Vornado Operating. Interstate Properties is a general partnership in which Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are partners. Mr. Roth is the Chairman of the Board and Chief Executive Officer of the Company, the Managing General Partner of Interstate Properties, and the Chief Executive Officer and a director of both Alexander's and Vornado Operating. Mr. Wight is a trustee of the Company and is also a director of both Alexander's and Vornado Operating. Mr. Mandelbaum is a trustee of the Company and is also a director of Alexander's.

COMPETITION

The Company's four business segments, Office, Retail, Merchandise Mart Properties and Temperature Controlled Logistics, operate in highly competitive environments. The Company's success depends upon, among other factors, the trends of the national and local economies, the financial condition and operating results of current and prospective tenants and customers, the availability and cost of capital, construction and renovation costs, income tax laws, governmental regulations, legislation and population trends. The Company competes with a large number of real estate property owners. Principal factors of competition are rent charged, attractiveness of property and the quality and breadth of services provided. The Company has a large concentration of properties in the New York City metropolitan area, a highly competitive market. The economic condition of this market may be significantly influenced by supply and demand for space and the financial performance and productivity of the publishing, retail, pharmaceutical, insurance and finance industries.

ENVIRONMENTAL REGULATIONS

Under various Federal, state and local laws and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances released at a property, and may be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred by the parties in connection with the contamination. Such laws can impose liability without regard to whether the owner or operator knew of, or caused, the release of such substances. The presence of contamination or the failure to remediate contamination may adversely affect the owner's ability to sell or lease real estate or to borrow using the real estate as collateral. Other Federal, state and local laws and regulations require abatement or removal of damaged asbestos-containing materials or in the event of demolition or certain renovations or remodeling and also govern emissions of and exposure to asbestos fibers in the air. Air emissions and waste-water discharges and the operation and subsequent removal of certain underground storage tanks are also regulated by Federal and state laws. In connection with the ownership, operation and management of its properties, the Company could be held liable for the costs of remedial action with respect to such regulated substances or tanks or related claims for personal injury, property damage or fines.

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. However, there can be no assurance that the identification of new compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, the discovery of additional sites, or changes in cleanup requirements would not result in significant costs to the Company.

CERTAIN ACTIVITIES

Acquisitions and investments are not necessarily required to be based on specific allocation by type of property. The Company has historically held its properties for long-term investment; however, it is possible that properties in the portfolio may be sold in whole or in part, as circumstances warrant, from time to time. Further, the Company has not adopted a policy that limits the amount or percentage of assets which would be invested in a specific property. While the Company may seek the vote of its shareholders in connection with any particular material transaction, generally the Company's activities are reviewed and may be modified from time to time by its Board of Trustees without the vote of shareholders.

EMPLOYEES

The Company has approximately 1,299 employees consisting of 95 in the Office Properties segment, 53 in the Retail Properties segment, 588 in the Merchandise Mart Properties segment, 470 at the Hotel Pennsylvania and 93 corporate staff. This does not include employees of partially-owned entities.

SEGMENT DATA

The Company operates in four business segments: Office Properties, Retail Properties, Merchandise Mart Properties and Temperature Controlled Logistics. The Company engages in no foreign operations other than one temperature controlled warehouse in Canada.

The Company's principal executive offices are located at Park 80 West, Plaza II, Saddle Brook, New Jersey 07663; telephone (201) 587-1000.

ITEM 2. PROPERTIES

The Company currently owns, directly or indirectly, Office properties, Retail properties, Merchandise Mart Properties and Temperature Controlled Logistics warehouses. The Company also owns or has investments in Alexander's, Hotel Pennsylvania, Newkirk Joint Ventures, and dry warehouses and industrial buildings.

OFFICE

The New York City office properties consist of (i) all or a portion of 22 office buildings in the New York City metropolitan area (primarily Manhattan) aggregating approximately 14.0 million square feet (including 825,000 square feet of retail space and five garages containing 334,000 square feet) (collectively, the "New York City Office Properties") and (ii) a 34% interest in Charles E. Smith Commercial Realty, L.P. which owns interests in and manages approximately 10.7 million square feet of office properties in Northern Virginia and Washington, D.C. (the "CESCR Office Properties").

The following data on pages 13 to 18 covers the New York City Office Properties. The CESCR Office Properties are described on pages 19 to 21.

New York City Office Properties:

The following table sets forth the percentage of the New York City Office Properties revenue by tenants' industry:

Industry -----	Percentage -----
Publishing.....	13%
Retail.....	10%
Finance.....	9%
Legal.....	8%
Technology.....	7%
Insurance.....	6%
Government.....	5%
Pharmaceuticals.....	5%
Media and Entertainment.....	5%
Apparel.....	3%
Service Contractors.....	3%
Engineering.....	3%
Bank Branches.....	5%
Other.....	18%

The Company's New York City Office property lease terms range from 5 to 7 years for smaller tenant spaces to as long as 20 years for major tenants. Leases typically provide for step-ups in rent periodically over the term of the lease and pass through to tenants the tenant's share of increases in real estate taxes and operating expenses over a base year. Electricity is provided to tenants on a submetered basis or included in rent based on surveys and adjusted for subsequent utility rate increases. Leases also typically provide for tenant improvement allowances for all or a portion of the tenant's initial construction costs of its premises. No tenant in the office segment accounted for more than 10% of the Company's total revenue. Below is a listing of tenants which accounted for 2% or more of the New York City Office Properties revenues in 1999:

Tenant -----	Square Feet Leased -----	1999 Revenues -----	Percentage of the New York City Office Properties Revenues -----
(in thousands, except percentages)			
Sterling Winthrop Inc.....	429	\$ 18,125	5%
Times Mirror Company.....	520	15,424	4%
The McGraw Hill Companies Inc.....	486	14,199	4%
Mutual Life Insurance Co.....	264	8,734	2%
Kmart Corporation.....	287	7,649	2%

The following table sets forth lease expirations for each of the next 10 years, as of December 31, 1999, assuming that none of the tenants exercise their renewal options.

YEAR	NUMBER OF EXPIRING LEASES	SQUARE FEET OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUAL ESCALATED RENT OF EXPIRING LEASES	
				TOTAL	PER SQUARE FOOT
2000.....	211	914,000	6.6%	\$ 31,501,000	\$ 34.45
2001.....	127	767,000	5.5%	25,755,000	33.59
2002.....	122	793,000	5.7%	24,235,000	30.55
2003.....	98	1,294,000(1)	9.3%	29,065,000	22.47
2004.....	117	973,000	7.0%	31,055,000	31.91
2005.....	62	505,000	3.6%	15,650,000	30.98
2006.....	69	869,000	6.3%	24,178,000	27.82
2007.....	57	865,000	6.2%	28,496,000	32.93
2008.....	63	1,228,000	8.8%	37,901,000	30.85
2009.....	45	612,000	4.4%	19,998,000	32.66

(1) Includes 492,000 square feet at 909 Third Avenue leased to the U.S. Post Office. The annual escalated rent is \$3,193,000 or \$6.49 per square foot. The U.S. Post Office has 7 five-year renewal options remaining.

As of March 1, 2000, the occupancy rate of the Company's New York City Office properties was 95%. The following table sets forth the occupancy rate and the average annual escalated rent per square foot for the New York City Office properties at the end of each of the past three years.

AS OF DECEMBER 31,	RENTABLE SQUARE FEET	OCCUPANCY RATE	AVERAGE ANNUAL ESCALATED RENT PER SQUARE FOOT
1999.....	14,028,000	95%	\$ 30.16
1998.....	12,437,000	91%	\$ 28.14
1997.....	8,353,000	95%	\$ 27.09

In 1999, 1,764,602 square feet of New York City office space was leased at a weighted average initial rent per square foot of \$37.34. The Company's ownership interest in the leased square footage is 1,685,476 square feet at a weighted average initial rent per square foot of \$37.10. At December 31, 1998, the weighted average escalated rent per square foot for the Company's interest in such properties was \$26.22. Following is the detail by building:

Location	1999 Leases		Average Annual Escalated Rent Per Square Foot at December 31, 1998
	Square Feet	Average Initial Rent Per Square Foot(1)	
770 Broadway.....	588,056	\$ 31.86	\$ 20.16
One Penn Plaza.....	275,609	39.68	27.98
909 Third Avenue.....	220,823	47.11	34.83
Two Penn Plaza.....	88,379	38.06	27.80
Eleven Penn Plaza.....	66,870	31.37	26.75
888 Seventh Avenue.....	62,211	42.27	30.08
330 Madison Avenue.....	61,663	39.30	35.42
90 Park Avenue.....	61,318	45.90	37.63
570 Lexington Avenue.....	58,896	46.73	31.69
150 East 58th Street.....	55,881	40.82	30.99
1740 Broadway.....	53,800	42.00	34.42
866 United Nations Plaza.....	51,159	35.30	30.69
Two Park Avenue.....	49,255	35.64	23.54
550/600 Mamaroneck Avenue.....	36,818	21.68	19.72
40 Fulton Street.....	26,907	26.52	26.60
20 Broad Street.....	6,957	17.25	27.51
Total.....	1,764,602	37.34	27.02
	=====		
Vornado's ownership interest.....	1,685,476	37.10	26.22
	=====		

(1) Most leases include periodic step-ups in rent, which are not reflected in the initial rent per square foot leased.

In addition to the office space noted above, the Company leased 37,000 square feet of retail space (of which 28,000 square feet was previously leased as office space) at 640 Fifth Avenue at an average initial rent per square foot of \$202.79.

During 1999, the Company granted non-exclusive rights to three companies to install fiber-optic networks and to provide broadband data, video and voice communications services in its office buildings in return for a share of revenues and warrants to purchase common stock. Concurrently, the Company has invested approximately \$10.2 million in these entities, representing interests in each entity of less than 3%.

New York City Office Properties

The following table sets forth certain information for the New York City Office Properties owned by the Company as of December 31, 1999.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (SQ. FT.)	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)
MANHATTAN							
One Penn Plaza (3)	1998	128,000	2,418,000	220	\$ 28.28	\$ 29.28	97%
Two Penn Plaza	1997	117,000	1,497,000	62	27.97	29.01	98%
909 Third Avenue (3)	1999	82,000	1,303,000	18	22.23	24.04	88%
770 Broadway	1998	63,000	1,037,000	10	24.97	25.59	97%
Eleven Penn Plaza	1997	56,000	975,000	75	27.00	29.35	97%

LOCATION	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
MANHATTAN			
One Penn Plaza (3)	BNY Financial Group Buck Consultants Cisco Systems First Albany Kmart Corporation Metropolitan Life Miller Freeman Inc. MWB Leasing Parsons Brinkerhoff State of NY Stone & Webster	2004/2009 2008 2005/2011 2008/2013 2016/2036 2004 2011/2021 2006 2008/2013 2004/2014 2008	\$ 275,000
Two Penn Plaza	Compaq Computer Forest Electric Information Builders, Inc. Madison Square Garden McGraw Hill Co., Inc. Ogden Services UHC Management	2003 2006/2011 2013/2023 2007/2017 2020/2030 2008 2001/2006	163,147
909 Third Avenue (3)	Citibank Fischbein Badillo Forest Laboratories Ogilvy Public Relations Shearman & Sterling U.S. Post Office (4)	2008 2008 2010/2020 2009/2014 2007/2012 2003/2033	108,754
770 Broadway	Chase Manhattan Bank J. Crew Kmart MTVN Online V.N.U. U.S.A, Inc	2005 2012/2017 2016/2036 2009/2014 2015/2020	--
Eleven Penn Plaza	Crowthers McCall Executive Office Network Faulkner & Gray	2010 2012 2006/2011	53,129

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (SQ. FT.)	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT.(1)	ANNUALIZED ESCALATED RENT PER SQ. FT.(2)	PERCENT LEASED (1)
Two Park Avenue	1997	44,000	952,000	48	23.72	23.99	96%
90 Park Avenue	1997	38,000	882,000	29	32.92	38.35	99%
888 Seventh Avenue	1999	32,000	861,000	47	28.62	31.12	93%
330 West 34th Street (3)	1998	46,000	625,000	12	14.21	14.47	90%
1740 Broadway	1997	30,000	552,000	17	31.21	33.87	100%
150 East 58th Street	1998	21,000	548,000	127	32.16	33.74	94%
866 United Nations Plaza	1997	90,000	386,000	85	31.11	36.08	94%
595 Madison (Fuller Building)	1999	13,000	297,000	79	53.69	58.29	92%
640 Fifth Avenue	1997	22,000	259,000	15	58.62	60.60	92%
40 Fulton Street	1998	18,000	233,000	31	27.95	28.56	94%
689 Fifth Avenue	1998	6,000	86,000	8	56.55	56.93	66%
330 Madison Avenue (25% Ownership)	1997	33,000	770,000	46	35.65	35.88	93%

LOCATION	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
	Federated Dept Stores	2016	
Two Park Avenue	Herrick Feinstein Medical Liability Mutual Ins Schiefflin & Somerset Times Mirror Company United Way	2010/2015 2009 2006/2010 2010/2025 2013/2018	65,000
90 Park Avenue	Sterling Winthrop Inc. Warnaco	2015/2035 2004	--
888 Seventh Avenue	Golden Books New Line Realty Soros Fund Management LLC Stanley H. Kaplan The Limited	2013 2007 2004-2010 2006/2011 2014	55,000
330 West 34th Street (3)	City of New York Props for Today	2012/2017 2006/2016	--
1740 Broadway	Davis & Gilbert Mutual Life Insurance William Douglas McAdams	2013 2016/2026 2007	--
150 East 58th Street			
866 United Nations Plaza	Fross & Zelnick	2009	33,000
595 Madison (Fuller Building)			
640 Fifth Avenue	Bozell Jacobs Kenyon Hennes & Mauritz, Inc.	2008/2013 2014	--
40 Fulton Street	Pencom Systems	2007	--
689 Fifth Avenue	Red Door Salons, Inc.	2007/2012	--
330 Madison Avenue (25% Ownership)	Bank Julius Baer BDO Seidman	2005 2010/2015	-- --

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (SQ. FT.)	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT.(1)	ANNUALIZED ESCALATED RENT PER SQ. FT.(2)	PERCENT LEASED (1)
20 Broad Street (3) (60% Ownership)	1998	20,000	462,000	18	\$ 27.12	30.62	96%
570 Lexington Avenue (49.9% Ownership)	1997	16,000	427,000	52	33.42	33.66	94%
825 Seventh Avenue (50% Ownership)	1996	18,000	165,000	3	27.26	27.26	100%
WESTCHESTER 550/600 Mamaroneck Avenue(3)	1998	666,000	234,000	48	19.89	20.81	92%
NEW JERSEY Paramus (3)	1987	148,000	118,000	26	16.82	16.82	64%
TOTAL OFFICE BUILDINGS		1,707,000 =====	15,087,000 =====	1,076	\$ 28.51	\$30.16	95%
VORNADO' OWNERSHIP INTEREST		1,657,000 =====	14,028,000 =====				95%

LOCATION	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
20 Broad Street (3) (60% Ownership)	N.Y. Stock Exchange	2003/2066	--
570 Lexington Avenue (49.9% Ownership)			--
825 Seventh Avenue (50% Ownership)	International Merchandising Corp Young & Rubicom	2013/2023 2010/2015	23,968
WESTCHESTER 550/600 Mamaroneck Avenue(3)			--
NEW JERSEY Paramus (3)			--
TOTAL OFFICE BUILDINGS			\$776,998 =====
VORNADO' OWNERSHIP INTEREST			\$765,014 =====

- (1) Represents annualized monthly base rent for tenants excluding rent for leases which had not commenced as of December 31, 1999, which are included in percent leased.
- (2) Represents annualized monthly escalated rent for tenants including tenant pass-throughs of operating expenses (exclusive of tenant electricity costs) and real estate taxes.
- (3) 100% ground leased property.
- (4) The U.S. Post Office leases approximately 492,000 square feet at this location at annualized escalated rent per square foot of \$6.49.

CESCR Office Properties:

CESCR, owns 39 office buildings in the Northern Virginia and Washington D.C. area containing 10.7 million square feet. The Company owns a 34% interest in CESCR. As of December 31, 1999, 49 percent of CESCR's property portfolio is leased to various agencies of the U.S. government (General Services Administration "GSA" lessee); the largest U.S. government agencies include the U.S. Patent Trade Office (1.97 million square feet in 17 properties), the U.S. Navy Sea Systems Command (253,000 square feet in 7 properties), the Federal Supply Service (167,400 square feet in 2 properties) and the Environmental Protection Agency (203,000 square feet in one property). One additional tenant, US Airways, Inc. occupied 317,000 square feet in one building. As of December 31, 1999, no other tenants occupied more than 2% of CESCR's office properties.

CESCR office leases are typically for 3 to 5 year terms, and may provide for extension options at prenegotiated rates. Most leases provide for annual rental escalations throughout the lease term, plus recovery of increases in real estate taxes and certain property operating expenses. Annual rental escalations are typically based upon either fixed percentage increases or the consumer price index. Leases also typically provide for tenant improvement allowances for all or a portion of the tenant's initial construction costs of its' premises.

Below is a listing of tenants which accounted for 2% or more of the CESCR Office Properties revenues in 1999:

(in thousands, except percentages)			Percentage
Tenant	Square Feet Leased	1999 Revenues	of the CESCR Office Properties Revenues
-----	-----	-----	-----
U.S. Patent Trade Office	1,970	\$ 53,081	18%
US Airways, Inc.	317	10,899	4%
U.S. Navy Sea Systems Command	253	6,105	2%

The following table sets forth as of December 31, 1999 CESC lease expirations for each of the next 10 years, assuming that none of the tenants exercise their renewal options.

YEAR	NUMBER OF EXPIRING LEASES	SQUARE FEET OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUAL ESCALATED RENT OF EXPIRING LEASES	
				TOTAL	PER SQUARE FOOT
2000.....	230	1,245,000	11.9%	\$ 33,199,000	\$ 26.66
2001.....	226	2,886,000	27.5%	70,126,000	24.30
2002.....	176	1,302,000	12.4%	34,637,000	26.61
2003.....	134	1,508,000	14.4%	41,043,000	27.22
2004.....	103	2,126,000	20.2%	59,118,000	27.81
2005.....	32	136,000	1.3%	3,765,000	27.68
2006.....	18	261,000	2.5%	6,660,000	25.50
2007.....	10	80,000	.8%	2,207,000	27.64
2008.....	11	447,000	4.3%	14,213,440	31.81
2009.....	17	407,000	3.9%	10,359,000	25.47

The following table sets forth the occupancy rate and the average annual escalated rent per square foot for the CESC properties:

AS OF DECEMBER 31,	RENTABLE SQUARE FEET	OCCUPANCY RATE	AVERAGE ANNUAL ESCALATED RENT PER SQUARE FOOT
1999.....	10,657,000	99%	\$ 26.46
1998.....	10,657,000	98%	25.22

CESC manages an additional 7.9 million square feet of office and other commercial properties in the Washington, D.C. area for third parties.

CESCR Office Properties

The following table sets forth certain information for the CESCR Office Properties (in which the Company has a 34% interest), as of December 31, 1999.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	NUMBER OF BUILDINGS	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)
Crystal Mall	1968	4	1,068,000	12	\$ 24.20	\$ 24.94	100%
Crystal Plaza	1964-1969	7	1,223,000	121	24.11	24.91	99%
Crystal Square	1974-1980	4	1,388,000	181	27.77	28.95	98%
Crystal Gateway	1983-1987	4	1,081,000	102	26.77	27.52	97%
Crystal Park	1984-1989	5	2,154,000	104	28.29	29.41	100%
Arlington Plaza	1985	1	174,000	20	24.08	28.07	100%
1919 S Eads Street	1990	1	93,000	6	27.19	27.71	100%
Skyline Place	1973-1984	6	1,595,000	188	21.69	22.19	98%
One Skyline Tower	1988	1	477,000	5	21.21	22.51	100%
Courthouse Plaza	1988-1989	2	609,000	59	24.49	26.44	100%
1101 17th Street	1963	1	204,000	51	27.65	30.14	99%
1730 M Street	1963	1	190,000	39	23.26	24.24	99%
1140 Connecticut Ave	1966	1	175,000	38	28.08	29.07	98%
1150 17th Street	1970	1	226,000	33	27.42	28.36	99%
TOTAL CE SCR OFFICE PROPERTIES		39 =====	10,657,000 =====	959 =====	\$ 25.45	\$ 26.46	99%

LOCATION	PRINCIPAL TENANTS (50,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
Crystal Mall	General Services Administration General Services Administration	2001/2011 2001/2006	\$ 67,665
Crystal Plaza	General Services Administration	2004/2014	74,572
Crystal Square	Boeing General Services Administration Lockheed Martin Oblon Spivak	2002/2007 2003/2008 2003/2008 2004/2009	247,458
Crystal Gateway	Analytical Services, Inc. General Services Administration Lockheed Martin Science Applications Int'l Corp.	2001/2006 2004 2002/2005 2002	61,539
Crystal Park	CE Smith Headquarters General Services Administration Techmatics US Airways Headquarters Vitro Corp	2004/2009 2001/2011 2002/2007 2008/2018 2002/2007	301,358
Arlington Plaza	Georgetown University Science Research Analysis Corp.	2002/2007 2001/2011	18,249
1919 S Eads Street	Vitro Corp	2001/2004	13,687
Skyline Place	BDM Federal, Inc. Electronic Data Services Science Application Int'l Corp. Science Research Analysis Corp.	2000/2003 2003 2003/2008 2001	123,176
One Skyline Tower	General Services	2004 & 2009	68,164

	Administration Science Research Analysis Corp.	2003/2008	
Courthouse Plaza	Arlington County KPMG-Peat Marwick	2003/2008 2000/2003	82,762
1101 17th Street	American Iron & Steel Institute Cosmetic & Toiletry Assn	2001/2006 2000/2005	22,261
1730 M Street	General Services Administration General Services Administration League of Women Voters	2002/2005 2009 2004/2009	9,581
1140 Connecticut Ave	Michaels & Wishner PC The Investigative Group	2002/2007 2000/2005	18,542
1150 17th Street	American Enterprise Institute Arthur Andersen LLP	2002/2012 2004	22,310
TOTAL CE SCR OFFICE PROPERTIES			\$1,131,324 =====

-
- (1) Represents annualized monthly base rent excluding rent for leases which had not commenced as of December 31, 1999, which are included in percent leased.
- (2) Represents annualized monthly escalated rent for office properties including tenant pass-throughs of operating expenses (exclusive of tenant electricity costs) and real estate taxes.

RETAIL

The Company owns 56 shopping center properties of which 53 are strip shopping centers primarily located in the Northeast and Midatlantic states, two are regional centers located in San Juan, Puerto Rico and one, the Green Acres Mall, is a super-regional center located in Nassau County, Long Island, New York. The Company's shopping centers are generally located on major regional highways in mature, densely populated areas. The Company believes its shopping centers attract consumers from a regional, rather than a neighborhood marketplace because of their location on regional highways.

The following table sets forth the percentage of the Retail Portfolio rentals by tenants' industry:

Industry -----	Percentage -----
Discount Department Stores	24%
Supermarkets	11%
Women's Apparel	8%
Home Improvement	6%
Restaurants	4%
Membership Warehouse Clubs	4%
Drug Stores	4%
Electronic Stores	4%
Entertainment	3%
Office Supply Stores	3%
Financial/Insurance	3%
Other	26%

As of March 1, 2000, the occupancy rate of the retail properties was 93%. The following tables set forth the occupancy rate and the average annual base rent per square foot (excluding the Green Acres Mall) for the properties at the end of each of the past five years.

YEAR END -----	RENTABLE SQUARE FEET -----	OCCUPANCY RATE -----	AVERAGE ANNUAL BASE RENT PER SQUARE FOOT -----
1999	10,505,000	92%	\$ 11.16
1998	10,625,000	92%	10.53
1997	10,550,000	91%	9.78
1996	10,019,000	90%	9.09
1995	9,913,000	91%	8.68

The average annual base rent per square foot for the Green Acres Mall was \$13.46 and \$12.92 in total, and \$35.29 and \$32.24 for mall tenants only, at December 31, 1999 and 1998, respectively.

The Company's shopping center lease terms range from 5 years or less in some instances, for smaller tenant spaces to as long as 25 years for major tenants. Leases generally provide for additional rents based on a percentage of tenants' sales and pass through to tenants the tenants' share of all common area charges (including roof and structure in strip shopping centers, unless it is the tenant's direct responsibility), real estate taxes and insurance costs and certain capital expenditures. Percentage rent accounted for less than 2% of total shopping center revenues in 1999. None of the tenants in the Retail Segment accounted for more than 10% of the Company's total revenues.

Below is a listing tenants which accounted for 2% or more of the Retail property rentals in 1999:

(in thousands, except percentages)			
TENANT	SQUARE FEET LEASED	1999 PROPERTY RENTALS	PERCENTAGE OF RETAIL PROPERTY RENTALS (EXCLUDING REIMBURSEMENTS)
Bradlees, Inc. ("Bradlees")	1,625	\$ 17,320	13.6%
The Home Depot, Inc.	409	5,014	3.9%
Kmart Corporation	556	4,760	3.7%
The TJX Companies, Inc.	328	3,287	2.6%
Staples, Inc.	214	2,962	2.3%
Toys R Us/Kids R Us	330	2,575	2.0%

In June 1995, Bradlees filed for protection under Chapter 11 of the U.S. Bankruptcy Code. Bradlees emerged from bankruptcy in January 1999 when its plan of reorganization was confirmed. The Company withdrew its objection to Bradlees' proposed plan of reorganization after obtaining Bradlees' agreement that its lease of the Company's 14th Street and Union Square property would terminate in March 2000. The lease was scheduled to expire in October 2019, and contained an option to renew for an additional ten years. The rent under the lease was increased by \$1,100,000 per annum to \$3,400,000 per annum from January 1999 to the March 2000 termination date. In connection with the foregoing, the Company paid \$11,000,000 to Bradlees. Subsequently, in January 2000, the lease was extended to March 15, 2002 and in connection therewith, the rent under the lease will increase to \$4,600,000 in March, 2000 and to \$4,900,000 in March 2001. The Company is considering various alternatives for the redevelopment of this site. The Company currently leases 15 other locations to Bradlees. Of these locations, the leases for 14 are fully guaranteed by Stop & Shop Companies, Inc., a wholly-owned subsidiary of Koninklijke Ahold NV (formerly Royal Ahold NV), a leading international food retailer, and one is guaranteed as to 70% of the rent.

The following table sets forth as of December 31, 1999 lease expirations for each of the next 10 years assuming that none of the tenants exercise their renewal options.

YEAR	NUMBER OF EXPIRING LEASES	SQUARE FEET OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUAL BASE RENT OF EXPIRING LEASES	
				TOTAL	PER SQUARE FOOT
2000.....	69	654,000	5.8%	\$ 8,973,000	\$ 13.73
2001.....	78	367,000	3.3%	5,240,000	14.29
2002.....	79	1,195,000	10.6%	13,763,000	11.52
2003.....	57	551,000	4.9%	6,762,000	12.23
2004.....	93	993,000	8.8%	11,606,000	11.68
2005.....	84	477,000	4.2%	7,982,000	16.74
2006.....	45	803,000	7.1%	6,099,000	7.60
2007.....	42	641,000	5.7%	6,421,000	10.01
2008.....	22	393,000	3.5%	3,141,000	7.99
2009.....	45	579,000	5.2%	6,631,000	11.46

In 1999, 372,113 square feet of retail space was leased at a weighted average base rent per square foot of \$13.90. The Company's ownership interest in the leased square footage is 364,187 square feet at a weighted average base rent per square foot of \$13.56. At December 31, 1998, the weighted average annual rent per square foot for the Company's interest in such properties was \$11.11. Following is the detail by property:

Location	1999 Leases		Average Annual Rent Per Square Foot at December 31, 1998
	Square Feet	Average Base Rent Per Square Foot (1)	
Vineland.....	115,514	\$ 4.25	\$ 4.16
Valley Stream (Green Acres).....	41,803	32.16	32.24
Baltimore.....	32,629	4.00	5.95
Manalapan.....	25,597	14.25	9.13
Jersey City.....	21,568	14.25	12.35
Bricktown.....	18,558	15.44	10.57
East Hanover II.....	16,575	12.65	10.36
Las Catalinas.....	15,852	29.34	25.86
North Plainfield.....	15,479	14.15	8.57
Mesquite.....	13,148	22.70	12.28
Lewisville.....	11,342	14.56	14.52
Montehiedra.....	9,351	42.85	16.02
East Hanover I.....	6,097	16.37	10.85
Dallas.....	6,072	8.48	10.13
Amherst.....	6,038	13.00	6.99
Cherry Hill.....	4,920	12.17	9.25
Morris Plains.....	4,000	18.00	11.61
Hackensack.....	3,870	18.81	15.53
Bensalem.....	3,700	15.00	5.84
Total	372,113	13.90	11.43
	=====		
Vornado's ownership interest	364,187	13.56	11.11
	=====		

- (1) Most leases include periodic step-ups in rent, which are not reflected in the initial rent per square foot leased.

The Company's strip shopping centers are substantially leased to large stores (over 20,000 square feet). Tenants include destination retailers such as discount department stores, supermarkets, home improvements stores, discount apparel stores, membership warehouse clubs and "category killers." Category killers are large stores which offer a complete selection of a category of items (e.g., toys, office supplies, etc.) at low prices, often in a warehouse format. Tenants typically offer basic consumer necessities such as food, health and beauty aids, moderately priced clothing, building materials and home improvement supplies, and compete primarily on the basis of price.

The Company's two regional shopping centers located in Montehiedra and Caguas, Puerto Rico, (both of which are in the San Juan area) contain 1,014,000 square feet of which the Company owns 727,000 square feet. The centers are anchored by four major stores: Sears, Roebuck and Co., Kmart (one in each of the centers) and a Builders Square Home Improvement store.

The Green Acres Mall is a 1.6 million square foot super-regional enclosed shopping mall complex situated in Nassau County, Long Island, New York, approximately one mile east of the borough of Queens, New York. The Green Acres Mall is anchored by four major department stores: Sears, Roebuck and Co., J.C. Penney Company, Inc. and Federated Department Stores, Inc. doing business as Stern's and as Macy's. The complex also includes The Plaza at Green Acres, a 188,000 square foot strip shopping center which is anchored by Kmart and Waldbaums.

Retail Properties

The following table sets forth certain information for the Retail Properties as of December 31, 1999 and excludes properties the Company has sold thereafter.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT.(1)	PERCENT LEASED(1)
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY			
NEW JERSEY							
Bordentown	1958	31.2	179,000	--	4	\$6.66	98%
Bricktown	1968	23.9	260,000	3,000	20	10.73	98%
Cherry Hill	1964	37.6	231,000	64,000	15	9.37	97%
Delran	1972	17.5	168,000	4,000	5	5.70	94%
Dover	1964	19.6	173,000	--	14	6.32	100%
East Brunswick	1957	19.2	216,000	10,000	6	14.25	100%
East Hanover I	1962	24.6	271,000	--	20	11.14	100%
East Hanover II	1979	8.1	91,000	--	11	10.11	99%
Hackensack	1963	21.3	208,000	59,000	24	15.95	100%
Jersey City	1965	16.7	223,000	3,000	10	12.36	95%
Kearny	1959	35.3	42,000	62,000	4	13.49	68%
Lawnside	1969	16.4	145,000	--	3	10.50	100%

LOCATION	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
NEW JERSEY			
Bordentown	Bradlees (2) Shop-Rite	2001/2021 2011/2016	\$ 8,290 (7)
Bricktown	Kohl's Shop-Rite	2008/2028 2002/2017	16,753 (7)
Cherry Hill	Bradlees (2) Drug Emporium Shop & Bag Toys "R" Us	2006/2026 2002 2007/2017 2012/2042	15,408 (7)
Delran	Sam's Wholesale	2011/2021	6,604 (7)
Dover	Ames Shop-Rite	2017/2037 2012/2022	7,551 (7)
East Brunswick	Bradlees (2) Shoppers World T.J. Maxx Circuit City	2003/2023 2007/2012 2004/2009 2018/2038	23,393 (7)
East Hanover I	Home Depot Marshalls Pathmark Today's Man	2009/2019 2004/2009 2001/2024 2009/2014	28,046 (7)
East Hanover II			--
Hackensack	Bradlees (2) Pathmark Staples	2012/2017 2014/2034 2003/2013	25,700 (7)
Jersey City	Bradlees (2) Shop-Rite	2002/2022 2008/2028	19,675 (7)
Kearny	Pathmark	2013/2033	3,841 (7)
Lawnside	Home Depot Drug Emporium	2012/2027 2007	10,887 (7)

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	PERCENT LEASED(1)
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY			
Lodi	1975	8.7	171,000	--	1	7.27	100%
Manalapan	1971	26.3	194,000	2,000	7	9.41	100%
Marlton	1973	27.8	173,000	7,000	10	9.56	100%
Middletown	1963	22.7	180,000	52,000	20	12.60	96%
Morris Plains	1985	27.0	172,000	1,000	17	10.75	100%
North Bergen	1959	4.6	7,000	55,000	3	27.33	100%
North Plainfield (3)	1989	28.7	217,000	--	15	9.17	94%
Totowa	1957	40.5	178,000	139,000	8	16.73	100%
Turnersville	1974	23.3	89,000	7,000	3	5.98	100%
Union	1962	24.1	257,000	--	11	18.66	100%
Vineland	1966	28.0	143,000	--	4	4.16	98%
Watchung	1959	53.8	50,000	116,000	6	18.31	97%
Woodbridge	1959	19.7	233,000	3,000	10	14.22	91%
NEW YORK 14th Street and Union Square, Manhattan	1993	0.8	232,000	--	1	15.53	100%
Albany (Menands)	1965	18.6	141,000	--	3	7.08	100%

LOCATION	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE	ENCUMBRANCES (THOUSANDS)
		EXPIRATION/ OPTION EXPIRATION	
Lodi	National Wholesale Liquidators	2013/2023	9,648 (7)
Manalapan	Bradlees (2) Grand Union	2002/2022 2012/2022	12,876 (7)
Marlton	Kohl's (2) Shop-Rite	2011/2031 2004/2009	12,520 (7)
Middletown	Bradlees (2) Grand Union	2002/2022 2009/2029	16,901 (7)
Morris Plains	Kohl's Shop-Rite	2023 2002	12,372 (7)
North Bergen	A&P	2012/2032	4,073 (7)
North Plainfield (3)	Kmart Pathmark	2006/2016 2001/2011	14,008 (7)
Totowa	Bradlees (2) Home Depot Marshalls Circuit City	2013/2028 2015/2025 2007/2012 2018/2038	30,351 (7)
Turnersville	Bradlees (2)	2011/2031	4,199 (7)
Union	Bradlees (2) Toys "R" Us Cost Cutter Drug	2002/2022 2015 2000	34,468 (7)
Vineland	PC Roomlink	2005	--
Watchung	B.J.'s Wholesale	2024	13,907 (7)
Woodbridge	Bradlees (2) Foodtown Syms	2002/2022 2007/2014 2000/2005	22,719 (7)
NEW YORK 14th Street and Union Square, Manhattan	Bradlees	2019/2029	--
Albany (Menands)	Fleet Bank	2004/2014	6,389 (7)

Albany Public
Mkts.(4)

2000

People of the State
of NY

2004/2014

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT.(1)	PERCENT LEASED(1)
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY			
Buffalo (Amherst) (3)	1968	22.7	185,000	112,000	10	9.61	81%
Freeport	1981	12.5	167,000	--	3	12.27	100%
New Hyde Park (3)	1976	12.5	101,000	--	1	15.77	100%
North Syracuse (3)	1976	29.4	98,000	--	1	2.74	100%
Rochester (Henrietta) (3)	1971	15.0	148,000	--	--	--	--
Rochester	1966	18.4	176,000	--	--	--	--
Valley Stream (Green Acres) (3)	1958	100.0	1,525,000	71,000	149	(5)	94%
PENNSYLVANIA							
Allentown	1957	86.8	263,000	354,000	20	10.55	100%
Bensalem	1972	23.2	119,000	7,000	11	9.77	98%
Bethlehem	1966	23.0	157,000	3,000	13	5.44	78%
Broomall	1966	21.0	146,000	22,000	5	9.41	100%
Glenolden	1975	10.0	101,000	--	3	10.70	100%
Lancaster	1966	28.0	180,000	--	6	4.54	49%
Levittown	1964	12.8	104,000	--	1	5.98	100%

LOCATION	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
Buffalo (Amherst) (3)	Circuit City Media Play Toys "R" Us T.J. Maxx	2017 2002/2017 2013 2004	7,200 (7)
Freeport	Home Depot Cablevision	2011/2021 2004	15,208 (7)
New Hyde Park (3)	Mayfair Supermarkets	2019/2029	7,676 (7)
North Syracuse (3)	Reisman Properties	2014	--
Rochester (Henrietta) (3)			--
Rochester			--
Valley Stream (Green Acres) (3)	Macy's Sterns JC Penney Sears Kmart Dime Savings Bank Greenpoint Bank Waldbaum (4)	2006/2036 2007/2017 2012/2017 2002/2005 2010/2038 2020 2009 2011/2039	163,785
PENNSYLVANIA			
Allentown	Hechinger(4) Shop-Rite Burlington Coat Factory Wal*Mart Sam's Wholesale T.J. Maxx	2011/2031 2011/2021 2017 2024/2094 2024/2094 2003/2008	23,884 (7)
Bensalem	Kohl's (2)	2020/2040	6,600 (7)
Bethlehem	Pathmark Super Petz	2008/2033 2005/2015	4,177 (7)
Broomall	Bradlees (2)	2006/2026	10,044 (7)
Glenolden	Bradlees (2)	2012/2022	7,533 (7)

Lancaster	Weis Markets	2008/2018	--
Levittown	(2)	2006/2026	--

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	PERCENT LEASED(1)
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY			
10th and Market Streets, Philadelphia	1994	1.8	271,000	--	5	9.39	77%
Upper Moreland	1974	18.6	122,000	--	1	8.50	100%
York	1970	12.0	113,000	--	3	5.53	100%
MARYLAND							
Baltimore (Belair Rd.)	1962	16.0	206,000	--	3	4.88	81%
Baltimore (Towson)	1968	14.6	146,000	7,000	7	10.47	100%
Baltimore (Dundalk)	1966	16.1	183,000	--	16	7.06	77%
Glen Burnie	1958	21.2	65,000	57,000	5	7.80	100%
Hagerstown	1966	13.9	133,000	15,000	6	3.32	100%
CONNECTICUT							
Newington	1965	19.2	134,000	45,000	4	6.89	100%
Waterbury	1969	19.2	140,000	3,000	8	5.30	89%
MASSACHUSETTS							
Chicopee	1969	15.4	112,000	3,000	2	4.71	84%
Milford (3)	1976	14.7	83,000	--	1	5.26	100%
Springfield	1966	17.4	8,000	117,000	2	12.25	100%

LOCATION	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
10th and Market Streets, Philadelphia	Kmart Rouse Co.	2010/2035 2012/2072	9,200 (7)
Upper Moreland	Sam's Wholesale	2010/2015	7,141 (7)
York	Builders Square	2009/2018	4,223 (7)
MARYLAND			
Baltimore (Belair Rd.)	Disabled American Veterans Food Depot TJ Maxx	2009/2014 2003 2004/2024	--
Baltimore (Towson)	Staples Cost Saver Supermarket Drug Emporium	2004 2000/2020 2004/2009	11,704 (7)
Baltimore (Dundalk)	A & P Ollie's	2002/2017 2003/2008	6,342 (7)
Glen Burnie	Weis Markets	2018/2053	6,023 (7)
Hagerstown	Big Lots Pharmhouse Weis Markets	2002/2012 2008 2004/2009	3,375 (7)
CONNECTICUT			
Newington	(2) Pathmark (4)	2002/2022 2007/2027	6,727 (7)
Waterbury	Toys "R" Us Shaws Supermarkets	2010 2003/2018	--
MASSACHUSETTS			
Chicopee	Bradlees (2)	2002/2022	--
Milford (3)	Bradlees (2)	2004/2009	--
Springfield	Wal*Mart	2018/2092	3,211 (7)

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FOOTAGE		NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	PERCENT LEASED(1)
			OWNED/ LEASED BY COMPANY	OWNED BY TENANT ON LAND LEASED FROM COMPANY			
PUERTO RICO (SAN JUAN) Montehiedra	1997	57.1	525,000	--	96	16.85	100%
Caguas (50% Ownership)	1998	35.0	343,000	--	108	25.56	96%
TOTAL SHOPPING CENTERS		1,333.5	10,698,000	1,403,000	745	\$11.16	92%
VORNADO'S OWNERSHIP INTEREST		1,317.9	10,557,000	1,403,000			92%

LOCATION	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
PUERTO RICO (SAN JUAN) Montehiedra	Kmart Builders Square Marshalls Caribbean Theatres	2022/2072 2022/2072 2010/2025 2021/2026	61,618
Caguas (50% Ownership)	Kmart	2064	70,212
TOTAL SHOPPING CENTERS			\$ 796,462
VORNADO'S OWNERSHIP INTEREST			\$ 761,356

- (1) Represents annualized monthly base rent excluding ground leases, storage rent and rent for leases which had not commenced as of December 31, 1999, which are included in percent leased.
- (2) These leases are fully guaranteed by Stop & Shop, a wholly-owned subsidiary of Koninklijke Ahold NV (formerly Royal Ahold NV), except in the case of Totowa, guaranteed as to 70% of rent.
- (3) 100% ground and/or building leasehold interest; other than Green Acres, where approximately 10% of the ground is leased.
- (4) The tenant has ceased operations at these locations but continues to pay rent.
- (5) Annualized rent per square foot is \$13.46 in total and \$35.29 for the mall tenants only.
- (6) Square footage excludes the anchor store which owns its land and building.
- (7) These encumbrances are part of a cross collateralized mortgage financing in the amount of \$500,000,000 completed on March 1, 2000.

MERCHANDISE MART PROPERTIES

The Merchandise Mart Properties are a portfolio of seven properties containing an aggregate of approximately 6.8 million square feet. The properties are used for offices (36%), showrooms (61%) and retail stores (3%). The Company acquired these assets in separate transactions in 1998. In April 1998, the Company purchased four buildings containing approximately 5.4 million square feet from the Kennedy Family, including the 3.4 million square foot Merchandise Mart building in Chicago, the adjacent 350 North Orleans Street building, the Washington, D.C. Office Center and the adjacent Washington, D.C. Design Center. In December 1998, the Company purchased the 1.1 million square foot Market Square Complex and in a separate transaction purchased the adjacent 244,000 square foot National Furniture Mart in High Point, North Carolina.

Office Space

The following table sets forth the percentage of the Merchandise Mart Properties office revenues by tenants' industry:

INDUSTRY	PERCENTAGE
-----	-----
Government	38%
Service	24%
Telecommunications	16%
Insurance	12%
Pharmaceutical	5%
Other	5%

The average lease term ranges from 1 to 5 years for smaller tenants to as long as 15 years for major tenants. Leases typically provide for step-ups in rent periodically over the term of the lease and pass through to tenants the tenants' share of increases in real estate taxes and operating expenses for a building over a base year. Electricity is provided to tenants on a submetered basis or included in rent based on surveys and adjusted for subsequent utility rate increases. Leases also typically provide for tenant improvement allowances for all or a portion of the tenant's initial construction of its premises. None of the tenants in the Merchandise Mart Properties segment accounted for more than 10% of the Company's total revenue. Below is a listing of the Merchandise Mart Properties office tenants which accounted for 2% or more of the Merchandise Mart Properties' revenues in 1999:

(in thousands, except percentages)			PERCENTAGE OF
TENANT	SQUARE FEET	1999 REVENUES	MERCHANDISE MART
-----	LEASED		PROPERTIES
	-----	-----	REVENUES

General Services Administration	303	\$ 8,609	7%
Bankers Life and Casualty	303	5,447	4%
Ameritech	234	5,230	4%
Chicago Transit Authority	244	4,143	3%
Bank of America	201	2,406	2%

As of March 1, 2000, the occupancy rate of the Merchandise Mart Properties' office space was 93%. The following table sets forth the occupancy rate and the average escalated rent per square foot for the Merchandise Mart Properties' office space at the end of each of the past five years.

YEAR END	RENTABLE SQUARE FEET	OCCUPANCY RATE	AVERAGE ANNUAL ESCALATED RENT PER SQUARE FOOT
1999	2,414,000	93%	\$ 20.12
1998	2,274,000	95%	19.68
1997	2,160,000	91%	19.50
1996	2,026,000	88%	19.42
1995	2,028,000	85%	19.34

The following table sets forth as of December 31, 1999 office lease expirations for each of the next 10 years assuming that none of the tenants exercise their renewal options.

YEAR	NUMBER OF EXPIRING LEASES	SQUARE FEET OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUAL ESCALATED RENT OF EXPIRING LEASES	
				TOTAL	PER SQUARE FOOT
2000.....	14	274,000(1)	12.2%	\$ 7,780,000	\$ 28.39
2001.....	8	37,000	1.7%	868,000	23.15
2002.....	15	79,000	3.5%	1,785,000	22.61
2003.....	6	82,000	3.7%	1,347,000	16.37
2004.....	2	30,000	1.3%	734,000	24.47
2005.....	4	128,000	5.7%	2,628,000	20.55
2006.....	5	43,000	1.9%	1,264,000	29.12
2007.....	13	456,000	20.3%	8,092,000	17.74
2008.....	8	434,000	19.3%	9,339,000	21.52
2009.....	7	257,000	11.4%	5,032,000	19.59

(1) 250,000 square feet is leased to the GSA and is expected to be renewed by March 31, 2000 for 10 years at an initial rent per square foot of \$34.89.

In 1999, 121,724 square feet of office space was leased at a weighted average initial rent per square foot of \$21.49. At December 31, 1998, the weighted average escalated rent per square foot for such properties was \$19.68. Following is the detail by building.

1999 Leases			Average Annual Escalated Rent per Square Foot at December 31, 1998
	Square Feet	Average Initial Rent psf (1)	
350 North Orleans	102,752	\$22.00	\$17.62
Merchandise Mart	15,496	17.47	18.09
Washington Design Center	1,849	23.25	35.77
Washington Office Center	1,627	25.26	28.88
Total	121,724	21.49	19.68

(1) Most leases include periodic step-ups in rent, which are not reflected in the initial rent per square foot leased.

Showroom Space

The Merchandise Mart Properties' showroom space aggregates 4,174,000 square feet of which 2,473,000 square feet is located in the Merchandise Mart building and 350 North Orleans in Chicago, 1,359,000 square feet is located in the Market Square Complex (including the National Furniture Mart) in High Point, North Carolina and 342,000 square feet is located in the Design Center in Washington, D.C. The showroom space consists of 2,732,000 square feet of permanent mart space (leased to manufacturers and distributors whose clients are retailers, specifiers and end users), 941,000 square feet of permanent design center space (leased to wholesalers whose principal clientele is interior designers), and 501,000 square feet of temporary market suite space (used for trade shows).

The showrooms provide manufacturers and wholesalers with permanent and temporary space in which to display products for buyers, specifiers and end users. The showrooms are also used for hosting trade shows for the contract furniture, casual furniture, giftware, carpet, residential furnishings, crafts, and design industries. The Merchandise Mart Properties own and operate five of the leading furniture/gift-ware trade shows including the contract furniture industry's largest trade show, the NeoCon Show, which attracts over 50,000 attendees annually and is hosted at the Merchandise Mart building in Chicago. The Market Square Complex co-hosts the home furniture industry's semi-annual market weeks which occupy over 8,800,000 square feet in the High Point, North Carolina region.

The following table sets forth the percentage of the Merchandise Mart properties showroom revenues by tenants' industry:

Industry -----	Percentage -----
Residential Furnishings	28%
Residential Design	21%
Contract Furnishings	15%
Gift	11%
Apparel	7%
Casual Furniture	4%
Building Products	2%
Market Suites	12%

As of March 1, 2000 the occupancy rate of the Merchandise Mart Properties' showroom space was 98%. The following table sets forth the occupancy rate and the average escalated rent per square foot for this space at the end of each of the past five years.

YEAR END -----	RENTABLE SQUARE FEET -----	OCCUPANCY RATE -----	AVERAGE ANNUAL ESCALATED RENT PER SQUARE FOOT -----
1999	4,174,000	98%	\$ 21.29(1)
1998	4,266,000	95%	18.45(1)
1997	2,817,000	94%	20.94
1996	2,942,000	84%	20.65
1995	2,953,000	75%	22.07

(1) Average annual escalated rent per square foot excluding the Market Square Complex is \$25.72 and \$22.13, respectively.

The following table sets forth as of December 31, 1999 showroom lease expirations for each of the next 10 years assuming that none of the tenants exercise their renewal options.

YEAR	NUMBER OF EXPIRING LEASES	SQUARE FEET OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUAL ESCALATED RENT OF EXPIRING LEASES	
				TOTAL	PER SQUARE FOOT
2000.....	241	548,000	13.4%	\$ 10,720,000	\$ 19.56
2001.....	239	568,000	13.9%	9,574,000	16.84
2002.....	210	428,000	10.5%	8,493,000	19.84
2003.....	131	443,000	10.8%	8,872,000	20.02
2004.....	136	498,000	12.2%	8,885,000	17.84
2005.....	33	163,000	4.0%	4,082,000	25.02
2006.....	41	190,000	4.6%	5,315,000	28.04
2007.....	29	186,000	4.5%	3,677,000	19.80
2008.....	28	148,000	3.6%	3,265,000	22.06
2009.....	33	126,000	3.1%	2,791,000	22.23

Retail Stores

The Merchandise Mart Properties' portfolio also contains approximately 184,000 square feet of retail stores which were 62% occupied at March 1, 2000.

Merchandise Mart in Chicago

The Merchandise Mart in Chicago is a 25-story industry building. Built in 1930, the Merchandise Mart is one of the largest buildings in the nation, containing over 4,000,000 gross square feet of which approximately 3,440,000 square feet is rentable.

As of March 1, 2000, the occupancy rate of the Merchandise Mart in Chicago was 95%. The following table sets forth the occupancy rate and the average escalated rent per square foot at the end of each of the past five years.

Year End	Rentable Square Feet	Occupancy Rate	Average Annual Escalated Rent Per Square Foot
-----	-----	-----	-----
1999	3,440,000	95%	\$ 23.54
1998	3,440,000	96%	21.18
1997	3,411,000	96%	19.82
1996	3,404,000	94%	19.09
1995	3,404,000	82%	20.44

The following table sets forth as of December 31, 1999 lease expirations at the Merchandise Mart in Chicago for each of the next 10 years assuming that none of the tenants exercise renewal options.

YEAR	NUMBER OF EXPIRING LEASES	SQUARE FEET OF EXPIRING LEASES	PERCENTAGE OF TOTAL SQUARE FEET	ANNUAL ESCALATED RENT OF EXPIRING LEASES	
				TOTAL	PER SQUARE FOOT
-----	-----	-----	-----	-----	-----
2000.....	122	261,000	8.0%	\$ 6,183,000	\$ 23.71
2001.....	105	173,000	5.3%	5,190,000	30.03
2002.....	115	260,000	7.9%	6,083,000	23.38
2003.....	78	253,000	7.7%	6,064,000	23.96
2004.....	102	289,000	8.8%	7,359,000	25.46
2005.....	30	268,000	8.2%	6,438,000	24.05
2006.....	44	205,000	6.2%	5,650,000	27.59
2007.....	36	490,000	15.0%	9,557,000	19.49
2008.....	25	501,000	15.3%	10,973,000	21.89
2009.....	16	72,000	2.2%	1,614,000	22.48

The aggregate undepreciated tax basis of depreciable real property at the Merchandise Mart in Chicago for Federal income tax purposes was approximately \$128,000,000 as of December 31, 1999 and depreciation for such property is computed for Federal income tax purposes on the straight-line method over thirty-nine years.

For the 1999 tax year, the tax rate in Chicago for commercial real estate is \$8.872 for \$100 assessed value which results in real estate taxes of \$9,774,474 for the Merchandise Mart.

MERCHANDISE MART PROPERTIES:

The following table sets forth certain information for the Merchandise Mart Properties owned by the Company as of December 31, 1999.

LOCATION	YEAR ORIGINALLY DEVELOPED OR ACQUIRED	LAND AREA (ACRES)	APPROXIMATE LEASABLE BUILDING SQUARE FEET	NUMBER OF TENANTS	ANNUALIZED BASE RENT PER SQ. FT. (1)	ANNUALIZED ESCALATED RENT PER SQ. FT. (2)	PERCENT LEASED (1)
ILLINOIS							
Merchandise Mart, Chicago	1930	6.7	3,440,000	754	\$21.48	\$23.54	95%
350 North Orleans, Chicago	1977	4.3	1,117,000	296	19.60	21.03	91%
WASHINGTON, D.C.							
Washington Office Center	1990	1.2	398,000	24	27.66	31.83	94%
Washington Design Center	1919	1.2	388,000	84	25.52	26.19	95%
Other		1.3	93,000	8	8.54	10.51	87%
HIGH POINT, NORTH CAROLINA							
Market Square Complex	1902 - 1989	13.1	1,115,000	228	10.94	12.18	99%
National Furniture Mart	1964	0.7	244,000	33	12.49	12.51	100%
TOTAL MERCHANDISE MART PROPERTIES		28.5	6,795,000	1,427	\$19.61	\$21.52	95%

LOCATION	PRINCIPAL TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION	ENCUMBRANCES (THOUSANDS)
ILLINOIS			
Merchandise Mart, Chicago	Baker, Knapp & Tubbs Bankers Life & Casualty CCC Information Services Chicago Teachers Union Chicago Transit Authority Holly Hunt Monsanto Office of the Special Deputy Steelcase	2007/2013 2008/2018 2008/2018 2005 2007/2027 2003 2007 2005 2007	\$ 250,000
350 North Orleans, Chicago	21st Century Telecom Ameritech Art Institute of Illinois Bank of America Chicago Transit Authority Fox Sports Fiserv Solutions	2012/2022 2011/2021 2009/2019 2009/2019 2007/2017 2007/2017 2010/2020	40,000
WASHINGTON, D.C.			
Washington Office Center	General Services Administration	2000/2010	49,537
Washington Design Center			23,932
Other			--
HIGH POINT, NORTH CAROLINA			
Market Square Complex	Century Furniture Company La-Z-Boy	2004 2004	42,758
National Furniture Mart			13,695
TOTAL MERCHANDISE MART PROPERTIES			\$ 419,922

- (1) Represents annualized monthly base rent excluding rent for leases which had not commenced as of December 31, 1999, which are included in percent leased.
(2) Represents annualized monthly base rent including tenant pass-throughs of operating expenses (exclusive of tenant electricity costs) and real estate taxes.

TEMPERATURE CONTROLLED LOGISTICS

The Company has a 60% interest in the Vornado/Crescent Partnerships that own 89 refrigerated warehouses with an aggregate of approximately 428 million cubic feet (excludes 15 additional warehouses containing approximately 91 million cubic feet managed by AmeriCold Logistics). AmeriCold Logistics leases all of the partnerships' facilities. The Temperature Controlled Logistics segment is headquartered in Atlanta, Georgia.

On March 12, 1999, the Vornado/Crescent Partnerships sold all of the non-real estate assets of AmeriCold Logistics encompassing the operations of the cold storage business for approximately \$48,000,000 to a new partnership owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc. ("AmeriCold Logistics") The new partnership leases the underlying cold storage warehouses used in this business from the Vornado/Crescent Partnerships which continue to own the real estate. The leases generally have a 15 year term with two-five year renewal options and provide for the payment of fixed base rent and percentage rent based on revenue AmeriCold Logistics receives from its customers. The new partnership is required to pay for all costs arising from the operation, maintenance and repair of the properties as well as property capital expenditures in excess of \$5,000,000 annually. Fixed base rent and percentage rent was approximately \$134,000,000 for the period from March 12, 1999 through December 31, 1999. The new partnership has the right to defer a portion of the rent for up to three years beginning on March 12, 1999 to the extent that available cash, as defined in the lease, is insufficient to pay such rent, and pursuant thereto, rent was deferred as of December 31, 1999, of which the Company's share is \$3,240,000.

AmeriCold Logistics provides the frozen food industry with refrigerated warehousing and transportation management services. Refrigerated warehouses are comprised of production and distribution facilities. Production facilities typically serve one or a small number of customers, generally food processors, located nearby. These customers store large quantities of processed or partially processed products in the facility until they are shipped to the next stage of production or distribution. Distribution facilities primarily warehouse a wide variety of customers' finished products until future shipment to end-users. Each distribution facility generally services the surrounding regional market. AmeriCold Logistics' transportation management services include freight routing, dispatching, freight rate negotiation, backhaul coordination, freight bill auditing, network flow management, order consolidation and distribution channel assessment. AmeriCold Logistics' temperature-controlled logistics expertise and access to both frozen food warehouses and distribution channels enable its customers to respond quickly and efficiently to time-sensitive orders from distributors and retailers.

AmeriCold Logistics' customers consist primarily of national, regional and local frozen food manufacturers, distributors, retailers and food service organizations. A breakdown of AmeriCold Logistics' largest customers include:

	% of Warehouse 1999 Revenue

Con-Agra	9%
Tyson	8%
Heinz	8%
McCain Foods	7%
Kraft	7%
Pillsbury	6%
Sara Lee	5%
J.R. Simplot	3%
Daymark Foods (Sam's Club)	2%
Other	45%

Facilities

The following table shows the location, size and type of facility for each of the Temperature Controlled Logistics properties as of December 31, 1999:

PROPERTY	LOCATION	OWNED/ LEASED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
FACILITIES OWNED/LEASED BY THE VORNADO/CRESCENT PARTNERSHIPS:				
ALABAMA				
Birmingham	West 25th Avenue	Owned	2.0	85.6
Montgomery	Newcomb Avenue	Owned	1.2	68.1
Gadsden	East Air Depot Road	Leased	4.0	119.0
Albertville	Railroad Avenue	Owned	2.2	64.5
	TOTAL ALABAMA		9.4	337.2
ARIZONA				
Phoenix	455 South 75th Avenue	Owned	2.9	111.5
ARKANSAS				
Fort Smith	Midland Boulevard	Owned	1.4	78.2
West Memphis	South Airport Road	Owned	5.3	166.4
Texarkana	Genoa Road	Owned	4.7	137.3
Russellville	300 El Mira	Owned	5.6	164.7
Russellville	203 Industrial Boulevard	Owned	9.5	279.4
Springdale	1200 N. Old Missouri Road	Owned	6.6	194.1
	TOTAL ARKANSAS		33.1	1,020.1
CALIFORNIA				
Ontario	Malaga Place	Owned 24% Leased 76%	8.1	279.6
Burbank	West Magnolia Boulevard	Owned	0.8	33.3
Fullerton	South Raymond Avenue	Leased	2.8	107.7
Pajaro	Salinas Road	Leased	1.4	53.8
Los Angeles	Jesse Street	Owned	2.7	141.6
Turlock	5th Street	Owned	2.5	108.4
Watsonville	West Riverside Drive	Owned	5.4	186.0
Turlock	South Kilroy Road	Owned	3.0	138.9
Ontario	Santa Ana	Leased	1.9	55.9
	TOTAL CALIFORNIA		28.6	1,105.2
COLORADO				
Denver	East 50th Street	Owned 52% Leased 48%	2.8	116.3
Denver	North Washington Street	Leased	0.6	25.0
	TOTAL COLORADO		3.4	141.3

PROPERTY	LOCATION	OWNED/ LEASED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
FLORIDA				
Tampa	South Lois Avenue	Owned	0.4	22.2
Plant City	South Alexander Street	Owned	0.8	30.8
Bartow	U.S. Highway 17	Owned	1.4	56.8
Tampa	50th Street	Owned 80% Leased 20%	3.9	150.0
Tampa	Port of Tampa	Owned	1.0	38.5
TOTAL FLORIDA			7.5	298.3
GEORGIA				
Atlanta	Xavier Drive, SW	Owned	11.1	476.7
Atlanta	Lakewood Avenue, SW	Owned	2.9	157.1
Augusta	Laney-Walker Road	Owned	1.1	48.3
Atlanta	Westgate Parkway	Owned	11.4	334.7
Montezuma	South Airport Drive	Owned	4.2	175.8
Atlanta	Westgate Parkway	Owned	6.9	201.6
Thomasville	121 Roseway Drive	Owned	6.9	202.9
TOTAL GEORGIA			44.5	1,597.1
IDAHO				
Burley	U.S. Highway 30	Owned	10.7	407.2
Nampa	4th Street North	Owned	8.0	364.0
TOTAL IDAHO			18.7	771.2
ILLINOIS				
Rochelle	Americold Drive	Owned	6.0	179.7
East Dubuque	18531 U.S. Route 20 West	Owned	5.6	215.4
TOTAL ILLINOIS			11.6	395.1
INDIANA				
Indianapolis	Arlington Avenue	Owned	9.1	311.7
IOWA				
Fort Dodge	Maple Drive	Owned	3.7	155.8
Bettendorf	State Street	Owned	8.8	336.0
TOTAL IOWA			12.5	491.8
KANSAS				
Wichita	North Mead	Owned	2.8	126.3
Garden City	2007 West Mary Street	Owned	2.2	84.6
TOTAL KANSAS			5.0	210.9
KENTUCKY				
Sebree	1541 U.S. Highway 41 North	Owned	2.7	79.4
MAINE				
Portland	Read Street	Owned	1.8	151.6
MASSACHUSETTS				
Gloucester	East Main Street	Owned	1.9	95.5
Gloucester	Railroad Avenue	Owned	0.3	13.6
Gloucester	Rogers Street	Owned	2.8	95.2
Gloucester	Rowe Square	Owned	2.4	126.4

PROPERTY	LOCATION	OWNED/ LEASED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
Boston	Wildett Circle	Owned	3.1	218.0
Watertown	Pleasant Street	Owned	4.7	180.8
	TOTAL MASSACHUSETTS		15.2	729.5
MISSOURI				
Marshall	West Highway 20	Owned	4.8	160.8
Carthage	No. 1 Civil War Road	Owned	33.1	2,068.8
	TOTAL MISSOURI		37.9	2,229.6
MISSISSIPPI				
West Point	751 West Churchill Road	Owned	4.7	180.8
NEBRASKA				
Fremont	950 South Schneider Street	Owned	2.2	84.6
Grand Island	East Roberts Street	Owned	2.2	105.0
	TOTAL NEBRASKA		4.4	189.6
NEW YORK				
Syracuse	Farrell Road	Owned	11.8	447.2
NORTH CAROLINA				
Charlotte	West 9th Street	Owned	1.0	58.9
Charlotte	Exchange Street	Owned	4.1	164.8
Tarboro	Sara Lee Road	Owned	3.4	104.0
	TOTAL NORTH CAROLINA		8.5	327.7
OKLAHOMA				
Oklahoma City	South Hudson	Owned	0.7	64.1
Oklahoma City	Exchange Street	Owned	1.4	74.1
	TOTAL OKLAHOMA		2.1	138.2
OREGON				
Hermiston	Westland Avenue	Owned	4.0	283.2
Milwaukie	S.E. McLoughlin Blvd.	Owned	4.7	196.6
Salem	Portland Road N.E.	Owned	12.5	498.4
Woodburn	Silverton Road	Owned	6.3	277.4
Brooks	Brooklake Road	Owned	4.8	184.6
Ontario	N.E. First Street	Owned	8.1	238.2
	TOTAL OREGON		40.4	1,678.4
PENNSYLVANIA				
Leesport	RD2, Orchard Lane	Owned	5.8	168.9
Fogelsville	Mill Road	Owned	21.6	683.9
	TOTAL PENNSYLVANIA		27.4	852.8
SOUTH CAROLINA				
Columbia	Shop Road	Owned	1.6	83.7
SOUTH DAKOTA				
Sioux Falls	2300 East Rice Street	Owned	2.9	111.5

PROPERTY	LOCATION	OWNED/ LEASED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
TENNESSEE				
Memphis	East Parkway South	Owned	5.6	246.2
Memphis	Spottswood Avenue	Owned	0.5	36.8
Murfreesboro	Stephenson Drive	Owned	4.5	106.4
TOTAL TENNESSEE			10.6	389.4
TEXAS				
Amarillo	10300 South East Third Street	Owned	3.2	123.1
Ft. Worth	200 Railhead Drive	Owned	3.4	102.0
TOTAL TEXAS			6.6	225.1
UTAH				
Clearfield	South Street	Owned	8.6	358.4
VIRGINIA				
Norfolk	East Princess Anne Road	Owned	1.9	83.0
Strasburg*	545 Radio Station Rd	Owned	6.8	200.0
TOTAL VIRGINIA			8.7	283.0
WASHINGTON				
Burlington	South Walnut	Owned	4.7	194.0
Moses Lake	Wheeler Road	Owned	7.3	302.4
Walla Walla	14th Avenue South	Owned	3.1	140.0
Connell	West Juniper Street	Owned	5.7	235.2
Wallula	Dodd Road	Owned	1.2	40.0
Pasco	Industrial Way	Owned	6.7	209.0
TOTAL WASHINGTON			28.7	1,120.6
WISCONSIN				
Tomah	Route 2	Owned	4.6	161.0
Babcock*		Owned	3.4	111.1
Plover	110th Street	Owned	9.4	358.4
TOTAL WISCONSIN			17.4	630.5
TOTAL - OWNED/LEASED			428.3	16,998.4

PROPERTY	LOCATION	MANAGED	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)
FACILITIES MANAGED BY AMERICOLD LOGISTICS:				
ALABAMA				
Batesville *	Highway 35 North	Managed	2.8	102.7
Birmingham	4th Street, West	Managed	0.1	0.1
TOTAL ALABAMA			2.9	102.8
CALIFORNIA				
Ontario	Wanamaker Avenue	Managed	3.2	122.0
Ontario	Airport Drive	Managed	13.5	450.0
Ontario	Vintage Avenue	Managed	3.6	130.0
Wilmington	Coil Avenue	Managed	4.5	173.1
TOTAL CALIFORNIA			24.8	875.1
MINNESOTA				
Park Rapids	U.S. Highway 71 South	Managed	5.9	173.5
NEW JERSEY				
Vineland	N. Mill Road	Managed	2.7	103.8
PENNSYLVANIA				
Bethlehem	2600 Brodhead Road	Managed	16.1	473.5
Bethlehem	4000 Miller Circle North	Managed	7.3	214.7
TOTAL PENNSYLVANIA			23.4	688.2
SOUTH DAKOTA				
Sioux Falls	802 East Rice Street	Managed	3.4	130.8
TENNESSEE				
Newbern	Biffle Road	Managed	2.4	92.3
TEXAS				
Ft. Worth	1006 Railhead Drive	Managed	13.0	382.4
Ft. Worth	1005 Railhead Drive	Managed	7.6	223.5
TOTAL TEXAS			20.6	605.9
CANADA				
ALBERTA				
Taber		Managed	4.8	141.0
TOTAL -MANAGED			90.9	2,913.4
GRAND TOTAL-OWNED/LEASED AND MANAGED			519.2	19,911.8

* New facility in 1999

The above table is summarized as follows:

TYPE	NUMBER OF FACILITIES	CUBIC FEET (IN MILLIONS)	SQUARE FEET (IN THOUSANDS)

Owned/leased by Vornado/Crescent partnerships:			
Owned	84	409.3	16,338.7
Leased	5	19.0	659.7
	-----	-----	-----
Managed by Americold Logistics	89	428.3	16,998.4
	15	90.9	2,913.4
	-----	-----	-----
Total	104	519.2	19,911.8
	-----	-----	-----

ALEXANDER'S PROPERTIES

The following table shows as of December 31, 1999 the location, approximate size and leasing status of each of the properties owned by Alexander's, in which the Company has a 32.0% interest.

LOCATION	APPROXIMATE AREA IN SQUARE FEET/OR ACREAGE	APPROXIMATE LEASABLE SQUARE FOOTAGE/ NUMBER OF FLOORS	AVERAGE ANNUALIZED BASE RENT PER SQ. FOOT	PERCENT LEASED	SIGNIFICANT TENANTS (30,000 SQUARE FEET OR MORE)	LEASE EXPIRATION/ OPTION EXPIRATION
OPERATING PROPERTIES						
NEW YORK:						
Kings Plaza Regional Shopping Center--Brooklyn.....	24.3 acres	766,000/4(1)(2)	\$29.40	91%	Sears	2023/2033
Rego Park--Queens.....	4.8 acres	351,000/3(1)	28.76	100%	Bed Bath & Beyond Circuit City Marshalls Sears	2013 2021 2008/2021 2021
Fordham Road--Bronx.....	92,211 SF	303,000/5	--	--	--	--
Flushing--Queens (3).....	44,975 SF	177,000/4(1)	--	--	--	--
Third Avenue--Bronx.....	60,451 SF	173,000/4	5.00	100%	An affiliate of Conway	2023
		----- 1,770,000 =====				
DEVELOPMENT PROPERTIES						
NEW YORK:						
Lexington Avenue--Manhattan.....	84,420 SF	--				
Rego Park II--Queens.....	6.6 acres	--				
NEW JERSEY:						
Paramus--New Jersey.....	30.3 acres	--				

(1) Excludes parking garages.

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

(3) Leased by the Company through January 2027.

Kings Plaza Regional Shopping Center:

In June 1998, Alexander's increased its interest in the Mall to 100% by acquiring Federated Department Stores's 50% interest. The purchase price was approximately \$28,000,000, which was paid in cash, plus Alexander's agreed to pay Federated \$15,000,000 to renovate its Macy's store in the Mall and Federated agreed to certain modifications to the Kings Plaza Operating Agreement. Alexander's is currently renovating the Mall in connection with the overall renovation of the Center at an estimated cost of \$33,000,000 of which \$9,045,000 has been expended as of January 31, 2000. The renovation is expected to be completed in 2000.

Paramus:

Alexander's intends to develop a shopping center of approximately 550,000 square feet on this site. The estimated cost of such redevelopment is approximately \$100,000,000. Alexander's has received municipal approvals on tentative plans to develop the site. No redevelopment plans have been finalized.

Lexington Avenue:

Alexander's is currently undertaking the excavation and laying the foundation for its Lexington Avenue property as part of the proposed development of a large multi-use building. The proposed building is expected to be comprised of a commercial portion, which may include retail stores, offices, hotel space, extended-stay residences, residential rentals and parking; and a residential portion, consisting of condominium units to be sold to the public. In connection therewith, Alexander's paid \$14,500,000 for 140,000 square feet of air rights of which \$12,200,000 was paid to the Company (Vornado's cost plus \$243,000 in interest and closing costs). The air rights were contracted for and paid for in 1999, with closings to take place when the developments which give rise to the air rights are completed in 2000. The capital required for the proposed building will be in excess of \$400,000,000.

Because a REIT is subject to 100% excise tax on income derived from the sales of "dealer property" (i.e. condominiums), the air rights representing the residential portion of the property are being transferred to a preferred stock affiliate, a corporation in which Alexander's owns all of the preferred equity and none of the common equity. The transfer value will be adjusted once the final size of the residential portion is determined.

While Alexander's anticipates that financing will be available after tenants have been obtained for these projects, there can be no assurance that such financing will be obtained, or if obtained, that such financings will be on terms that are acceptable. In addition, it is uncertain as to when these projects will commence.

HOTEL PENNSYLVANIA

On August 5, 1999, the Company increased its interest in the Hotel Pennsylvania to 100% by acquiring Planet Hollywood International, Inc.'s ("Planet Hollywood") 20% interest in the hotel for approximately \$18,000,000 and assumed \$24,000,000 of existing debt. In connection with the transaction, the Company terminated the licensing agreement with Planet Hollywood for an Official All-Star Hotel. The Hotel Pennsylvania is located in New York City on Seventh Avenue opposite Madison Square Garden. The Company intends to refurbish the Hotel. Under the terms of the mortgage on this property, in connection with the refurbishment, the Company has escrowed \$15,000,000 in cash and provided \$29,000,000 through letters of credit. The Hotel Pennsylvania contains approximately 800,000 square feet of hotel space with 1,700 rooms and approximately 400,000 square feet of retail and office space. The Company manages the property's retail and office space, and a preferred stock affiliate of the Company co-manages the hotel.

The following table presents rental information for the hotel:

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
Average occupancy rate.....	80%	79%	78%
Average daily rate.....	\$ 105	\$ 99	\$ 93

As of December 31, 1999, the property's retail and office space was 85% and 55% occupied. Twenty-five tenants occupy the retail and commercial space. Annual rent per square foot of retail and office space in 1999 were \$44 and \$16.

NEWKIRK JOINT VENTURES

The Newkirk Joint Ventures ("Newkirk") own various equity and debt interests relating to 120 limited partnerships which own real estate primarily net leased to credit rated tenants. The Company owns a 30% interest in Newkirk with the balance owned by affiliates of Apollo Real Estate Investment Fund III, L.P.

The following table sets forth the real estate owned by the limited partnerships and the Company's interest therein:

	Number of Properties	Total	Square Feet (in 000's)	
			Newkirk Ownership Interest	Vornado's Ownership Interest
Office	30	8,871	4,302	1,291
Retail	166	6,995	3,315	995
Other	14	5,146	2,518	755
	-----	-----	-----	-----
	210	21,012	10,135	3,041
	=====	=====	=====	=====

These properties are located throughout the United States.

DRY WAREHOUSE/INDUSTRIAL PROPERTIES

The Company's dry warehouse/industrial properties consist of eight buildings in New Jersey containing approximately 2.0 million square feet. At December 31, 1999, the occupancy rate of the properties was 92%. The average term of a tenant's lease is three to five years. Average annual rent per square foot at December 31, 1999 was \$3.37.

INSURANCE

The Company carries comprehensive liability, fire, flood, extended coverage and rental loss insurance with respect to its properties with policy specifications and insured limits customarily carried for similar properties. Management of the Company believes that the Company's insurance coverage conforms to industry norms.

ITEM 3. LEGAL PROCEEDINGS

The Company is from time to time involved in legal actions arising in the ordinary course of its business. In the opinion of management, after consultation with legal counsel, the outcome of such matters will not have a material adverse effect on the Company's financial condition or results of operations.

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, 1999.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following is a list of the names, ages, principal occupations and positions with Vornado of the executive officers of Vornado and the positions held by such officers during the past five years. All executive officers of Vornado have terms of office which run until the next succeeding meeting of the Board of Trustees of Vornado following the Annual Meeting of Shareholders unless they are removed sooner by the Board.

NAME	AGE	PRINCIPAL OCCUPATION, POSITION AND OFFICE (CURRENT AND DURING PAST FIVE YEARS WITH VORNADO UNLESS OTHERWISE STATED)
Steven Roth.....	58	Chairman of the Board, Chief Executive Officer and Chairman of the Executive Committee of the Board; the Managing General Partner of Interstate Properties, an owner of shopping centers and an investor in securities and partnerships; Chief Executive Officer of Alexander's, Inc. since March 2, 1995 and a Director since 1989; Chairman and CEO of Vornado Operating since 1998.
Michael D. Fascitelli.....	43	President and a Trustee since December 2, 1996; Director of Alexander's, Inc. since December 2, 1996; Director of Vornado Operating since 1998; Partner at Goldman, Sachs & Co. in charge of its real estate practice from December 1992 to December 1996; and Vice President at Goldman, Sachs & Co., prior to December 1992.
Melvyn H. Blum.....	53	Executive Vice President--Development since January 2000; Senior Managing Director at Tishman Speyer Properties in charge of its development activities in the United States from July 1998 to January 2000; and Managing Director of Development and Acquisitions prior to July 1998.
Joseph Macnow.....	54	Executive Vice President--Finance and Administration since January 1998; Executive Vice President - Finance and Administration of Vornado Operating since 1998; Vice President--Chief Financial Officer from 1985 to January 1998; Vice President--Chief Financial Officer of Alexander's, Inc. since August 1995.
Irwin Goldberg.....	55	Vice President--Chief Financial Officer since January 1998; Vice President--Chief Financial Officer of Vornado Operating since 1998; Secretary and Treasurer of Alexander's Inc. since June 1999; Partner at Deloitte & Touche LLP from September 1978 to January 1998.
David R. Greenbaum.....	48	Chief Executive Officer of the New York Office Division since April 15, 1997 (date of the Company's acquisition); President of Mendik Realty (the predecessor to the Mendik Division) from 1990 until April 15, 1997.
Joseph Hakim.....	51	Chief Executive Officer of the Merchandise Mart Division since April 1, 1998 (date of the Company's acquisition); President and Chief Executive Officer of Merchandise Mart Properties, Inc., the main operating subsidiary of Joseph P. Kennedy Enterprises, Inc. (the predecessor to the Merchandise Mart Division) from 1992 to April 1, 1998.
Daniel F. McNamara(1).....	53	Chief Executive Officer of the Temperature Controlled Logistics (AmeriCold Logistics) since October 1997 (the date of the Company's acquisition); Chief Executive Officer of URS Logistics, Inc. (one of the predecessors to Temperature Controlled Logistics) from March 1996 to October 1997; and Executive Vice President and Chief Operating Officer of Value Rent-A-Car, a wholly owned subsidiary of Mitsubishi Motors, prior to March 1996.
Richard T. Rowan.....	53	Vice President-Retail Real Estate Division since January 1982.

(1) As of March 17, 1999, Mr. McNamara is an employee of the partnership which purchased the non-real estate assets of AmeriCold Logistics.

PART II

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

Vornado's common shares are traded on the New York Stock Exchange under the symbol "VNO".

Quarterly price ranges of the common shares and dividends paid per share for the years ended December 31, 1999 and 1998 were as follows:

QUARTER -----	YEAR ENDED DECEMBER 31, 1999			YEAR ENDED DECEMBER 31, 1998		
	HIGH -----	LOW -----	DIVIDENDS -----	HIGH -----	LOW -----	DIVIDENDS -----
1st.....	\$37.75	\$32.06	\$.44	\$49.81	\$38.50	\$.40
2nd.....	39.50	33.06	.44	44.00	36.38	.40
3rd.....	36.06	32.19	.44	39.88	27.63	.40
4th.....	33.31	30.06	.48	38.25	26.00	.44

The approximate number of record holders of common shares of Vornado at December 31, 1999, was 2,500.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

	YEAR ENDED DECEMBER 31,				
	1999	1998	1997	1996	1995
(in thousands, except share and per share amounts)					
OPERATING DATA					
Revenues:					
Property rentals.....	\$ 590,814	\$ 425,496	\$ 168,321	\$ 87,424	\$ 80,429
Expense reimbursements.....	90,246	74,737	36,652	26,644	24,091
Other income.....	15,898	9,627	4,158	2,819	4,198
Total Revenues.....	696,958	509,860	209,131	116,887	108,718
Expenses:					
Operating.....	282,118	207,171	74,745	36,412	32,282
Depreciation and amortization.....	83,585	59,227	22,983	11,589	10,790
General and administrative.....	40,151	28,610	13,580	5,167	6,687
Amortization of officer's deferred compensation expense.....	--	--	22,917	2,083	--
Total Expenses.....	405,854	295,008	134,225	55,251	49,759
Operating Income.....	291,104	214,852	74,906	61,636	58,959
Income applicable to Alexander's.....	7,427	3,123	7,873	7,956	3,954
Income from partially-owned entities.....	82,310	32,025	4,658	1,855	788
Interest and other investment income.....	18,359	24,074	23,767	6,643	5,733
Interest and debt expense.....	(141,683)	(114,686)	(42,888)	(16,726)	(16,426)
Net gain from insurance settlement and condemnation proceedings.....	--	9,649	--	--	--
Minority interest of unitholders in the Operating Partnership.....	(54,998)	(16,183)	(7,293)	--	--
Net Income.....	202,519	152,854	61,023	61,364	53,008
Preferred stock dividends.....	(33,438)	(21,690)	(15,549)	--	--
Net income applicable to common shares.....	\$ 169,081	\$ 131,164	\$ 45,474	\$ 61,364	\$ 53,008
Net income per share--basic(1).....	\$ 1.97	\$ 1.62	\$.83	\$ 1.26	\$ 1.13
Net income per share--diluted(1).....	\$ 1.94	\$ 1.59	\$.79	\$ 1.25	\$ 1.12
Cash dividends declared for common shares.....	\$ 1.80	\$ 1.64	\$ 1.36	\$ 1.22	\$ 1.12
BALANCE SHEET DATA					
Total assets.....	\$ 5,479,218	\$4,425,779	2,524,089	\$565,204	\$491,496
Real estate, at cost.....	3,921,507	3,315,891	1,564,093	397,298	382,476
Accumulated depreciation.....	308,542	226,816	173,434	151,049	139,495
Debt.....	2,048,804	2,051,000	956,654	232,387	233,353
Shareholders' equity.....	2,055,368	1,782,678	1,313,762	276,257	194,274

YEAR ENDED DECEMBER 31,

	1999	1998	1997	1996	1995
(in thousands)					
OTHER DATA					
Funds from operations(2):					
Net income applicable to common shares	\$ 169,081	\$ 131,164	\$ 45,474	\$ 61,364	\$ 53,008
Depreciation and amortization of real property.....	82,216	58,277	22,413	11,154	10,019
Straight-lining of property rentals for rent escalations.....	(22,881)	(14,531)	(3,359)	(2,676)	(2,569)
Leasing fees received in excess of income recognized.....	1,705	1,339	1,733	1,805	1,052
Net gain from insurance settlement and condemnation proceedings.....	--	(9,649)	--	--	--
(Depreciation)/appreciation of securities held in officer's deferred compensation trust.....	(340)	340	--	--	--
(Gains)/losses on sale of securities available for sale.....	(383)	(898)	--	--	360
Proportionate share of adjustments to equity in income of partially-owned entities to arrive at funds from operations:					
Temperature Controlled Logistics.....	31,400	41,988(3)	4,183	--	--
Alexander's.....	1,324	4,023	(2,471)	(2,331)	539
Partially-owned office buildings.....	50	3,561	2,891	--	--
Hotel Pennsylvania.....	4,866	4,083	457	--	--
Charles E. Smith Commercial Realty L.P....	12,024	2,974	1,298	--	--
Other.....	7,463	219	--	--	--
Minority interest in partially owned entities in excess of preferential distributions.....	(9,020)	(3,991)	--	--	--
Dilutive effect of Series A Preferred Stock Dividends.....	16,268	--	--	--	--
Funds from operations.....	\$ 293,773	\$ 218,899	\$ 72,619	\$ 69,316	\$ 62,409
Cash flow provided by (used in):					
Operating activities.....	\$ 176,895	\$ 189,406	\$ 115,473	\$ 70,703	\$ 62,882
Investing activities.....	(494,204)	(1,257,367)	(1,064,484)	14,912	(103,891)
Financing activities.....	262,131	879,815	1,215,269	(15,046)	36,577

(1) The earnings per share amounts prior to 1997 have been restated to comply with Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS 128). For further discussion of earnings per share and the impact of SFAS 128, see the notes to the consolidated financial statements. All share and per share information has also been adjusted for a 2-for-1 share split in October 1997.

(2) Funds from operations does not represent cash generated from operating activities in accordance with generally accepted accounting principles 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 funds from operations. Funds from operations should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity. Management considers funds from operations a supplemental measure of operating performance and along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the Company to incur and service debt, to make capital expenditures and to fund other cash needs. Funds from operations may not be comparable to similarly titled measures employed by other REITs since a number of REITs, including the Company, calculate funds from operations in a manner different from that used by the National Association of Real Estate Investment Trusts ("NAREIT"). Funds from operations, as defined by NAREIT, represents net income applicable to common shares before depreciation and amortization, extraordinary or non-recurring items and gains or losses on sales of real estate. Funds from operations as disclosed above have been modified from this definition to adjust for (i) the effect of straight-lining of property rentals for rent escalations and leasing fee income, (ii) the reversal of income taxes (benefit for the year ended December 31, 1999) which is considered non-recurring because of the expected conversion of Temperature Controlled Logistics Companies to REITs, (iii) the addback of Temperature Controlled Logistics non-recurring unification costs, and (iv) the exclusion of a \$2,700 reduction in interest expense in 1999 resulting from the amortization of the excess of fair value of Newkirk Joint Venture limited partnership's debt over its face amount at date of acquisition.

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

(All of the amounts presented are in thousands, except share amounts and percentages)

OVERVIEW

Below is a summary of net income and EBITDA(1) by segment for the years ended December 31, 1999, 1998 and 1997:

	December 31, 1999					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Total revenues.....	\$696,958	\$379,795	\$170,538	\$ 135,921	\$ --	\$ 10,704
Total expenses.....	405,854	227,680	74,062	74,624	--	29,488
Operating income.....	291,104	152,115	96,476	61,297	--	(18,784)
Income applicable to Alexander's	7,427	--	--	--	--	7,427
Income from partially-owned entities.....	82,310	19,055	938	--	36,722	25,595
Interest and other investment income.....	18,359	1,786	--	737	--	15,836
Interest and debt expense.....	(141,683)	(49,624)	(27,635)	(29,509)	--	(34,915)
Minority interest.....	(54,998)	(25,854)	(14,628)	(6,819)	(7,697)	--
Net income.....	202,519	97,478	55,151	25,706	29,025	(4,841)
Minority interest.....	54,998	25,854	14,628	6,819	7,697	--
Interest and debt expense (4).....	226,253	82,460	30,249	29,509	27,520	56,515
Depreciation and amortization (4).....	143,499	64,702	16,900	17,702	31,044	13,151
Straight-lining of rents (4).....	(25,359)	(16,386)	(2,120)	(4,740)	(1,698)	(415)
Other.....	7,451	365	--	--	2,054(3)	5,032
EBITDA(1).....	\$609,361	\$254,473	\$114,808	\$ 74,996	\$ 95,642	\$ 69,442
	=====	=====	=====	=====	=====	=====

	December 31, 1998					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Total revenues.....	\$ 509,860	\$247,499	\$167,155	\$ 86,521	\$ --	\$ 8,685
Total expenses.....	295,008	151,573	70,334	50,761	--	22,340
Operating income.....	214,852	95,926	96,821	35,760	--	(13,655)
Income applicable to Alexander's	3,123	--	--	--	--	3,123
Income from partially-owned entities.....	32,025	10,854	258	(1,969)	15,191	7,691
Interest and other investment income.....	24,074	4,467	2,159	639	--	16,809
Interest and debt expense.....	(114,686)	(25,175)	(32,249)	(18,711)	--	(38,551)
Net gain from insurance settlement and condemnation proceeding.....	9,649	--	--	--	--	9,649
Minority interest.....	(16,183)	(7,236)	(5,853)	(2,070)	(1,024)	--
Net income.....	152,854	78,836	61,136	13,649	14,167	(14,934)
Minority interest.....	16,183	7,236	5,853	2,070	1,024	--
Interest and debt expense (4).....	164,478	40,245	32,709	18,711	26,541	46,272
Depreciation and amortization (4).....	104,299	39,246	15,520	9,899	33,117	6,517
Net gain from insurance Settlement and condemnation proceeding.....	(9,649)	--	--	--	--	(9,649)
Straight-lining of rents (4).....	(16,132)	(6,845)	(3,203)	(4,882)	--	(1,202)
Other.....	15,055	(79)	--	--	8,872(3)	6,262(5)
EBITDA(1).....	\$ 427,088	\$158,639	\$112,015	\$ 39,447	\$83,721	\$ 33,266
	=====	=====	=====	=====	=====	=====

Footnotes 1-5 are explained on the following page.

December 31, 1997

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Total revenues.....	\$ 209,131	\$ 80,846	\$120,299	\$ --	\$ --	\$ 7,986
Total expenses.....	134,225	50,186	46,204	--	--	37,835
Operating income.....	74,906	30,660	74,095	--	--	(29,849)
Income applicable to Alexander's	7,873	--	--	--	--	7,873
Income from partially-owned entities.....	4,658	1,015	--	--	1,720	1,923
Interest and other investment income.....	23,767	6,834	2,296	--	--	14,637
Interest and debt expense.....	(42,888)	(9,009)	(19,893)	--	--	(13,986)
Minority interest.....	(7,293)	(2,042)	(4,303)	--	--	(948)
Net income.....	61,023	27,458	52,195	--	1,720	(20,350)
Minority interest.....	7,293	2,042	4,303	--	--	948
Interest and debt expense (4).....	54,395	13,707	19,893	--	5,839	14,956
Depreciation and amortization (4).....	31,972	12,813	11,706	--	4,182	3,271
Straight-lining of rents (4).....	(3,932)	(645)	(2,558)	--	--	(729)
Other.....	(325)	1,303	970	--	17	(2,615)
EBITDA(1).....	\$ 150,426	\$ 56,678	\$ 86,509	\$ --	\$ 11,758	\$ (4,519)

(1) EBITDA represents income before interest, taxes, depreciation and amortization, extraordinary or non-recurring items, gains or losses on sales of real estate and the effect of straight-lining of property rentals for rent escalations. Management considers EBITDA a supplemental measure for making decisions and assessing the performance of its segments. EBITDA may not be comparable to similarly titled measures employed by other companies.

(2) Other includes (i) the operations of the Company's warehouse and industrial properties, (ii) investments in the Hotel Pennsylvania, Alexander's, Newkirk Joint Ventures, (iii) corporate general and administrative expenses and (iv) unallocated investment income and interest and debt expense.

(3) Includes (i) the reversal of income taxes (benefit for the year ended December 31, 1999) which are considered non-recurring because of the expected conversion of the Temperature Controlled Logistics Companies to REIT's and (ii) the add back of non-recurring unification costs.

(4) Interest and debt expense, depreciation and amortization and straight-lining of rents included in the reconciliation of net income to EBITDA reflects amounts which are netted in income from partially-owned entities.

(5) Primarily represents the Company's equity in Alexander's loss for the write-off resulting from the razing of Alexander's building formerly located at its Lexington Avenue site.

RESULTS OF OPERATIONS

Years Ended December 31, 1999 and December 31, 1998

Below are the details of the changes by segment in EBITDA.

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
	-----	-----	-----	-----	-----	-----
Year ended December 31, 1998	\$ 427,088	\$ 158,639	\$ 112,015	\$ 39,447	\$ 83,721	\$ 33,266
1999 Operations:						
Same store operations(1)	27,410	18,074	3,797	6,556	N/A	(1,017)
Acquisitions and other	154,863	77,760	(1,004)	28,993	11,921	37,193
Year ended December 31, 1999	\$ 609,361	\$ 254,473	\$ 114,808	\$ 74,996	\$ 95,642	\$ 69,442
	=====	=====	=====	=====	=====	=====
% increase in same store operations	8.0%	11.4%	3.4%	16.6%	N/A(2)	(3.1)%

(1) Represents operations which were owned for the same period in each year.

(2) Not comparable because prior to March 12, 1999 (date the operations of the Temperature Controlled Logistics Companies were sold), the Company reflected its equity in the operations of the Temperature Controlled Logistics Companies. Subsequent thereto, the Company reflects its equity in the rent it receives from the Temperature Controlled Logistics Companies.

Revenues

The Company's revenues, which consist of property rentals, tenant expense reimbursements and other income were \$696,958 in the year ended December 31, 1999 compared to \$509,860 in the prior year, an increase of \$187,098. These increases by segment resulted from:

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Other
	-----	-----	-----	-----	-----	-----
Property Rentals:						
Acquisitions:						
595 Madison Avenue.....	September 1999	\$ 4,202	\$ 4,202	\$ --	\$ --	\$ --
Hotel Pennsylvania (20%).....	August 1999	2,670	--	--	--	2,670
909 Third Avenue.....	July 1999	11,626	11,626	--	--	--
888 Seventh Avenue.....	January 1999	22,683	22,683	--	--	--
Market Square Complex.....	December 1998	13,303	--	--	13,303	--
Mendik RELP Properties.....	December 1998	26,410	26,410	--	--	--
20 Broad Street.....	August 1998	8,112	8,112	--	--	--
689 Fifth Avenue.....	August 1998	2,152	2,152	--	--	--
770 Broadway.....	July 1998	5,747	5,747	--	--	--
40 Fulton Street.....	June 1998	2,605	2,605	--	--	--
Merchandise Mart Properties.....	April 1998	27,227	--	--	27,227	--
150 East 58th Street.....	March 1998	2,403	2,403	--	--	--
One Penn Plaza.....	February 1998	5,478	5,478	--	--	--
Westport.....	January 1998	274	274	--	--	--
		-----	-----	-----	-----	-----
		134,892	91,692	--	40,530	2,670
Leasing activity.....		30,426	25,090	2,935	2,806	(405)
		-----	-----	-----	-----	-----
Total increase in property rentals..		165,318	116,782	2,935	43,336	2,265
		-----	-----	-----	-----	-----
Tenant expense reimbursements:						
Increase in tenant expense reimbursements due to acquisitions		12,754	8,462	--	3,922	370
Other.....		2,755	887	448	1,668	(248)
		-----	-----	-----	-----	-----
Total increase in tenant expense reimbursements.....		15,509	9,349	448	5,590	122
		-----	-----	-----	-----	-----
Other income.....		6,271	6,165	--	474	(368)
		-----	-----	-----	-----	-----
Total increase in revenues.....		\$187,098	\$ 132,296	\$ 3,383	\$ 49,400	\$ 2,019
		=====	=====	=====	=====	=====

Expenses

The Company's expenses were \$405,854 in the year ended December 31, 1999, compared to \$295,008 in the prior year, an increase of \$110,846. These increases by segment resulted from:

	Total	Office	Retail	Merchandise Mart	Other
	-----	-----	-----	-----	-----
Operating:					
Acquisitions.....	\$ 68,828	\$ 51,291	\$ --	\$15,946	\$1,591
Same store operations.....	6,119	6,234	3,332	(3,316)	(131)
	74,947	57,525	3,332	12,630	1,460
Depreciation and amortization:					
Acquisitions.....	17,498	11,180	--	5,756	562
Same store operations.....	6,860	4,654	334	2,047	(175)
	24,358	15,834	334	7,803	387
General and Administrative:					
Corporate expenses(2).....	\$ 11,593	\$ 2,748	\$ 62(1)	\$ 3,430	\$5,353
Reduction in value of Vornado shares and other securities held in officer's deferred compensation trust..	(52)	--	--	--	(52)
	11,541	2,748	62	3,430	5,301
	\$ 110,846	\$ 76,107	\$ 3,728	\$23,863	\$7,148
	=====	=====	=====	=====	=====

(1) Retail general and administrative expenses are included in corporate expenses, which are not allocated.

(2) Of this increase: (i) \$2,546 is attributable to acquisitions, (ii) \$5,654 resulted from payroll, primarily for additional employees, and corporate office expenses, and (iii) \$3,393 resulted from professional fees.

Income applicable to Alexander's (loan interest income, equity in income (loss) and depreciation) was \$7,427 in the year ended December 31, 1999, compared to \$3,123 in the prior year, an increase of \$4,304. This increase resulted from equity in Alexander's loss in the prior year due primarily to the write-off resulting from the razing of its building formerly located at its Lexington Avenue site.

Income from partially-owned entities was \$82,310 in the year ended December 31, 1999, compared to \$32,025 in the prior year, an increase of \$50,285. This increase by segment resulted from:

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
	-----	-----	-----	-----	-----	-----	-----
Acquisitions:							
CESCR.....	March 1999	\$14,063	\$ 14,063	\$ --	\$ --	\$ --	\$ --
Newkirk Joint Ventures.....	July 98/Mar. 99	16,510	--	--	--	--	16,510
Las Catalinas.....	November 1998	680	--	680	--	--	--
Temperature Controlled Logistics.....	June/July 1998	8,423	--	--	--	8,423	--
Merchandise Mart Management Company.....	April 1998	(207)	--	--	(207)	--	--
		39,469	14,063	680	(207)	8,423	16,510
Increase (decrease) in equity in income:							
Temperature Controlled Logistics.....		12,528	--	--	--	12,528(1)	--
Hotel Pennsylvania.....		1,417	--	--	--	--	1,417(2)
Partially-owned office buildings		(1,533)	(1,533)(3)	--	--	--	--
Other.....		(1,596)	(4,329)	--	2,176	580	(23)
		\$50,285	\$ 8,201	\$680	\$ 1,969	21,531	\$ 17,904
		=====	=====	=====	=====	=====	=====

(1) Primarily reflects equity interest in lease payments (March 12, 1999-December 31, 1999) and equity interest in the operations (January 1, 1999-March 12, 1999) for 1999 in excess of equity in the operations of such companies in 1998.

(2) Reflects the elimination of the Company's equity in income of the commercial portion of the Hotel Pennsylvania which was wholly-owned as of August 5, 1999, and accordingly consolidated.

(3) Reflects the elimination of the Company's equity in income of Two Park

Avenue which was wholly-owned as of November 17, 1998 and accordingly consolidated.

Interest and other investment income (interest income on mortgage loans receivable, other interest income, dividend income and net gains on marketable securities) was \$18,359 for the year ended December 31, 1999, compared to \$24,074 in the prior year, a decrease of \$5,715. This decrease resulted primarily from lower average investments.

Interest and debt expense was \$141,683 for the year ended December 31, 1999, compared to \$114,686 in the prior year, an increase of \$26,997. This increase resulted primarily from debt in connection with acquisitions.

Minority interest was \$54,998 for the year ended December 31, 1999, compared to \$16,183 for the prior year, an increase of \$38,815. This increase is primarily due to higher income.

Preferred stock dividends were \$33,438 for the year ended December 31, 1999, compared to \$21,690 in the prior year, an increase of \$11,748. The increase resulted from the issuance of the Company's Series B Cumulative Redeemable Preferred Shares in March 1999 and Series C Cumulative Redeemable Preferred Shares in May 1999.

The Company operates in a manner intended to enable it to continue to qualify as a REIT under Sections 856-860 of the Internal Revenue Code of 1986 as amended. Under those sections, a REIT which distributes at least 95% of its REIT taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. The Company has distributed to its shareholders an amount greater than its taxable income. Therefore, no provision for Federal income taxes is required.

Years Ended December 31, 1998 and December 31, 1997

Below are the details of the changes by segment in EBITDA.

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
	-----	-----	-----	-----	-----	-----
Year ended December 31, 1997	\$150,426	\$ 56,678	\$ 86,509	\$ --	\$11,758	\$(4,519)(1)
1998 Operations:						
Same store operations(2)	32,502	4,279	4,382	--	411	23,430(1)
Acquisitions	244,160	97,682	21,124	39,447	71,552	14,355
Year ended December 31, 1998	427,088	158,639	\$112,015	\$ 39,447	\$83,721	\$ 33,266
	=====	=====	=====	=====	=====	=====
% increase in same store operations	\$ 5.5%	\$ 7.5%	5.1%	*	3.5%	2.8%(1)

* not applicable

(1) EBITDA for "Other" and in "Total" for the year ended December 31, 1997 reflects the amortization of a deferred payment due to an officer of \$22,917; the percentage increases in same store operations have been adjusted to exclude the increase in EBITDA in 1998 resulting therefrom.

(2) Represents operations which were owned for the same period in each year.

Revenues

The Company's revenues, which consist of property rentals, tenant expense reimbursements and other income were \$509,860 in the year ended December 31, 1998, compared to \$209,131 in the prior year, an increase of \$300,729. These increases by segment resulted from:

	Date of Acquisition -----	Total -----	Office -----	Retail -----	Merchandise Mart -----	Other -----
Property Rentals:						
Acquisitions:						
Mendik RELP	December 1998	\$ 4,126	\$ 4,126	\$ --	\$ --	\$ --
20 Broad Street	August 1998	4,399	4,399	--	--	--
689 Fifth Avenue	August 1998	1,333	1,333	--	--	--
770 Broadway	July 1998	5,713	5,713	--	--	--
40 Fulton Street	June 1998	3,561	3,561	--	--	--
Merchandise Mart						
Properties	April 1998	82,509	--	--	82,509	--
150 E. 58th Street	March 1998	13,021	13,021	--	--	--
One Penn Plaza	February 1998	53,991	53,991	--	--	--
Westport	January 1998	2,355	2,355	--	--	--
Green Acres Mall	December 1997	22,449	--	22,449	--	--
640 Fifth Avenue	December 1997	5,312	5,312	--	--	--
90 Park Avenue	May 1997	9,251	9,251	--	--	--
Mendik	April 1997	25,313	25,313	--	--	--
Montehiedra Shopping Center	April 1997	2,935	--	2,935	--	--
		-----	-----	-----	-----	-----
		236,268	128,375	25,384	82,509	--
Leasing activity		20,907	16,508	4,106	--	293
		-----	-----	-----	-----	-----
Total increase in property rentals		257,175	144,883	29,490	82,509	293
		-----	-----	-----	-----	-----
Tenant expense reimbursements:						
Increase in tenant expense						
reimbursements due to						
acquisitions		34,526	16,112	15,759	2,655	--
Other		3,559	2,292	1,373	--	(106)
		-----	-----	-----	-----	-----
Total increase in tenant expense		38,085	18,404	17,132	2,655	(106)
reimbursements		-----	-----	-----	-----	-----
Other income		5,469	3,366	234	1,357	512
		-----	-----	-----	-----	-----
Total increase in revenues		\$ 300,729	\$ 166,653	\$ 46,856	\$ 86,521	\$ 699
		=====	=====	=====	=====	=====

Expenses

The Company's expenses were \$295,008 in the year ended December 31, 1998, compared to \$134,225 in the prior year, an increase of \$160,783. These increases by segment resulted from:

	Total	Office	Retail	Merchandise Mart	Other
	-----	-----	-----	-----	-----
Operating:					
Acquisitions	\$121,297	\$ 67,545	\$15,339	\$38,413	\$ --
Same store operations	11,129	5,751	5,185	--	193
	-----	-----	-----	-----	-----
	132,426	73,296	20,524	38,413	193
	-----	-----	-----	-----	-----
Depreciation and amortization:					
Acquisitions	35,586	22,630	3,057	9,899	--
Same store operations	658	47	549	--	62
	-----	-----	-----	-----	-----
	36,244	22,677	3,606	9,899	62
	-----	-----	-----	-----	-----
General and administrative:	15,030(2)	5,414	--(1)	2,449	7,167(1)
	-----	-----	-----	-----	-----
Amortization of officer's deferred compensation expense	(22,917)	--	--	--	(22,917)(3)
	-----	-----	-----	-----	-----
	\$160,783	\$101,387	\$24,130	\$50,761	\$ (15,495)
	=====	=====	=====	=====	=====

(1) Retail general and administrative expenses are included in corporate expenses which are not allocated.

(2) Of this increase: (i) \$6,631 is attributable to acquisitions, (ii) \$4,641 resulted from payroll, primarily for additional employees and corporate office expenses, and (iii) \$3,758 resulted from professional fees.

(3) The Company recognized an expense of \$22,917 in the prior year representing the amortization of the deferred payment due to the Company's President, which was fully amortized at December 31, 1997.

Income applicable to Alexander's (loan interest income, equity in income (loss) and depreciation) was \$3,123 in the year ended December 31, 1998, compared to \$7,873 in the prior year, a decrease of \$4,750. This decrease resulted primarily from (i) the Company's equity in the 1998 write-off of the carrying value of Alexander's Lexington Avenue building of \$4,423, partially offset by (ii) income from the commencement of leases at Alexander's Rego Park and Kings Plaza store properties and (iii) income from Alexander's acquisition of the remaining 50% interest in the Kings Plaza Mall.

Income from partially-owned entities was \$32,025 in the year ended December 31, 1998, compared to \$4,658 in the prior year, an increase of \$27,367. This increase by segment resulted from:

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
	-----	-----	-----	-----	-----	-----	-----
Acquisitions:							
Temperature Controlled Logistics:							
Americold and URS	October 1997	\$ 7,137	\$ --	\$ --	\$ --	\$ 7,137	\$ --
Freezer Services	June 1998	3,218	--	--	--	3,218	--
Carmar Group	July 1998	2,960	--	--	--	2,960	--
Charles E. Smith Commercial Realty L.P.	October 1997	4,669	4,669	--	--	--	--
Hotel Pennsylvania	September 1997	2,623	--	--	--	--	2,623
Newkirk Joint Ventures	July 1998	3,412	--	--	--	--	3,412
Partially-owned office buildings	April 1997	2,852	2,852	--	--	--	--
Merchandise Mart Management Company	April 1998	(1,969)	--	--	(1,969)	--	--
Las Catalinas	November 1998	258	--	258	--	--	--
Other		2,207	2,318	--	--	156	(267)
		-----	-----	-----	-----	-----	-----
		\$27,367	\$ 9,839	\$ 258	\$ (1,969)	\$ 13,471	\$ 5,768
		=====	=====	=====	=====	=====	=====

Interest and other investment income (interest income on mortgage loans receivable, other interest income, dividend income and net gains on marketable securities) was \$24,074 for the year ended December 31, 1998, compared to \$23,767 in the prior year, an increase of \$307. This increase resulted primarily from gains on the sale of marketable securities of \$2,395, partially offset by a decrease in interest income due to lower average investments this year.

Interest and debt expense was \$114,686 for the year ended December 31, 1998, compared to \$42,888 in the prior year, an increase of \$71,798. This increase resulted primarily from debt in connection with acquisitions.

In the third quarter of 1998, the Company recorded a net gain of \$9,649, in connection with an insurance settlement and condemnation proceeding (see Note 11 to the Consolidated Financial Statements).

The minority interest is comprised of:

	Year Ended December 31,	
	1998	1997*
Equity in income to unit holders in the Operating Partnership.....	\$ 15,532	\$ 7,293
40% interest in 20 Broad Street.....	651	--
	<u>\$ 16,183</u>	<u>\$ 7,293</u>

* For the period from April 15, 1997 to December 31, 1997

The preferred stock dividends of \$21,690 for the year ended December 31, 1998 and \$15,549 for the period from April 15, 1997 to December 31, 1997 apply to the Company's \$3.25 Series A Convertible Preferred Shares issued in April and December 1997 and include accretion of expenses of issuing them.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows for the Years Ended December 31, 1999, 1998 and 1997

Year Ended December 31, 1999

Cash flows provided by operating activities of \$176,895 were comprised of (i) net income of \$202,519 and (ii) adjustments for non-cash items of \$22,140, offset by (iii) the net change in operating assets and liabilities of \$50,907 (primarily prepaid expenses). The adjustments for non-cash items are primarily comprised of (i) depreciation and amortization of \$83,585 and (ii) minority interest of \$54,998, partially offset by (iii) the effect of straight-lining of rental income of \$29,587 and (iv) equity in income of partially-owned entities of \$82,310.

Net cash used in investing activities of \$494,204 was primarily comprised of (i) capital expenditures of \$153,591 (see detail below), (ii) investment in mortgage loans receivable of \$59,787 (including \$41,200 loan to CAPI and \$18,587 loan to Vornado Operating Company), (iii) acquisitions of real estate of \$224,654 (see detail below) and (iv) investments in partially-owned entities of \$118,409 (see detail below), partially offset by (v) the use of cash restricted for tenant improvements of \$13,624, (vi) proceeds from the sale of Temperature Controlled Logistics assets of \$22,769 and (vii) proceeds from the repayment of mortgage loans receivable of \$14,000 (Vornado Operating Company).

Acquisitions of real estate and investments in partially-owned entities are comprised of:

(in 000's)	Cash -----	Debt Assumed -----	Value of Units Issued -----	Assets Acquired -----
Real Estate:				
595 Madison Avenue Office Building.....	\$ 125,000	\$ --	\$ --	\$ 125,000
909 Third Avenue Office Building.....	12,400	109,000	1,600	123,000
888 Seventh Avenue Office Building.....	45,000	55,000	--	100,000(1)
GreenPoint leasehold interest.....	37,300	--	--	37,300
Other.....	4,954	--	--	4,954
	-----	-----	-----	-----
	\$ 224,654	\$ 164,000	\$ 1,600	\$ 390,254
	=====	=====	=====	=====
Investments in Partially Owned Entities:				
Charles E. Smith Commercial Realty L.P.:				
Increase in investment to 34%.....	\$ --	\$ --	\$ 242,000	\$ 242,000
Reacquired units from Vornado Operating Company.....	13,200	--	--	13,200
Crystal City hotel land.....	--	--	8,000	8,000
Additional investment in Newkirk Joint Ventures... Hotel Pennsylvania - increase in investment to 100%.....	16,420	--	50,500	66,920
Alexander's - increase in investment to 32%.....	18,000	24,000	--	42,000
Loan to Alexander's	8,956	--	--	8,956
Loan to Temperature Controlled Logistics.....	50,000	--	--	50,000
Other.....	9,000	--	--	9,000
	-----	-----	-----	-----
	\$ 118,409	\$ 24,000	\$ 300,500	\$ 442,909
	=====	=====	=====	=====

(1) Total consideration for 888 Seventh Avenue was \$117,000 of which \$17,000 was expended in 1998.

Capital expenditures were comprised of:

	Total -----	New York City Office -----	Retail -----	Merchandise Mart -----	Other -----
Expenditures to maintain the assets.....	\$ 27,251	\$ 13,176	\$1,945	\$ 8,221	\$ 3,909
Tenant allowances.....	40,242	20,890	927	18,384	41
Acquisition and Redevelopment expenditures	86,098	52,288(1)	19,281	14,529	--
	-----	-----	-----	-----	-----
	\$ 153,591	\$ 86,354	\$22,153	\$ 41,134	\$ 3,950
	=====	=====	=====	=====	=====

(1) Includes \$27,544 to buyout the tenant's lease on 28,000 square feet of office space at 640 Fifth Avenue, thereby permitting re-leasing for retail use and \$24,744 for the refurbishment of 770 Broadway.

Net cash provided by financing activities of \$262,131 was primarily comprised of (i) proceeds from issuance of preferred shares of \$192,953, (ii) proceeds from issuance of preferred units of \$525,013 and (iii) proceeds from borrowings of \$455,000 partially offset by, (iv) repayments of borrowings of \$668,957, (v) dividends paid on common shares of \$153,223, (vi) dividends paid on preferred shares of \$30,563, and (vii) distributions to minority partners of \$52,491.

Years Ended December 31, 1998

Cash flows provided by operating activities of \$189,406 were primarily comprised of (i) income of \$143,205 (net income of \$152,854 less net gain from insurance settlement and condemnation proceeding of \$9,649), (ii) adjustments for non-cash items of \$27,657, and (iii) the net change in operating assets and liabilities of \$18,544. The adjustments for non-

cash items are primarily comprised of (i) depreciation and amortization of \$59,227 and (ii) minority interest of \$16,183, partially offset by (iii) the effect of straight-lining of rental income of \$17,561 and (iv) equity in net income of partially-owned entities of \$32,025.

Net cash used in investing activities of \$1,257,367 was primarily comprised of (i) acquisitions of real estate of \$896,800 (see detail below), (ii) investments in partially-owned entities of \$308,000 (see detail below), (iii) capital expenditures of \$68,085 (see detail below) and investments in securities of \$73,513 (including purchase of Capital Trust Preferred Stock of \$48,700), partially offset by (v) proceeds from the repayment of mortgage loans receivable of \$57,600.

Acquisitions of real estate and investments in partially-owned entities were comprised of:

	Cash	Debt	Value of shares or Units Issued	Assets Acquired
	-----	-----	-----	-----
Real Estate:				
Merchandise Mart Properties	\$ 187,000	\$ 327,000	\$ 116,000	\$ 630,000
One Penn Plaza Office Building	317,000	93,000	--	410,000
770 Broadway Office Building	131,000	--	18,000	149,000
150 East 58th Street Office Building	118,000	--	--	118,000
40 Fulton Street Office Building	38,000	--	--	38,000
888 Seventh Avenue Office Building	17,000	--	--	17,000(1)
689 Fifth Avenue Office Building	33,000	--	--	33,000
Mendik RELP Properties	31,000	46,000	29,000	106,000
Market Square Complex	11,000	60,000	44,000	115,000
Other	13,800	--	--	13,800
	-----	-----	-----	-----
	\$ 896,800	\$ 526,000	\$ 207,000	\$ 1,629,800
	=====	=====	=====	=====
Investments in Partially-Owned Entities:				
Hotel Pennsylvania (acquisition of additional 40% interest increasing ownership to 80%)	\$ 22,000	\$ 48,000	\$ --	\$ 70,000
570 Lexington Avenue Office Building (increased interest from 5.6% to approximately 50%)	32,300	4,900	--	37,200
Acquisition of Freezer Services, Inc. (60% interest)	58,000	16,000	6,000	80,000
Reduction in Temperature Controlled Logistics Companies debt (60% interest)	44,000	--	--	44,000
Acquisition of Carmar Group (60% interest)	86,400	8,400	--	94,800
Investment in Newkirk Joint Ventures	56,000	--	--	56,000
Las Catalinas Mall (50% interest)	--	38,000	--	38,000
Other	9,300	--	--	9,300
	-----	-----	-----	-----
	\$ 308,000	\$ 115,300	\$ 6,000	\$ 429,300
	=====	=====	=====	=====

(1) Acquisition was completed in 1999 for a total of \$117,000.

Capital expenditures were comprised of:

	Total	New York City Office	Retail	Merchandise Mart	Other
	-----	-----	-----	-----	-----
Expenditures to maintain the assets.....	\$ 14,460	\$ 4,975	\$ 3,138	\$ 5,273	\$ 1,074
Tenant allowances and leasing commissions.....	53,625	46,187	2,397	5,041	--
	-----	-----	-----	-----	-----
	\$ 68,085	\$ 51,162	\$ 5,535	\$ 10,314	\$ 1,074
	=====	=====	=====	=====	=====

Net cash provided by financing activities of \$879,815 was primarily comprised of (i) proceeds from borrowings of \$1,427,821, (ii) proceeds from the issuance of common shares of \$445,247 and (iii) proceeds from the issuance of preferred shares of \$85,313, partially offset by (iv) repayment of borrowings of \$883,475, (v) dividends paid on common shares of \$154,440 and (vi) dividends paid on preferred shares of \$18,816.

Year Ended December 31, 1997

Cash flows provided by operating activities of \$115,473 were comprised of (i) net income of \$61,023, (ii) adjustments for non-cash items of \$39,723 and (iii) the net change in operating assets and liabilities of \$14,727. The adjustments for non-cash items are primarily comprised of (i) amortization of deferred officer's compensation expense of \$22,917 and (ii) depreciation and amortization of \$24,460.

Net cash used in investing activities of \$1,064,484 was primarily comprised of (i) acquisitions of real estate of \$887,423 (see detail below), (ii) investments in mortgage loans receivable of \$71,663 (see detail below), (iii) capital expenditures of \$23,789, (iv) restricted cash for tenant improvements of \$27,079 and (v) real estate deposits of \$46,152.

Acquisitions of real estate and investments in mortgage loans receivable are comprised of:

	Cash	Debt Assumed	Value of Shares or Units Issued	Assets Acquired
	-----	-----	-----	-----
Real Estate:				
Mendik Transaction.....	\$ 263,790	\$ 215,279	\$ 177,000	\$ 656,069
60% interest in Temperature Controlled Logistics Companies.....	243,846	376,800	--	620,646
Green Acres Mall.....	--	125,000	102,015	227,015
90 Park Avenue office building.....	185,000	--	--	185,000
Montehiedra shopping center.....	11,000	63,000	--	74,000
40% interest in Hotel Pennsylvania.....	17,487	48,000	--	65,487
640 Fifth Ave. office building.....	64,000	--	--	64,000
15% interest in Charles E. Smith Commercial Realty L.P.....	60,000	--	--	60,000
Riese properties.....	26,000	--	--	26,000
1135 Third Avenue and other.....	16,300	--	--	16,300
	-----	-----	-----	-----
	887,423	828,079	279,015	1,994,517
	-----	-----	-----	-----
Mortgage loans receivable:				
Riese properties.....	41,649	--	--	41,649
20 Broad Street.....	27,000	--	--	27,000
909 Third Ave. and other, net.....	3,014	--	--	3,014
	-----	-----	-----	-----
	71,663	--	--	71,663
	-----	-----	-----	-----
Total Acquisitions.....	\$ 959,086	\$ 828,079	\$ 279,015	\$ 2,066,180
	=====	=====	=====	=====

Net cash provided by financing activities of \$1,215,269 was primarily comprised of proceeds from (i) borrowings of \$770,000 (ii) issuance of common shares of \$688,672, and (iii) issuance of preferred shares of \$276,000, partially offset by (iv) repayment of borrowings of \$409,633, (v) dividends paid on common shares of \$77,461, (vi) dividends paid on preferred shares of \$15,549 and (vii) the repayment of borrowings on U.S. Treasury obligations of \$9,636.

Funds from Operations for the Years Ended December 31, 1999 and 1998

Funds from operations were \$293,773 in the year ended December 31, 1999, compared to \$218,899 in the prior year, an increase of \$74,874. The following table reconciles funds from operations and net income:

	YEAR ENDED DECEMBER 31,	
	1999	1998
Net income applicable to common shares.....	\$169,081	\$ 131,164
Depreciation and amortization of real property.....	82,216	58,277
Straight-lining of property rentals for rent escalations.....	(22,881)	(14,531)
Leasing fees received in excess of income recognized.....	1,705	1,339
Net gain from insurance settlement and condemnation proceedings.....	--	(9,649)
(Depreciation) appreciation of securities held in officer's deferred compensation trust.....	(340)	340
Gain on sale of securities available for sale.....	(383)	(898)
Proportionate share of adjustments to equity in income of partially-owned entities to arrive at funds from operations.....	57,127	56,848
Minority interest in excess of preferential distributions.....	(9,020)	(3,991)
	277,505	218,899
Dilutive effect of Series A Preferred Stock dividends.....	16,268	--
Funds from operations.....	\$293,773	\$ 218,899

The number of shares that should be used for determining funds from operations per share is as follows:

	Year Ended December 31,	
	1999	1998
Weighted average shares.....	85,666	80,724
Effect of dilutive securities:		
Employee stock options.....	1,621	1,932
Series A preferred shares.....	6,015	--
Denominator for diluted funds from operations per share - adjusted weighted average shares and assumed conversions.....	93,302	82,656

Funds from operations does not represent cash generated from operating activities in accordance with generally accepted accounting principles 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 funds from operations. Funds from operations should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity. Management considers funds from operations a supplemental measure of operating performance and along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the Company to incur and service debt, to make capital expenditures and to fund other cash needs. Funds from operations may not be comparable to similarly titled measures reported by other REITs since a number of REITs, including the Company, calculate funds from operations in a manner different from that used by the National Association of Real Estate Investment Trusts ("NAREIT"). Funds from operations, as defined by NAREIT, represents net income applicable to common shares before depreciation and amortization, extraordinary items and gains or losses on sales of real estate. Funds from operations as disclosed above have been modified from this definition to adjust for (i) the effect of straight-lining of property rentals for rent escalations and leasing fee income, (ii) the reversal of income taxes (benefit for the year ended December 31, 1999) which is considered non-recurring because of the expected conversion of Temperature Controlled Logistics Companies to REITs, (iii) the addback of Temperature Controlled Logistics non-recurring unification costs, and (iv) the exclusion of a \$2,700 reduction in interest expense in 1999 resulting from the amortization of the excess of fair value of Newkirk Joint Venture limited partnership's debt over its face amount at date of acquisition.

Below are the cash flows provided by (used in) operating, investing and financing activities:

	YEAR ENDED DECEMBER 31,	
	1999	1998
Operating activities.....	\$ 176,895	\$ 189,406
Investing activities.....	\$(494,204)	\$(1,257,367)

Financing activities.....

\$ 262,131
=====

\$ 879,815
=====

Certain Cash Requirements

In January 2000, the Company completed approximately \$36,000 of real estate acquisitions, of which \$17,640 was indebtedness.

The Company has budgeted approximately \$91,000 for capital expenditures (excluding acquisitions) over the next year as follows:

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
	-----	-----	-----	-----	-----	-----
Expenditures to maintain the assets	\$ 42,000	\$ 16,400	\$2,800	\$ 11,700	\$ 3,000(1)	\$ 8,100
Tenant allowances	49,000	40,500	900	7,600	--	--
	-----	-----	-----	-----	-----	-----
	\$ 91,000	\$ 56,900	\$3,700	\$ 19,300	\$ 3,000	\$ 8,100
	=====	=====	=====	=====	=====	=====

(1) Represents the Company's 60% share of the Vornado/Crescent Partnership's obligation to fund up to \$5,000 of capital expenditures per annum.

In addition to the above, the Company has budgeted approximately \$18,000 of leasing commissions.

Tenant allowances and leasing commissions for the New York City Office properties approximate \$18.00 per square foot for renewal space and \$50.00 per square foot for vacant space. Historically, approximately two-thirds of existing tenants renew their leases.

In addition to the capital expenditures reflected above, the Company is currently engaged in or considering certain multi-year development and redevelopment projects for which it has budgeted approximately \$278.7 million to be expended as outlined in the "Development and Redevelopment Projects" section of Item 1--Business. The \$278.7 million does not include amounts for other projects which are also included in the "Development and Redevelopment Projects" section of Item 1 -Business, as no budgets for them have been finalized. There can be no assurance that any of the above projects will be ultimately completed, completed on time or completed for the budgeted amount.

No cash requirements have been budgeted for the capital expenditures and amortization of debt of CESC, Newkirk or Alexander's, which are partially owned by the Company. These investees are expected to fund their own cash requirements. Alexander's is not expected to distribute any cash to the Company in 2000. In 2000, the Company expects to receive at a minimum, preferred distributions from CESC of approximately \$14.4 million (7,679,365 preferred units at \$1.87 per unit) and common distributions of approximately \$3.85 million (2,500,000 common units at \$1.54 per unit - current dividend rate). The minimum preferred distribution rate increases by .25% each year for the next three years.

On March 12, 1999 the Vornado/Crescent Partnerships sold all of the non-real estate assets of the Temperature Controlled Logistics Companies encompassing the operations of the Temperature Controlled Logistics business for approximately \$48,000 to a new partnership owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc.

On March 1, 2000, the Company sold three shopping centers located in Texas for approximately \$25,750 resulting in a gain of \$4,400.

Financing Activities

CORPORATE

On March 17, 1999, the Company completed the sale of 3 million 8.5% Series B Cumulative Redeemable Preferred Shares, at a price of \$25.00 per share, pursuant to an effective registration statement with net proceeds to the Company of approximately \$72,200. Further on March 22, 1999, 400,000 shares were sold when the underwriters exercised their over-allotment option resulting in additional net proceeds to the Company of \$9,700. The perpetual preferred shares may be called without penalty at the option of the Company commencing on March 17, 2004.

On May 17, 1999, the Company completed the sale of 4 million 8.5% Series C Cumulative Redeemable Preferred Shares, at a price of \$25.00 per share, pursuant to an effective registration statement with net proceeds to the Company of approximately \$96,900. Additionally on May 19, 1999, 600,000 shares were sold when the underwriters exercised their over-allotment option resulting in additional net proceeds to the Company of \$14,500. The perpetual preferred shares may be called without penalty at the option of the Company commencing on May 17, 2004.

On May 27, 1999, the Company sold an aggregate of \$27,500 of 8.375% Series D-2 Cumulative Redeemable Preferred Units in the Operating Partnership to an institutional investor in a private placement, resulting in net proceeds of approximately \$26,780. The perpetual Preferred Units may be called without penalty at the option of the Operating Partnership commencing on May 27, 2004.

On September 3, 1999, the Company sold an aggregate of \$325,000 of 8.25% Series D-3 and D-4 Cumulative Redeemable Preferred Units in the Operating Partnership to institutional investors in private placements, resulting in net proceeds of approximately \$316,400. The Perpetual Preferred Units may be called without penalty at the option of the Operating Partnership commencing on September 7, 2004.

On November 24, 1999, the Company sold an aggregate of \$187,000 of 8.25% Series D-5 Cumulative Redeemable Preferred Units in the Operating Partnership to institutional investors in a private placement, resulting in net proceeds of approximately \$181,900. The Perpetual Preferred Units may be called without penalty at the option of the Operating Partnership commencing on November 24, 2004.

On March 1, 2000 the Company completed a \$500,000 private placement of 10-year, 7.93% mortgage notes, cross-collateralized by 42 shopping center properties, resulting in net proceeds of approximately \$490,000. In connection therewith, the Company repaid \$228,000 of existing mortgage debt scheduled to mature on December 1, 2000 and \$262,000 outstanding under its revolving credit facility.

OFFICE

On February 16, 1999, the Company completed a \$165,000 refinancing of its Two Penn Plaza office building and prepaid the then existing \$80,000 debt on the property. The new 5-year debt matures in February 2004 and bears interest at 7.08%.

On March 1, 2000, the Company completed a \$90,000 refinancing of its Two Park Avenue office building. The Company received proceeds of \$65,000 and repaid the then existing debt in the same amount on the property. The Company expects to receive the remaining \$25,000 prior to June 30, 2000 upon satisfying certain closing conditions. The new 3-year debt matures on February 28, 2003 and bears interest at Libor + 1.45% (7.39% at March 1, 2000).

MERCHANDISE MART

On July 8, 1999, the Company completed a \$70,000 mortgage financing of its 350 North Orleans property in Chicago. The Company received proceeds of \$40,000 and is expected to receive the remaining \$30,000 during the next year upon meeting certain debt service coverage requirements. The new 3-year debt matures in June 2002 and bears interest at LIBOR + 1.65% (8.13% at December 31, 1999).

On September 21, 1999, the Company completed a \$250,000 mortgage refinancing of its Merchandise Mart property in Chicago of which \$50,000 is further secured by a letter of credit. The new 5-year debt matures in September 2004 and bears interest at LIBOR +1.50% (7.97% at December 31, 1999). The letter of credit will be reduced over the term of the loan as cash flow increases. The Company bought an interest rate cap, capping the interest rate in the event that LIBOR increases

above 9.25% through the termination date of the agreement in September 2002. Simultaneously with this transaction, the Company sold an interest rate cap to a third party on the same terms as the cap the Company purchased.

The Company has an effective shelf registration under which it can offer an aggregate of approximately \$1.4 billion of equity securities and an aggregate of \$1.0 billion of debt securities.

The Company anticipates that cash from continuing operations will be adequate to fund business operations and the payment of dividends and distributions on an on-going basis for more than the next twelve months; however, capital outlays for significant acquisitions will require funding from borrowings or equity offerings.

ACQUISITION ACTIVITY

As a result of acquisitions, the book value of the Company's assets have grown from \$4,425,779 at December 31, 1998 to \$5,479,218 at December 31, 1999.

The Company's future success will be affected by its ability to integrate the assets and businesses it acquires and to effectively manage those assets and businesses. The Company currently expects to continue to grow at a relatively fast pace. However, its ability to do so will be dependent on a number of factors, including, among others, (a) the availability of reasonably priced assets that meet the Company's acquisition criteria and (b) the price of the Company's common stock, the rates at which the Company is able to borrow money and, more generally, the availability of financing on terms that, in the Company's view, make such acquisitions financially attractive.

YEAR 2000 ISSUES

To date, there have been no material adverse effects to the Company's financial condition or results of operations as a result of Year 2000.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Because the Company does not currently utilize derivatives or engage in significant hedging activities, management does not anticipate that implementation of this statement will have a material effect on the Company's financial statements.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB 101). SAB 101 provides clarification in applying generally accepted accounting principles to revenue recognition in financial statements including contingent rentals under leases. The Company does not anticipate that implementation of this statement will have a material effect on the Company's financial statements.

ECONOMIC CONDITIONS

Substantially all of the Company's office, retail and permanent showroom leases contain step-ups in rent. Such rental increases are not designed to, and in many instances do not, approximate the cost of inflation, but do have the effect of mitigating the adverse impact of inflation. In addition, substantially all of the Company's leases contain provisions that require the tenant to reimburse the Company for the tenant's share of common area charges (including roof and structure in strip shopping centers, unless it is the tenant's direct responsibility) and real estate taxes or for increases of such expenses over a base amount, thus offsetting, in part, the effects of inflation on such expenses.

Inflation did not have a material effect on the Company's results for the periods presented.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At December 31, 1999, the Company's exposure to a change in interest rates on its wholly-owned and partially-owned debt is as follows:

(amounts in thousands except per share amounts)

	Balance	Weighted Average Interest Rate	Effect of 1% Increase In Base Rates
	-----	-----	-----
Wholly-owned debt:			
Variable rate.....	\$ 1,227,407	7.59%	\$ 12,274
Fixed rate.....	821,397	7.02%	--
	-----		-----
	\$ 2,048,804		12,274
	=====		-----
Partially-owned debt:			
Variable rate.....	\$ 85,380	8.02%	854
Fixed rate.....	1,109,185	7.72%	--
	-----		-----
	\$ 1,194,565		854
	=====		-----
Minority interest.....			(1,838)

Total decrease in the Company's annual net income.....			\$ 11,290

Per share-diluted.....			\$.13
			=====

After giving effect to the Company's \$500,000,000 financing completed on March 1, 2000, and the use of a portion of the proceeds to repay approximately \$262,000,000 of the amount outstanding under its revolving credit facility, the Company's total variable rate debt is \$1,050,477,000. The effect of a 1% increase on base rates would result in a total decrease in the Company's annual net income of \$9,034,000 or \$.10 per share diluted.

The fair value of the Company's debt at December 31, 1999, based on discounted cash flows at the current rate at which similar loans would be made to borrowers with similar credit ratings for the remaining term of such debt approximates its carrying value.

In July 1998, the Company entered into an interest rate cap agreement to reduce the impact of changes in interest rates on its \$275,000,000 One Penn Plaza loan. The agreement caps the Company's interest rate in the event that LIBOR increases above 8.5% through January 20, 2000 and 9% thereafter, until the termination date of the cap agreement on July 30, 2001 (the debt matures in June 2002). The Company is exposed to credit loss in the event of nonperformance by the other parties to the interest rate cap agreement. However, the Company does not anticipate nonperformance by the counterparty. The fair value of the interest rate cap agreement at December 31, 1999 approximates its cost.

On September 21, 1999, the Company bought an interest rate cap, capping the interest rate on its 250,000,000 Merchandise Mart loan in the event that LIBOR increases above 9.25% through the termination date of the agreement in September 2002. Simultaneously with this transaction, the Company sold an interest rate cap to a third party on the same terms as the cap the Company purchased.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

Not applicable.

INDEPENDENT AUDITORS' REPORT

Shareholders and Board of Trustees
Vornado Realty Trust
Saddle Brook, New Jersey

We have audited the accompanying consolidated balance sheets of Vornado Realty Trust as of December 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. Our audits also included the financial statement schedules listed in the Index at Item 14. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 Vornado Realty Trust at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with generally accepted accounting principles. 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.

DELOITTE & TOUCHE LLP

Parsippany, New Jersey
March 7, 2000

VORNADO REALTY TRUST
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31,	
	1999	1998
(amounts in thousands except share amounts)		
ASSETS		
Real estate, at cost:		
Land	\$ 826,477	\$ 743,324
Buildings and improvements.....	3,080,174	2,561,383
Leasehold improvements and equipment.....	14,856	11,184
	-----	-----
Total.....	3,921,507	3,315,891
Less accumulated depreciation and amortization.....	(308,542)	(226,816)
	-----	-----
Real estate, net.....	3,612,965	3,089,075
Cash and cash equivalents, including U.S. government obligations under repurchase agreements of \$43,675 and \$56,500.....	112,630	167,808
Escrow deposits and restricted cash.....	30,571	44,195
Marketable securities.....	106,503	77,156
Investments and advances to partially-owned entities, including Alexander's of \$159,148 and \$104,038.....	1,315,387	827,840
Due from officers.....	16,190	17,165
Accounts receivable, net of allowance for doubtful accounts of \$7,292 and \$3,044.....	36,408	35,517
Notes and mortgage loans receivable.....	49,719	10,683
Receivable arising from the straight-lining of rents.....	79,298	49,711
Deposits in connection with real estate acquisitions.....	8,128	22,947
Other assets.....	111,419	83,682
	-----	-----
	\$ 5,479,218	\$ 4,425,779
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes and mortgages payable.....	\$ 1,681,804	\$ 1,363,750
Revolving credit facility.....	367,000	687,250
Accounts payable and accrued expenses.....	107,036	109,925
Officer's compensation payable.....	34,996	35,628
Deferred leasing fee income.....	8,349	10,051
Other liabilities.....	2,634	3,196
	-----	-----
Total liabilities.....	2,201,819	2,209,800
Minority interest of unitholders in the Operating Partnership.....	1,222,031	433,301
	-----	-----
Commitments and contingencies		
Shareholders' equity:		
Preferred shares of beneficial interest:		
no par value per share; authorized, 45,000,000 shares;		
Series A: liquidation preference \$50.00 per share; issued 5,789,239 shares.	285,632	282,758
Series B: liquidation preference \$25.00 per share; issued 3,400,000 shares.	81,805	--
Series C: liquidation preference \$25.00 per share; issued 4,600,000 shares.	111,148	--
Common shares of beneficial interest: \$.04 par value per share; authorized, 125,000,000 shares; issued and outstanding, 86,335,741 and 85,076,542 shares.	3,453	3,403
Additional capital.....	1,696,557	1,653,208
Accumulated deficit.....	(116,979)	(132,837)
	-----	-----
Total shareholders' equity.....	2,061,616	1,806,532
Accumulated other comprehensive loss.....	(1,448)	(18,957)
Due from officers for purchase of common shares of beneficial interest.....	(4,800)	(4,897)
	-----	-----
Total shareholders' equity.....	2,055,368	1,782,678
	-----	-----
	\$ 5,479,218	\$ 4,425,779
	=====	=====

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF INCOME

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
<hr style="border-top: 1px dashed black;"/>			
(amounts in thousands except per share amounts)			
Revenues:			
Property rentals.....	\$ 590,814	\$ 425,496	\$ 168,321
Expense reimbursements.....	90,246	74,737	36,652
Other income (including fee income from related parties of \$1,857, \$2,327 and \$1,752.....)	15,898	9,627	4,158
Total revenues.....	<hr style="border-top: 1px dashed black;"/> 696,958	<hr style="border-top: 1px dashed black;"/> 509,860	<hr style="border-top: 1px dashed black;"/> 209,131
Expenses:			
Operating.....	282,118	207,171	74,745
Depreciation and amortization.....	83,585	59,227	22,983
General and administrative.....	40,151	28,610	13,580
Amortization of officer's deferred compensation expense.....	--	--	22,917
Total expenses.....	<hr style="border-top: 1px dashed black;"/> 405,854	<hr style="border-top: 1px dashed black;"/> 295,008	<hr style="border-top: 1px dashed black;"/> 134,225
Operating income.....	291,104	214,852	74,906
Income applicable to Alexander's.....	7,427	3,123	7,873
Income from partially-owned entities.....	82,310	32,025	4,658
Interest and other investment income.....	18,359	24,074	23,767
Interest and debt expense.....	(141,683)	(114,686)	(42,888)
Net gain from insurance settlement and condemnation proceeding.....	--	9,649	--
Minority interest.....	(54,998)	(16,183)	(7,293)
Net income.....	<hr style="border-top: 1px dashed black;"/> 202,519	<hr style="border-top: 1px dashed black;"/> 152,854	<hr style="border-top: 1px dashed black;"/> 61,023
Preferred stock dividends (including accretion of issuance expenses of \$2,874 in 1999 and 1998 and \$1,918 in 1997)	(33,438)	(21,690)	(15,549)
NET INCOME applicable to common shares.....	<hr style="border-top: 1px dashed black;"/> \$ 169,081	<hr style="border-top: 1px dashed black;"/> \$ 131,164	<hr style="border-top: 1px dashed black;"/> \$ 45,474
NET INCOME PER COMMON SHARE-BASIC.....	<hr style="border-top: 1px dashed black;"/> \$ 1.97	<hr style="border-top: 1px dashed black;"/> \$ 1.62	<hr style="border-top: 1px dashed black;"/> \$.83
NET INCOME PER COMMON SHARE-DILUTED.....	<hr style="border-top: 1px dashed black;"/> \$ 1.94	<hr style="border-top: 1px dashed black;"/> \$ 1.59	<hr style="border-top: 1px dashed black;"/> \$.79

See notes to consolidated financial statements.

VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	PREFERRED SHARES	COMMON SHARES	ADDITIONAL CAPITAL	ACCUMULATED DEFICIT
	-----	-----	-----	-----
(amounts in thousands except share amounts)				
BALANCE, JANUARY 1, 1997.....	--	\$ 1,044	\$358,874	\$ (77,574)
Net income.....	--	--	--	61,023
Dividends paid on preferred shares (\$2.37 per share).....	--	--	--	(15,549)
Net proceeds from issuance of preferred shares (including accretion of \$1,918).....	\$277,918	--	--	--
Two-for-one common share split...	--	1,044	(1,044)	--
Net proceeds from issuance of common shares.....	--	644	688,028	--
Shares issued in connection with Arbor acquisition.....	1,966	117	99,932	--
Dividends paid on common shares (\$1.36 per share).....	--	--	--	(77,461)
Common shares issued in connection with an employment agreement and employees' share plans.....	--	38	595	--
Change in unrealized gains on securities available for sale.....	--	--	--	--
Forgiveness of amount due from officers.....	--	--	--	--
	-----	-----	-----	-----
BALANCE, DECEMBER 31, 1997.....	279,884	2,887	1,146,385	(109,561)
Net Income.....	--	--	--	152,854
Dividends paid on Series A Preferred Shares (\$3.25 per share).....	--	--	--	(21,690)
Dividends paid on common shares (\$1.64 per share).....	--	--	--	(131,110)
Net proceeds from issuance of common shares.....	--	445	444,118	--
Common shares issued in connection with Mendik RELP properties acquisition.....	--	34	29,029	--
Common shares issued under employees' share plan.....	--	2	907	--
Conversion of units to common shares.....	--	35	32,745	--
Capital contribution to Vornado Operating Company.....	--	--	--	(23,330)
Accretion of issuance expenses on preferred shares.....	2,874	--	--	--
Common shares issued in connection with dividend reinvestment plan.....	--	--	24	--
Change in unrealized losses on securities available for sale.....	--	--	--	--
Appreciation of securities held in officer's deferred compensation trust.....	--	--	--	--
Pension obligations.....	--	--	--	--
Forgiveness of amount due from officers.....	--	--	--	--
	-----	-----	-----	-----
BALANCE, DECEMBER 31, 1998	\$282,758	\$ 3,403	\$1,653,208	\$ (132,837)
	=====	=====	=====	=====

	ACCUMULATED OTHER COMPREHENSIVE LOSS	DUE FROM OFFICERS	SHAREHOLDERS' EQUITY	COMPREHENSIVE INCOME
	-----	-----	-----	-----
(amounts in thousands except share amounts)				
BALANCE, JANUARY 1, 1997.....	\$ (998)	\$(5,089)	\$ 276,257	\$ --
				=====
Net income.....	--	--	61,023	\$ 61,023
Dividends paid on preferred shares (\$2.37 per share).....	--	--	(15,549)	--
Net proceeds from issuance of preferred shares (including accretion of \$1,918).....	--	--	277,918	--
Two-for-one common share split...	--	--	--	--
Net proceeds from issuance of common shares.....	--	--	688,672	--
Shares issued in connection with				

Arbor acquisition.....	--	--	102,015	--
Dividends paid on common shares (\$1.36 per share).....	--	--	(77,461)	--
Common shares issued in connection with an employment agreement and employees' share plans.....	--	--	633	--
Change in unrealized gains on securities available for sale.....	158	--	158	158
Forgiveness of amount due from officers.....	--	96	96	--
	-----	-----	-----	-----
BALANCE, DECEMBER 31, 1997.....	(840)	(4,993)	1,313,762	\$ 61,181
				=====
Net Income.....	--	--	152,854	\$ 152,854
Dividends paid on Series A Preferred Shares (\$3.25 per share).....	--	--	(21,690)	--
Dividends paid on common shares (\$1.64 per share).....	--	--	(131,110)	--
Net proceeds from issuance of common shares.....	--	--	444,563	--
Common shares issued in connection with Mendik RELP properties acquisition.....	--	--	29,063	--
Common shares issued under employees' share plan.....	--	--	909	--
Conversion of units to common shares.....	--	--	32,780	--
Capital contribution to Vornado Operating Company.....	--	--	(23,330)	--
Accretion of issuance expenses on preferred shares.....	--	--	2,874	--
Common shares issued in connection with dividend reinvestment plan.....	--	--	24	--
Change in unrealized losses on securities available for sale.....	(5,047)	--	(5,047)	(5,047)
Appreciation of securities held in officer's deferred compensation trust.....	(10,464)	--	(10,464)	(10,464)
Pension obligations.....	(2,606)	--	(2,606)	(2,606)
Forgiveness of amount due from officers.....	--	96	96	--
	-----	-----	-----	-----
BALANCE, DECEMBER 31, 1998	\$ (18,957)	\$(4,897)	\$1,782,678	\$ 134,737
	=====	=====	=====	=====

See notes to consolidated financial statements.

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
(amounts in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income.....	\$ 202,519	\$ 152,854	\$ 61,023
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization (including debt issuance costs).....	83,585	59,227	24,460
Amortization of officer's deferred compensation expense....	--	--	22,917
Straight-lining of rental income.....	(29,587)	(17,561)	(7,075)
Minority interest.....	54,998	16,183	7,293
Equity in (income) loss of Alexander's.....	(1,021)	3,363	(2,188)
Equity in income of partially-owned entities.....	(82,310)	(32,025)	(4,658)
Gain on marketable securities.....	(382)	(1,530)	(1,026)
Gain from insurance settlement and condemnation.....	--	(9,649)	--
Changes in operating assets and liabilities.....	(50,907)	18,544	14,727
Net cash provided by operating activities.....	176,895	189,406	115,473
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions of real estate and other.....	(224,654)	(896,800)	(887,423)
Additions to real estate.....	(153,591)	(68,085)	(23,789)
Development costs.....	(17,548)	--	--
Investments in partially-owned entities.....	(118,409)	(308,000)	--
Proceeds from sale of Temperature Controlled Logistics assets...	22,769	--	--
Investments in mortgage loans receivable.....	(59,787)	(6,620)	(71,663)
Repayment of mortgage loans receivable.....	20,751	57,600	--
Cash restricted for tenant improvements.....	13,624	(14,716)	(27,079)
Distributions from partially-owned entities.....	16,938	3,200	--
Real estate deposits and other.....	14,819	23,788	(46,152)
Purchases of securities available for sale.....	(21,614)	(73,513)	(8,378)
Proceeds from sale or maturity of securities available for sale.	12,498	25,779	--
Net cash used in investing activities.....	(494,204)	(1,257,367)	(1,064,484)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings.....	455,000	1,427,821	770,000
Repayments of borrowings.....	(668,957)	(883,475)	(419,269)
Costs of refinancing debt.....	(8,059)	(11,418)	(3,038)
Proceeds from issuance of preferred shares.....	192,953	--	276,000
Proceeds from issuance of preferred units.....	525,013	85,313	--
Proceeds from issuance of common shares.....	--	445,247	688,672
Dividends paid on common shares.....	(153,223)	(154,440)	(77,461)
Dividends paid on preferred shares.....	(30,563)	(18,816)	(15,549)
Distributions to minority shareholders.....	(52,491)	(11,229)	(4,719)
Exercise of share options.....	2,458	812	633
Net cash provided by financing activities.....	262,131	879,815	1,215,269
Net (decrease) increase in cash and cash equivalents.....	(55,178)	(188,146)	266,258
Cash and cash equivalents at beginning of year.....	167,808	355,954	89,696
Cash and cash equivalents at end of year.....	\$ 112,630	\$ 167,808	\$ 355,954
Supplemental Disclosure of Cash Flow Information:			
Cash payments for interest.....	\$ 143,665	\$ 111,089	\$ 38,968
NON-CASH TRANSACTIONS:			
Financing in connection with acquisitions.....	\$ 188,000	\$ 526,000	\$ 403,279
Shares issued in connection with acquisitions.....	--	29,000	102,015
Minority interest in connection with acquisitions.....	302,100	184,000	177,000
Unrealized gain (loss) on securities available for sale.....	15,603	(5,047)	158
Depreciation of securities held in officer's deferred compensation trust.....	579	10,464	--

See notes to consolidated financial statements.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS

Vornado Realty Trust is a fully-integrated real estate investment trust ("REIT"). In April 1997, Vornado transferred substantially all of its assets to Vornado Realty L.P., a Delaware limited partnership (the "Operating Partnership"). As a result, Vornado conducts its business through, the Operating Partnership. Vornado is the sole general partner of, and owned approximately 86% of the common limited partnership interest in, the Operating Partnership at March 1, 2000. All references to the "Company" and "Vornado" refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

The Company currently owns directly or indirectly:

Office Building Properties ("Office"):

(i) all or portions of 22 office building properties in the New York City metropolitan area (primarily Manhattan) aggregating approximately 14.0 million square feet;

(ii) a 34% limited partnership interest in Charles E. Smith Commercial Realty L.P. ("CESCR"), a limited partnership which owns and manages approximately 10.7 million square feet of office properties in Northern Virginia and Washington, D.C., and manages an additional 7.9 million square feet of office and other commercial properties in the Washington, D.C. area;

Retail Properties ("Retail"):

(iii) 56 shopping center properties in six states and Puerto Rico aggregating approximately 12.0 million square feet, including 1.4 million square feet built by tenants on land leased from the Company;

Merchandise Mart Properties:

(iv) the Merchandise Mart properties containing approximately 6.8 million square feet, including the 3.4 million square foot Merchandise Mart in Chicago;

Temperature Controlled Logistics:

(v) a 60% interest in partnerships that own 89 warehouse facilities nationwide with an aggregate of approximately 428 million cubic feet of refrigerated space (excludes 15 additional warehouses containing approximately 91 million cubic feet managed by AmeriCold Logistics). AmeriCold Logistics leases all of the partnerships' facilities;

Other Real Estate Investments:

(vi) approximately 32% of the outstanding common stock of Alexander's, Inc. ("Alexander's"), which has eight properties in the New York City metropolitan area;

(vii) The Hotel Pennsylvania in New York City contains approximately 800,000 square feet of space with 1,700 rooms and approximately 400,000 square feet of retail and office space;

(viii) approximately 30% interest in the Newkirk joint ventures which own various equity and debt interests relating to 120 limited partnerships which own real estate, primarily office and retail, net leased to credit rated tenants;

(ix) eight dry warehouse/industrial properties in New Jersey containing approximately 2.0 million square feet; and

(x) other real estate and investments.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

OPERATIONS OF VORNADO OPERATING COMPANY

In October 1998, Vornado Operating Company ("Vornado Operating") was spun off from the Company in order to own assets that the Company could not itself own and conduct activities that the Company could not itself conduct.

The Company and Vornado Operating are parties to certain agreements described below.

Revolving Credit Agreement

Vornado Operating was granted a \$75,000,000 unsecured revolving credit facility from the Company (the "Revolving Credit Agreement") which expires on December 31, 2004. Borrowings under the Revolving Credit Agreement bear interest at LIBOR plus 3% (9.09% at December 31, 1999). The Company receives a commitment fee equal to 1% per annum on the average daily unused portion of the facility. No amortization is required to be paid under the Revolving Credit agreement during its term. The Revolving Credit Agreement prohibits Vornado Operating from incurring indebtedness to third parties (other than certain purchase money debt and certain other exceptions) and prohibits Vornado Operating from paying dividends. As of December 31, 1999, \$4,587,000 was outstanding under the Revolving Credit Agreement.

Agreement with Vornado Operating

The Company and Vornado Operating are parties to an Agreement pursuant to which, among other things, (a) the Company will under certain circumstances offer Vornado Operating an opportunity to become the lessee of certain real property owned now or in the future by the Company (under mutually satisfactory lease terms) and (b) Vornado Operating will not make any real estate investment or other REIT-Qualified Investment unless it first offers the Company the opportunity to make such investment and the Company has rejected that opportunity.

Under the Agreement, the Company provides Vornado Operating with certain administrative, corporate, accounting, financial, insurance, legal, tax, data processing, human resources and operational services. For these services, Vornado Operating compensates the Company in an amount determined in good faith by the Company as the amount an unaffiliated third party would charge Vornado Operating for comparable services and reimburses the Company for certain costs incurred and paid to third parties on behalf of Vornado Operating. Pursuant to the Agreement compensation for such services was \$330,000 for the year ended December 31, 1999 and \$50,000 for the period from October 16, 1998 (commencement date) through December 31, 1998.

Vornado Operating and the Company each have the right to terminate the Agreement if the other party is in material default of the Agreement or upon 90 days written notice to the other party at any time after December 31, 2003. In addition, the Company has the right to terminate the Agreement upon a change in control of Vornado Operating.

Vornado Operating's Management

Messrs. Roth, Fascitelli, West and Wight are directors of Vornado Operating. Mr. Roth is also Chairman of the Board and Chief Executive Officer of Vornado Operating, Mr. Fascitelli is also President of Vornado Operating, and certain other members of the Company's senior management hold a corresponding position with Vornado Operating.

Temperature Controlled Logistics Business

On October 31, 1997, partnerships (the "Vornado/Crescent Partnerships") in which affiliates of the Company have a 60% interest and affiliates of Crescent Real Estate Equities Company have a 40% interest acquired each of Americold Corporation ("Americold") and URS Logistics, Inc. ("URS"). In June 1998, the Vornado/Crescent Partnerships acquired the assets of Freezer Services, Inc. and in July 1998 acquired the Carmar Group.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

On March 12, 1999, the Vornado/Crescent Partnerships sold all of the non-real estate assets of the Cold Storage Companies encompassing the operations of the cold storage business for approximately \$48,000,000 to a new partnership owned 60% by Vornado Operating Company and 40% by Crescent Operating Inc. ("AmeriCold Logistics"). The new partnership leases the underlying cold storage warehouses used in this business from the Vornado/Crescent Partnerships which continue to own the real estate. The leases generally have a 15 year term with two-five year renewal options and provide for the payment of fixed base rent and percentage rent based on revenues AmeriCold Logistics receives from its customers. The new partnership is required to pay for all costs arising from the operation, maintenance and repair of the properties, as well as property capital expenditures in excess of \$5,000,000 annually. Fixed base rent and percentage rent was approximately \$134,000,000 for the period from March 12, 1999 through December 31, 1999. The new partnership has the right to defer a portion of the rent for up to three years beginning on March 12, 1999 to the extent that available cash, as defined in the leases, is insufficient to pay such rent and pursuant thereto, rent was deferred as of December 31, 1999, of which the Company's share is \$3,240,000.

Disposition and Acquisition of Interest in CESC

On December 31, 1998, the Company sold approximately 1.7% of the outstanding partnership units of CESC to Vornado Operating Company for an aggregate purchase price of approximately \$12,900,000 or \$34 per unit (which is the price at which CESC issued partnership units in October 1998 in connection with a significant "roll-up" transaction). The purchase price was funded out of Vornado Operating's working capital. After giving effect to this purchase, the Company owned approximately 9.6% of CESC as of December 31, 1998. In connection with this purchase, the Company granted to Vornado Operating an option to require the Company to repurchase all of the CESC units at the price at which Vornado Operating purchased the CESC units, plus a cumulative return on such amount at a rate of 10% per annum. In March 1999, Vornado Operating exercised such option and the Company reacquired the CESC units from Vornado Operating for \$13,200,000.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION: The accompanying consolidated financial statements include the accounts of Vornado Realty Trust and its majority-owned subsidiary, Vornado Realty L.P. as well as interests acquired that individually (or in the aggregate with prior interests) exceed a 50% interest and the Company exercises unilateral control. All significant intercompany amounts have been eliminated. Equity interests in partially-owned entities include partnerships, joint ventures and preferred stock affiliates (corporations in which the Company owns all of the preferred stock and none of the common equity) and are accounted for under the equity method of accounting as the Company exercises significant influence. These investments are recorded initially at cost and subsequently adjusted for net equity in income (loss) and cash contributions and distributions. Ownership of the preferred stock entitles the Company to substantially all of the economic benefits in the preferred stock affiliates. The common stock of the preferred stock affiliates is owned by Officers and Trustees of Vornado.

Management has made estimates and assumptions that affect the reported amounts of 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.

RECLASSIFICATIONS: Certain prior year balances have been reclassified in order to conform to current year presentation.

REAL ESTATE: Real estate is carried at cost, net of accumulated depreciation and amortization. Betterments, major 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. Depreciation is provided on a straight-line basis over the assets estimated useful lives which range from 7 to 40 years. Tenant allowances are amortized on a straight-line basis over the lives of the related leases. Additions to real estate include interest expense capitalized during construction of \$7,012,000 and \$1,410,000 for the years ended December 31, 1999 and 1998.

The Company's properties are reviewed for impairment if events or changes in circumstances indicate 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 such property. Such carrying amount would be adjusted, if necessary, to estimate fair value 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 does not include cash escrowed under loan agreements and cash restricted in connection with an officer's deferred compensation payable.

MARKETABLE SECURITIES: The Company has classified debt and equity securities which it intends to hold for an indefinite period of time as securities available for sale, equity securities it intends to buy and sell on a short term basis as trading securities and its preferred stock investment in Capital Trust as securities held to maturity. Unrealized gains and losses are included in earnings for trading securities and as a component of shareholders' equity and other comprehensive income for securities available for sale. Realized gains or losses on the sale of securities are recorded based on average cost.

At December 31, 1999 and 1998, marketable securities had an aggregate cost of \$96,787,000 and \$83,043,000 and an aggregate market value of \$106,503,000 and \$77,156,000 (of which \$9,826,000 and \$6,826,000 represent trading securities and \$48,606,000 and \$48,531,000 represent securities held to maturity and reported at amortized cost). Gross unrealized gains and losses were \$7,977,000 and \$9,658,000 at December 31, 1999, and \$513,000 and \$6,400,000 at December 31, 1998. Included in marketable securities available for sale at December 31, 1999 are warrants to acquire 550,941 common shares with a market value of \$11,397,000.

NOTES AND MORTGAGE LOANS RECEIVABLE: The Company evaluates the collectibility of both interest and principal of each of its loans, if circumstances warrant, to determine whether it is impaired. A loan is considered to be impaired, when based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms. When a loan is considered to be impaired, the amount of the loss accrual is calculated by comparing the recorded investment to the value determined by discounting the expected future cash flows at the loan's effective interest rate. Interest on impaired loans is recognized on a cash basis.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

DEFERRED CHARGES: Direct financing costs are deferred and amortized over the terms of the related agreements as a component of interest 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.

OFFICERS COMPENSATION PAYABLE: In July 1998, the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board issued EITF 97-14 "Accounting for Deferred Compensation Arrangements Where Amounts Earned are Held in a Rabbi Trust and Invested" (EITF 97-14). EITF 97-14 applies to the Company's accounting treatment of the Officers Compensation Payable as reflected in the balance sheet. The transition guidance of EITF 97-14 required the Company to record a charge to equity of \$10,464,000 which represents the appreciation in the value of the stock from the date the trust was established (at which time the price of the stock was \$21.75 per share) to September 30, 1998 (at which time the price of the stock was \$33.13 per share). In subsequent periods, appreciation in the stock's price above \$33.13 will be recognized as compensation expense and, if the price fluctuates between \$33.13 and \$21.75, equity would be adjusted. For the year ended December 31, 1998, approximately \$340,000 was recognized as compensation expense as the share price was \$33.50 on December 31, 1998. For the year ended December 31, 1999, approximately \$340,000 was recognized as a reduction of compensation expense and approximately \$579,000 was recorded as a reduction of stockholders' equity as the share price was \$32.50 on December 31, 1999.

FAIR VALUE OF FINANCIAL INSTRUMENTS: All financial instruments of the Company are reflected in the accompanying consolidated balance sheets at amounts which, in management's estimation, based upon an interpretation of available market information and valuation methodologies (including discounted cash flow analyses with regard to fixed rate debt) are considered appropriate, and reasonably approximate their fair values. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition of the Company's financial instruments.

REVENUE RECOGNITION: Base rents, additional rents based on tenants' sales volume and reimbursement of the tenants' share of certain operating expenses are generally recognized when due from tenants. The straight-line basis is used to recognize base rents under leases entered into after November 14, 1985, which provide for varying rents over the lease terms.

INCOME TAXES: The Company operates in a manner intended to enable it to continue to qualify as a REIT under Sections 856-860 of the Internal Revenue Code of 1986 as amended. Under those sections, a REIT which distributes at least 95% of its REIT taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. The Company has distributed to shareholders an amount greater than its taxable income. Therefore, no provision for Federal income taxes is required. Dividend distributions for the years ended December 31, 1999 and 1997, were characterized for Federal income tax purposes as ordinary income. Dividend distributions for the tax year ended December 31, 1998 were characterized as ordinary income (81%), return of capital (17%) and capital gain (2%).

The net basis of the Company's assets and liabilities for tax purposes is approximately \$1,617,000,000 lower than the amount reported for financial statement purposes.

AMOUNTS PER SHARE: Basic earnings per share is computed based on average shares outstanding. Diluted earnings per share considers the effect of options, warrants and convertible securities. All share and per share information has also been adjusted for a 2-for-1 stock split in October 1997.

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 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 stock on the grant date. Accordingly, no compensation cost has been recognized for the Company's stock option plans.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Because the Company does not currently utilize derivatives or engage in significant hedging activities, management does not anticipate that implementation of this statement will have a material effect on the Company's financial statements.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB 101). SAB 101 provides clarification in applying generally accepted accounting principles to revenue recognition in financial statements including contingent rentals under leases. The Company does not anticipate that implementation of this statement will have a material effect on the Company's financial statements.

3. ACQUISITIONS

The Company completed approximately \$807 million of real estate acquisitions or investments from January 1, 1999 through March 2000 and \$2.4 billion in 1998. These acquisitions were consummated through subsidiaries or preferred stock affiliates of the Company and were recorded under the purchase method of accounting. Related net assets and results of operations have been included in these financial statements since their respective dates of acquisition. The respective purchase costs were allocated to acquired assets and assumed liabilities using their relative fair values as of the closing dates, based on valuations and other studies certain of which are not yet complete. Accordingly, the initial valuations are subject to change as such information is finalized. The Company believes that any such change will not be significant since the allocations were principally to real estate. The following are the details of the acquisitions or investments by segment:

Office:

CHARLES E. SMITH COMMERCIAL REALTY INVESTMENT ("CESCR")

In October 1997, the Company acquired a 15% limited partnership interest in CESCR for \$60,000,000. CESCR owns interests in and manages approximately 10.7 million square feet of office properties in Northern Virginia and Washington, D.C. and manages an additional 7.9 million square feet of office and other commercial properties in the Washington, D.C. area. In October 1998, CESCR issued partnership units in connection with a significant roll-up transaction reducing the Company's limited partnership interest to 11.3%.

In December 1998, the Company sold approximately 1.7% of the outstanding partnership units of CESCR to Vornado Operating for an aggregate price of approximately \$12,900,000. In connection with this purchase, the Company granted Vornado Operating an option to require the Company to repurchase the units. The option was exercised on March 4, 1999. Accordingly, the Company reacquired the CESCR units from Vornado Operating for \$13,200,000.

On March 4, 1999 the Company made an additional \$242,000,000 investment in CESCR by contributing to CESCR the land under certain CESCR office properties in Crystal City, Arlington, Virginia and partnership interests in certain CESCR subsidiaries. The Company acquired these assets from Commonwealth Atlantic Properties, Inc. ("CAPI"), an affiliate of Lazard Freres Real Estate Investors L.L.C., immediately prior to the contribution to CESCR. Together with the Company's investment in CESCR made in 1997 and the units it reacquired from Vornado Operating Company, Vornado now owns approximately 34% of CESCR's limited partnership units. In addition, the Company acquired from CAPI for \$8,000,000 the land under a Marriott Hotel located in Crystal City.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The purchase price was paid to CAPI by Vornado issuing \$250,000,000 of 6% Convertible Preferred Units of the Company's Operating Partnership. The Preferred Units are convertible at \$44 per unit and the coupon increases to 6.50% over the next three years and then fixes at 6.75% in year eight. The Company will appoint one of three members to CESC's Board of Managers, increasing under certain circumstances to two of four members in March 2002.

In connection with these transactions, the Company agreed to make a five-year \$41,200,000 loan to CAPI with interest at 8%, increasing to 9% ratably over the term. The loan is secured by approximately \$55,000,000 of the Company's Operating Partnership units issued to CAPI as well as certain real estate assets.

WESTPORT CORPORATE OFFICE PARK

In January 1998, the Company acquired the Westport Corporate Office Park from a limited partnership that included members of the Mendik Group (Messrs. Mendik and Greenbaum and certain entities controlled by them are referred to herein as the "Mendik Group"). The purchase price was approximately \$14,000,000 consisting of \$6,000,000 of cash and an \$8,000,000 mortgage loan for the two buildings.

Subsequent to year end the Company entered into an agreement to sell this property for approximately \$24,000,000.

ONE PENN PLAZA

In February 1998, the Company acquired a long-term leasehold interest in One Penn Plaza, a Manhattan office building for approximately \$410,000,000.

150 EAST 58TH STREET

In March 1998, the Company acquired 150 East 58th Street (the "Architects and Design Center"), a Manhattan office building, for approximately \$118,000,000.

570 LEXINGTON AVENUE - ADDITIONAL INVESTMENT

In April 1998, the Company increased its interest from 5.6% to approximately 50% in 570 Lexington Avenue, an office building located in midtown Manhattan. The Company purchased the additional interest for approximately \$37,200,000, including \$4,900,000 of existing debt.

888 SEVENTH AVENUE AND 40 FULTON STREET

In June, 1998, the Company entered into an agreement to acquire the leasehold interest in 888 Seventh Avenue, a 46 story office building located in midtown Manhattan, and simultaneously acquired 40 Fulton Street, a 29 story office building located in downtown Manhattan. The aggregate consideration for both buildings was approximately \$154,500,000.

On January 12, 1999, the Company completed the acquisition of 888 Seventh Avenue, a 46 story Manhattan office building, for approximately \$117,000,000, of which \$55,000,000 was indebtedness.

770 BROADWAY

In July 1998, the Company acquired 770 Broadway, a Manhattan office building, for approximately \$149,000,000, including \$18,000,000 of Operating Partnership Units.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

689 FIFTH AVENUE

In August 1998, the Company acquired 689 Fifth Avenue, a 84,000 square foot Manhattan specialty building for approximately \$33,000,000 from a partnership that included Bernard H. Mendik, a former trustee of the Company.

MENDIK REAL ESTATE LIMITED PARTNERSHIP PROPERTIES

In November 1998, the Company completed the acquisition of certain properties from the Mendik Real Estate Limited Partnership ("Mendik RELP"). The acquired real estate assets include (i) a leasehold interest in the Saxon Woods Corporate Center located at 550/600 Mamaroneck Avenue, in Harrison, New York, (ii) the remaining 60% interest in an office building located at Two Park Avenue, in Manhattan (the Company already owned 40%) and (iii) a leasehold interest in an office building located at 330 West 34th Street, also in Manhattan. The aggregate purchase price of approximately \$106,000,000, consists of \$31,000,000 of cash, \$29,000,000 of the Company's common shares and \$46,000,000 of debt.

909 THIRD AVENUE

On July 21, 1999, the Company acquired 909 Third Avenue, a 33 story Manhattan office building, for approximately \$123,000,000, of which \$109,000,000 was indebtedness.

595 MADISON AVENUE

On September 15, 1999, the Company acquired 595 Madison Avenue (the "Fuller Building"), a 40 story Manhattan office building, for approximately \$125,000,000 in cash.

GREENPOINT LEASEHOLD INTEREST

On December 16, 1999, the Company acquired GreenPoint Financial Corporation's 99-year leasehold interest in approximately 56,000 square feet, adjacent to One Penn Plaza, as part of its redevelopment plan for the Penn Plaza district for approximately \$37,300,000.

Retail:

LAS CATALINAS MALL

In October 1998, the Company completed the acquisition of Kmart Corporation's ("Kmart") 50% interest in the Las Catalinas Mall located in Caguas, Puerto Rico (adjacent to San Juan). In addition, the Company acquired 75% and the Company's partner in the Mall acquired 25% of Kmart's anchor store. The Company's purchase price of \$38,000,000 was fully financed with 15 year debt.

VORNADO-CERUZZI JOINT VENTURES

On January 4, 2000 and January 25, 2000, the Company and its joint venture partner acquired fee and/or leasehold interests in six properties located in Pennsylvania, Virginia and Maryland formerly occupied by Hechinger, Inc., a home improvement retailer which was liquidated. The purchase price for the 500,000 square feet acquired was \$15,000,000. The Company's share of this investment is 80% or \$12,000,000.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Merchandise Mart Properties:

THE MERCHANDISE MART PROPERTIES

In April 1998, the Company acquired a real estate portfolio from the Kennedy Family for approximately \$630,000,000, consisting of \$187,000,000 in cash, \$116,000,000 in Operating Partnership Units, \$77,000,000 in existing debt and \$250,000,000 of newly issued debt. The acquired real estate assets consist of a portfolio of properties used for office, retail and trade showroom space which aggregate approximately 5.4 million square feet and include the Merchandise Mart in Chicago. The transaction also included the acquisition of Merchandise Mart Properties, Inc., which manages the properties and owns and operates trade shows.

MARKET SQUARE COMPLEX

In December 1998, Vornado completed the acquisition of the 1.07 million square foot Market Square Complex of showrooms in High Point, North Carolina. The consideration was approximately \$97,000,000 consisting of \$46,000,000 in debt, \$44,000,000 in Operating Partnership Units and 6.5% Preferred Operating Partnership Units convertible at \$43.74 per unit and \$7,000,000 of cash. The acquired real estate assets include the Market Square, Hamilton Market and Furniture Plaza showroom buildings and the High Point Holiday Inn hotel.

In a second transaction, the Company acquired the 243,000 square foot National Furniture Mart, which is adjacent to the forementioned properties, in High Point. The price was approximately \$17,700,000 consisting of \$3,800,000 in cash and \$13,900,000 in debt.

Temperature Controlled Logistics Business:

In June 1998, a partnership in which Vornado owns a 60% interest through a preferred stock affiliate acquired the assets of Freezer Services, Inc., consisting of nine cold storage warehouses in the central United States for approximately \$133,000,000, including \$107,000,000 in cash and \$26,000,000 in indebtedness. The Company's share of this investment was \$80,000,000. Additionally, in July 1998, the Carmar Group cold storage warehouse business was acquired for approximately \$158,000,000, including \$144,000,000 in cash and \$14,000,000 in indebtedness. The Company's share of this investment was \$95,000,000. Carmar owns and operates five cold storage distribution warehouses in the midwest and southeast United States.

Other Real Estate Investments:

HOTEL PENNSYLVANIA

In May 1998, the Company acquired an additional 40% interest in the Hotel Pennsylvania increasing its ownership to 80%. The Company purchased the additional 40% interest from Hotel Properties Limited (one of its joint venture partners) for approximately \$70,000,000, including \$48,000,000 of existing debt. The Company manages the property's retail and office space, and manages the hotel with Hotel Properties Limited.

On August 5, 1999, the Company increased its interest in the Hotel Pennsylvania by acquiring Planet Hollywood International, Inc.'s ("Planet Hollywood") 20% interest in the hotel for approximately \$18,000,000 and assumed \$24,000,000 of existing debt. In connection with the transaction, the Company terminated the licensing agreement with Planet Hollywood for an Official All-Star Hotel. The Hotel Pennsylvania is located in New York City on Seventh Avenue opposite Madison Square Garden.

After the acquisitions noted above, the Company owns 100% of the commercial portion of the building (retail and office space) and 98% of the hotel portion which is owned through a preferred stock affiliate in which the Company owns all of the preferred equity and none of the common equity.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

NEWKIRK JOINT VENTURES

In July and September 1998, the Company invested an aggregate of \$56,000,000 for a 30% share in joint ventures with affiliates of Apollo Real Estate Investment Fund III, L.P., collectively Newkirk Joint Ventures ("Newkirk"). Newkirk owns various equity and debt interests relating to 120 limited partnerships which own real estate primarily net leased to credit rated tenants. The Company has issued letters of credit of \$15,600,000 in connection with these joint ventures.

On March 9, 1999, the Company and its joint venture partner completed an acquisition of additional equity interests in certain limited partnerships. The Company's additional investment of \$52,435,000 consisted of \$47,790,000 in Operating Partnership Units and \$4,645,000 in cash.

On October 15, 1999, the Company completed the acquisition of \$15,600,000 of securitized debt of the Newkirk Joint Ventures which has an average yield of 14.28%.

STUDENT HOUSING JOINT VENTURE

On January 28, 2000, the Company and its joint venture partner, acquired a 252-unit student housing complex in Gainesville, Florida, for approximately \$27,000,000, of which \$19,600,000 was indebtedness. The Company's share of this investment is 90%.

PRO FORMA INFORMATION

The unaudited pro forma information set forth below presents (i) the condensed consolidated operating results for the Company for the years ended December 31, 1999 and 1998 as if (a) the acquisitions described above and the financings attributable thereto had occurred on January 1, 1998. No condensed consolidated pro forma balance sheet data is presented as there have been no material acquisitions subsequent to December 31, 1999.

CONDENSED PRO FORMA CONSOLIDATED OPERATING RESULTS (UNAUDITED)

	PRO FORMA YEAR ENDED DECEMBER 31,	
	1999	1998
(amounts in thousands except per share amounts)		
Revenues.....	\$719,600	\$685,000
	=====	=====
Net income.....	\$201,600	\$191,700
Preferred stock dividends.....	(33,400)	(21,700)
	-----	-----
Net income applicable to common shares.....	\$168,200	\$170,000
	=====	=====
Net income per common share-basic.....	\$ 1.96	\$ 1.97
	=====	=====
Net income per common share-diluted.....	\$ 1.93	\$ 1.93
	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

4. INVESTMENTS IN PARTIALLY-OWNED ENTITIES

The Company's investments in partially-owned entities and income recognized from such investments is disclosed below. Summarized financial data is provided for (i) investments in entities which exceed 10% of the Company's total assets and (ii) investments in which the Company's share of partially-owned entities pre-tax income exceeds 10% of the Company's net income.

BALANCE SHEET DATA:

	COMPANY'S INVESTMENT		100% OF THESE ENTITIES					
			TOTAL ASSETS		TOTAL DEBT		TOTAL EQUITY	
	1999	1998	1999	1998	1999	1998	1999	1998
(amounts in thousands)								
INVESTMENTS:								
Temperature Controlled Logistics (60% interest).....	\$ 481,808	\$459,172	\$1,524,385	\$1,743,212	\$ 630,540	\$ 642,714	\$ 756,808	\$ 737,344
Alexander's (32% interest).....	159,148	104,038	\$ 366,496	\$ 317,043	\$ 329,161	\$ 277,113	\$ 12,498	\$ 6,974
Charles E. Smith Commercial Realty L.P. (34% interest).....	317,812	49,151	\$ 951,414		\$1,152,164		\$(241,399)	
Newkirk Joint Ventures.....	142,670	58,665						
Hotel Pennsylvania.....	59,176	47,813						
Partially - Owned Office Buildings.....	59,510	59,902						
Management Companies, and other.....	95,263	49,099						
	\$1,315,387	\$827,840						

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Below is a summary of the debt of partially owned entities as of December 31, 1999 and 1998, none of which is guaranteed by the Company.

	AMOUNT OF PARTIALLY-OWNED ENTITIES DEBT	
	1999	1998
(amounts in thousands)		
Alexander's (32% interest):		
Term loan secured by all of Alexander's assets except for the Kings Plaza Regional Shopping Center, due on March 15, 2000 with interest at a blended rate of 12.95%. The portion financed by the Company (\$95,000) bears interest at 14.18% (prepayable without penalty) (the loan has been extended to March 15, 2001 - see below).....	\$ 115,000	\$ 65,000
Kings Plaza Regional Shopping Center mortgage payable, due in 2001, with interest at LIBOR plus 1.25% (7.75% at December 31, 1999) (prepayable without penalty).....	95,676	90,000
Rego Park mortgage payable, due in 2009, with interest at 7.25% (prepayable after June 2004 without penalty).....	82,000	75,000
Other notes and mortgages payable.....	36,485	47,113
Temperature Controlled Logistics (60% interest):		
Mortgage notes payable collateralized by 58 temperature controlled warehouses, due in 2008, requires amortization based on a 25 year term with interest at 6.89% (prepayable after May 2000 with yield maintenance).....	536,502	545,273
Other notes and mortgages payable.....	94,038	97,441
Hotel Pennsylvania - Hotel (98% interest):		
Mortgage payable, due in 2002, requires amortization based on a 25 year term, with interest at LIBOR + 1.60% (at December 31, 1999 the interest rate is fixed at 7.00% through a swap agreement which expires on March 31, 2000) (prepayable without penalty).....	71,641*	120,000
Newkirk Joint Ventures (30% interest):		
Portion of first mortgages and contract rights held by 120 Limited Partnerships, collateralized by the partnerships' real estate, due from 2000 to 2040, with a weighted average interest rate of 9.40% at December 31, 1999.....	800,060	--
Other debt.....	28,000	--
Charles E. Smith Commercial Realty L.P. (34% interest):		
20 mortgages payable due from 2000 through 2025, with interest from 2.25% to 9.89% at December 31, 1999 (prepayable with yield maintenance).....	850,806	786,413
6 mortgages payable (partially owned properties) due from 2006 through 2013, with interest from 6.51% to 10.33% at December 31, 1999 (prepayable with yield maintenance).....	301,358	156,463
Unsecured line of credit due in October 2000, with interest at 8.25% at December 31, 1999 (prepayable without penalty).....	--	26,000
Partially Owned Office Buildings:		
330 Madison Avenue (25% interest) mortgage note payable, due in 2008, with interest at 6.52% (prepayable with yield maintenance).....	60,000	60,000
Other notes and mortgages payable (50% owned by Vornado).....	43,968	34,425
Las Catalinas Mall (50% interest):		
Mortgage notes payable, due in 2013 with interest at 6.97% (prepayable after December 2002 with yield maintenance).....	70,212	70,941
Other mortgages payable.....	13,000	--

* The balance of the mortgage of \$47,761 applicable to the commercial portion of the building is reflected in the Company's wholly-owned debt in 1999. See Note 5.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

INCOME STATEMENT DATA:

	COMPANY'S INCOME FROM PARTIALLY OWNED ENTITIES		
	1999	1998	1997
(amounts in thousands)			
Income Applicable to Alexander's:(1).....			
32% share of equity in income (loss) (29.3% prior to October 1999).....	\$1,021	\$(2,272)	\$1,580
Interest income.....	6,406	5,395	6,293
	\$ 7,427	\$ 3,123	\$7,873
Temperature Controlled Logistics: 60% share of equity in net income(3).....	\$31,468	\$10,249	\$1,000
Management Fee (40% of 1% per annum of the Total Combined Assets, as defined).....	5,254	4,942	720
	36,722	15,191	1,720
Charles E. Smith Commercial Realty L.P.(4).....	18,817	4,754	85
Newkirk Joint Ventures.....	19,922	2,712	--
Hotel Pennsylvania.....	5,095	3,678	1,055
Partially-Owned Office Buildings(5).....	1,743	3,276	424
Management Companies and other.....	11	2,414	1,374
	\$82,310	\$32,025	\$4,658

100% of These Entities

TOTAL REVENUES			NET INCOME (LOSS)		
1999	1998	1997	1999	1998	1997

(amounts in thousands)

Income Applicable to Alexander's:(1).....						
32% share of equity in income (loss) (29.3% prior to October 1999).....	\$ 64,390	\$51,663	\$25,364	\$5,524(2)	\$(6,055)(2)	\$7,466(2)
Interest income.....						
Temperature Controlled Logistics: 60% share of equity in net income(3).....	\$264,266	\$567,867	\$78,699	\$54,198	\$16,988	\$ 90
Management Fee (40% of 1% per annum of the Total Combined Assets, as defined).....						
Charles E. Smith Commercial Realty L.P.(4).....	\$310,038			\$61,102		
Newkirk Joint Ventures.....						
Hotel Pennsylvania.....						
Partially-Owned Office Buildings(5).....						
Management Companies and other.....						

(1) Fee income is included in equity in income of Management Companies.

(2) 1999 is net of \$4,877 resulting from the write-off of the asset arising from the straight-lining of rents; 1998 includes the write-off of the carrying value of the Lexington Avenue buildings of \$15,096; and 1997

includes income from the condemnation of a portion of a property of \$8,914.

- (3) Revenues and net income reflect lease payments from AmeriCold Logistics from March 12, 1999 through December 31, 1999 and business operations for the periods prior.
- (4) 15% interest from October 1997 to December 1998, 9.6% interest from January 1999 to March 1999 and 34% interest thereafter.
- (5) Represents the Company's interests in 330 Madison Avenue (24.8%), and 570 Lexington Avenue (50%). In 1998 and 1997 the Company had a 40% interest in Two Park Avenue which is now wholly-owned.

ALEXANDER'S

The investment in and loans and advances to Alexander's are comprised of:

	DECEMBER 31,	
	1999	1998
	-----	-----
(amounts in thousands)		
Common stock, net of \$2,796,000 and \$2,196,000 of accumulated depreciation of buildings.....	\$ 59,912	\$ 53,157
Loan receivable.....	95,000	45,000
Leasing fees and other receivables.....	2,393	5,441
Equity in income.....	1,843	222
Deferred expenses.....	--	218
	-----	-----
	\$ 159,148	\$ 104,038
	=====	=====

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

On October 20, 1999, the Company lent Alexander's \$50,000,000 on the same terms and conditions as the Company's existing \$45,000,000 loan to Alexander's, including the interest rate of 14.18%. Both loans, which were scheduled to mature in March 15, 2000, have been extended for one year to March 15, 2001. The interest rate has been reset from 14.18% to 15.72%, reflecting an increase in the underlying Treasury rate.

Alexander's is currently undertaking the excavation and laying foundation for its Lexington Avenue property as part of the proposed development of a large multi-use building. The proposed building is expected to be comprised of a commercial portion, which may include retail stores, offices, hotel space, extended-stay residences, residential rentals and parking; and a residential portion, consisting of condominium units to be sold to the public. In connection therewith, Alexander's paid \$14,500,000 for 140,000 square feet of air rights of which \$12,200,000 was paid to the Company (Vornado's cost plus \$243,000 in interest and closing costs). The air rights were contracted for and paid for in 1999, with closings to take place when the developments which give rise to the air rights are completed in 2000. The capital required for the proposed building will be in excess of \$400,000,000.

Because a REIT is subject to 100% excise tax on income derived from the sale of "dealer property" (i.e. condominiums), the air rights representing the residential portion of the property are being transferred to a preferred stock affiliate, a corporation in which Alexander's owns all of the preferred equity and none of the common equity. The transfer value will be adjusted once the final size of the residential portion is determined.

On October 21, 1999, the Company increased its ownership in Alexander's from 29.3% to 32% by acquiring an additional 135,600 shares of Alexander's common stock for approximately \$8,956,000.

Alexander's is managed by and its properties are leased by the Company, pursuant to agreements with a one-year term expiring in March of each year which are automatically renewable. The annual management fee payable to the Company by Alexander's is equal to the sum of (i) \$3,000,000, (ii) 3% of the gross income from the Kings Plaza Mall, plus (iii) 6% of development costs with minimum guaranteed fees of \$750,000 per annum.

The leasing agreement provides for the Company to generally receive a fee of (i) 3% of sales proceeds and (ii) 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 Alexander's tenants, the Company is due \$1,756,000 at December 31, 1999. Such amount is receivable 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 it been paid on September 21, 1993, or at the time the transactions which gave rise to the commissions occurred, if later.

As of December 31, 1999, Interstate Properties and its partners owned approximately 17.8% of the common shares of beneficial interest of the Company and 27.3% of Alexander's common stock. Interstate Properties is a general partnership in which Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are partners. Mr. Roth is the Chairman of the Board and Chief Executive Officer of the Company, the Managing General Partner of Interstate Properties, and the Chief Executive Officer and a director of Alexander's, Messrs. Mandelbaum and Wight are trustees of the Company and are also directors of Alexander's.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

5. DEBT

Following is a summary of the Company's debt:

(amounts in thousands)	DECEMBER 31,	
	1999	1998
Notes and Mortgage Payable:		
Fixed Interest:		
Mortgage payable cross collateralized by an aggregate of 44 shopping centers and warehouse/industrial properties, due on December 1, 2000 with interest at 6.36% (prepayable with yield maintenance) (1).....	\$ 224,865	\$ 227,000
Eleven Penn Plaza mortgage payable, due in 2007, requires amortization based on a 25 year term with interest at 8.39% (prepayable after 2003 with yield maintenance).....	53,129	53,901
866 UN Plaza mortgage payable, due in 2004, with interest at 7.79% (prepayable without penalty).....	33,000	33,000
Monteheidra Town Center mortgage pass-through certificates, due in 2007 (\$51,543) and 2009 (\$10,075), requires amortization based on 30 year term with interest at 8.23% (prepayable after August 1999 with yield maintenance).....	61,618	62,181
Two Penn Plaza mortgage payable, due in 2004, requires amortization based on a 25 year term with interest at 7.08% (prepayable after March 2000 with penalty fee) (4).....	163,147	80,000
Washington Office Center mortgage payable, due in 2004, requires amortization based on a 25 year term with interest at 6.80% (prepayable with yield maintenance).....	49,537	50,878
Green Acres Mall and Plaza mortgage payable, due in 2008, requires amortization based on a 30 year term with interest at 6.75% (prepayable after May 2000 with yield maintenance).....	156,798	158,575
Other mortgages payable.....	31,542	38,688
	-----	-----
	773,636	704,223
Variable Interest:		
Washington Design Center mortgage payable, due on November 27, 2000, requires amortization based on a 25 year term with interest at LIBOR plus 1.35% (6.83% at December 31, 1999) (prepayable without penalty)	23,932	24,225
Two Park Avenue mortgage payable, due on March 1, 2000, interest at LIBOR plus 1.50% (8.00% at December 31, 1999) (prepayable without penalty) (2).....	65,000	65,000
Merchandise Mart mortgage payable, due in September 2002, interest at LIBOR plus 1.50% (7.97% at December 31, 1999) (prepayable after August 2000 with penalty fee) (6).....	250,000	250,000
One Penn Plaza mortgage payable, due in 2002, interest at LIBOR plus 1.25% (7.73% at December 31, 1999) (prepayable after June 1999 without penalty) (3).....	275,000	275,000
Hotel Pennsylvania - (commercial) mortgage payable, due in 2002, requires amortization based on a 25 year term, with interest at LIBOR + 1.60% (at December 31, 1999, the interest rate is fixed at 7.00% through a swap agreement which expires on March 31, 2000) (prepayable without penalty).....	47,761	--
350 North Orleans mortgage payable, due in 2002, interest at LIBOR + 1.65% (8.13% at December 31, 1999) (prepayable with yield maintenance) (5).....	40,000	--
909 Third Avenue mortgage payable, due in 2002, interest at LIBOR + .60% (7.08% at December 31, 1999) (prepayable with penalty fee).....	108,754	--
888 Seventh Avenue mortgage payable, due in 2002, interest at LIBOR + 1.75% (6.81% at December 31, 1999) (prepayable with yield maintenance).....	55,000	--
Seven individual notes or mortgages payable collateralized by the Market Square Complex with maturity dates ranging from 2000 through 2013 and interest rates ranging from 7.40% to 8.83% at December 31, 1999.....	42,721	45,302
	-----	-----
Total notes and mortgages payable.....	1,681,804	1,363,750
Unsecured revolving credit facility, interest at LIBOR plus .90% (7.39% at December 31, 1999) (prepayable without penalty)	367,000	687,250
	-----	-----
Total Debt.....	\$ 2,048,804	\$ 2,051,000
	=====	=====

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

- (1) On March 1, 2000 the Company completed a \$500,000,000 private placement of 10-year, 7.83% mortgage notes, cross-collateralized by 42 shopping center properties, resulting in net proceeds of approximately \$490,000,000. In connection therewith, the Company repaid \$228,000,000 of existing mortgage debt scheduled to mature on December 1, 2000 and \$262,000,000 outstanding under its revolving credit facility.
- (2) On March 1, 2000, the Company completed a \$90,000,000 refinancing of its Two Park Avenue office building. The Company received proceeds of \$65,000,000 and repaid the then existing debt in the same amount on the property. The Company expects to receive the remaining \$25,000,000 prior to June 30, 2000 upon satisfying certain closing conditions. The new 3-year debt matures on February 28, 2003 and bears interest at Libor + 1.45% (7.39% at March 1, 2000).
- (3) In June 1998, the Company completed a \$275,000,000 refinancing of its One Penn Plaza office building and borrowed \$170,000,000 pursuant thereto. In the third quarter of 1998, the Company borrowed the remaining \$105,000,000. The debt matures in June 2002, is prepayable at anytime, and bears interest at LIBOR + 1.25% (7.73% at December 31, 1999). This debt replaced the \$93,192,000 bridge-mortgage loan financing put in place when the property was acquired. The Company entered into an interest rate cap agreement(\$275,000,000 notional amount) to reduce the impact of changes in interest rates on this loan. The agreement caps the Company's interest rate in the event that LIBOR increases above 8.5% through January 20, 2000 and 9% thereafter, until the termination date of the cap agreement on July 30, 2001. The Company is exposed to credit loss in the event of nonperformance by the other parties to the interest rate cap agreement. However, the Company does not anticipate nonperformance by the counterparty. The fair value of the interest rate cap agreement at December 31, 1999 approximates its cost.
- (4) On February 18, 1999, the Company completed a \$165,000,000 refinancing of its Two Penn Plaza office building and prepaid the then existing \$80,000,000 debt on the property.
- (5) On July 18, 1999, the Company completed a \$70,000,000 mortgage financing of its 350 North Orleans property in Chicago. The Company received proceeds of \$40,000,000 and is expected to receive the remaining \$30,000,000 during the next year upon meeting certain debt service coverage requirements.
- (6) On September 21, 1999, the Company completed a \$250,000,000 mortgage refinancing of its Merchandise Mart property in Chicago of which \$50,000,000 is further secured by a letter of credit. The letter of credit will be reduced over the term of the loan as cash flow increases. The Company bought an interest rate cap with a notional amount of \$250,000,000 capping the interest rate in the event that LIBOR increases above 9.25% through the termination date of the agreement in September 2002. Simultaneously with this transaction, the Company sold an interest rate cap with a notional amount of \$250,000,000 to a third party on the same terms as the cap the Company purchased.

The net carrying value of properties collateralizing the notes and mortgages amounted to \$2,501,882,000 at December 31, 1999. As at December 31, 1999, the maturities for the next five years and thereafter are as follows:

(in thousands)

YEAR ENDING DECEMBER 31,	AMOUNT
-----	-----
2000.....	\$328,135
2001.....	21,423
2002.....	528,687
2003.....	406,272
2004.....	483,541
Thereafter.....	280,746

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

6. SHAREHOLDERS' EQUITY

During the three years ended December 31, 1999, the Company sold \$1,133,672,000 of Common Shares, \$276,000,000 of Convertible Preferred Shares and \$193,300,000 of Cumulative Redeemable Preferred Shares. The following are the details of the sales.

Sale of Common Shares

In October 1997, Vornado sold 14,000,000 common shares and an additional 2,100,000 common shares in November 1997 when the underwriters exercised in full their over-allotment option. The shares were sold at a price of \$45.00 per share which, net of expenses, yielded approximately \$688,672,000.

In April 1998, the Company completed the sale of 10,000,000 common shares of beneficial interest, par value \$.04 per share pursuant to an effective registration statement with net proceeds to the Company of approximately \$401,000,000. On April 29, 1998, the Company sold 1,132,420 common shares to a unit investment trust, which were valued for the purpose of the trust at \$41.06 per share, resulting in net proceeds of approximately \$44,000,000.

Sale of Convertible Preferred Shares

In April 1997, Vornado completed its public offering of 5,750,000 Series A Convertible Preferred Shares of Beneficial Interest, liquidation preference \$50.00 per share. The preferred shares bear a coupon of 6 1/2% and are convertible into common shares at \$36.11 per share. The offering, net of expenses, generated approximately \$276,000,000 which was used to fund the cash portion of the Mendik Transaction. In connection with the acquisition of Arbor in December 1997, the Company issued approximately 2,936,000 common shares and 39,400 Series A Convertible Preferred Shares of Beneficial Interest. The approximate value of the shares issued at the time of the acquisition was \$102,000,000.

Sale of Cumulative Redeemable Preferred Shares

On March 17, 1999, the Company completed the sale of 3 million 8.5% Series B Cumulative Redeemable Preferred Shares, at a price \$25.00 per share, pursuant to an effective registration statement with net proceeds to the Company of approximately \$72,200,000. Further on March 22, 1999, 400,000 shares were sold when the underwriters exercised their over-allotment option resulting in additional net proceeds to the Company of \$9,700,000. The perpetual preferred shares may be called without penalty at the option of the Company commencing on March 17, 2004.

On May 17, 1999, the Company completed the sale of 4 million 8.5% Series C Cumulative Redeemable Preferred Shares, at a price of \$25.00 per share, pursuant to an effective registration statement with net proceeds to the Company of approximately \$96,900,000. Additionally, on May 19, 1999, 600,000 shares were sold when the underwriters exercised their over-allotment option resulting in additional net proceeds to the Company of \$14,500,000. The perpetual preferred shares may be called without penalty at the option of the Company commencing on May 17, 2004.

On October 20, 1997, the Company paid a 100% common share dividend to shareholders. All share and per share information has been adjusted to reflect this two-for-one share split.

7. EMPLOYEES' SHARE OPTION PLAN

Under the Omnibus Share Plan (the "Plan"), various officers and employees have been granted incentive share options and non-qualified options to purchase common shares. Options granted are at prices equal to 100% of the market price of the Company's shares at the date of grant. 921,697 shares vest on a graduated basis, becoming fully vested 27 months after grant, 3,500,000 shares (granted in connection with Mr. Fascitelli's employment agreement) vest on a graduated basis becoming fully vested 60 months after grant, and 7,050,655 shares vest on a graduated basis, becoming fully vested 36 months after grant. All options expire ten years after grant.

The Plan also provides for the award of Stock Appreciation Rights, Performance Shares and Restricted Stock, as defined, none of which have been awarded as of December 31, 1999.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

If compensation cost for Plan awards had been determined based on fair value at the grant dates, net income and income per share would have been reduced to the pro-forma amounts below, for the years ended December 31, 1999, 1998 and 1997:

	DECEMBER 31,		
	1999	1998	1997
(amounts in thousands, except share amounts)			
Net income applicable to common shares:			
As reported.....	\$ 169,081	\$ 131,164	\$ 45,474
Pro-forma.....	151,836	117,938	38,416
Net income per share applicable to common shares:			
Basic:			
As reported.....	\$ 1.97	\$ 1.62	\$.83
Pro-forma.....	1.77	1.46	.70
Diluted:			
As reported.....	1.94	1.59	.79
Pro forma.....	1.74	1.43	.67

The fair value of each option grant is estimated on the date of grant using an option-pricing model with the following weighted-average assumptions used for grants in the periods ending December 31, 1999, 1998 and 1997.

	DECEMBER 31,		
	1999	1998	1997
Expected volatility.....	19%	19%	25%
Expected life.....	5 years	5 years	5 years
Risk-free interest rate.....	6.4%	4.6%	6.4%
Expected dividend yield.....	5.9%	5.3%	3.4%

A summary of the Plan's status, and changes during the years then ended, is presented below:

	DECEMBER 31, 1999		DECEMBER 31, 1998		DECEMBER 31, 1997	
	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at January 1.....	8,724,316	\$ 32.35	5,529,917	\$ 24.43	4,139,386	\$ 22.51
Granted.....	3,301,550	33.53	3,436,250	44.99	1,521,500	29.99
Exercised.....	(132,119)	18.64	(41,851)	21.95	(33,969)	18.69
Cancelled.....	(421,395)	37.71	(200,000)	32.93	(97,000)	31.25
Outstanding at December 31.....	11,472,352	\$ 32.65	8,724,316	\$ 32.35	5,529,917	\$ 24.43
Options exercisable at December 31.....	4,546,429		2,703,407		1,327,418	
Weighted-average fair value of options granted during the year ended December 31 (per option).....	\$ 4.43		\$ 5.33		\$ 7.87	

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The following table summarizes information about options outstanding under the Plan at December 31, 1999:

RANGE OF EXERCISE PRICE	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OUTSTANDING AT DECEMBER 31, 1999	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT DECEMBER 31, 1999	WEIGHTED-AVERAGE EXERCISE PRICE
\$6 to \$12	45,368	3.0 Years	\$11	45,368	\$11
\$17 to \$19	430,579	5.1 Years	18	430,579	18
\$23	3,500,000	6.9 Years	23	2,100,000	23
\$26 to \$27	275,250	7.1 Years	26	275,250	26
\$30	680,000	7.4 Years	30	422,100	30
\$31 to \$36	3,318,300	9.0 Years	34	176,620	34
\$37 to \$40	265,510	8.4 Years	39	80,410	39
\$41 to \$44	117,795	8.2 Years	43	42,093	43
\$45	2,574,550	8.1 Years	45	883,909	45
\$48	265,000	8.1 Years	48	90,100	48
\$6 to \$48	11,472,352	7.8 Years	\$33	4,546,429	\$29

Shares available for future grant under the Plan at December 31, 1999 were 8,223,227.

In connection with the acquisition of Arbor in December 1997, the Company issued 60,000 options to a third party outside of the Plan parameters. These options were granted at \$43.75 per share and immediately vested. No expense was incurred related to this issuance as it was accounted for as component of the acquisition price.

8. RETIREMENT PLAN

In December 1997, benefits under the Plan were frozen. Prior to December 31, 1997, the Company's qualified retirement plan covered all full-time employees. The Plan provided annual pension benefits that were equal to 1% of the employee's annual compensation for each year of participation. The funding policy is in accordance with the minimum funding requirements of ERISA.

Pension expense includes the following components:

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
(amounts in thousands, except percentages)			
Service cost--benefits earned during the period.....	\$ --	\$ --	\$ 115
Interest cost on projected benefit obligation.....	559	594	607
Actual return on assets.....	(387)	(334)	(494)
Net amortization and deferral.....	53	51	347
Net pension expense.....	\$ 225	\$ 311	\$ 575
Assumptions used in determining the net			
Discount rate.....	7 3/4%	6 3/4%	7 1/4%
Rate of increase in compensation levels.....	--*	--*	5 1/2%
Expected rate of return on assets.....	7%	7%	7%

* Not applicable, as benefits under the Plan were frozen in December 1997.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The following table sets forth the Plan's funded status and the amount recognized in the Company's balance sheet:

	DECEMBER 31,		
	1999	1998	1997
(amounts in thousands)			
Actuarial present value of benefit obligations:			
Vested benefit obligation.....	\$ 7,492	\$ 8,853	\$ 8,245
Accumulated benefit obligation.....	\$ 7,558	\$ 8,952	\$ 8,337
Projected benefit obligation.....	\$ 7,558	\$ 8,952	\$ 8,337
Plan assets at fair value.....	5,284	5,551	4,901
Projected benefit obligation in excess of plan assets.....	2,274	3,401	3,436
Unrecognized net obligations.....	(1,279)	(2,269)	(1,086)
Adjustment required to recognize minimum liability.....	1,279	2,269	1,086
Accrued pension costs.....	\$ 2,274	\$ 3,401	\$ 3,436

Plan assets are invested in U.S. government obligations and securities backed by U.S. government guaranteed mortgages.

9. LEASES

As lessor:

The Company leases space to tenants in shopping centers and office buildings under operating leases. Most of the leases provide for the payment of fixed base rentals payable monthly in advance. Shopping center leases provide for the pass-through to tenants of real estate taxes, insurance and maintenance. Office building leases generally require the tenants to reimburse the Company for operating costs and real estate taxes above their base year costs. Shopping center leases also provide for the payment by the lessee of additional rent based on a percentage of the tenants' sales. As of December 31, 1999, future base rental revenue under noncancellable operating leases, excluding rents for leases with an original term of less than one year and rents resulting from the exercise of renewal options, is as follows:

(in thousands)	AMOUNT
YEAR ENDING DECEMBER 31:	
2000.....	\$ 572,893
2001.....	545,003
2002.....	514,915
2003.....	474,823
2004.....	440,655
Thereafter.....	2,678,987

These amounts do not include rentals based on tenants' sales. These percentage rents approximated \$2,213,000, \$2,493,000 and \$1,786,000 for the years ended December 31, 1999, 1998 and 1997.

None of the Company's tenants represented more than 10% of the Company's total revenues for the year ended December 31, 1999.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

As lessee:

The Company is a tenant under operating leases for certain properties. These leases will expire principally during the next thirty years. Future minimum lease payments under operating leases at December 31, 1999, are as follows:

(in thousands)

YEAR ENDING DECEMBER 31: -----	AMOUNT -----
2000.....	\$ 14,917
2001.....	14,837
2002.....	14,415
2003.....	13,688
2004.....	12,770
Thereafter.....	402,652

Rent expense was \$14,269,000, \$5,937,000 and \$2,001,000 for the years ended December 31, 1999, 1998 and 1997.

10. COMMITMENTS AND CONTINGENCIES

At December 31, 1999, in addition to the \$367 million balance outstanding under the Company's revolving credit facility, the Company had utilized \$117 million of availability under the facility for letters of credit and guarantees primarily related to pending acquisitions.

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 contamination. However, there can be no assurance that the identification of new areas of contamination, change in the extent or known scope of contamination, the discovery of additional sites, or changes in cleanup requirements would not result in significant costs to the Company.

From time-to-time, the Company has disposed of substantial amounts of real estate to third parties for which, as to certain properties, it remains contingently liable for rent payments or mortgage indebtedness.

There are various legal actions against the Company in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the outcome of such matters will not have a material effect on the Company's financial condition, results of operations or cash flow.

11. NET GAIN FROM INSURANCE SETTLEMENT AND CONDEMNATION PROCEEDINGS

In April 1997, the Company's Lodi shopping center was destroyed by a fire. In the third quarter of 1998, the Company and its insurer agreed that the estimated cost to reconstruct the shopping center is approximately \$9,012,000 and the Company recorded a gain of \$7,955,000 (the agreed upon amount, net of the carrying value of the shopping center of \$1,057,000). The insurance carrier had previously advanced \$5,550,000 to the Company. The reconstruction of the shopping center was completed in 1999.

In September 1998, Atlantic City condemned the Company's vacant property. In the third quarter of 1998, the Company recorded a gain of \$1,694,000, (which reflects the condemnation award of \$3,100,000, net of the carrying value of the property of \$1,406,000). The Company is appealing the amount of the award.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

12. REPURCHASE AGREEMENTS

The Company enters into agreements for the purchase and resale of U.S. government obligations for periods of up to one week. The obligations purchased under these agreements are held in safekeeping in the name of the Company by various money center banks. The Company has the right to demand additional collateral or return of these invested funds at any time the collateral value is less than 102% of the invested funds plus any accrued earnings thereon.

13. OTHER RELATED PARTY TRANSACTIONS

At December 31, 1999, the loan due from Mr. Roth, in accordance with his employment arrangement, was \$13,122,500 (\$4,705,000 of which is shown as a reduction in shareholders' equity). During 1999, the Company amended Mr. Roth's loan to, (i) reset the interest rate to 4.49% per annum (based on the applicable Federal rate) from a floating rate equal to the broker call rate and (ii) extend the maturity to January 2006 from December 2002. The Company also provided Mr. Roth with the right to draw up to \$15,000,000 of additional loans on a revolving basis. Each additional loan will bear interest, payable quarterly, at the applicable Federal rate on the date the loan is made and will mature on the sixth anniversary of the loan.

At December 31, 1999, loans due from Mr. Fascitelli, in accordance with his employment agreement, aggregated \$7,600,000. The loans mature in 2003 and bear interest, payable quarterly at a weighted average interest rate of 5.16% (based on the applicable Federal rate). In addition, in accordance with his employment agreement, in December 1996 Mr. Fascitelli received a deferred payment consisting of \$5,000,000 in cash and a \$20,000,000 convertible obligation payable at the Company's option in 919,540 of its common shares or the cash equivalent of their appreciated value but not less than \$20,000,000. Accordingly, the cash and common shares are being held in an irrevocable trust (the fair value of this obligation was \$34,996,620 at December 31, 1999).

Various other executive officers of the Company have loans outstanding pursuant to employment agreements of \$1,146,000 at December 31, 1999. The loans bear interest at either the applicable Federal rate provided or the broker call rate (7.25% at December 31, 1999).

The Company currently manages and leases the real estate assets of Interstate Properties pursuant to a management agreement for which the Company receives a quarterly fee equal to 4% of base rent and percentage rent and certain other commissions. The management agreement has a term of one year and is automatically renewable unless terminated by either of the parties on sixty days' notice at the end of the term. Although the management agreement was not negotiated at arms length, the Company believes based upon comparable fees charged by other real estate companies, that its terms are fair to the Company. For the years ended December 31, 1999, 1998 and 1997, \$1,262,000, \$1,365,000 and \$1,184,000 of management fees were earned by the Company pursuant to the management agreement.

The Mendik Group owns an entity which provides cleaning and related services and security services to office properties, including the Company's Manhattan office properties. Although the terms and conditions of the contracts pursuant to which these services are provided were not negotiated at arms length, the Company believes based upon comparable fees charged to other real estate companies, that the terms and conditions of such contracts are fair to the Company. The Company was charged fees in connection with these contracts of \$40,974,000 and \$25,686,000 for the years ended December 31, 1999 and 1998 and \$9,965,000 for the period from April 15, 1997 (date of acquisition of the Mendik portfolio) to December 31, 1997.

The common stock of the preferred stock affiliates which own interests in the Temperature Controlled Logistics Companies, Hotel Pennsylvania and related management companies are owned by Officers and Trustees of Vornado.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

14. MINORITY INTEREST

The minority interest represents limited partners', other than the Company, interests in the Operating Partnership and are comprised of:

Unit Series	Outstanding Units at		Per Unit Liquidation Preference	Preferred or Annual Distribution Rate	Conversion Rate Into Class A Units
	December 31, 1999	December 31, 1998			
Class A.....	6,247,829	1,887,781	--	\$ 1.80	(a)
Class C.....	--	3,534,098	--	\$ 1.69 (b)	1.0 (b)
Class D.....	1,256,908	1,332,596	--	\$ 2.015	1.0 (c)
5.0% B-1 Convertible Preferred.....	899,566	899,566	\$ 50.00	\$ 2.50	.914
8.0% B-2 Convertible Preferred.....	449,783	449,783	\$ 50.00	\$ 4.00	.914
6.5% C-1 Convertible Preferred.....	747,912	747,912	\$ 50.00	\$ 3.25	1.1431
8.5% D-1 Cumulative Redeemable Preferred	3,500,000	3,500,000	\$ 25.00	\$ 2.125	(d)
8.375% D-2 Cumulative Redeemable Preferred	549,336	--	\$ 50.00	\$ 4.1875	(d)
8.25% D-3 Cumulative Redeemable Preferred	8,000,000	--	\$ 25.00	\$ 2.0625	(d)
8.25% D-4 Cumulative Redeemable Preferred	5,000,000	--	\$ 25.00	\$ 2.0625	(d)
8.25% D-5 Cumulative Redeemable Preferred	7,480,000	--	\$ 25.00	\$ 2.0625	(d)
6.0% E-1 Convertible Preferred.....	4,998,000	--	\$ 50.00	\$ 3.00(e)	1.1364

- (a) Class A units are redeemable at the option of the holder for cash or, at the Company's option, one common share of beneficial interest in Vornado.
- (b) Class C units automatically converted to Class A units in the third quarter of 1999. Prior to conversion, the Class C unit holders had participated in distributions at an annual rate of \$1.69, then pari passu with the Class A units.
- (c) Mandatory conversion of Class D units into Class A units will occur after four consecutive quarters of distributions of at least \$.50375 per Class A unit (\$.2015 annually).
- (d) Redeemable for an equivalent of the Company's preferred share.
- (e) Increases to \$3.25 over the next three years and fixes at \$3.38 in March 2007.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

15. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
(amounts in thousands, except per share amounts)			
Numerator:			
Net income.....	\$ 202,519	\$ 152,854	\$ 61,023
Preferred stock dividends.....	(33,438)	(21,690)	(15,549)
Numerator for basic and diluted earnings per share-- income applicable to common shares.....	\$ 169,081 =====	\$ 131,164 =====	\$ 45,474 =====
Denominator:			
Denominator for basic earnings per share--weighted average shares.....	85,666,424	80,724,132	55,097,656
Effect of dilutive securities: Employee stock options.....	1,621,386	1,931,818	2,119,553
Denominator for diluted earnings per share--adjusted weighted average shares and assumed conversions.....	87,287,810 =====	82,655,950 =====	57,217,209 =====
Net income per common share--basic.....	\$ 1.97	\$ 1.62	\$ 0.83
Net income per common share--diluted.....	\$ 1.94	\$ 1.59	\$ 0.79

16. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The following summary represents the results of operations for each quarter in 1999, 1998 and 1997:

	REVENUE	NET INCOME APPLICABLE TO COMMON SHARES	NET INCOME PER COMMON SHARE(1)	
			BASIC	DILUTED
(amounts in thousands, except share amounts)				
1999				
March 31.....	\$ 163,564	\$42,754(2)	\$.50	\$.49
June 30.....	166,188	42,758(2)	.50	.49
September 30.....	183,555	44,487(2)	.52	.51
December 31.....	183,651	39,082	.45	.45
1998				
March 31.....	\$ 90,211	\$ 26,064	\$.36	\$.35
June 30.....	128,523	30,894	.38	.37
September 30.....	140,672	39,659	.47	.46
December 31.....	150,454	34,547	.41	.40
1997				
March 31.....	\$ 29,297	\$ 9,690	\$.19	\$.18
June 30.....	50,662	8,933	.17	.17
September 30.....	61,868	10,385	.20	.19
December 31.....	67,304	16,466	.26	.25

(1) The total for the year may differ from the sum of the quarters as a result of weighting.

(2) Net income for each of the first three quarters of 1999 has been restated to reflect a correction for depreciation expense of a partially-owned entity. The effect of such restatement for each of the first three quarters on net income and net income per common share is as follows: \$462,000 (\$.01 per share), \$887,000 (\$.01 per share), and \$887,000 (\$.01 per share), respectively.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

17. SEGMENT INFORMATION

The Company has four business segments: Office, Retail, Merchandise Mart Properties and Temperature Controlled Logistics. Prior to April 1997, the Company operated in one segment-retail real estate, primarily in the Northeast section of the United States.

(Amounts in thousands)

	December 31, 1999					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Total revenues.....	\$ 696,958	\$ 379,795	\$170,538	\$135,921	\$ --	\$ 10,704
Total expenses.....	405,854	227,680	74,062	74,624	--	29,488
Operating income.....	291,104	152,115	96,476	61,297	--	(18,784)
Income applicable to Alexander's	7,427	--	--	--	--	7,427
Income from partially-owned entities.....	82,310	19,055	938	--	36,722	25,595
Interest and other investment income.....	18,359	1,786	--	737	--	15,836
Interest and debt expense.....	(141,683)	(49,624)	(27,635)	(29,509)	--	(34,915)
Minority interest.....	(54,998)	(25,854)	(14,628)	(6,819)	(7,697)	--
Net income.....	202,519	97,478	55,151	25,706	29,025	(4,841)
Minority interest.....	54,998	25,854	14,628	6,819	7,697	--
Interest and debt expense (4).....	226,253	82,460	30,249	29,509	27,520	56,515
Depreciation and amortization (4).....	143,499	64,702	16,900	17,702	31,044	13,151
Straight-lining of rents (4).....	(25,359)	(16,386)	(2,120)	(4,740)	(1,698)	(415)
Other.....	7,451	365	--	--	2,054(3)	5,032
EBITDA(1).....	\$ 609,361	\$ 254,473	\$114,808	\$ 74,996	\$ 95,642	\$ 69,442
Balance sheet data:						
Real estate, net.....	\$3,612,965	\$2,208,510	\$575,633	\$753,416	--	\$ 75,406
Investments and advances to partially-owned entities.....	1,315,387	382,417	3,057	32,524	\$ 481,808	415,581
Capital expenditures:						
Acquisitions.....	394,006	388,436	--	--	--	5,570
Other.....	204,591	85,833	22,859	41,134	51,000	3,765

Footnotes 1-5 are explained on page 101.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

(amounts in thousands)

	December 31, 1998					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Total revenues.....	\$ 509,860	\$ 247,499	\$167,155	\$ 86,521	\$ --	\$ 8,685
Total expenses.....	295,008	151,573	70,334	50,761	--	22,340
Operating income.....	214,852	95,926	96,821	35,760	--	(13,655)
Income applicable to Alexander's	3,123	--	--	--	--	3,123
Income from partially-owned entities.....	32,025	10,854	258	(1,969)	15,191	7,691
Interest and other investment income.....	24,074	4,467	2,159	639	--	16,809
Interest and debt expense.....	(114,686)	(25,175)	(32,249)	(18,711)	--	(38,551)
Minority interest.....	9,649	--	--	--	--	9,649
Net income.....	(16,183)	(7,236)	(5,853)	(2,070)	(1,024)	--
Minority interest.....	152,854	78,836	61,136	13,649	14,167	(14,934)
Interest and debt expense (4).....	16,183	7,236	5,853	2,070	1,024	--
Depreciation and amortization (4).....	164,478	40,245	32,709	18,711	26,541	46,272
Net gain from insurance settlement and condemnation proceeding.....	104,299	39,246	15,520	9,899	33,117	6,517
Straight-lining of rents (4).....	(9,649)	--	--	--	--	(9,649)
Other.....	(16,132)	(6,845)	(3,203)	(4,882)	--	(1,202)
EBITDA(1).....	15,055	(79)	--	--	8,872(3)	6,262(5)
	\$ 427,088	\$ 158,639	\$112,015	\$ 39,447	\$ 83,721	\$ 33,266
	=====	=====	=====	=====	=====	=====
Balance sheet data:						
Real estate, net.....	\$3,089,075	\$1,777,919	\$565,723	\$ 729,485	\$ --	\$ 15,948
Investments and advances to partially-owned entities.....	827,840	118,337	2,946	26,638	459,172	220,747
Capital expenditures:						
Acquisitions.....	2,059,000	923,000	38,000	745,000	175,000	178,000
Other.....	80,548	51,162	5,535	10,314	12,463	1,074

Footnotes 1-5 are explained on page 101.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

(amounts in thousands)

December 31, 1997

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Total revenues.....	\$ 209,131	\$ 80,846	\$120,299	\$ --	\$ --	\$ 7,986
Total expenses.....	134,225	50,186	46,204	--	--	37,835
Operating income.....	74,906	30,660	74,095	--	--	(29,849)
Income applicable to Alexander's	7,873	--	--	--	--	7,873
Income from partially-owned entities....	4,658	1,015	--	--	1,720	1,923
Interest and other investment income....	23,767	6,834	2,296	--	--	14,637
Interest and debt expense.....	(42,888)	(9,009)	(19,893)	--	--	(13,986)
Minority interest.....	--	--	--	--	--	--
Net income.....	(7,293)	(2,042)	(4,303)	--	--	(948)
Minority interest.....	61,023	27,458	52,195	--	1,720	(20,350)
Interest and debt expense (4).....	7,293	2,042	4,303	--	--	948
Depreciation and amortization (4).....	54,395	13,707	19,893	--	5,839	14,956
Net gain from insurance settlement and condemnation proceeding.....	31,972	12,813	11,706	--	4,182	3,271
Straight-lining of rents (4).....	--	--	--	--	--	--
Other.....	(3,932)	(645)	(2,558)	--	--	(729)
EBITDA(1).....	(325)	1,303	970	--	17	(2,615)
	\$ 150,426	\$ 56,678	\$ 86,509	\$ --	\$ 11,758	\$ (4,519)
	=====	=====	=====	=====	=====	=====
Balance sheet data:						
Real estate, net.....	\$1,390,659	\$803,324	\$564,214	\$ --	\$ --	\$ 23,120
Investments and advances to partially-owned entities.....	482,787	105,586	4,451	--	243,846	128,904
Capital expenditures:						
Acquisitions.....	1,995,000	965,000	366,000	--	600,000	64,000
Other.....	29,891	12,992	8,445	--	6,102	2,352

See footnotes 1-5 on the next page.

VORNADO REALTY TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Notes to segment information:

- (1) EBITDA represents income before interest, taxes, depreciation and amortization, extraordinary or non-recurring items, gains or losses on sales of real estate and the effect of straight-lining of property rentals for rent escalations. Management considers EBITDA a supplemental measure for making decisions and assessing the performance of its segments. EBITDA may not be comparable to similarly titled measures employed by other companies.
- (2) Other includes (i) the operations of the Company's warehouse and industrial properties, (ii) investments in the Hotel Pennsylvania, Alexander's, and Newkirk Joint Ventures, (iii) corporate general and administrative expenses and (iv) unallocated investment income and interest and debt expense.
- (3) Includes (i) the reversal of income taxes (benefit for the year ended December 31, 1999) which are considered non-recurring because of the expected conversion of the Temperature Controlled Logistics Companies to REIT's and (ii) the add back of non-recurring unification costs.
- (4) Interest and debt expense, depreciation and amortization and straight-lining of rents included in the reconciliation of net income to EBITDA reflects amounts which are netted in income from partially-owned entities.
- (5) Primarily represents the Company's equity in Alexander's loss for the write-off resulting from the razing of Alexander's building formerly located at its Lexington Avenue site.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information relating to trustees of the Registrant will be contained in a definitive Proxy Statement involving the election of trustees which the Registrant will file with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 not later than 120 days after December 31, 1999, and such information is incorporated herein by reference. Information relating to Executive Officers of the Registrant appears at page 46 of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information relating to security ownership of certain beneficial owners and management will be contained in the Proxy Statement referred to in Item 10, "Directors and Executive Officers of the Registrant", and such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

1. The consolidated financial statements are set forth in Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules.

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

Independent Auditors' Report

II--Valuation and Qualifying Accounts--years ended December 31, 1999, 1998 and 1997.....	105
III--Real Estate and Accumulated Depreciation as of December 31, 1999.....	106

Schedules other than those listed above are omitted because they are not applicable or the information required is included in the consolidated financial statements or the notes thereto.

3. The following exhibits listed on the Exhibit Index are filed with this Annual Report on Form 10-K.

EXHIBIT NO.

3.12	Amended and Restated Bylaws of Vornado, dated March 2, 2000.
10.47	Consolidated and Restated Mortgage, Security Agreement, Assignment of Leases and Rent and Fixture Filing, dated as of March 1, 2000, between Entities named therein (as Mortgagors) and Vornado (as Mortgagee).
10.48	Indenture and Servicing Agreement, dated as of March 1, 2000, among Vornado, LaSalle Bank National Association, ABN Amro Bank N.V. and Midland Loan Services, Inc.
10.49	Employment Agreement, dated January 22, 2000, between Vornado Realty Trust and Melvyn Blum.
10.50	First Amended and Restated Promissory Note of Steven Roth, dated November 16, 1999.
10.51	Letter agreement, dated November 16, 1999, between Steven Roth and Vornado Realty Trust.
12.1	Consolidated Ratios of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Share Dividend Requirements.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Independent Auditors to Incorporation by Reference.
27.1	Financial Data Schedule.

(b) Reports on Form 8-K and Form 8-K/A

During the last quarter of the period covered by this Annual Report on Form 10-K the reports on Form 8-K and Form 8-K/A described below were filed.

PERIOD COVERED:

(DATE OF EARLIEST
EVENT REPORTED)

ITEMS REPORTED

DATE FILED

PERIOD COVERED: (DATE OF EARLIEST EVENT REPORTED)	ITEMS REPORTED	DATE FILED
October 19, 1999	Additional \$50 million loan to Alexander's, Inc.	October 22, 1999
September 3, 1999	Issuance of Series D-3 Preferred Units and Series D-4 Preferred Units of Vornado Realty L.P.	October 25, 1999
November 24, 1999	Issuance of Series D-5 Preferred Units of Vornado Realty L.P.	December 23, 1999

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.

VORNADO REALTY TRUST

BY: /s/ Irwin Goldberg

 Irwin Goldberg, Vice President,
 Chief Financial Officer

Date: March 7, 2000

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 ----
By:	/s/ Steven Roth ----- (Steven Roth)	Chairman of the Board of Trustees (Principal Executive Officer)	March 7, 2000
By:	/s/ Michael D. Fascitelli ----- (Michael D. Fascitelli)	President and Trustee	March 7, 2000
By:	/s/ Irwin Goldberg ----- (Irwin Goldberg)	Vice President-- Chief Financial Officer	March 7, 2000
By:	/s/ David Mandelbaum ----- (David Mandelbaum)	Trustee	March 7, 2000
By:	/s/ Stanley Simon ----- (Stanley Simon)	Trustee	March 7, 2000
By:	/s/ Ronald G. Targan ----- (Ronald G. Targan)	Trustee	March 7, 2000
By:	/s/ Richard R. West ----- (Richard R. West)	Trustee	March 7, 2000
By:	/s/ Russell B. Wight, Jr. ----- (Russell B. Wight, Jr.)	Trustee	March 7, 2000

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS CHARGED AGAINST OPERATIONS	DEDUCTIONS DESCRIPTION	BALANCE AT END OF YEAR
-----	-----	-----	-----	-----
-----	-----	-----	AMOUNT	-----
(AMOUNTS IN THOUSANDS)				
YEAR ENDED DECEMBER 31, 1999:				
Deducted from accounts receivable allowance for doubtful accounts.....	\$ 3,044 =====	\$5,131 =====	Uncollectible accounts written-off	\$ 7,292 =====
			\$883 =====	
YEAR ENDED DECEMBER 31, 1998:				
Deducted from accounts receivable, allowance for doubtful accounts.....	\$ 658 =====	\$2,547 =====	Uncollectible accounts written-off	\$ 3,044 =====
			\$161 =====	
YEAR ENDED DECEMBER 31, 1997:				
Deducted from accounts receivable, allowance for doubtful accounts.....	\$ 575 =====	\$ 305 =====	Uncollectible accounts written-off	\$ 658 =====
			\$222 =====	

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999
(AMOUNTS IN THOUSANDS)

COLUMN A DESCRIPTION	COLUMN B ENCUMBRANCES	COLUMN C INITIAL COST TO COMPANY(1)		COLUMN D COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	COLUMN E GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD			COLUMN F ACCUMULATED DEPRECIATION AND AMORTIZATION
		LAND	BUILDINGS AND IMPROVEMENTS		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL (2)	
OFFICE BUILDINGS								
NEW YORK								
MANHATTAN								
One Penn Plaza	\$ 275,000	\$ --	\$ 412,169	\$ 47,008	\$ --	\$ 459,177	\$ 459,177	\$ 20,806
Two Penn Plaza	163,146	53,615	164,903	39,727	53,615	204,630	258,245	14,791
909 Third Avenue	108,754	--	120,723	3,643	--	124,366	124,366	1,407
770 Broadway	--	52,898	95,686	31,744	52,898	127,430	180,328	3,685
Eleven Penn Plaza	53,129	40,333	85,259	6,835	40,333	92,094	132,427	6,492
Two Park Avenue	65,000	43,609	69,715	414	43,609	70,129	113,738	5,671
90 Park Avenue	--	8,000	175,890	10,407	8,000	186,297	194,297	10,934
888 Seventh Avenue	55,000	--	117,269	3,479	--	120,748	120,748	3,038
330 West 34th Street	--	--	8,599	115	--	8,714	8,714	248
1740 Broadway	--	26,971	102,890	6,293	26,971	109,183	136,154	7,761
150 East 58th Street	--	39,303	80,216	3,234	39,303	83,450	122,753	3,746
866 United Nations Plaza	33,000	32,196	37,534	4,261	32,196	41,795	73,991	3,063
595 Madison (Fuller Building)	--	62,731	62,888	4	62,731	62,892	125,623	475
640 Fifth Avenue	--	38,224	25,992	27,113	38,224	53,105	91,329	1,369
40 Fulton Street	--	15,732	26,388	1,816	15,732	28,204	43,936	1,301
689 Fifth Avenue	--	19,721	13,446	68	19,721	13,514	33,235	474
20 Broad Street	--	--	28,760	1,010	--	29,770	29,770	1,058
WESTCHESTER								
550/600 Mamaroneck Avenue	--	--	21,770	687	--	22,457	22,457	663
Total New York	753,029	433,333	1,650,097	187,858	433,333	1,837,955	2,271,288	86,982
CONNECTICUT								
Westport	8,000	4,544	9,753	730	4,544	10,483	15,027	497
Total Connecticut	8,000	4,544	9,753	730	4,544	10,483	15,027	497
NEW JERSEY								
Paramus	--	--	8,345	4,303	--	12,648	12,648	3,223
Total New Jersey	--	--	8,345	4,303	--	12,648	12,648	3,223
TOTAL OFFICE BUILDINGS	761,029	437,877	1,668,195	192,891	437,877	1,861,086	2,298,963	90,702
SHOPPING CENTERS								
NEW JERSEY								
Bordentown	3,276 *	498	3,176	1,105	713	4,066	4,779	3,775
Bricktown	9,919 *	929	2,175	9,180	929	11,355	12,284	5,033
Cherry Hill	9,706 *	915	3,926	3,300	915	7,226	8,141	5,385

COLUMN A DESCRIPTION	COLUMN G DATE OF CONSTRUCTION(3)	COLUMN H DATE ACQUIRED	COLUMN I LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
-------------------------	--	------------------------------	--

OFFICE BUILDINGS

NEW YORK

MANHATTAN

One Penn Plaza	1972	1998	39 Years
Two Penn Plaza	1968	1997	39 Years
909 Third Avenue	1969	1999	39 Years
770 Broadway	1907	1998	39 Years
Eleven Penn Plaza	1923	1997	39 Years
Two Park Avenue	1928	1998	39 Years
90 Park Avenue	1964	1997	39 Years
888 Seventh Avenue	1980	1999	39 Years
330 West 34th Street	1925	1998	39 Years
1740 Broadway	1950	1997	39 Years

150 East 58th Street	1969	1998	39 Years
866 United Nations Plaza	1966	1997	39 Years
595 Madison (Fuller Building)	1968	1999	39 Years
640 Fifth Avenue	1950	1997	39 Years
40 Fulton Street	1987	1998	39 Years
689 Fifth Avenue	1925	1998	39 Years
20 Broad Street	1956	1998	39 Years
WESTCHESTER			
550/600 Mamaroneck Avenue	1971/1969	1998	39 Years

Total New York

CONNECTICUT			
Westport	1980	1998	39 Years

Total Connecticut

NEW JERSEY			
Paramus	1967	1987	26 - 40 Years

Total New Jersey

TOTAL OFFICE BUILDINGS

SHOPPING CENTERS

NEW JERSEY			
Bordentown	1958	1958	7 - 40 Years
Bricktown	1968	1968	22 - 40 Years
Cherry Hill	1964	1964	12 - 40 Years

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999
(AMOUNTS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F			
DESCRIPTION	ENCUMBRANCES	INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		ACCUMULATED DEPRECIATION AND AMORTIZATION	
		LAND	BUILDINGS AND IMPROVEMENTS		LAND	BUILDINGS AND IMPROVEMENTS TOTAL (2)		
Delran	2,848 *	756	3,184	2,213	756	5,397	6,153	3,064
Dover	3,635 *	224	2,330	2,497	204	4,847	5,051	3,012
East Brunswick	8,205 *	319	3,236	6,569	319	9,805	10,124	5,602
East Hanover I	11,066 *	376	3,063	3,585	477	6,547	7,024	4,714
East Hanover II	--	1,756	8,706	--	1,756	8,706	10,462	272
Hackensack	--	536	3,293	7,264	536	10,557	11,093	4,963
Jersey City	10,381 *	652	2,962	1,797	652	4,759	5,411	3,767
Kearny (4)	--	279	4,429	(1,208)	290	3,210	3,500	1,181
Lawnside	5,708 *	851	2,222	1,390	851	3,612	4,463	2,245
Lodi	2,420 *	245	9,339	--	245	9,339	9,584	58
Manalapan	6,397 *	725	2,447	4,935	725	7,382	8,107	4,019
Marlton	5,398 *	1,514	4,671	552	1,611	5,126	6,737	3,816
Middletown	7,761 *	283	1,508	3,942	283	5,450	5,733	2,881
Morris Plains	6,600 *	1,254	3,140	3,312	1,104	6,602	7,706	4,842
North Bergen (4)	--	510	3,390	(955)	2,309	636	2,945	121
North Plainfield	2,824	500	13,340	354	500	13,694	14,194	4,845
Totowa	15,646 *	1,097	5,359	10,941	1,163	16,234	17,397	6,122
Turnersville	2,116 *	900	2,132	597	900	2,729	3,629	1,705
Union	15,975 *	1,014	4,527	2,802	1,014	7,329	8,343	5,218
Vineland	2,358 *	290	1,594	1,253	290	2,847	3,137	1,880
Watchung (4)	--	451	2,347	6,855	4,178	5,475	9,653	927
Woodbridge	8,792 *	190	3,047	709	220	3,726	3,946	2,996
Total New Jersey	141,031	17,064	99,543	72,989	22,940	166,656	189,596	82,443
NEW YORK								
14th Street and Union Square, Manhattan	--	12,566	4,044	15,023	24,079	7,554	31,633	994
Albany (Menands)	--	460	1,677	2,703	460	4,380	4,840	2,099
Buffalo (Amherst)	4,863 *	402	2,019	2,175	636	3,960	4,596	2,672
Freeport	8,021 *	1,231	3,273	2,848	1,231	6,121	7,352	2,966
New Hyde Park	2,043 *	--	--	126	--	126	126	123
North Syracuse	--	--	--	23	--	23	23	23
Rochester (Henrietta)	2,203 *	--	2,124	1,151	--	3,275	3,275	2,151
Rochester	2,832 *	443	2,870	594	443	3,464	3,907	2,522
Valley Stream (Green Acres)	163,785	140,069	99,586	1,286	140,069	100,872	240,941	5,228
Total New York	183,747	155,171	115,593	25,929	166,918	129,775	296,693	18,778

COLUMN A	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
Delran	1972	1972	16 - 40 Years
Dover	1964	1964	16 - 40 Years
East Brunswick	1957	1957	8 - 33 Years
East Hanover I	1962	1962	9 - 40 Years
East Hanover II	1979	1998	40 Years
Hackensack	1963	1963	15 - 40 Years
Jersey City	1965	1965	11 - 40 Years
Kearny (4)	1938	1959	23 - 29 Years
Lawnside	1969	1969	17 - 40 Years
Lodi	1999	1975	40 Years
Manalapan	1971	1971	14 - 40 Years
Marlton	1973	1973	16 - 40 Years
Middletown	1963	1963	19 - 40 Years
Morris Plains	1961	1985	7 - 19 Years
North Bergen (4)	1993	1959	30 Years
North Plainfield	1955	1989	21 - 30 Years
Totowa	1957/1999	1957	19 - 40 Years
Turnersville	1974	1974	23 - 40 Years
Union	1962	1962	6 - 40 Years
Vineland	1966	1966	18 - 40 Years

Watchung (4)	1994	1959	27 - 30 Years
Woodbridge	1959	1959	11 - 40 Years

Total New Jersey

NEW YORK

14th Street and Union Square, Manhattan	1965	1993	36 - 39 Years
Albany (Menands)	1965	1965	22 - 40 Years
Buffalo (Amherst)	1968	1968	13 - 40 Years
Freeport	1981	1981	15 - 40 Years
New Hyde Park	1970	1976	6 - 10 Years
North Syracuse	1967	1976	11 - 12 Years
Rochester (Henrietta)	1971	1971	15 - 40 Years
Rochester	1966	1966	10 - 40 Years
Valley Stream (Green Acres)	1956	1997	39 - 40 Years

Total New York

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999
(AMOUNTS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F			
DESCRIPTION	ENCUMBRANCES	INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		ACCUMULATED DEPRECIATION AND AMORTIZATION	
		LAND	BUILDINGS AND IMPROVEMENTS		LAND	BUILDINGS AND IMPROVEMENTS TOTAL (2)		
PENNSYLVANIA								
Allentown	7,696 *	70	3,446	10,226	334	13,408	13,742	5,422
Bensalem (4)	3,967 *	1,198	3,717	1,453	2,727	3,641	6,368	1,265
Bethlehem	--	278	1,806	3,904	278	5,710	5,988	3,592
Broomall	3,260 *	734	1,675	1,538	850	3,097	3,947	2,100
Glenolden	4,245 *	850	1,295	736	850	2,031	2,881	1,111
Lancaster	2,312 *	606	2,312	2,642	606	4,954	5,560	3,222
Levittown	2,283 *	193	1,231	88	193	1,319	1,512	1,172
10th and Market Streets, Philadelphia	--	933	3,230	5,670	933	8,900	9,833	1,175
Upper Moreland	3,517 *	683	2,497	564	683	3,061	3,744	1,994
York	1,463 *	421	1,700	1,204	409	2,916	3,325	1,797
Total Pennsylvania	28,743	5,966	22,909	28,025	7,863	49,037	56,900	22,850
MARYLAND								
Baltimore (Belair Rd.)	--	785	1,333	3,419	785	4,752	5,537	3,096
Baltimore (Towson)	5,779 *	581	2,756	690	581	3,446	4,027	2,251
Baltimore (Dundalk)	4,084 *	667	1,710	3,190	667	4,900	5,567	2,940
Glen Burnie	2,299 *	462	1,741	1,486	462	3,227	3,689	1,863
Hagerstown	--	168	1,453	867	168	2,320	2,488	1,459
Total Maryland	12,162	2,663	8,993	9,652	2,663	18,645	21,308	11,609
CONNECTICUT								
Newington	3,042 *	502	1,581	760	502	2,341	2,843	1,620
Waterbury	3,889 *	--	2,103	1,441	667	2,877	3,544	1,882
Total Connecticut	6,931	502	3,684	2,201	1,169	5,218	6,387	3,502
MASSACHUSETTS								
Chicopee	1,999 *	510	2,031	358	510	2,389	2,899	1,848
Springfield (4)	--	505	1,657	817	2,586	393	2,979	86
Total Massachusetts	1,999	1,015	3,688	1,175	3,096	2,782	5,878	1,934
TEXAS								
Dallas								
Lewisville (5)	764 *	2,433	2,271	676	2,469	2,911	5,380	934
Mesquite (5)	3,445 *	3,414	4,704	1,331	3,395	6,054	9,449	1,870
Skillman (5)	1,987 *	3,714	6,891	1,161	3,714	8,052	11,766	2,455
Total Texas	6,196	9,561	13,866	3,168	9,578	17,017	26,595	5,259

COLUMN A	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
PENNSYLVANIA			
Allentown	1957	1957	20 - 42 Years
Bensalem (4)	1972/1999	1972	40 Years
Bethlehem	1966	1966	9 - 40 Years
Broomall	1966	1966	9 - 40 Years
Glenolden	1975	1975	18 - 40 Years
Lancaster	1966	1966	12 - 40 Years
Levittown	1964	1964	7 - 40 Years
10th and Market Streets, Philadelphia	1977	1994	27 - 30 Years
Upper Moreland	1974	1974	15 - 40 Years

York	1970	1970	15 - 40 Years
Total Pennsylvania			
MARYLAND			
Baltimore (Belair Rd.)	1962	1962	10 - 33 Years
Baltimore (Towson)	1968	1968	13 - 40 Years
Baltimore (Dundalk)	1966	1966	12 - 40 Years
Glen Burnie	1958	1958	16 - 33 Years
Hagerstown	1966	1966	9 - 40 Years
Total Maryland			
CONNECTICUT			
Newington	1965	1965	9 - 40 Years
Waterbury	1969	1969	21 - 40 Years
Total Connecticut			
MASSACHUSETTS			
Chicopee	1969	1969	13 - 40 Years
Springfield (4)	1993	1966	28 - 30 Years
Total Massachusetts			
TEXAS			
Dallas			
Lewisville (5)	1989	1990	25 - 30 Years
Mesquite (5)	1988	1990	24 - 30 Years
Skillman (5)	1988	1990	26 - 30 Years
Total Texas			

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999
(AMOUNTS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E		COLUMN F		
DESCRIPTION	ENCUMBRANCES	INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		ACCUMULATED DEPRECIATION AND AMORTIZATION	
		LAND	BUILDINGS AND IMPROVEMENTS		LAND	BUILDINGS AND IMPROVEMENTS		TOTAL (2)
PUERTO RICO (SAN JUAN) Montehiedra	61,618	9,182	66,701	231	9,182	66,932	76,114	4,569
TOTAL SHOPPING CENTERS	442,427	201,124	334,977	143,370	223,409	456,062	679,471	150,944
MERCHANDISE MART PROPERTIES								
ILLINOIS								
Merchandise Mart, Chicago	250,000	64,528	319,146	12,472	64,528	331,618	396,146	14,839
Apparel Center, Chicago	40,000	14,238	67,008	19,417	14,238	86,425	100,663	3,989
WASHINGTON D.C.								
Washington Office Center	49,537	10,719	69,658	154	10,719	69,812	80,531	3,100
Washington Design Center	23,932	12,274	40,662	3,150	12,274	43,812	56,086	2,066
Other	--	9,174	6,273	61	9,174	6,334	15,508	276
NORTH CAROLINA								
Market Square Complex, High Point	42,758	11,969	85,478	15,882	11,969	101,360	113,329	2,285
National Furniture Mart, High Point	13,695	1,069	16,761	52	1,069	16,813	17,882	454
TOTAL MERCHANDISE MART	419,922	123,971	604,986	51,188	123,971	656,174	780,145	27,009
WAREHOUSE/INDUSTRIAL								
NEW JERSEY								
East Brunswick	--	--	4,772	2,867	--	7,639	7,639	4,367
East Hanover	8,210 *	576	7,752	7,226	691	14,863	15,554	10,204
Edison	2,455 *	705	2,839	1,350	705	4,189	4,894	2,324
Garfield	--	96	8,068	4,872	96	12,940	13,036	9,546
TOTAL WAREHOUSE/INDUSTRIAL	10,665	1,377	23,431	16,315	1,492	39,631	41,123	26,441
OTHER PROPERTIES								
NEW JERSEY								
Montclair	--	66	470	330	66	800	866	539
Rahway	--	--		25	--	25	25	25
Total New Jersey	--	66	470	355	66	825	891	564

COLUMN A	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
PUERTO RICO (SAN JUAN) Montehiedra	1996	1997	40 Years
TOTAL SHOPPING CENTERS			
MERCHANDISE MART PROPERTIES			
ILLINOIS			
Merchandise Mart, Chicago	1930	1998	40 Years
Apparel Center, Chicago	1977	1998	40 Years

WASHINGTON D.C.			
Washington Office Center	1990	1998	40 Years
Washington Design Center	1919	1998	40 Years
Other		1998	40 Years

NORTH CAROLINA			
Market Square Complex, High Point	1902-1989	1998	40 Years
National Furniture Mart, High Point	1964	1998	40 Years

TOTAL MERCHANDISE MART

WAREHOUSE/INDUSTRIAL			
NEW JERSEY			
East Brunswick	1972	1972	18 - 40 Years
East Hanover	1963-1967	1963	7 - 40 Years
Edison	1954	1982	12 - 25 Years
Garfield	1942	1959	11 - 33 Years

TOTAL WAREHOUSE/INDUSTRIAL

OTHER PROPERTIES			
NEW JERSEY			
Montclair	1972	1972	4 -15 Years
Rahway	1972	1972	14 Years
Total New Jersey			

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999
(AMOUNTS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F
DESCRIPTION	ENCUMBRANCES	INITIAL COST TO COMPANY(1)		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD			ACCUMULATED DEPRECIATION AND AMORTIZATION
		LAND	BUILDINGS AND IMPROVEMENTS		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL(2)	
NEW YORK								
Hotel Pennsylvania (Commercial) 1135 Third Avenue Riese	47,761 -- --	12,542 7,844 19,276	51,047 7,844 7,348	-- -- 21	12,542 7,844 19,276	51,047 7,844 7,369	63,589 15,688 26,645	2,889 392 472
Total New York	47,761	39,662	66,239	21	39,662	66,260	105,922	3,753
TOTAL OTHER PROPERTIES	47,761	39,728	66,709	376	39,728	67,085	106,813	4,317
LEASEHOLD IMPROVEMENTS AND EQUIPMENT				14,992		14,992	14,992	9,129
TOTAL -- DECEMBER 31, 1999	\$ 1,681,804	\$ 804,077	\$ 2,698,298	\$ 419,132	\$ 826,477	\$ 3,095,030	\$ 3,921,507	\$ 308,542

COLUMN A	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	DATE OF CONSTRUCTION(3)	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IN LATEST INCOME STATEMENT IS COMPUTED
NEW YORK			
Hotel Pennsylvania (Commercial) 1135 Third Avenue Riese	1919 1911-1987	1997 1997 1997	40 Years 40 Years 39 Years
Total New York			
TOTAL OTHER PROPERTIES			
LEASEHOLD IMPROVEMENTS AND EQUIPMENT			3 - 20 Years
TOTAL -- DECEMBER 31, 1999			

* These encumbrances are cross collateralized under a blanket mortgage in the amount of \$224,865 at December 31, 1999 which was repaid as part of a \$500,000 financing completed on March 1, 2000.

Notes:

- 1) Initial cost is cost as of January 30, 1982 (the date on which Vornado commenced 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 \$1,617,000 lower than the amount reported for financial statement purposes.
- 3) Date of original construction -- many properties have had substantial renovation or additional construction -- see Column D.
- 4) Buildings on these properties were demolished. As a result, the cost of the buildings and improvements, net of accumulated depreciation, were transferred to land. In addition, the cost of the land in Kearny is net of a \$1,615 insurance recovery.
- 5) Properties were sold subsequent to December 31, 1999.

VORNADO REALTY TRUST
AND SUBSIDIARIES

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(AMOUNTS IN THOUSANDS)

The following is a reconciliation of real estate assets and accumulated depreciation:

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
Real Estate			
Balance at beginning of period.....	\$ 3,315,891	\$ 1,564,093	\$ 397,298
Additions during the period:			
Land.....	83,153	308,261	374,996
Buildings & improvements.....	522,463	1,464,595	792,397
	-----	-----	-----
	3,921,507	3,336,949	1,564,691
Less: Cost of assets written-off.....	--	21,058	598
	-----	-----	-----
Balance at end of period.....	\$ 3,921,507	\$ 3,315,891	\$ 1,564,093
	=====	=====	=====
ACCUMULATED DEPRECIATION			
Balance at beginning of period	\$ 226,816	\$ 173,434	\$ 151,049
Additions charged to operating expenses....	81,726	59,227	22,983
	-----	-----	-----
	308,542	232,661	174,032
Less: Accumulated depreciation on assets written-off.....	--	5,845	598
	-----	-----	-----
Balance at end of period.....	\$ 308,542	\$ 226,816	\$ 173,434
	=====	=====	=====

EXHIBIT INDEX

EXHIBIT
NO.

- - - - -
- 3.1 -- Amended and Restated Declaration of Trust of Vornado, amended April 3, 1997--Incorporated by reference to Exhibit 3.1 of Vornado's Registration Statement on Form S-8 (File No. 333-29011), filed on June 12, 1997..... *
- 3.2 -- Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on April 22, 1998 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated April 22, 1998 (File No. 001-11954), filed on April 28, 1998..... *
- 3.3 -- Articles Supplementary Classifying Vornado's \$3.25 Series A Preferred Shares of Beneficial Interest, liquidation preference \$50.00 per share - Incorporated by reference to Exhibit 4.1 of Vornado's Current Report on Form 8-K, dated April 3, 1997 (File No. 001-11954), filed on April 8, 1997..... *
- 3.4 -- Articles Supplementary Classifying Vornado's Series D-1 8.5% Cumulative Redeemable Preferred Shares of Beneficial Interest, no par value (the "Series D-1 Preferred Shares") - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated November 12, 1998 (File No. 001-11954), filed on November 30, 1998..... *
- 3.5 -- Articles Supplementary Classifying Additional Series D-1 Preferred Shares - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K/A, dated November 12, 1998 (File No. 001-11954), filed on February 9, 1999..... *
- 3.6 -- Articles Supplementary Classifying 8.5% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference \$25.00 per share, no par value - Incorporated by reference to Exhibit 3.3 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999..... *
- 3.7 -- Articles Supplementary Classifying Vornado's Series C Preferred Shares - Incorporated by reference to Exhibit 3.7 of Vornado's Registration Statement on Form 8-A (File No. 001-11954), filed on May 19, 1999..... *
- 3.8 -- Articles Supplementary Classifying Vornado Realty Trust's Series D-2 Preferred Shares, dated as of May 27, 1999, as filed with the State Department of Assessments and Taxation of Maryland on May 27, 1999 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999..... *
- 3.9 -- Articles Supplementary Classifying Vornado's Series D-3 Preferred Shares, dated September 3, 1999, as filed with the State Department of Assessments and Taxation of Maryland on September 3, 1999 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999..... *
- 3.10 -- Articles Supplementary Classifying Vornado's Series D-4 Preferred Shares, dated September 3, 1999, as filed with the State Department of Assessments and Taxation of Maryland on September 3, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999..... *

- - - - -
* Incorporated by reference

EXHIBIT

NO.

- - - - -

- 3.11 -- Articles Supplementary Classifying Vornado's Series D-5 Preferred Shares - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated November 24, 1999 (File No. 001-11954), filed on December 23, 1999..... *
- 3.12 -- Amended and Restated Bylaws of Vornado, as amended on March 2, 2000
- 3.13 -- Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of October 20, 1997 - Incorporated by reference to Exhibit 3.4 of Vornado's Annual Report on Form 10-K for the year ended December 31, 1997 filed on March 31, 1998 (the "1997 10-K")..... *
- 3.14 -- Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 16, 1997--Incorporated by reference to Exhibit 3.5 of the 1997 10-K.*
- 3.15 -- Second Amendment to Second Amendment and Restated Agreement of Limited Partnership of the Operating Partnership of the Operating Partnership, dated as of April 1, 1998 - Incorporated by reference to Exhibit 3.5 of Vornado's Registration Statement on Form S-3 (File No. 333-50095), filed on April 14, 1998..... *
- 3.16 -- Third Amendment to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of November 12, 1998 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated November 12, 1998 (File No. 001-11954), filed on November 30, 1998..... *
- 3.17 -- Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of November 30, 1998 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated December 1, 1998 (File No. 001-11954), filed on February 9, 1999..... *
- 3.18 -- Exhibit A, dated as of December 22, 1998, to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership - Incorporated by reference to Exhibit 3.4 of Vornado's Current Report on Form 8-K/A, dated November 12, 1998 (File No. 001-11954), filed on February 9, 1999..... *
- 3.19 -- Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of March 3, 1999 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999..... *
- 3.20 -- Exhibit A to Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of March 11, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999..... *
- 3.21 -- Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of March 17, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999..... *

- - - - -
* Incorporated by reference

- 3.22 -- Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.3 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999..... *
- 3.23 -- Eighth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.4 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999..... *
- 3.24 -- Ninth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.3 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999..... *
- 3.25 -- Tenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.4 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999..... *
- 3.26 -- Eleventh Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of November 24, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated November 24, 1999 (File No. 001-11954), filed on December 23, 1999..... *
- 4.1 -- Instruments defining the rights of security holders (see Exhibits 3.1 through 3.15 of this Annual Report on Form 10-K)
- 4.2 -- Indenture dated as of November 24, 1993 between Vornado Finance Corp. and Bankers Trust Company, as Trustee - Incorporated by reference to Vornado's current Report on Form 8-K dated November 24, 1993 (File No. 001-11954), filed December 1, 1993..... *
- 4.3 -- Specimen certificate representing Vornado's Common Shares of Beneficial Interest, par value \$0.04 per share - Incorporated by reference to Exhibit 4.1 of Amendment No. 1 to Registration Statement on Form S-3 (File No. 33-62395), filed on October 26, 1995..... *
- 4.4 -- Specimen certificate representing Vornado's \$3.25 Series A Preferred Shares of Beneficial Interest, liquidation preference \$50.00 per share - Incorporated by reference to Exhibit 4.2 of Vornado's Current Report on Form 8-K, dated April 3, 1997 (File No. 001-11954), filed on April 8, 1997..... *
- 4.5 -- Specimen certificate evidencing Vornado's Series B 8.5% Cumulative Redeemable Preferred Shares of Beneficial Interest - Incorporated by reference to Exhibit 4.2 of Vornado's Registration Statement on Form 8-A (File No. 001-11954), filed on March 15, 1999..... *
- 4.6 -- Specimen certificate evidencing Vornado's 8.5% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preferences \$25.00 per share, no par value - Incorporated by reference to Exhibit 4.2 of Vornado's Registration Statement on Form 8-A (File No. 001-11954), filed May 19, 1999..... *
- 10.1 -- Second Amendment, dated as of June 12, 1997, to Vornado's 1993 Omnibus Share Plan, as amended - Incorporated by reference to Vornado's Registration Statement on Form S-8 (File No. 333-29011) filed on June 12, 1997..... *

* Incorporated by reference

- 10.2 -- Master Agreement and Guaranty, between Vornado, Inc. and Bradlees New Jersey, Inc. dated as of May 1, 1992 - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended March 31, 1992 (File No. 001-11954), filed May 8, 1992.....*
- 10.3** -- Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of November 24, 1993 made by each of the entities listed therein, as mortgagors to Vornado Finance Corp., as mortgagee - Incorporated by reference to Vornado's Current Report on Form 8-K dated November 24, 1993 (File No. 001-11954), filed December 1, 1993.....*
- 10.4** -- 1985 Stock Option Plan as amended - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended May 2, 1987 (File No. 001-11954), filed June 9, 1987.....*
- 10.5** -- Form of Stock Option Agreement for use in connection with incentive stock options issued pursuant to Vornado, Inc. 1985 Stock Option Plan - Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended October 26, 1985 (File No. 001-11954), filed December 9, 1985.....*
- 10.6** -- Form of Stock Option Agreement for use in connection with incentive stock options issued pursuant to Vornado, Inc. 1985 Stock Option Plan--Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended May 2, 1987 (File No. 001-11954), filed June 9, 1987.....*
- 10.7** -- Form of Stock Option Agreement for use in connection with incentive stock options issued pursuant to Vornado, Inc. 1985 Stock Option Plan--Incorporated by reference to Vornado's Quarterly Report on Form 10-Q for quarter ended October 26, 1985 (File No. 001-11954), filed December 9, 1985.....*
- 10.8** -- Employment Agreement between Vornado Realty Trust and Joseph Macnow dated January 1, 1998 - Incorporated by reference to Exhibit 10.7 of Vornado's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 (File No. 001-11954), filed November 12, 1998.....*
- 10.9** -- Employment Agreement between Vornado Realty Trust and Richard Rowan dated January 1, 1998 - Incorporated by reference to Exhibit 10.8 of Vornado's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 (File No. 001-11954), filed November 12, 1998.....*
- 10.10** -- Employment Agreement between Vornado Realty Trust and Irwin Goldberg, dated December 11, 1997 - Incorporated by reference to Exhibit 10.10 of Vornado's Annual Report on Form 10-K/A for the year ended December 31, 1997 (File No. 001-11954), filed on April 14, 1998.....*
- 10.11** -- Employment Agreement between Vornado Realty Trust and Michael D. Fascitelli dated December 2, 1996 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1996 (File No. 001-11954), filed March 13, 1997.....*
- 10.12 -- Promissory Notes from Steven Roth to Vornado, Inc. dated December 29, 1992 and January 15, 1993 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993.....*
- 10.13 -- Registration Rights Agreement between Vornado, Inc. and Steven Roth Dated December 29, 1992 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993.....*

* Incorporated by reference
** Management contract or compensatory plan

- 10.14 -- Stock Pledge Agreement between Vornado, Inc. and Steven Roth dated December 29, 1992 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993..... *
- 10.15 -- Promissory Note from Steven Roth to Vornado Realty Trust dated April 15, 1993 and June 17, 1993 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1993 (File No. 001-11954), filed March 24, 1994..... *
- 10.16 -- Promissory Note from Richard Rowan to Vornado Realty Trust - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1993 (File No. 001-11954), filed March 24, 1994..... *
- 10.17 -- Promissory Note from Joseph Macnow to Vornado Realty Trust - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1993 (File No. 001-11954), filed March 24, 1994..... *
- 10.18 -- Management Agreement between Interstate Properties and Vornado, Inc. dated July 13, 1992 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993..... *
- 10.19 -- Real Estate Retention Agreement between Vornado, Inc., Keen Realty Consultants, Inc. and Alexander's, Inc., dated as of July 20, 1992 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993..... *
- 10.20 -- Amendment to Real Estate Retention Agreement dated February 6, 1995 - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 001-11954), filed March 23, 1995..... *
- 10.21 -- Stipulation between Keen Realty Consultants Inc. and Vornado Realty Trust re: Alexander's Retention Agreement - Incorporated by reference to Vornado's annual Report on Form 10-K for the year ended December 31, 1993 (File No. 001-11954), filed March 24, 1994..... *
- 10.22 -- Stock Purchase Agreement, dated February 6, 1995, among Vornado Realty Trust and Citibank, N.A. Incorporated by reference to Vornado's Current Report on Form 8-K dated February 6, 1995 (File No. 001-11954), filed February 21, 1995..... *
- 10.23 -- Management and Development Agreement, dated as of February 6, 1995 - Incorporated by reference to Vornado's Current Report on Form 8-K dated February 6, 1995 (File No. 001-11954), filed February 21, 1995..... *
- 10.24 -- Standstill and Corporate Governance Agreement, dated as of February 6, 1995 - Incorporated by reference to Vornado's Current Report on Form 8-K dated February 6, 1995 (File No. 001-11954), filed February 21, 1995..... *
- 10.25 -- Credit Agreement, dated as of March 15, 1995, among Alexander's Inc., as borrower, and Vornado Lending Corp., as lender - Incorporated by reference from Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 001 - 11954), filed March 23, 1995..... *
- 10.26 -- Subordination and Intercreditor Agreement, dated as of March 15, 1995 among Vornado Lending Corp., Vornado Realty Trust and First Fidelity Bank, National Association - Incorporated by reference to Vornado's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 001-11954), filed March 23, 1995..... *

* Incorporated by reference

- 10.27 -- Revolving Credit Agreement dated as of February 27, 1995 among Vornado Realty Trust, as borrower, and Union Bank of Switzerland, as Bank and Administrative Agent - Incorporated by reference to Exhibit 10(F)9 of Vornado's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 001-11954), filed March 23, 1995 *
- 10.28 -- Form of Intercompany Agreement between Vornado Realty L.P. and Vornado Operating, Inc. - Incorporated by reference to Exhibit 10.1 of Amendment No. 1 to Vornado Operating, Inc.'s Registration Statement on Form S-11 (File No. 333-40701), filed on January 23, 1998 *
- 10.29 -- Form of Revolving Credit Agreement between Vornado Realty L.P. and Vornado Operating, Inc., together with related form of Note - Incorporated by reference to Exhibit 10.2 of Amendment No. 1 to Vornado Operating, Inc.'s Registration Statement on Form S-11 (File No.333-40701) *
- 10.30 -- Amended and Restated Revolving Credit Agreement, dated as of February 23, 1998, between Vornado Realty L.P., as Borrower, Vornado Realty Trust, as General Partner and Union Bank of Switzerland (New York Branch), as Bank, the other banks signatory hereto, each as a bank, Union Bank of Switzerland (New York Branch), as Administrative Agent and Citicorp Real Estate, Inc., The Chase Manhattan Bank and Nationsbank, as Syndication Agents - Incorporated by reference to Exhibit 10.29 of the 1997 10-K .. *
- 10.31 -- Registration Rights Agreement, dated as of April 15, 1997, between Vornado Realty Trust and the holders of Units listed on Schedule A thereto - Incorporated by reference to Exhibit 10.2 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on April 30, 1997 *
- 10.32 -- Noncompetition Agreement, dated as of April 15, 1997, by and among Vornado Realty Trust, the Mendik Company, L.P., and Bernard H. Mendik - Incorporated by reference to Exhibit 10.3 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on April 30, 1997 *
- 10.33 -- Employment Agreement, dated as of April 15, 1997, by and among Vornado Realty Trust, The Mendik Company, L.P. and David R. Greenbaum - Incorporated by reference to Exhibit 10.4 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on April 30, 1997. *
- 10.34 -- Agreement, dated September 28, 1997, between Atlanta Parent Incorporated, Portland Parent Incorporated and Crescent Real Estate Equities, Limited Partnership - Incorporated by reference to Exhibit 99.6 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on October 8, 1997 *
- 10.35 -- Contribution Agreement between Vornado Realty Trust, Vornado Realty L.P. and The Contributors Signatory - thereto - Merchandise Mart Properties, Inc. (DE) and Merchandise Mart Enterprises, Inc. Incorporated by reference to Exhibit 10.34 of Vornado's Annual Report on Form 10-K/A for the year ended December 31, 1997 (File No. 001-11954), filed on April 8, 1998 *
- 10.36 -- Sale Agreement executed November 18, 1997, and effective December 19, 1997, between MidCity Associates, a New York partnership, as Seller, and One Penn Plaza LLC, a New York Limited liability company; as purchaser. Incorporated by reference to Exhibit 10.35 of Vornado's Annual Report on Form 10-K/A for the year ended December 31, 1997 (File No. 001-11954), filed on April 8, 1998 *
- 10.37 -- Promissory Notes from Michael D. Fascitelli to Vornado Realty Trust dated March 2, 1998 and April 30, 1998. Incorporated by reference to Exhibit 10.37 of Vornado's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 (File No. 001-11954), filed May 13, 1998 *

* Incorporated by reference

- 10.38 -- Credit Agreement dated as of June 22, 1998 among One Penn Plaza, LLC, as Borrower, The Lenders Party Hereto, The Chase Manhattan Bank, as Administrative Agent Incorporated by reference to Exhibit 10 of Vornado's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (File No. 001-11954), filed August 13, 1998..... *
- 10.39 -- Registration Rights Agreement, dated as of April 1, 1998 between Vornado and the Unit Holders named herein - Incorporated by reference to Exhibit 10.2 of Amendment No. 1 to Vornado's Registration Statement on Form S-3 (File No. 333-50095), filed on May 6, 1998..... *
- 10.40 -- Underwriting Agreement, dated April 9, 1998, among Vornado, Vornado Realty L.P. and Goldman, Sachs & Co. - Incorporated by reference to Exhibit 1.1 of Vornado's Current Report on Form 8-K, dated April 9, 1998 (File No. 001-11954), filed on April 16, 1998..... *
- 10.41 -- Pricing Agreement, dated April 9, 1998, between Vornado and Goldman, Sachs & Co. - Incorporated by reference to Exhibit 1.2 of Vornado's Current Report on Form 8-K, dated April 9, 1998 (File No. 001-11954), filed on April 16, 1998..... *
- 10.42 -- Underwriting Agreement, dated April 23, 1998, among Vornado, Vornado Realty L.P. and Merrill Lynch, Pierce, Fenner & Smith Incorporated - Incorporated by reference to Exhibit 1.1 of Vornado's Current Report on Form 8-K, dated April 22, 1998 (File No. 001-11954), filed on April 28, 1998..... *
- 10.43 -- Registration Rights Agreement, dated as of August 5, 1998 between Vornado and the Unit Holders named therein - Incorporated by reference to Exhibit 10.1 of Vornado's Registration Statement on Form S-3 (File No. 333-89667), filed on October 25, 1999..... *
- 10.44 -- Registration Rights Agreement, dated as of July 23, 1998 between Vornado and the Unit Holders named therein - Incorporated by reference to Exhibit 10.2 of Vornado's Registration Statement on Form S-3 (File No. 333-89667), filed on October 25, 1999..... *
- 10.45 -- Underwriting Agreement, dated March 12, 1999, among Vornado, Vornado Realty L.P., Merrill Lynch, Pierce, Fenner & Smith Incorporated - Incorporated by reference to Exhibit 1.1 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999..... *
- 10.46 -- Underwriting Agreement, dated May 17, 1999, among Vornado Realty Trust, Vornado Realty L.P., Salomon Smith Barney Inc. and the other underwriters named therein - Incorporated by reference to Exhibit 1.1 of Vornado's Current Report on Form 8-K, dated May 17, 1999 (File No. 001-11954), filed on May 26, 1999..... *
- 10.47 -- Consolidated and Restated Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of March 1, 2000, between Entities named therein (as Mortgagors) and Vornado (as Mortgagee)
- 10.48 -- Indenture and Servicing Agreement, dated as of March 1, 2000, among Vornado, Lasalle Bank National Association, ABN Amro Bank N.V. and Midland Loan Services, Inc.
- 10.49 -- Employment Agreement, dated January 22, 2000, between Vornado Realty Trust and Melvyn Blum
- 10.50 -- First Amended and Restated Promissory Note of Steven Roth, dated November 16, 1999
- 10.51 -- Letter agreement, dated November 16, 1999, between Steven Roth and Vornado Realty Trust
- 12 -- Consolidated Ratios of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Share Dividend Requirements

* Incorporated by reference

- 13 -- Not applicable
- 16 -- Not applicable
- 18 -- Not applicable
- 19 -- Not applicable
- 21 -- Subsidiaries of the Registrant
- 22 -- Not applicable
- 23 -- Consent of independent auditors
- 25 -- Not applicable
- 27 -- Financial Data Schedule
- 29 -- Not applicable

VORNADO REALTY TRUST
AMENDED AND RESTATED BYLAWS

ARTICLE I

OFFICES

SECTION 1. Principal Office. The principal office of the Trust in the State of Maryland shall be located at such place as the Board of Trustees may designate.

SECTION 2. Additional Offices. The Trust may have additional offices, including a principal executive office, at such places as the Board of Trustees may from time to time determine or the business of the Trust may require.

ARTICLE II

MEETINGS OF SHAREHOLDERS

SECTION 1. Place. All meetings of shareholders shall be held at the principal executive office of the Trust or at such other place as shall be set by the Board of Trustees and stated in the notice of the meeting.

SECTION 2. Annual Meeting. An annual meeting of the shareholders for the election of Trustees and the transaction of any business within the powers of the Trust shall be held during the second calendar quarter of each year, or shortly thereafter, after the delivery of the annual report, referred to in Section 11 of this Article II, at a convenient location and on proper notice, on a date and at the time set by the Board of Trustees, beginning with the year 1993.

SECTION 3. Special Meetings. The chairman or any three Trustees may call special meetings of the shareholders.

SECTION 4. Notice. Not less than ten nor more than 90 days before each meeting of shareholders, the

secretary shall give to each shareholder entitled to vote at such meeting and to each shareholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, either by mail, by presenting it to such shareholder personally, by leaving it at his residence or usual place of business or by any other means permitted by Maryland law. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the shareholder at his post office address as it appears on the records of the Trust, with postage thereon prepaid.

SECTION 5. Scope of Notice. Any business of the Trust may be transacted at an annual meeting of shareholders without being specifically designated in the notice, except such business as is required by statute to be stated in such notice. No business shall be transacted at a special meeting of shareholders except as specifically designated in the notice.

SECTION 6. Quorum. At any meeting of shareholders, the presence in person or by proxy of shareholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this section shall not affect any requirement under any statute or the Declaration of Trust for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present at any meeting of the shareholders, the chairman of the meeting or the shareholders entitled to vote at such meeting, present in person or by proxy, shall have power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

SECTION 7. Voting. A plurality of all the votes cast at a meeting of shareholders duly called and at which a quorum is present shall be sufficient to elect a Trustee. Each share may be voted for as many individuals as there are Trustees to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of shareholders duly called and at which a quorum is present shall be sufficient to approve any other matter

which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the Declaration of Trust. Unless otherwise provided in the Declaration, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

SECTION 8. Proxies. A shareholder may cast the votes entitled to be cast by the shares of beneficial interest owned of record by the shareholder in person or by proxy executed by the shareholder or by the shareholder's duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the secretary of the Trust before or at the meeting. No proxy shall be valid more than eleven months after its date, unless otherwise provided in the proxy.

SECTION 9. Voting of Shares by Certain Holders. Shares registered in the name of a corporation, partnership, trust or other entity, if entitled to be voted, may be voted by the chief executive officer or a vice president, a general partner or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such shares pursuant to a bylaw or a resolution of the board of directors of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such shares. Any trustee or other fiduciary may vote shares registered in his name as such fiduciary, either in person or by proxy.

Shares of the Trust directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Trustees may adopt by resolution a procedure by which a shareholder may certify in writing to the Trust that any shares registered in the name of the shareholder are held for the account of a specified person other than the shareholder. The resolution shall set forth the class of shareholders who may make the certification, the purpose for which the certification may be made, the

form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the share transfer books, the time after the record date or closing of the share transfer books within which the certification must be received by the Trust; and any other provisions with respect to the procedure which the Board of Trustees considers necessary or desirable. On receipt of such certification, the shareholder of record of the specified shares in place of the shareholder who makes the certification.

SECTION 10. Inspectors. At any meeting of shareholders, the chairman of the meeting may appoint one or more persons as inspectors for such meeting. Such inspectors shall ascertain and report the number of shares represented at the meeting based upon their determination of the validity and effect of proxies, count all votes, report the results and perform such other acts as are proper to conduct the election and voting with impartiality and fairness to all the shareholders.

Each report of an inspector shall be in writing and signed by him or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the result of the voting shall be prima facie evidence thereof.

SECTION 11. Reports to Shareholders.

(a) Not later 90 days after the close of each fiscal year of the Trust, the Board of Trustees shall deliver or cause to be delivered a report of the business and operations of the Trust during such fiscal year to the shareholders, containing a balance sheet and a statement of income and surplus of the Trust, accompanied by the certification of an independent certified public accountant, and such further information as the Board of Trustees may determine is required pursuant to any law or regulation to which the Trust is subject. A signed copy of the annual report and the accountant's certificate shall be filed by the Board of Trustees with the State Department of Assessments and Taxation of Maryland, and with such other governmental agencies as may be required by law and as the Board of Trustees may deem appropriate.

(b) Not later than 45 days after the end of the first three quarterly periods of each fiscal year and upon written request by a shareholder, the Board of Trustees shall deliver or cause to be delivered an interim report to such requesting shareholder containing unaudited financial statements for such quarter and for the period from the beginning of the fiscal year to the end of such quarter, and such further information as the Board of Trustees may determine is required pursuant to any law or regulation to which the Trust is subject.

SECTION 12. Nominations and Shareholder Business. The matters to be considered and brought before any annual or special meeting of shareholders of the Trust shall be limited to only such matters, including the nomination and election of Trustees, as shall be brought properly before such meeting in compliance with the procedures set forth in this Section 12.

For any matter to be properly before any annual meeting of shareholders, the matter must be (i) specified in the notice of annual meeting given by or at the direction of the Board of Trustees, (ii) otherwise brought before the annual meeting by or at the direction of the Board of Trustees or (iii) brought before the annual meeting in the manner specified in this Section 12 by any shareholder of the Trust who was a shareholder of record at the time of giving the applicable Shareholder Notice referred to below, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 12.

In addition to any other requirements under applicable law and the Declaration of Trust and Bylaws of the Trust, no nomination by any shareholder or shareholders of a person or persons for election as Trustees of the Trust, and no other proposal by any shareholder or shareholders, shall be considered properly brought before the meeting unless notice of any such nomination or proposal (the "Shareholder Notice") shall be delivered to the Secretary of the Trust at the principal executive office of the Trust not less than 90 nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if the date of the meeting is advanced or delayed by more than 30 days from such anniversary date, such Shareholder Notice shall be delivered to the Secretary of the Trust at the principal

executive office of the Trust not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which the date of such meeting is first publicly announced or disclosed. Any shareholder desiring to nominate any person or persons (as the case may be) for election as a Trustee or Trustees of the Trust shall deliver, as part of such Shareholder Notice, a statement in writing setting forth the name of the person or persons to be nominated, the number and class of all shares of each class of shares of beneficial interest of the Trust owned of record and beneficially by each such person, as reported to such shareholder by such nominee(s), the information regarding each such person required by paragraphs (a), (e) and (f) of Item 401 of Regulation S-K adopted by the Securities and Exchange Commission (or the corresponding provisions of any regulation subsequently adopted by the Securities and Exchange Commission applicable to the Trust), each such person's signed consent to serve as a Trustee of the Trust if elected, such shareholder's name and address, the number and class of all shares of each class of shares of beneficial interest of the Trust owned of record and beneficially by such shareholder and whether any such person or such shareholder has received any financial assistance, funding or other consideration from any other person in respect of the nomination (and the details thereof).

Any shareholder who gives a Shareholder Notice of any matter (not involving nominees for Trustee) proposed to be brought before a meeting of shareholders shall deliver, as part of such Shareholder Notice, the text of the proposal to be presented and a brief written statement of the reasons why such shareholder favors the proposal and setting forth such shareholder's name and address, the number and class of all shares of each class of shares of beneficial interest of the Trust owned of record and beneficially by such shareholder, any material interest of such shareholder in the matter proposed (other than as a shareholder generally) and whether such shareholder has received any financial assistance, funding or other consideration from any other person in respect of the proposal (and the details thereof). As used herein, shares "beneficially owned" shall mean all shares which such person, or any of such person's affiliates and associates (as defined in Rule 12b-2 under the Securities Exchange

Act of 1934 (the "Exchange Act")), is deemed to beneficially own pursuant to Rules 13d-3 and 13d-5 under the Exchange Act, as well as all shares of which such person, or any of such person's affiliates and associates, has the right to become the beneficial owner pursuant to any agreement or understanding, or upon the exercise of warrants, options or rights to convert or exchange (whether such rights are exercisable immediately or only after the passage of time or the occurrence of conditions).

Notwithstanding anything in this Section 12 to the contrary, in the event that the number of Trustees to be elected to the Board of Trustees of the Trust is increased and either all of the nominees for Trustee or the size of the increased Board of Trustees is not publicly announced or disclosed by the Trust not less than 100 days prior to the first anniversary of the preceding year's annual meeting, a Shareholder Notice shall also be considered timely hereunder, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Trust at the principal executive office of the Trust not later than the close of business on the tenth day following the first date all of such nominees or the size of the increased Board of Trustees shall have been publicly announced or disclosed.

In the event the Trust calls a special meeting of shareholders for the purpose of electing one or more Trustees to the Board of Trustees, any shareholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Trust's notice of meeting, if the Shareholder Notice required by this Section 12 shall be delivered to the Secretary of the Trust at the principal executive office of the Trust not later than the close of business on the tenth day following the day on which the date of the special meeting and of the nominees proposed by the Board of Trustees to be elected at such meeting is publicly announced or disclosed.

For purposes of this Section 12, a matter shall be deemed to have been "publicly announced or disclosed" if such matter is disclosed in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Trust with the Securities and Exchange Commission.

In no event shall the adjournment of an annual or special meeting, or any announcement thereof, commence a new period for the giving of notice as provided in this Section 12. Notwithstanding the foregoing provisions of this Section 12, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder and of the laws of the State of Maryland with respect to the matters set forth in this Section 12. Nothing in this Section 12 shall be deemed to affect any rights (i) of shareholders to request inclusion of proposals in the Trust's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred shares of beneficial interest of the Trust, if any, to elect Trustees under specified circumstances.

Only such persons who are nominated in accordance with the procedures set forth in this Section 12 shall be eligible to serve as Trustees and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 12. The person presiding at any meeting of shareholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall have the power and duty to determine whether notice of nominees and other matters proposed to be considered and brought before a meeting has been duly given in the manner provided in this Section 12 and, if not so given, shall direct and declare at the meeting that such nominees and other matters shall not be considered.

SECTION 13. Action by Written Consent of Shareholders. Any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if a consent in writing, setting forth such action, is signed by each shareholder entitled to vote on the matter and any other shareholder entitled to notice of a meeting of shareholders (but not to vote thereat) has waived in writing any right to dissent from such action, and such consent and waiver are filed with the minutes of proceedings of the shareholders.

SECTION 14. Voting by Ballot. Voting on any question or in any election may be viva voce unless the presiding officer shall order or any shareholder shall demand that voting be by ballot.

SECTION 15. Organization and Conduct of Meetings. Every meeting of shareholders shall be conducted by an individual appointed by the Board of Trustees to be chairman of the meeting or, in the absence of such appointment, by the chairman of the board or, in the case of a vacancy in the office or absence of the chairman of the board, by one of the following officers present at the meeting: the president, the vice presidents in their order of rank and seniority, or, in the absence of such officers, a chairman chosen by the shareholders by the vote of a majority of the votes cast by shareholders present in person or by proxy. The secretary, or, in the secretary's absence, an assistant secretary, or in the absence of both the secretary and assistant secretaries, a person appointed by the Board of Trustees or, in the absence of such appointment, a person appointed by the chairman of the meeting shall act as secretary. In the event that the secretary presides at a meeting of the shareholders, an assistant secretary shall record the minutes of the meeting. The order of business and all other matters of procedure at any meeting of shareholders shall be determined by the chairman of the meeting. The chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of such chairman, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance at the meeting to shareholders of record of the Trust, their duly authorized proxies or other such persons as the chairman of the meeting may determine; (c) limiting participation at the meeting on any matter to shareholders of record of the Trust entitled to vote on such matter, their duly authorized proxies or other such persons as the chairman of the meeting may determine; (d) limiting the time allotted to questions or comments by participants; (e) maintaining order and security at the meeting; (f) removing any shareholder who refuses to comply with meeting procedures, rules or guidelines as set forth by the chairman; and (g) recessing or adjourning the meeting to a later date and time and place announced at the meeting. Unless otherwise determined by the chairman of the meeting, meetings of shareholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 16. Control Shares. Notwithstanding any other provision of the Declaration of Trust or these Bylaws, Title 3, Subtitle 7 of the Corporations and Associations Article of the Annotated Code of Maryland (or any successor statute) shall not apply to any acquisition by any person of shares of beneficial interest of the Trust.

ARTICLE III

TRUSTEES

SECTION 1. General Powers; Qualifications. The business and affairs of the Trust shall be managed under the direction of its Board of Trustees. A Trustee shall be an individual at least 21 years of age who is not under legal disability.

SECTION 2. Annual and Regular Meetings. An annual meeting of the Board of Trustees shall be held immediately after and at the same place as the annual meeting of shareholders, no notice other than this Bylaw being necessary. The Board of Trustees may provide, by resolution, the time and place, either within or without the State of Maryland, for the holding of regular meetings of the Board of Trustees without other notice than such resolution.

SECTION 3. Special Meetings. Special meetings of the Board of Trustees may be called by or at the request of the chief executive officer or by a majority of the Trustees then in office. The person or persons authorized to call special meetings of the Board of Trustees may fix any place, either within or without the State of Maryland, as the place for holding any special meeting of the Board of Trustees called by them.

SECTION 4. Notice. Notice of any special meeting of the Board of Trustees shall be delivered personally or by telephone, electronic mail, facsimile transmission, United States mail or courier to each trustee at his business, electronic mail or residence address. Notice by personal delivery, telephone, electronic mail, facsimile transmission or courier shall be given at least one day prior to the meeting. Notice by United States mail shall be given at least five business days prior to the meeting and shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Telephone notice shall be deemed to be given when the trustee or the trustee's agent is personally given such notice in a telephone call to which the trustee or the trustee's agent is a party. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Trust by the trustee and receipt of a completed answer-back indicating receipt. Electronic mail shall be deemed to be given upon transmission of the message to the electronic mail address given to the Trust by the trustee. Notice by courier shall

be deemed to be given upon delivery to the address given to the Trust by the trustee and receipt by such courier of a signature evidencing delivery thereat. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Trustees need be stated in the notice, unless specifically required by statute or these Bylaws.

SECTION 5. Quorum. A majority of the Trustees shall constitute a quorum for transaction of business at any meeting of the Board of Trustees, provided that, if less than a majority of such Trustees are present at said meeting, a majority of the Trustees may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to the Declaration of Trust or these Bylaws, the vote of a majority of a particular group of Trustees is required for action, a quorum must also include a majority of such group.

The Trustees present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough Trustees to leave less than a quorum.

SECTION 6. Voting. The action of the majority of the Trustees present at a meeting at which a quorum is present shall be the action of the Board of Trustees, unless the concurrence of a greater proportion is required for such action by applicable law or the Declaration of Trust. If enough Trustees have withdrawn from a meeting to leave less than a quorum but the meeting is not adjourned, the action of the majority of the Trustees present at such meeting shall be the action of the Board of Trustees, unless the concurrence of a greater portion is required for such action by applicable law.

SECTION 7. Telephone Meetings. Trustees may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

SECTION 8. Action by Written Consent of Trustees. Any action required or permitted to be taken at any meeting of the Board of Trustees may be taken without a meeting, if a consent in writing to such action is signed by each Trustee and such written consent is filed with the minutes of proceedings of the Board of Trustees.

SECTION 9. Vacancies and Resignations. If for any reason any or all of the Trustees cease to be Trustees, such event shall not terminate the Trust or affect these Bylaws or the powers of the remaining Trustees hereunder (even if fewer than three Trustees remain). Any vacancy (including a vacancy created by an increase in the number of Trustees) shall be filled, at any regular meeting or at any special meeting called for that purpose, by a majority of the remaining Trustees, even if such majority is less than a quorum. Any individual so elected as Trustee shall serve for the unexpired term of the Trustee he is replacing and until his successor is elected and qualifies. Any Trustee of the Trust may resign at any time by giving written notice of his resignation to the Board of Trustees, the chairman of the board, the president or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time as specified therein. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation.

SECTION 10. Compensation. Trustees shall not receive any stated salary for their services as Trustees but, by resolution of the Board of Trustees, may receive fixed sums per year and/or per meeting and/or per visit of real property owned or to be acquired by the Trust and for any service or activity they perform or engage in as Trustees. Trustees may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Trustees or of any committee thereof and for expenses, if any, in connection with each property visit and any other service or activity performed or engaged in as Trustees; but nothing herein contained shall be construed to preclude any Trustees from serving the Trust in any other capacity and receiving compensation therefor.

SECTION 11. Removal of Trustees. The shareholders may, at any time, remove any Trustee in the manner provided in the Declaration of Trust.

SECTION 12. Loss of Deposits. No trustee shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom moneys or shares have been deposited.

SECTION 13. Surety Bonds. Unless required by law, no Trustee shall be obligated to give any bond or

surety or other security for the performance of any of his duties.

SECTION 14. Reliance. Each Trustee, officer, employee and agent of the Trust shall, in the performance of his duties with respect to the Trust, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Trust, upon an opinion of counsel or upon reports made to the Trust by any of its officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Board of Trustees or officers of the Trust, regardless of whether such counsel or expert may also be a Trustee.

SECTION 15. Certain Rights of Trustees, Officers, Employees and Agents. The Trustees shall have no responsibility to devote their full time to the affairs of the Trust. Any Trustee or officer, employee or agent of the Trust, in his person capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar or in addition to or in competition with those of or relating to the Trust.

ARTICLE IV

COMMITTEES

SECTION 1. Number, Tenure and Qualifications. The Board of Trustees may appoint from among its members an Executive Committee, an Audit Committee and other committees, composed of one or more Trustees, to serve at the pleasure of the Board of Trustees.

SECTION 2. Powers. The Board of Trustees may delegate to committees appointed under Section 1 of this Article any of the powers of the Board of Trustees.

SECTION 3. Meetings. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another Trustee to act in the place of such absent member.

SECTION 4. Telephone Meetings. Members of a committee of the Board of Trustees may participate in a meeting by means of a conference telephone or similar

communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

SECTION 5. Informal Action by Committees. Any action required or permitted to be taken at any meeting of a committee of the Board of Trustees may be taken without a meeting, if a consent in writing to such action is signed by each member of the committee and such written consent is filed with the minutes of proceedings of such committee.

ARTICLE V

OFFICERS

SECTION 1. General Provisions. The officers of the Trust may consist of a chairman of the board, a co-chairman of the board, a president, a chief executive officer, one or more vice presidents, a chief financial officer, a secretary, and one or more assistant secretaries. In addition, the Board of Trustees may from time to time appoint such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Trust shall be elected annually by the Board of Trustees. Each officer shall hold office until his successor is elected and qualifies or until his death or his resignation or removal in the manner hereinafter provided. Any two or more offices except chief executive officer and vice president may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Trust and such officer or agent.

SECTION 2. Removal and Resignation. Any officer of the Trust may be removed by the Board of Trustees if in their judgment the best interests of the Trust would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Trust may resign at any time by giving written notice of his resignation to the Board of Trustees, the chairman of the board, the chief executive officer or the secretary. Any resignation shall take effect immediately after its receipt or at such later time specified therein. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be

without prejudice to the contract rights, if any, of the Trust.

SECTION 3. Vacancies. A vacancy in any office may be filled by the Board of Trustees for the balance of the term.

SECTION 4. Chairman of the Board. The chairman of the board shall preside over the meetings of the Board of Trustees and of the shareholders at which he shall be present. The chairman of the board shall perform such other duties as may be assigned to him by the Board of Trustees.

SECTION 5. Chief Executive Officer. The Board of Trustees may designate a chief executive officer from among the elected officers. In the absence of such designation, the chairman of the board shall be the chief executive officer of the Trust. The chief executive officer shall have general responsibility for implementation of the policies of the Trust, as determined by the Board of Trustees, and for the management of the business affairs of the Trust. The chief executive officer shall in general supervise and control all of the business and affairs of the Trust. He may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Trustees or by these Bylaws to some other officer or agent of the Trust or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board of Trustees from time to time.

SECTION 6. Vice Presidents. In the absence of the chief executive officer or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the chief executive officer and when so acting shall have all the powers of and be subject to all the restrictions upon the chief executive officer; and shall perform such other duties as from time to time may be assigned to him by the chief executive officer or by the Board of Trustees. The Board of Trustees may designate one or more vice presidents as executive vice president or as vice president for particular areas of responsibility.

SECTION 7. Secretary. The secretary shall (a) keep the minutes of the proceedings of the shareholders, the Board of Trustees and committees of the Board of Trustees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the trust records and of the seal of the Trust; (d) keep a register of the post office address of each shareholder which shall be furnished to the secretary by such shareholder; (e) have general charge of the share transfer books of the Trust; and (f) in general perform such other duties as from time to time may be assigned to him by the chief executive officer or by the Board of Trustees.

SECTION 8. Chief Financial Officer. The chief financial officer shall have the custody of the funds and securities of the Trust and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Trust and shall deposit all moneys and other valuable effects in the name and to the credit of the Trust in such depositories as may be designated by the Board of Trustees.

The chief financial officer shall disburse the funds of the Trust as may be ordered by the Board of Trustees, taking proper vouchers for such disbursements, and shall render to the chief executive officer and the Board of Trustees, at the regular meetings of the Board of Trustees or whenever they may require it, an account of all his transactions as chief financial officer and of the financial condition of the Trust. If required by the Board of Trustees, he shall give the Trust a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Trustees for the faithful performance of the duties of his office and for the restoration to the Trust, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, moneys and other property of whatever kind in his possession or under his control belonging to the Trust.

SECTION 9. Assistant Secretaries. The assistant secretaries, in general, shall perform such duties as shall be assigned to them by the secretary, or by the chief executive officer or the Board of Trustees.

SECTION 10. Salaries. The salaries of the officers shall be fixed from time to time by the Board of

Trustees and no officer shall be prevented from receiving such salary by reason of the fact that he is also a Trustee.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. The Board of Trustees may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Trust and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Trust when authorized or ratified by action of the Board of Trustees and executed by an authorized person.

SECTION 2. Checks and Drafts. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Trust shall be signed by such officer or officers, agent or agents of the Trust in such manner as shall from time to time be determined by the Board of Trustees.

SECTION 3. Deposits. All funds of the Trust not otherwise employed shall be deposited from time to time to the credit of the Trust in such banks, trust companies or other depositories as the Board of Trustees may designate.

ARTICLE VII

SHARES

SECTION 1. Certificates. Except as otherwise provided in these Bylaws, this section shall not be interpreted to limit the authority of the Board of Trustees to issue some or all of the shares of any or all classes or series without certificates. Each shareholder upon written request to the secretary of the Trust shall be entitled to a certificate or certificates which shall represent and certify the number of shares of each class of beneficial interests held by him in the Trust. Each certificate shall be signed by the chief executive officer or a vice president and countersigned by the secretary or an assistant secretary or the chief financial officer or an assistant treasurer and may be sealed with the seal, if any, of the Trust. The signatures may be either manual or

facsimile. Certificates shall be consecutively numbered; and if the Trust shall, from time to time, issue several classes of shares, each class may have its own number series. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. Each certificate representing shares which are restricted as to their transferability or voting powers, which are preferred or limited as to their dividends or as to their allocable portion of the assets upon liquidation or which are redeemable at the option of the Trust, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the certificate. In lieu of such statement or summary, the Trust may set forth upon the face or back of the certificate a statement that the Trust will furnish to any shareholder, upon request and without charge, a full statement of such information.

SECTION 2. Transfers. Certificates shall be treated as negotiable and title thereto and to the shares they represent shall be transferred by delivery thereof to the same extent as those of a Maryland stock corporation. Upon surrender to the Trust or the transfer agent of the Trust of a share certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Trust shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The Trust shall be entitled to treat the holder of record of any share or shares as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

SECTION 3. Replacement Certificate. Any officer designated by the Board of Trustees may direct a new certificate to be issued in place of any certificate previously issued by the Trust alleged to have been lost, stolen or destroyed upon the making of any affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate, the officer designated by the Board of Trustees may, in his discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or the owner's

legal representative to advertise the same in such manner as he shall require and/or to give bond, with sufficient surety, to the Trust to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

SECTION 4. Closing of Transfer Books or Fixing of Record Date. The Board of Trustees may set, in advance a record date for the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or determining shareholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of shareholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of shareholders not less than ten days, before the date on which the meeting or particular action requiring such determination of shareholders is to be held or taken.

In lieu of fixing a record date, the Board of Trustees may provide that the share transfer books shall be closed for a stated period but not longer than 20 days. If the share transfer books are closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days before the date of such meeting. If no record date is fixed and the share transfer books are not closed for the determination of shareholders, (a) the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day on which the notice of meeting is mailed or the 30th day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of shareholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the Board of Trustees, declaring the dividend or allotment of rights, is adopted.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof, except where the determination has been made through the closing of the transfer books and the stated period of closing the expired.

SECTION 5. Share Ledger. The Trust shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each shareholder and the number of shares of each class held by such shareholder.

SECTION 6. Fractional Shares; Issuance of Units. The Board of Trustees may issue fractional shares or provide for the issuance of scrip, all on such terms and under such conditions as the Board of Trustees may determine. Notwithstanding any other provision of the Declaration of Trust or these Bylaws, the Board of Trustees may issue units consisting of different securities of the Trust. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Trust, except that the Board of Trustees may provide that for a specified period securities of the Trust issued in such unit may be transferred on the books of the Trust only in such unit.

ARTICLE VIII

ACCOUNTING YEAR

The Board of Trustees shall have the power, from time to time, to fix the fiscal year of the Trust by a duly adopted resolution.

ARTICLE IX

DISTRIBUTIONS

SECTION 1. Authorization. Dividends and other distributions upon the Shares of the Trust may be authorized by the Board of Trustees, subject to the provisions of law and the Declaration of Trust. Dividends may be paid in cash, property or shares of the Trust, subject to the provisions of law and the Declaration of Trust.

SECTION 2. Contingencies. Before payment of any dividends, there may be set aside out of any funds of the Trust available for dividends such sum or sums as the Board of Trustees may from time to time, in their absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends, for repairing or maintaining any property of the Trust or for such other

purpose as the Board of Trustees shall determine to be in the best interest of the Trust, and the Board of Trustees may modify or abolish any such reserve.

ARTICLE X

INVESTMENT POLICY

Subject to the provisions of the Declaration of Trust, the Board of Trustees may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Trust as they shall deem appropriate in their sole discretion.

ARTICLE XI

SEAL

SECTION 1. Seal. The Board of Trustees may authorize the adoption of a seal by the Trust. The seal shall have inscribed thereon the name of the Trust and the year of its organization. The Board of Trustees may authorize one or more duplicate seals and provide for the custody thereof.

SECTION 2. Affixing Seal. Whenever the Trust is required to place its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Trust.

ARTICLE XII

INDEMNIFICATION AND ADVANCES FOR EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Trust, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall indemnify (a) any Trustee, officer or shareholder or any former Trustee, officer or shareholder (including among the foregoing, for all purposes of this Article XII and without limitation, any individual who, while a Trustee, officer or shareholder and at the request of the Trust, serves or has served as a director, officer, partner or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise) who has been successful,

on the merits or otherwise, in the defense of a proceeding to which he was made a party by reason of such status, against reasonable expenses incurred by him in connection with the proceeding, (b) any Trustee or officer or any former Trustee or officer against any claim or liability to which he may become subject by reason of such status unless it is established that (i) his act or omission was material to the cause of action giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, (ii) he actually received an improper personal benefit in money, property or services or (iii) in the case of a criminal proceeding, he had reasonable cause to believe that his act or omission was unlawful and (c) each shareholder or former shareholder against any claim or liability to which he may become subject by reason of such status. In addition, the Trust shall pay or reimburse, in advance of final disposition of a proceeding, reasonable expenses incurred by a Trustee, officer or shareholder or former Trustee, officer or shareholder made a party to a proceeding by reason of such status provided that, in the case of a Trustee or officer, the Trust shall have received (i) a written affirmation by the Trustee or officer of his good faith belief that he has met the applicable standard of conduct necessary for indemnification by the Trust as authorized by these Bylaws and (ii) a written undertaking by him or on his behalf to repay the amount paid or reimbursed by the Trust if it shall ultimately be determined that the applicable standard of conduct was not met. The Trust may, with the approval of the Board of Trustees, provide such indemnification and payment or reimbursement of expenses to any Trustee, officer or shareholder or any former Trustee, officer or shareholder who served a predecessor of the Trust in such capacity and to any employee or agent of the Trust or a predecessor of the Trust. Neither the amendment nor repeal of this Section, nor the adoption or amendment of any other provision of the Declaration of Trust or these Bylaws inconsistent with this Section, shall apply to or affect in any respect the applicability of this paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption. Any indemnification or payment or reimbursement of the expenses permitted by these Bylaws shall be furnished in accordance with the procedures provided for indemnification or payment or reimbursement of expenses, as the case may be, under Section 2-418 of the Maryland General Corporation Law (the "MGCL") for directors of Maryland corporations. The Trust

may provide to Trustees, officers and shareholders such other and further indemnification or payment or reimbursement of expenses as may be permitted by the MGCL, as in effect from time to time, for directors of Maryland corporations.

ARTICLE XIII

WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the Declaration of Trust or Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XIV

AMENDMENT OF BYLAWS

The Board of Trustees shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

ARTICLE XV

MISCELLANEOUS

All references to the Declaration of Trust shall include all amendments and supplements thereto.

[New York]

CONSOLIDATED AND RESTATED MORTGAGE, SECURITY AGREEMENT,
ASSIGNMENT OF LEASES AND RENTS
AND FIXTURE FILING

Dated as of March 1, 2000

Made by

EACH OF THE ENTITIES LISTED ON SCHEDULE A HERETO,
as Mortgagor,

To

VORNADO FINANCE L.L.C.,
as Mortgagee.

Secured By

Forty-Two (42) Properties
Located in Connecticut, Maryland, Massachusetts,
New Jersey, New York and Pennsylvania

This Consolidated and Restated Mortgage, Security Agreement,
Assignment of Leases and Rents and Fixture Filing secures only the same
\$54,709,500 total principal indebtedness secured by the Mortgage, Agreement of
Assumption, Consolidation and Amendment of Mortgage Notes, dated as of the date
hereof (the "Mortgage and Agreement"), between the Mortgagor and the Mortgagee,
which consolidated the total principal indebtedness of \$22,664,374.54 evidenced
by the Substitute Note (as defined therein) and theretofore secured by that
Consolidated and Restated Mortgage, Security Agreement, Assignment of Leases and
Rents and Fixture

Filing, dated as of November 24, 1993, as assigned from time to time to the Mortgagee, and the total principal indebtedness of \$32,046,125.46 evidenced by the Additional Note (as defined therein), and secured by the Mortgage and Agreement, and does not create, evidence or secure any new or further principal indebtedness or obligation other than the \$54,709,500 total principal indebtedness originally secured by the Mortgage and Agreement at the time of its recording simultaneously herewith.

After recording please return to:

Sullivan & Cromwell
125 Broad Street
New York, New York 10004-2498

Attention: Gary Israel, Esq.

TO THE EXTENT PERMITTED BY LAW, A POWER OF SALE HAS BEEN GRANTED IN THIS INSTRUMENT. A POWER OF SALE MAY ALLOW THE MORTGAGEE TO TAKE AND SELL ALL OR A PORTION OF THE PROPERTY ENCUMBERED BY THIS INSTRUMENT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY MORTGAGORS UNDER THIS INSTRUMENT.

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THIS CONSOLIDATED AND RESTATED MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING is dated as of March 1, 2000 (the "Mortgage") and is made by EACH OF THE ENTITIES LISTED AS BORROWERS OR GUARANTORS ON SCHEDULE A HERETO (the guarantors listed thereon are defined as "Guarantors", the borrowers listed thereon are defined as "Borrowers"; the Guarantors and Borrowers are defined collectively as the "Mortgagor") or any successor thereto, having an address for notices of c/o Vornado Finance L.L.C., Park 80 West, Plaza II, Saddle Brook, New Jersey, 07663, Attention: Vornado Finance L.L.C. Commercial Mortgage-Backed Securities, Series 2000-VNO, due March 15, 2010, in consideration of the premises and covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, to Vornado Finance L.L.C., a Delaware limited liability company, as Mortgagee (the "Mortgagee"), having an address for notices of Park 80 West, Plaza II, Saddle Brook, New Jersey 07663, Attention: Vornado Finance L.L.C. Commercial Mortgage-Backed Securities, Series 2000-VNO, due March 15, 2010.

PRELIMINARY STATEMENT

WHEREAS, Mortgagor owns or holds a leasehold estate in, as applicable, forty-two shopping center properties, located in six states which are listed in Exhibit A annexed hereto and made a part hereof.

WHEREAS, part of the collateral secured hereby is subject to certain mortgages described on Schedule B attached hereto (the "Predecessor Mortgages").

WHEREAS, immediately prior to the execution and delivery of this Mortgage, the Mortgagor has executed and delivered a Mortgage, Agreement of Assumption, Consolidation and Amendment of Mortgage and Notes (the "Additional Mortgage and Agreement") securing an additional note in the aggregate principal amount of \$32,046,125.46 (the "Additional Note"), and consolidating such Additional Note with the \$22,663,374.54 aggregate principal indebtedness, evidenced by the Substitute Note (as defined in the Additional Mortgage and Agreement) and theretofore secured by the Predecessor Mortgages, said Additional Note and Substitute Note now being secured by the Predecessor Mortgages, as amended and consolidated by the Additional Mortgage and Agreement.

WHEREAS, the Mortgagor, as the owner of the collateral secured by the Predecessor Mortgages, as amended and consolidated by the Additional Mortgage and Agreement

(the "Collateral"), desires to restate such mortgages by executing and delivering this Mortgage covering the Collateral, and to hereby grant, convey, transfer and assign the Collateral to the Mortgagee, in order to secure the payment by the Mortgagor of the principal of, interest and Make-Whole Obligations, if any, on and all other amounts payable under, the Mortgage Notes (as defined below) and this Mortgage, and to secure the performance by the Mortgagor of the covenants and agreements contained in this Mortgage and the other Security Documents.

WHEREAS, the Mortgagor has duly authorized the execution and delivery of this Mortgage, which restates the Predecessor Mortgages, as consolidated and amended by the Additional Mortgage and Agreement, and has taken all actions required by law and all other actions of the Mortgagor required therefor.

WHEREAS, the Predecessor Mortgages, as consolidated and amended by the Additional Mortgage and Agreement, are hereby restated in their entirety and the provisions of this Mortgage that follow are restatements of such mortgages.

WHEREAS, Mortgagor, as the owner of the Properties, desires to execute and deliver this Mortgage covering the Properties, and hereby to grant, convey, transfer and assign the Properties to the Mortgagee, in order to secure the payment by the Mortgagor of the principal of, interest and Make-Whole Obligations, if any, on, and all other amounts payable under, the Mortgage Notes, the Guaranty Agreement and this Mortgage, and to secure the performance by the Mortgagor of the covenants and agreements contained in this Mortgage and the other Mortgage Security Documents.

WHEREAS, to induce Mortgagee to extend credit to the Borrowers, the Guarantors executed and delivered a written guaranty (the "Guaranty Agreement") in favor of the Mortgagee guaranteeing payment of all sums of money due or to become due by the Borrowers to the Mortgagee under the Mortgage Notes; and

WHEREAS, it is a condition of the extension of credit to the Borrowers that the Mortgage secure the full and punctual payment of the indebtedness due or to become due under the Guaranty Agreement, and all expenses, costs, charges and fees incurred by the Mortgagee in connection with the liabilities, by the execution of these presents.

WHEREAS, simultaneously with the execution and delivery of this Mortgage, the Mortgagee desires to issue up to \$500,000,000 aggregate principal amount of Commercial Mortgage-Backed Notes, due March 15, 2010 (the "Securities") under that certain Indenture and Servicing Agreement (the "Indenture") dated of even date herewith by and among the Mortgagee, LaSalle Bank National Association, as Trustee (together with its co-trustees, successors and assigns in accordance with the terms of the Indenture, the "Trustee"), ABN AMRO Bank N.V., as fiscal agent, Midland Loan Services, Inc., as servicer (together with its successors and assigns in accordance with the terms of the Indenture, the "Master Servicer"), and Midland Loan Services, Inc., as special servicer (together with its successors and assigns in accordance with the terms of the Indenture, the "Special Servicer", and together with the Master Servicer, the "Servicer") and to lend the proceeds of issuance of the Securities to the Mortgagor in consideration for (A) the Mortgage Notes, and (B) this Mortgage and the other Mortgage Security Documents made by the Mortgagor as security for the borrowing by the Mortgagor evidenced by the Mortgage Notes.

WHEREAS, simultaneously with the making and delivery of the Mortgage Notes and the Guaranty Agreement and the execution and delivery of this Mortgage, the Mortgagee shall execute and deliver to the Trustee the Assignment, thereby assigning to the Trustee the Mortgage Notes, the Guaranty Agreement, this Mortgage and all the other Mortgage Security Documents securing the payment of the Mortgage Notes, all as security for payment and performance of the Securities in accordance with the terms of such instruments and the Indenture and shall endorse the Mortgage Notes to the Trustee.

NOW, THEREFORE, in consideration of the premises, and the sum of ten dollars (\$10.00) and other good and valuable consideration, intending to be legally bound hereby, the receipt and sufficiency of which is hereby acknowledged, in order to secure (i) the payment by the Borrowers of the principal of, interest on, and Make-Whole Obligations, if any, on, and all other amounts payable under, the Mortgage Notes; (ii) the payment of all amounts payable under this Mortgage; (iii) the payment by the Guarantors of all amounts payable under the Guaranty Agreements; (iv) the performance by the Mortgagor of its covenants and agreements contained in this Mortgage and the other Mortgage Security Documents; and (v) the payment and performance by the Mortgagor of the covenants and agreements of the Mortgagor under the Leases and the Reciprocal Operating Agreements (items (i) through (v) being referred

to herein as the "Secured Obligations"); the Mortgagor and the Mortgagee by these presents do hereby agree as follows:

THE MORTGAGOR HEREBY IRREVOCABLY GRANTS, BARGAINS, SELLS, CONVEYS, TRANSFERS, MORTGAGES AND ASSIGNS unto the Mortgagee, its successors and assigns forever (subject to the Permitted Exceptions), and grants a security interest in, the following property (such property, in respect of any individual property, is hereinafter referred to as a "Property", and in respect of all of the properties, as the "Properties"):

ALL ESTATE, right, title and interest of the Mortgagor, now owned or hereafter acquired, in and to those certain tracts or parcels of land listed in Exhibit A (provided, however, in the original of this document presented for recording, only such parcels listed in Exhibit A which are situate in a single recording jurisdiction shall be described more specifically in Exhibit B attached hereto), together with all rights of way or use, sidewalks, alleys and strips or gores, rights, privileges, air rights and development rights, servitudes, licenses, easements, hereditaments and appurtenances incident, belonging or pertaining to such land (the "Land"), and the buildings and improvements now or hereafter located or placed thereon (which buildings and improvements, together with any additions thereto or alterations or replacements thereof, are referred to as the "Improvements");

TOGETHER WITH ALL ESTATE, right, title and interest of the Mortgagor, now owned or hereafter acquired, in and to any ground lease or lease described on Exhibit A-1 hereto (each, a "Ground Lease") and the leasehold estate (each, a "Leasehold Estate") created thereby; all modifications, extensions and renewals of any Ground Lease and all credits, deposits, options, privileges and rights of the Mortgagor as tenant under such Ground Lease, including the right, if any, to renew or extend the Ground Lease for a succeeding term or terms, and including any extension of the ground leasehold with respect to the applicable land (provided, that the foregoing shall not be deemed to constitute the Mortgagee's consent to the encumbering of such land); all right, title and interest now owned or hereafter acquired by the Mortgagor in and to all options to purchase or lease the applicable Property or any portion thereof or interest therein; and all right, title and interest in and to any right pursuant to Section 365(h) of the U.S. Bankruptcy Code or any successor to such Section (i) to possession or any statutory term of years derived

from or incident to any Ground Lease, or (ii) to treat any Ground Lease as terminated;

TOGETHER WITH, all estate, right, title and interest, now owned or hereafter acquired, of the Mortgagor in and to the following property, rights and interests (subject, however, to the Permitted Exceptions):

(a) all Equipment and Personal Property of the Mortgagor of every kind and nature now or hereafter located upon the Land, which is to include, but is in no way limited to, inventory, accounts and chattel paper;

(b) all real estate tax refunds and all awards or payments, including interest on any of them, and the right to receive the same which the Mortgagor may have, which may be made with respect to any of the Land or Improvements whether from a Taking thereof or for any other injury to, decrease in the value of, or other occurrence affecting any of the Land or Improvements;

(c) all Leases and all other agreements for, affecting or related to the use or occupancy of any Property, now or hereafter entered into, and the right to receive and apply the rents, incomes, issues and profits derived by the Mortgagor from each Property to the payment of the Mortgage Notes and the other obligations secured by this Mortgage, together with the security deposits or other payments or instruments delivered as security under such Leases and agreements, including, without limitation, any guarantees of such Leases (the grant of such security deposits and other security being subject to application in accordance with the express requirements of such Leases and any other agreements applicable thereto);

(d) all Proceeds of, and any unearned premiums or refunds of premiums on, any insurance policies covering all or any part of the Properties, including the right to receive and apply the Proceeds of any insurance, judgments or settlements made in lieu thereof for damage to or the diminution of the Properties in accordance with the terms of this Mortgage;

(e) all general intangibles relating to design, development, operation, management and use of the Premises, all certificates of occupancy, zoning variances, building, use or other permits, approvals, authorizations, licenses and consents obtained from any

governmental agency in connection with the development, use, operation or management of the Premises, all construction, service, engineering, consulting, management, leasing, architectural and other similar contracts concerning the design, construction, management, operation, occupancy and/or use of the Premises (including the Management Agreement), all architectural drawings, plans, specifications, soil tests, appraisals, engineering reports and similar materials relating to all or any portion of the Premises and all payment and performance bonds or warranties or guarantees relating to the Premises, all to the extent assignable;

(f) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other source and business identifiers, trademark registration and applications for registration used at or relating to any of the Properties; all renewals, extensions and continuations-in-part of the items referred to above; any written agreement granting to the Mortgagor any right to use any trademark or trademark registration at or in connection with any of the Properties; and the right of Mortgagor to sue for past, present and future infringements of the foregoing;

(g) the right in the name and on behalf of the Mortgagor to appear in and defend any action or proceeding brought with respect to any of the Properties and to commence any action or proceeding to protect the interest of the Mortgagee in such Properties;

(h) all of Mortgagor's right, title and interest in and to all Fixtures now or at any time hereafter affixed to, attached to, placed upon or used in any way in connection with the use, enjoyment, occupancy or operation of the Land or the Improvements, together with any and all replacements thereof and additions thereto; and

(i) all, right, title and interest of Mortgagor in any Reciprocal Operating Agreement to which it is a party.

TO HAVE AND TO HOLD as provided herein the above granted and described Properties unto and to the proper use and benefit of the Mortgagee, its successors and assigns, and with respect to each applicable Leasehold Estate, for and during the rest, residue and remainder of the terms of

years yet to come and unexpired in each applicable Ground Lease and the renewals therein provided for (subject nevertheless to the rents, covenants, conditions and provisions in such Ground Lease), forever, subject in all respects only to the Permitted Exceptions.

The following actions of the Mortgagee shall not affect the liability of any person (other than a person expressly released pursuant thereto) for payment of the indebtedness and obligations secured hereby, and shall not affect the lien hereof upon any portion of any of the Properties not expressly released herefrom: if the Mortgagee shall, with or without notice (a) retain or obtain a security interest in any property to secure all or any portion of the Secured Obligations, (b) retain or obtain the primary or secondary liability of any party or parties with respect to all or any portion of the Secured Obligations, (c) alter, exchange, extend, renew, modify, release or cancel for any period (whether or not longer than their original maturity) any terms, conditions, provisions or covenants contained in any or all of the Security Documents, (d) release or compromise any liability of any party or parties primarily or secondarily liable on all or any portion of the Secured Obligations, (e) release its security interest, if any, in all or any portion of any of the Properties and permit any substitution or exchange for any such portion of the Property, (f) resort to the Properties conveyed by this Mortgage, or any portion thereof, for payment of the Secured Obligations, or any portion thereof, whether or not the Mortgagee shall have resorted to any other property otherwise securing the Secured Obligations, or shall have proceeded against any other party primarily or secondarily liable on the Secured Obligations, (g) apply any of the Properties or direct the order or manner of sale thereof as the Mortgagee in its sole discretion chooses in accordance with the terms of this Mortgage, and (h) accept a conveyance or conveyances of all or part of any of the Properties as partial satisfaction of the liability secured hereby in the amount of the value of the Property so conveyed and proceed against the balance of the Properties for the balance of the Secured Obligations after said conveyance or conveyances.

IT IS HEREBY FURTHER COVENANTED AND AGREED that the Mortgage Notes, any replacement, renewal or extension thereof, and any additional Mortgage Notes, all shall be secured by this Mortgage.

AND, to protect the security of this Mortgage, the Mortgagor covenants and agrees with and represents and

warrants to the Mortgagee, subject in all respects to the Permitted Exceptions, as follows:

1. INDENTURE; MORTGAGOR REPRESENTATIVES.

1.1 Indenture. Concurrently with its execution and delivery to the Mortgagee, this Mortgage is being assigned, pursuant to the Assignment, to the Trustee, as trustee for the benefit of the Holders under the Indenture (a copy of which is available from the Trustee). Pursuant to the terms of the Indenture, the Servicer is responsible for servicing the Mortgage Loan on behalf of the Trustee and for the benefit of the Holders under the Indenture. The address of the Trustee is as shown on the first page of the Assignment. Upon such assignment, the Trustee shall for all purposes be the sole Mortgagee hereunder (and all references herein to the Mortgagee shall be deemed to refer to the Trustee while such assignment is in effect) and the Trustee, or the Servicer on behalf of the Trustee, shall (i) have the sole and exclusive benefit of and the right and power to exercise, or to direct the exercise of, all the rights and remedies of the Mortgagee hereunder, including the right to inspect the Premises, to receive notices and financial information, to grant or withhold consents or approvals, to benefit from indemnities, to receive, hold and apply Proceeds and any Credit Facilities or Eligible Collateral or any other amount or property provided by the Mortgagor hereunder, and, upon the occurrence and during the continuance of an Event of Default, to take any action required or permitted of the Mortgagee, all in the Trustee's own name, and to exercise all other rights and remedies of the Mortgagee hereunder, (ii) be bound by all the terms hereof which apply to the Mortgagee, and (iii) except to the extent otherwise specified herein or in the Indenture, act in a commercially reasonable manner in making any determination called for of it (without requiring thereby that any Holder is obligated to act in a commercially reasonable manner) under this Mortgage or in granting or withholding any approval or consent called for under or requested pursuant to this Mortgage. Any designation contained herein of the Mortgagee as attorney-in-fact for any or all of the Mortgagors shall be deemed to include the Servicer on behalf of the Trustee and for the benefit of the Holders. With respect to any matter as to which the Mortgagee (and, pursuant to this Section, the Servicer) is designated as the attorney-in-fact for any or all of the Mortgagors, such Mortgagors shall execute and deliver to the Trustee, the Servicer or any agent or representative of any of them, as applicable, such powers of attorney or other documents or instruments reasonably requested by the Mortgagee or

Servicer, as applicable, in order to carry out the purpose of such designation as attorney-in-fact. The Mortgagor hereby acknowledges the foregoing and agrees to be bound to the Trustee, upon such assignment, recognizing the Trustee as the Mortgagee hereunder as if the Trustee were named in this Mortgage as the Mortgagee. Upon such assignment, the Mortgagor's obligations to the Mortgagee specified in this Mortgage shall be satisfied by the Mortgagor's tendering full and timely payment or performance thereof to the Trustee. With respect to delivery by the Mortgagee of documents and other written material, the Mortgagee shall have only the obligations expressly set forth herein or in the other Mortgage Security Documents or in the Indenture. All rights and remedies of the Trustee as the Mortgagee hereunder, including all indemnities running to the Mortgagee, shall also operate for the benefit of the Holders as provided in the Indenture and shall be exercised by the Trustee in accordance with and subject to the terms and conditions set forth in the Indenture. It is expressly understood that all or any portion of the amounts due under the Mortgage Notes may from time to time be repaid on the terms provided herein and therein, subject in each case to the ability of Vornado Finance to redeem or defease an equivalent aggregate principal amount of Securities pursuant to the terms of the Indenture.

1.2 Mortgagor Representative. The Mortgagor hereby designates and appoints Union VF LLC as the representative of the Mortgagor (the "Mortgagor Representative") which shall be and hereby is authorized to make any and all elections and to grant any and all consents, waivers or approvals and to take any such other actions as may be required or permitted to be taken by the Mortgagor under this Mortgage or any other Mortgage Security Document (each a "Mortgagor Action") for and on behalf of the Mortgagor, and the Mortgagee shall be entitled to rely on any instruction or request made by the Mortgagor Representative as if the same had been made by each of the Borrowers and the Guarantors. In addition, whenever, in this Mortgage, the Indenture or any of the other Mortgage Security Documents, the Mortgagee is authorized to make any payment or return any funds or instruments to the Mortgagor without specifying any particular Borrower or Guarantor, the Mortgagee shall have satisfied its obligation hereunder and thereunder by delivering such funds or instruments to the Mortgagor Representative. The Borrower named above shall continue as the Mortgagor Representative throughout the term of this Mortgage, and any Mortgagor Action taken by such Mortgagor Representative shall be binding upon and shall

inure to the benefit of each of the Borrowers and the Guarantors and their successors until such time as the Borrowers and the Guarantors deliver to the Mortgagee an Officer's Certificate signed by or on behalf of each of the Borrowers and the Guarantors notifying the Mortgagee of the appointment of another Borrower as the replacement Mortgagor Representative. Any Mortgagor Representative hereunder shall not be released from its obligations under this Mortgage, nor shall its Mortgaged Property be released from the lien of this Mortgage, unless the entities that will be Borrowers and Guarantors after such release have appointed a replacement Mortgagor Representative in accordance with the foregoing. The Borrowers and Guarantors covenant and agree to maintain the appointment of a Mortgagor Representative at all times during the term of this Mortgage, and the Mortgagee shall not be required to accept or act upon any Mortgagor Action, unless such action is taken by a Mortgagor Representative or is otherwise evidenced by a written instrument signed by or on behalf of every Borrower and Guarantor of a Property which has not been released.

1.3 Mortgagee Consents and Approvals. Whenever, in this Mortgage or in any other Mortgage Security Document, any consent or approval or other action may or shall be granted, withheld or otherwise taken by the Mortgagee, such consent, approval or other action shall be granted or withheld and such other action may be taken by the Servicer on behalf of the Mortgagee in accordance with the Servicing Standards (as defined in the Indenture). In deciding whether to grant or withhold any such consent or approval or to take any such other action, the Servicer shall be entitled (but not required) to consult with such counsel, real estate professionals or other Persons as the Servicer may deem necessary or appropriate and the Mortgagor shall reimburse the Servicer for all reasonable fees and expenses incurred by the Servicer in connection with any such consultation.

2. CERTAIN DEFINITIONS.

(a) Capitalized terms, not otherwise defined in this Mortgage, shall have the respective meanings assigned thereto in the Indenture.

(b) For all purposes of this Mortgage, except as otherwise expressly provided or unless the context otherwise requires:

(1) The terms defined in this Article shall have the meanings assigned to them in this Article and shall include the plural as well as the singular;

(2) All accounting terms not otherwise defined herein shall have the meanings assigned to them in accordance with generally accepted accounting principles in the United States of America, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in the United States of America as of the date of such computation;

(3) The word "including" shall be construed to be followed by the words "without limitation";

(4) Section headings are for the convenience of the reader and shall not be considered in interpreting this Mortgage or the intent of the parties hereto;

(5) The words "herein", "hereof" and "hereunder" and other words of similar import shall refer to this Mortgage as a whole and not to any particular Article, Section or other subdivision; and

(6) As a matter of convenience herein, rating categories are generally stated in the nomenclature of Moody's Investors Service, Inc., and Duff & Phelps Credit Rating Co., it being understood that, unless otherwise expressly stated to the contrary, reference to such category shall also be deemed to be a reference to the comparable category of each other Rating Agency; provided that if a specified rating (or its equivalent) from any of the Rating Agencies is required hereunder with respect to an issuer or a security (other than the Securities), and one of the Rating Agencies does not rate the issuer or security in question, then such requirement hereunder shall nevertheless be deemed satisfied so long as such Rating Agency has issued a Rating Agency Confirmation with respect thereto.

(c) As used in this Mortgage the following terms have the following respective meanings:

Advance Interest Rate shall have the meaning set forth in the Indenture.

Affiliate shall mean a Person or Persons directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with the Person or Persons in question. The term "control", as used in the immediately preceding sentence, shall mean, with respect to a Person that is a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation and, with respect to a Person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled Person.

Allocated Amount shall mean, with respect to each of the Properties, the amounts set forth alongside each Property on Exhibit A attached hereto; provided, however, such amounts shall be reduced (i) on a pro rata basis as and when Principal Installment Amounts are paid in respect of the Mortgage Notes and (ii) with respect to a particular Property or Properties in the event of a prepayment of the Mortgage Notes in accordance with Sections 3.2, 15, 16, 44 or 46 hereof relating to such Property or Properties; and provided, further, however, that the aggregate Allocated Amounts for the Properties shall never exceed the then outstanding aggregate principal balance of the Mortgage Notes except in the limited circumstances described in Section 3.7 hereof.

Alteration shall have the meaning stated in Article 14 hereof.

Approved Bank shall mean banks or other financial institutions which have (i)(a) a minimum net worth of \$500,000,000, or (b) total assets of \$5,000,000,000 and (ii) a minimum long-term unsecured debt rating at least equivalent to AAA (or, in connection with the issuance of a letter of credit, AA) or such lower rating as may be confirmed by a Rating Agency Confirmation.

Approved Control Party shall mean any one or a combination of the following entities:

- (a) A Vornado Affiliate;
- (b) A Permitted Owner; or
- (c) A Permitted Joint Venture Owner.

Architect with respect to each Property shall mean an architect or engineer, as appropriate for the project to be evaluated, selected by the Mortgagor (unless reasonably disapproved by the Mortgagee) duly licensed or registered in the state where such Property is located and practicing with a firm of recognized standing.

Assignment shall mean the Collateral Assignment of Mortgage Notes and Other Mortgage Security Documents dated as of the date hereof made by Vornado Finance in favor of the Trustee.

Assignment of Assignment of Leases shall mean, collectively, the Assignments of Assignment of Leases and Rents each dated as of the date hereof made by Vornado Finance in favor of the Trustee.

Assignment of Contracts shall mean the blanket Assignment of Agreements, Licenses, Permits and Contracts (including the Property Owners' rights under the Stop & Shop Guaranty), dated as of the date hereof, from the Mortgagor, as assignor, to the Mortgagee, as assignee, together with any amendments thereto.

Assignment of Leases shall mean, collectively, the Assignments of Leases and Rents each dated as of the date hereof from the Mortgagor, as assignor, to the Mortgagee, as assignee, together with any amendments thereto pursuant to the provisions thereof, assigning all the leases and rents with respect to the Properties.

Assignment of Mortgage shall mean, collectively, the Assignments of Mortgages, Deeds of Trusts and/or Leasehold Interests each dated as of the date hereof made by Vornado Finance in favor of the Trustee.

Bradlees Property shall mean a property containing space leased under a Stop & Shop Guaranteed Lease whether or not any of the Rental Increase (as defined in the Stop & Shop Guaranty) is allocated to such space.

Business Day shall have the meaning stated in the Indenture.

Cash shall mean coin or currency of the government of the United States of America.

Cash Equivalents shall mean (i) U.S. Government Securities, (ii) interest bearing or discounted obligations of federal agencies and government sponsored entities or pools of such instruments offered by Approved Banks and dealers, including, without limitation, Federal Home Loan Mortgage Corporation participation sale certificates, Government National Mortgage Association modified pass-through certificates, Federal National Mortgage Association bonds and notes, Federal Farm Credit System securities (provided all of the obligations described in this clause (ii) shall be rated "AAA" (or its equivalent) or backed by the full faith and credit of the United States government for full and timely payment), (iii) time deposits, domestic and Eurodollar certificates of deposit, bankers acceptances or commercial paper rated at least D-1+/P-1 (or its equivalent) by the Rating Agencies, and/or guaranteed by an entity having a long-term rating at least equal to the Required Rating, floating rate notes, other money market instruments and letters of credit each issued by Approved Banks (provided that if the scheduled maturity of any such note, instrument or letter of credit is more than three (3) months after the date of purchase of such obligation by Mortgagor or Mortgagee, the note, instrument or letter of credit must be issued by a bank having a long-term unsecured debt rating from the Rating Agencies at least equal to the Required Rating), (iv) obligations issued by state and local governments or their agencies, carrying a rating at least equal to the Required Rating and/or guaranteed by an irrevocable letter of credit of an Approved Bank (v) investments in money market funds and money market mutual funds all the assets of which are comprised of Cash and/or investments described in clauses (i) through (iv) above, and (vi) any other investment which the Rating Agencies confirm in writing will not, in and of itself, result in a downgrading, qualification or withdrawal of the rating then assigned to any of the Securities. Except as otherwise provided in this definition, Cash Equivalents shall not include any investments commonly known as "derivatives", any investments requiring a payment above par for an obligation, and under no circumstances shall Cash Equivalents include interest-only strips. Any investment in Cash Equivalents shall have a maturity date not later than one Business Day prior to the date that the proceeds therefrom are required hereunder.

Casualty/Condemnation Threshold Amount shall have the meaning set forth in Section 15.2.

Class A-1 Mortgage Note shall mean the Class A-1 Mortgage Note dated the date hereof in the initial principal amount of \$61,000,000 substantially in the form of Exhibit C hereto from the Borrowers, as maker, to Mortgagee, as payee.

Class A-2 Mortgage Note shall mean the Class A-2 Mortgage Note dated the date hereof in the initial principal amount of \$237,000,000 substantially in the form of Exhibit C hereto from the Borrowers, as maker, to Mortgagee, as payee.

Class B Mortgage Note shall mean the Class B Mortgage Note dated the date hereof in the initial principal amount of \$55,000,000 substantially in the form of Exhibit C hereto from the Borrowers, as maker, to Mortgagee, as payee.

Class C Mortgage Note shall mean the Class C Mortgage Note dated the date hereof in the initial principal amount of \$56,000,000 substantially in the form of Exhibit C hereto from the Borrowers, as maker, to Mortgagee, as payee.

Class D Mortgage Note shall mean the Class D Mortgage Note dated the date hereof in the initial principal amount of \$17,000,000 substantially in the form of Exhibit C hereto from the Borrowers, as maker, to Mortgagee, as payee.

Class E Mortgage Note shall mean the Class E Mortgage Note dated the date hereof in the initial principal amount of \$45,000,000 substantially in the form of Exhibit C hereto from the Borrowers, as maker, to Mortgagee, as payee.

Class F Mortgage Note shall mean the Class F Mortgage Note dated the date hereof in the initial principal amount of \$29,000,000 substantially in the form of Exhibit C hereto from the Borrowers, as maker, to Mortgagee, as payee.

Closing Date shall mean March 1, 2000 or such other date as the parties hereto shall mutually agree upon.

Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

Control shall mean possessing primary responsibility to make or veto all material decisions with respect to the operation, management, financing and disposition of the specified entity or interest rather than a beneficial ownership requirement.

Credit Facility means a Letter of Credit in respect of which the Mortgagor's reimbursement obligation is not secured by any of the Properties.

DCR shall mean Duff & Phelps Credit Rating Co.

Debt Securities means debt obligations, other than U.S. Government Securities, of any Person, whether evidenced by bonds, notes, debentures, certificates, book entry deposits, certificates of deposit, commercial paper, bankers acceptances, reinvestment letters, investment contracts, funding agreements or other instruments, which (x) shall not be subject to prepayment or redemption prior to maturity and (y) shall be rated not less than the Required Rating (or, if maturing within one year or less and having a short term debt rating by either or both of the Rating Agencies not less than A-1+/D-1+) (or the then equivalent ratings); or any combination of the foregoing.

Debt Service shall mean, in respect of the Mortgage Notes for any period, all payments of interest and principal amortization, if any, paid or payable by the Mortgagor during such period, excluding balloon payments of principal or accrued interest, if any, due at maturity.

Debt Service Coverage Ratio shall mean the ratio of (i) Net Cash Flow for all of the Properties for the twelve-month period ended the last day of the last full fiscal quarter preceding the date of determination for which the Mortgagor has delivered financial statements to the Mortgagee pursuant to Section 18 hereof (excluding any Net Cash Flow from any Properties that have been released from the lien of this Mortgage prior to the date of determination) to (ii) Debt Service on the Mortgage Notes for the twelve-month period immediately following the date of determination.

Debt Service Coverage Ratio Calculation Date shall have the meaning stated in the Indenture.

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

Default Rate shall mean, with respect to any Class of Mortgage Notes, an annual rate equal to the greater of (i) the stated rate of such Class of Mortgage Note plus 3% and (ii) the Advance Interest Rate.

Eligible Collateral shall mean U.S. Government Securities, Debt Securities, Cash or Cash Equivalents, or any combination thereof.

Employee Benefit Plan means any employee benefit plan within the meaning of Section 3(3) of ERISA which is established, sponsored, maintained, or contributed to on behalf of its employees at any of the Properties by the Mortgagor.

Environmental Indemnity shall mean that certain blanket Environmental Indemnity Agreement, dated as of the date hereof, from the Mortgagor to the Mortgagee, together with any amendments, supplement or modifications thereto.

Environmental Laws shall mean, to the extent applicable to any Property, the following: the Resource Conservation and Recovery Act (42 U.S.C. ss. 6901 et seq.), as amended by the Hazardous and Solid Waste Amendments of 1984, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. ss. 9601 et seq.), as amended by the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Materials Transportation Act (49 U.S.C. ss. 1801 et seq.), the Toxic Substances Control Act (15 U.S.C. ss. 2601 et seq.), Clean Air Act (42 U.S.C. ss. 9402 et seq.), the Clean Water Act (33 U.S.C. ss. 1251 et seq.), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. ss. 136 et seq.), the Occupational Safety and Health Act (29 U.S.C. ss. 651 et seq.) and all other federal, state and local laws, including obligations under the common law, ordinances, rules and regulations, as any of the foregoing may have been or may be amended, supplemented or supplanted, relating to the regulation or control of Hazardous Substances or wastes, or their handling, storage or

disposal, to the protection of human health or to the health, safety and protection of the environment.

Equipment shall mean all machinery, apparatus, equipment, materials, fittings, fixtures, chattels, articles of personal property and all other property (real, personal or mixed), and all appurtenances and additions thereto and betterments, renewals, substitutions and replacements thereof, now or hereafter owned by the Mortgagor or in which the Mortgagor has or shall acquire an interest (to the extent of such interest), and now or hereafter located on, attached to or contained in or used in connection with the Land or the Improvements, or placed on any part thereof though not attached thereto, including all indoor and outdoor furniture, landscaping, indoor plants, tools, screens, awnings, shades, blinds, curtains, draperies, partitions, carpets, rugs, furniture and furnishings, heating, lighting, plumbing, water heating, cooking, monitoring, ventilating, air conditioning, refrigerating, sanitation, waste removal, incinerating or compacting plants, systems, fixtures and equipment, elevators, escalators, stoves, ranges, vacuum systems, window washing and other cleaning systems, call systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials, alarms, telecommunications, entertainment, recreational or security systems and equipment, motors, machinery, pipes, ducts, conduits, dynamos, engines, compressors, generators, boilers, stokers, furnaces, pumps, tanks, and appliances.

ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time.

Event of Default shall have the meaning stated in Article 23 hereof.

Exculpated Persons shall have the meaning stated in Article 38 hereof.

Excusable Delay shall mean a delay due to acts of God, governmental restrictions, enemy actions, civil commotion, fire, casualty, strikes, shortages of supplies or labor, work stoppages or other causes beyond the reasonable control of the Mortgagor, but lack of funds shall not be deemed a cause beyond the reasonable control of the Mortgagor.

Expansion Space shall have the meaning stated in Section 3.2(f) hereof.

Fiscal Year shall mean the period from January 1 through December 31, inclusive, of any calendar year.

Fixtures shall mean all Equipment now owned by the Mortgagor or otherwise or hereafter acquired by the Mortgagor, which is so related to the Land and Improvements forming part of any of the Properties that it is deemed fixtures or real property under the law of the particular state in which the Equipment is located, including, without limitation, all building or construction materials intended for construction, reconstruction, alteration or repair of or installation on any of the Properties, construction equipment, appliances, machinery, plant equipment, fittings, apparatuses, fixtures and other items now or hereafter attached to, installed in or used in connection with (temporarily or permanently) any of the Improvements or the Land, including, but not limited to, Equipment, engines, devices for the operation of pumps, pipes, plumbing, cleaning, call and sprinkler systems, fire extinguishing apparatuses and equipment, water tanks, heating, ventilating, plumbing, laundry, incinerating, electrical, air conditioning and air cooling equipment and systems, gas and electric machinery, appurtenances and equipment, pollution control equipment, security systems, disposals, dishwashers, refrigerators and ranges, recreational equipment and facilities of all kinds, and water, gas, electrical, storm and sanitary sewer facilities, utility lines and equipment (whether owned individually or jointly with others, and, if owned jointly, to the extent of the Mortgagor's interest therein) and all other utilities whether or not situated in easements, all water tanks, water supply systems, water power sites, fuel stations, fuel tanks, fuel supply systems, and all other structures, together with all accessions, appurtenances, additions, replacements, betterments and substitutions for any of the foregoing and the proceeds thereof. Notwithstanding the foregoing, "Fixtures" shall not include any property which tenants are entitled to remove pursuant to leases, except to the extent that the Mortgagor shall have any right or interest therein.

Gross Revenue shall mean, for any period, revenue derived from the ownership and operation of the Properties from whatever source, including but not limited to, rents (without giving effect to straight-

lining of rents), but excluding sales, use and occupancy or other taxes on receipts required to be accounted for by the Mortgagors or Vornado Finance to any governmental authority, non-recurring revenues, refunds and uncollectible accounts, proceeds of casualty insurance and any other insurance or similar awards (other than business interruption or other loss of income insurance), and any disbursements to the Mortgagors or Vornado Finance of any escrow funds established by the Mortgage Security Documents.

Ground Lease shall have the meaning set forth in the recitals hereto.

Guaranty Agreement shall have the meaning stated in the Preliminary Statement.

Hazardous Substances means (i) those substances included within definitions of or identified as "hazardous substances", "hazardous materials", or "toxic substances" in or pursuant to Environmental Laws; (ii) those substances listed in the United States Department of Transportation Table (40 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto); (iii) any material, waste or substance which is or contains (A) petroleum, including crude oil or any fraction thereof, natural gas, or synthetic gas usable for fuel or any mixture thereof, or any product containing the foregoing substances, (B) asbestos or asbestos containing material, (C) polychlorinated biphenyls, (D) any substance designated as "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. ss. 1251 et seq. (33 U.S.C. ss. 1321), or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. ss. 1317); (E) flammable explosives; (F) radioactive materials; and (iv) such other substances, materials and wastes which are or become regulated as hazardous, toxic or "special wastes" under Environmental Laws.

Holder shall have the meaning stated in the Indenture.

Impositions shall have the meaning stated in Article 9 hereof.

Improvements shall have the meaning stated in the Preliminary Statement hereof.

Indenture shall have the meaning stated in the Preliminary Statement hereof.

Independent Director shall mean an individual who has not been, for the two (2) year period prior to appointment as Independent Director and during the continuation of service as Independent Director, an employee, stockholder, principal, equity member, or officer of the entity for which he or she serves as Independent Director or such entity's members, stockholders or partners or such entity's subsidiaries (other than as a person serving as an Independent Director of any such entities), a customer, supplier or other person or entity who derived more than five percent (5%) of its annual revenues in the most recently completed calendar year from its activities for the entity or any Affiliate thereof, or a spouse, sibling, parent or child of the foregoing.

Insurance Proceeds shall mean amounts, awards or payments payable to the Mortgagor or the Mortgagee in respect of all or any part of the Properties in connection with the damage or destruction thereof (after the deduction therefrom and payment to the Mortgagor and the Mortgagee, respectively, of any and all reasonable expenses incurred by the Mortgagor and the Mortgagee in the recovery thereof, including all attorneys' fees and expenses, the fees of insurance experts and adjusters and the costs incurred in any litigation or arbitration with respect to such damage or destruction).

Insurance Requirements shall mean all terms of any insurance policy required hereunder covering or applicable to the Properties or any part thereof, all requirements of the issuer of any such policy, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Properties or any part thereof or any use of the Properties or any part thereof.

Investment Grade shall mean having a long term unsecured debt rating not lower than Baa3 by Moody's and not lower than BBB-by Duff & Phelps.

Land with respect to each Property shall have the meaning stated in the Preliminary Statement hereof in respect of such Property.

Lease with respect to each Property shall mean any lease, sublease, further sublease, license, occupancy agreement or other agreement existing on the date hereof or hereafter entered into by the Mortgagor permitting the use or enjoyment of any part of such Property by another Person, and every modification, amendment, or extension relating thereto.

Legal Requirements shall mean all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, of governments, federal, state, county and municipal, ordinary or extraordinary, including the Americans with Disabilities Act of 1990, 42 U.S.C. ss. 12101 et seq. and all Environmental Laws and all covenants, restrictions and conditions now or hereafter of record, which now or at any time hereafter may be applicable to and enforceable against the Mortgagor or any Property as a result of the ownership, use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the Property or any part thereof, including, without limitation, building and zoning codes and ordinances.

Letter of Credit shall mean a clean, irrevocable, unconditional transferable letter of credit in favor of the Mortgagee (which will be the Trustee upon execution and delivery of the Assignment), not secured by any Property or otherwise reimbursable by the Mortgagor, and entitling the Mortgagee to draw thereon in New York, New York or in such other city as the Corporate Trust Office may from time to time be located, issued by a domestic bank or the U.S. agency or branch of a foreign bank the investment rating of which is not less than Aa2 from Moody's and AA from DCR or if not so rated by DCR, then an equivalent rating by one additional nationally recognized statistical rating organization ("NRSRO")(or if there are no domestic banks or U.S. agencies or branches of a foreign bank having such investment rating then issuing letters of credit, then such letter of credit may be issued by a domestic bank, the long term unsecured debt rating of which is the highest such rating then given to a domestic commercial bank) or such lower rating as to which a Rating Agency Confirmation has been obtained.

Lien shall mean any mortgage, deed of trust, lien, pledge, hypothecation, assignment, security interest, or any other encumbrance of, on or affecting any Property or 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, liens for delinquent real estate taxes and construction, mechanics', materialmen's and other similar liens and encumbrances but excluding liens for delinquent real estate taxes and construction, mechanics', materialmen's and other similar liens to the extent Mortgagor is contesting the amounts claimed which gave rise to such liens pursuant to the terms of this Mortgage.

Management Agreement shall mean the management agreement with respect to each of the Properties agreed to by or on behalf of each of the Mortgagors and VRLP.

Make-Whole Amount shall mean, an amount equal to the greater of: (i) 1% of the aggregate principal amount of the Mortgage Notes at the time that the Mortgage Notes have been accelerated or (ii) the present value as of the date of such acceleration of the Calculated Payments from such date through the Scheduled Maturity Date determined by discounting such payments at the Discount Rate.

For purposes of this definition, the following terms have the following meanings: "Calculated Payments" means the monthly payments of interest only which would be due based on the aggregate principal amount of the Mortgage Notes at the time that the Mortgage Notes have been accelerated and assuming an interest rate per annum equal to the difference (if such difference is greater than zero) between (y) the weighted average interest rate for such Mortgage Notes and (z) the Yield Maintenance Treasury Rate. The relevant "Discount Rate" is the rate which, when compounded monthly, is equivalent to the Yield Maintenance Treasury Rate when compounded semi-annually. The "Yield Maintenance Treasury Rate" is the yield calculated by the linear interpolation of the yields, as reported in Federal Reserve Statistical Release H.15-Selected Interest Rates under the heading "U.S. Government Securities/Treasury Constant Maturities" for the calendar week ending prior to the date of the relevant principal prepayment, of U.S. Treasury Constant Maturities with a maturity date (one

longer and one shorter) most nearly approximating the Maturity Date. If Release H.15 is no longer published, the Servicer will select a comparable publication to determine the Yield Maintenance Treasury Rate.

Make-Whole Obligation shall mean, collectively, the obligation to pay the Make-Whole Amount and/or to make any Make-Whole Payment.

Make-Whole Payment shall have the meaning stated in Section 44(a)(ii) or Section 46, as applicable.

Manager shall mean Vornado Realty L.P., a Delaware limited partnership, or any entity or entities retained by the Mortgagor to act as property managers of any of the Properties in accordance with Sections 19.1 and 20(b) hereof.

Master Servicer shall mean the institution serving from time to time as servicer for the benefit of the Holders of the Notes under and pursuant to the Indenture.

Maturity shall mean with respect to any Mortgage Notes, the date on which the principal of such Mortgage Notes shall become due and payable as herein provided, whether at the Scheduled Maturity Date, by acceleration or otherwise.

Moody's shall mean Moody's Investors Service, Inc.

Mortgage shall mean this Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, as amended or supplemented from time to time pursuant to the provisions hereof.

Mortgagee shall have the meaning stated in the Preliminary Statement hereof, and after the execution of the Assignment shall mean the Trustee as assignee thereunder for the benefit of the Holders, its successors and assigns, and shall include its assigns pursuant to any future assignment for the benefit of the Holders, and after the date hereof its successors and assigns.

Mortgage Loan means the indebtedness evidenced by the Mortgage Notes and secured by this Mortgage and the other Mortgage Security Documents.

Mortgage Notes means the Class A-1 Mortgage Note, the Class A-2 Mortgage Note,

the Class B Mortgage Note, the Class C Mortgage Note, the Class D Mortgage Note, the Class E Mortgage Note and the Class F Mortgage Note. Every reference to the Mortgage Notes shall include any amendment or endorsements thereto or replacements, renewals or extensions thereof, all of which shall be secured by this Mortgage.

Mortgage Security Documents means this Mortgage, the Guaranty Agreement, the Assignment of Leases, the Environmental Indemnity, the Assignment of Contracts, the Subordination of Management Agreement, the Mortgage Notes, the Cash Management Agreement, the financing statements now or hereafter executed in connection therewith and any and all other agreements, certificates (including, without limitation, Officer's Certificates), instruments or documents executed by the Mortgagor evidencing or securing the Mortgage Notes.

Mortgagor shall mean collectively, the entities identified on Schedule A hereto, for the period during which the same shall own the Properties, and following any conveyance of any of the Properties (other than a Release Property) which is permitted by the terms of this Mortgage, shall mean the transferee for the period during which each transferee shall own such Properties, subject in all cases to Section 38 of this Mortgage, and, to the extent the context shall so require, the term "Mortgagor" shall also mean one or more of the Mortgagors.

Multiemployer Plan means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Mortgagor is making or has an obligation to make contributions.

Net Cash Flow, with respect to a specified period and a particular Property, shall mean, for any period, the excess, if any, of Gross Revenue for such Property determined for such period over Operating Expenses for such Property determined for such period.

Notes shall have the meaning stated in the Indenture.

Officers' Certificate shall mean a certificate delivered to the Mortgagee and signed by a general partner, managing member, responsible officer or authorized person of the Mortgagor, or a certificate signed by an individual of similar authority and responsibility authorized to sign such certificate on

behalf of the Mortgagor, which certificate shall be subject to the provisions of Article 38 hereof.

Operating Expenses shall mean, for any period, all costs and expenses relating to the operation, maintenance and management of each Property, including, without limitation, utilities, repairs and maintenance, insurance, property taxes and assessments, ground lease payments, advertising expenses, payroll and related taxes, equipment lease payments, a management fee equal to the greater of 4.0% of annual rents (including percentage rents) or the actual management fee and an assumed capital expenditure reserve of \$0.07 per square foot of total square feet of the Properties, but excluding depreciation, amortization and extraordinary expenses; provided, however, such costs and expenses shall be subject to adjustment by Mortgagee to normalize such costs and expenses.

Out-of-Pocket Costs shall mean with respect to the Properties, following an Event of Default, (a) any and all sums actually paid or required to be paid by the Mortgagee for real estate taxes, taxes on rents or rentals or insurance premiums as provided in this Mortgage, and any and all other sums actually paid or required to be paid by the Mortgagee pursuant to the terms of this Mortgage to protect and preserve the Properties or the Mortgagee's interest therein, and (b) any and all sums, including, without limitation, judgments, settlements or compromises (to the extent such settlements or compromises have been consented to by the Mortgagor if such consent is required under the Mortgage Security Documents), reasonable attorneys' fees and other costs and expenses, paid by the Mortgagee in connection with any suit, action, legal proceeding or dispute of any kind, in which the Mortgagee is a party or appears, arising from or related to the Properties or the indebtedness secured by this Mortgage.

Outstanding shall have the meaning set forth in the Indenture, but with respect to the Mortgage Notes.

Payment Date shall have the meaning stated in the Indenture.

Permitted Exceptions shall mean those matters identified in Exhibit B hereto.

Permitted Joint Venture Owner shall mean an entity in which any two or more Vornado Affiliates and/or Permitted Owners, together with their Affiliates, collectively own at least a 51% equity interest.

Permitted Owner shall mean any Person that is:

A) an entity that satisfies at least one of the criteria in each of the following two categories:

(1) any one of the following:

- (a) a pension fund or pension trust, or
- (b) an insurance company, or
- (c) a national money-center bank, or
- (d) a real estate company traded on a national securities exchange, or
- (e) a Person with a long-term unsecured debt rating from each Rating Agency of at least investment grade, and

(2) any one of the following (determined exclusive of the Properties):

- (a) a Person with a current net worth of at least \$250,000,000, or
- (b) a pension fund or pension trust with total assets of \$5 billion or more, managed by a Person that controls at least \$1 billion in real estate equity investments, or
- (c) a Person that controls at least 2,500,000 square feet of leaseable retail and commercial space; or

B) any entity approved by the Trustee (such approval not to be unreasonably withheld or delayed) and to which a Rating Agency Confirmation has been obtained.

Person shall mean any individual, sole proprietor ship, corporation, general partnership, limited partnership, limited liability company or partnership, joint venture, association, joint stock company, bank, Massachusetts business trust, trust, estate, unincorporated organization, government (or any agency

or political subdivision thereof), endowment fund or any other form of entity.

Personal Property shall have the meaning stated in Section 48.1 hereof.

Premises, with respect to each Property, shall mean the Land, Improvements and Equipment related to such Property and all accessions and additions thereto and increases therein which constitute a part of the Improvements and/or Equipment.

Principal Installment Amount means for any Payment Date, commencing with the Payment Date in April 2000, occurring prior to the Scheduled Maturity Date, the scheduled principal amortization payment due under the Mortgage Notes with respect to such Payment Date as set forth on Exhibit I hereto (subject to adjustment as provided in Section 46(a)(ii) hereof). The principal amortization schedule will be recalculated after the prepayment of a portion of the Mortgage Notes pursuant to Section 46(a)(ii) hereof.

Proceeds shall mean Insurance Proceeds and/or Taking Proceeds, as applicable.

Properties shall have the meaning stated in the Preliminary Statement hereof, provided that, in the event of a release of one or more Properties pursuant to Section 44 of this Mortgage, from and after such date, "Properties" will not include any such released property or properties.

Property Worth shall mean, with respect to each Mortgagor, the fair market value of the Property owned by such Mortgagor as of the Closing Date.

Qualified Fire Protection Engineer shall mean (a) an engineer duly licensed in the state where the Property is located who shall either (x) have 10 years' experience evaluating fire and life safety systems and making estimates comparable to the estimates described in Exhibit E hereto or (y) be certified as a qualified fire protection engineer (or equivalent) by a professional, trade or other, similar association of recognized standing, (b) a reputable insurance broker having an in-house engineering and loss control group capable of making estimates comparable to the estimates described in Exhibit E hereto, or (c) an insurer meeting the criteria set forth in Exhibit E hereto or a

qualified employee thereof, in each case selected by the Mortgagor (unless reasonably disapproved by the Mortgagee).

Rating Agencies means each of Moody's and DCR and any successor thereto, and, if either such entity shall for any reason no longer perform the functions of a securities rating agency, "Rating Agency" shall be deemed to refer to any other nationally recognized rating agency selected by the Mortgagor (and not reasonably disapproved by the Mortgagee).

Rating Agency Confirmation shall have the meaning stated in the Indenture.

Reciprocal Operating Agreements shall mean the operating agreement, reciprocal easement agreement or ground lease, as applicable, setting out the respective rights and obligations between the Mortgagor and each anchor store or other owner at the Properties.

Release Property shall have the meaning stated in Section 44(a)(ii) hereof.

Renewal Lease shall have the meaning stated in Section 20(b) hereof.

Replaced Property shall have the meaning stated in Section 44(e) hereof.

Required Rating shall mean "AAA" (or its equivalent) by each of the Rating Agencies, except in connection with the issuance of a letter of credit in which case, AA (or its equivalent) by each of the Rating Agencies.

Restoration shall mean, in case of damage to or destruction or Taking of any Premises or any part thereof, the restoration, replacement or rebuilding of such Premises as nearly as practicable (after taking into account the consequences of a Taking, if any) to at least its value, utility and character (in light of commercial materials and services then available) immediately prior to such damage, destruction or Taking, together with such Alterations as may be made at the Mortgagor's election in accordance with the applicable provisions of this Mortgage.

Scheduled Maturity Date shall mean March 15, 2010. If the Scheduled Maturity Date shall occur on a date

that is not a Business Day, the Scheduled Maturity Date shall be the next succeeding Business Day and no further interest or other payment shall be due to the Mortgagee as a result of such adjustment.

Secured Obligations shall have the meaning stated in the Preliminary Statement hereof.

Securities shall have the meaning stated in the Indenture.

Servicer shall mean the Master Servicer and/or the Special Servicer, as applicable.

Single Purpose Entity shall mean a Person, other than an individual, which is formed or organized solely for the purpose of holding, directly, an ownership interest in any of the Properties, does not engage in any business unrelated to such Property or Properties and the financing thereof, does not have any assets other than those related to its interest in such Property or Properties or the financing thereof or any indebtedness other than as permitted by this Mortgage or the other Mortgage Security Documents, has 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, and holds itself out as being a Person, separate and apart from any other Person. If the foregoing entity is a corporation, it must have at least one Independent Director. If the foregoing entity is a partnership or limited liability company, (i) its partnership agreement or operating agreement, as applicable, must provide that the partnership or limited liability company will dissolve upon the withdrawal or dissolution of the last remaining general partner or member, but the partnership or limited liability company will not be dissolved if the remaining partners or members, within ninety (90) days, by majority vote elect to continue the partnership or limited liability company and, in the case of a limited partnership, appoint a new general partner, (ii) one general partner or managing member (as applicable) must at all times be a Single Purpose Entity formed solely for the purpose of acting as such general partner or managing member, as applicable, or, in the case of a limited liability company, such entity must have a special member or a member of its board of managers that would qualify as an Independent Director and (iii) the partnership agreement or operating agreement (as applicable) must

provide that the dissolution and winding up or insolvency filing of such partnership or limited liability company requires the unanimous consent of all general partners or members, or all members of the board of managers respectively. The entity's organizational or governing documents shall include provisions substantially similar to those contained in Section 3.3 hereof and that otherwise limit its business to a single purpose as described above in the first sentence of this definition.

Special Servicer shall mean the institution serving from time to time as special servicer for the benefit of the Holders of the Notes under and pursuant to the Indenture.

Stop & Shop Guaranteed Lease shall mean a lease of space in a property that is entitled to the benefits of the Stop & Shop Guaranty.

Stop & Shop Guaranty shall mean that certain Master Agreement and Guaranty, dated as of May 1, 1992, by and among certain of the Mortgagors (as assignees of Vornado, Inc. and the Subsidiaries named therein), Bradlees New Jersey, Inc. and each of the guarantors listed therein.

Subordination of Management Agreement shall mean the Manager's Consent and Subordination of Management Agreement, dated as of the date hereof, by Vornado Realty L.P. to the Mortgagee, together with any amendments thereto.

Substitute Property shall have the meaning given in Section 44(e) hereof.

Substitution Date shall have the meaning given in Section 44(e) hereof.

Taking shall mean a temporary or permanent taking by a government or political subdivision thereof or by a governmental agency, as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of the Properties, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Land of any Property or any part thereof.

Taking Proceeds shall mean amounts, awards or payments payable to the Mortgagor or the Mortgagee in respect of all or any part of the Properties in connection with the Taking thereof (after the deduction therefrom and payment to the Mortgagor and the Mortgagee, respectively, of any and all reasonable expenses incurred by the Mortgagor and the Mortgagee in the recovery thereof, including all attorneys' fees and expenses and the costs incurred in any litigation or arbitration with respect to such Taking).

Tax Opinion shall mean an opinion of counsel experienced in sophisticated tax issues and acceptable to the Servicer that a particular transaction will not (i) be treated as an exchange of a Note for a new note or security pursuant to Section 1001 of the Code; (ii) adversely affect the status of any Note as debt for federal income tax purposes or (iii) result in the treatment of the Mortgagee or the Borrowers as a "taxable mortgage pool" within the meaning of the Code.

Tenant shall mean any Person liable by contract or otherwise to pay rent or a percentage of gross income, revenue or profits pursuant to a Lease.

Threshold Amount shall mean (i) an aggregate amount equal to 5% of the aggregate initial Allocated Amounts of all Properties which at the time are subject to the Lien of this Mortgage and (ii) \$3,500,000 with respect to each Property provided Vornado's long-term unsecured debt is rated at least Investment Grade by Moody's (or if not rated by Moody's then by at least one NRSRO) or if not so rated, \$2,000,000 with respect to each Property.

Total Loss shall mean damage or destruction of any of the Properties by fire or other casualty (including earthquake) to the extent that the Mortgagor is not required, under the Leases or Reciprocal Operating Agreements, to apply the Proceeds to Restoration of such Property.

Total Taking shall mean a permanent Taking of the whole of the Premises of any Property or so much of the Premises of such Property that it would be impracticable, even after Restoration, to operate such Property as an economically viable shopping center and either (i) for which the Mortgagor is not required, under the Leases or Reciprocal Operating Agreements, to apply the Proceeds to Restoration and continued

operation of such Premises or (ii) to the extent that 25% or more of the gross usable area of any Property has been taken by eminent domain. For purposes of this definition, the term "gross usable area" shall mean gross leaseable area plus area which is then used for parking and/or vehicular circulation; provided, however, that any parking and/or circulatory space taken by eminent domain that can and will be replaced in all material respects with alternative space shall not be counted toward the calculation of the 25% threshold.

Trustee shall mean the institution serving from time to time as Trustee for the benefit of the Holders under and pursuant to the Indenture, which shall initially be LaSalle Bank National Association, having an address at 135 South LaSalle Street, Suite 1625, Chicago, Illinois 60603.

U.S. Government Securities shall mean securities evidencing an obligation to timely pay principal and interest in a full and timely manner that are (x) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (y) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of and guaranteed as a full faith and credit obligation by the United States of America, which in either case are not callable or redeemable at the option of the issuer thereof (including a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933, as amended) as custodian with respect to any such U.S. Government Securities or a specific payment of principal of or interest on any such U.S. Government Securities held by such custodian for the account of the holder of such depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the securities or the specific payment of principal of or interest on the securities evidenced by such depository receipt).

Vornado shall mean Vornado Realty Trust, a Maryland real estate investment trust, and its successors and assigns.

Vornado Affiliate shall mean an entity under common control with, controlled by, or controlling any

of VRLP or Vornado, and any successors by merger, consolidation or transfer of all or a substantial portion of the assets or businesses thereof.

Vornado Finance shall mean Vornado Finance L.L.C., a Delaware limited liability company, and its successors and assigns.

VRLP shall mean Vornado Realty L.P., a Delaware limited partnership, and its successors and assigns.

3. PARTICULAR COVENANTS, REPRESENTATIONS AND WARRANTIES.

3.1. Due Authorization, Validity and Issuance of the Mortgage Notes; Title to the Premises. The Mortgagor and each of the Borrowers, where applicable, covenants and agrees and represents and warrants as follows:

(a) The Mortgage Notes, this Mortgage and the other Mortgage Security Documents have been duly authorized, executed and delivered and are legal, valid and binding obligations of the Borrowers enforceable in accordance with their respective terms, subject as to enforcement, to bankruptcy, insolvency, fraudulent transfer, fraudulent conveyance, reorganization, moratorium, rehabilitation and other laws relating to or affecting creditors' rights generally and to general equity principles.

(b) The Borrowers are duly authorized to execute and deliver the Mortgage Notes, this Mortgage, and the other Mortgage Security Documents, and thereby to grant, convey, transfer and assign the Properties to the Mortgagee in accordance with this Mortgage, and all corporate, partnership, limited liability company and governmental action, consents, authorizations and approvals necessary therefor have been duly and effectively taken or obtained.

(c) As of the date hereof, the Mortgagor has good and marketable fee simple title or leasehold title to the Premises, and good and marketable title to the Personal Property (other than the Personal Property which is leased to the Mortgagor by third parties, as to which the Mortgagor holds a valid, enforceable and unencumbered leasehold interest), subject to no liens, charges or encumbrances other than the Permitted Exceptions (excluding, however, Permitted Exceptions of the type set forth in clause (c), of Exhibit B hereto for purposes of this representation) and, as to those Permitted Exceptions affecting the Properties as of the date hereof, the Mortgagor represents and warrants

that the same will not materially and adversely affect the current use, operation or value of the Mortgaged Properties or the Security intended to be provided herein, or the ability of the Borrowers to timely pay principal and interest on the Mortgage Notes. Upon the execution by the Mortgagor of this Mortgage, the Mortgagee shall have a valid first lien on the Premises and a valid first priority security interest in the Personal Property (other than that excluded above) in trust for the benefit of the Mortgagee subject to no liens, charges or encumbrances other than the Permitted Exceptions. The Mortgagor represents that there is no condemnation, appropriation or recapture proceeding pending or, to its knowledge, threatened with respect to any of the Properties and there are no unrecorded options to purchase all or any part of any of the Properties. No title insurance company issuing a policy covering all or any part of any of the Properties shall be considered a beneficiary of, or entitled to rely on, the representations and warranties contained herein.

(d) The Mortgagor has made and shall continue to make all required contributions to all Employee Benefit Plans. The Mortgagor has no knowledge of any material liability which has been incurred by the Mortgagor which remains unsatisfied for any taxes or penalties with respect to any Employee Benefit Plan or any Multiemployer Plan.

(e) At the time of execution of this Mortgage, there is no litigation to which the Mortgagor is a party pending, or to its knowledge threatened, which if determined adversely to the Mortgagor, would have a material adverse effect on the financial position of the Mortgagor or would not be covered by insurance. At the time of execution of this Mortgage, there are no known material contingent liabilities of the Mortgagor.

(f) At the time of execution of this Mortgage, the Mortgagor has no material financial obligations under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Mortgagor is a party or otherwise bound other than obligations incurred in the ordinary course of the operation of the Properties.

3.2. Maintenance of Validity and Recording; Expansion.

(a) The Mortgagor covenants that it will forth with after the execution and delivery of this Mortgage and thereafter as necessary from time to time cause this Mortgage and the other Mortgage Security Documents and any

continuation statement or similar instrument relating to any property subject thereto or to any property intended to be granted, conveyed, transferred and assigned by this Mortgage 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 fully to protect the validity thereof or the grant thereby of the property subject thereto and the interest and rights of the Mortgagee therein. The Mortgagor 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 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.

(b) The Mortgagor covenants that at all times it will itself, or will use its best efforts to cause third parties to, preserve, warrant and defend the Mortgagee's title and right in and to the Properties, subject to Permitted Exceptions, against the claims of all Persons and will maintain and preserve such title and right so long as any of the Mortgage Notes are outstanding.

(c) Notwithstanding any provision to the contrary contained herein, the Mortgagee hereby (i) consents to the modification of existing easements, rights of way, restrictive covenants or similar agreements included in the Permitted Exceptions and to the creation by the Mortgagor of additional easements, rights of way, restrictive covenants or similar agreements affecting title to the Premises of any of the Properties, including in connection with an Alteration, and (ii) agrees that this Mortgage shall be subordinate to such modifications, additional easements, rights of way, restrictive covenants or similar agreements, in either case upon receipt by the Mortgagee of an Officer's Certificate confirming that such action (A) will either benefit the Property or will not affect the utility, operation or value of such Property in any material adverse respect and (B) will not to the best knowledge of the certifying officer, cause such Property to be in violation of any Legal Requirements, Leases or Insurance Requirements or result in the loss of any certificate of occupancy provided, however, upon the occurrence and during the continuance of a Triggering Event, the downgrade by Moody's of the rating assigned to any Class of the Notes to a rating that is less than Investment Grade or the Mortgagor's failure to comply with the reporting requirements set forth in Section 18 hereof, any modification or creation of such

easements, rights-of-way and similar agreements shall be subject to the reasonable approval of the Mortgagee.

(d) The Mortgagor covenants and agrees to punctually perform all obligations and agreements to be performed by it as lessor under any Lease or as a party to or a beneficiary of any of the Permitted Exceptions, and to take such action as shall be reasonable and diligent to compel performance by each other party to each of such instruments of such other party's obligations and agreements thereunder. The Mortgagor shall maintain the validity, perfection, priority and effectiveness of this Mortgage and the other Mortgage Security Documents. The Mortgagor will not take any action, will not permit action to be taken by others and will not omit to take any action, nor will the Mortgagor give any notice, approval or consent or exercise, waive or modify any rights under or in respect of the Permitted Exceptions, which action, omission, notice, approval, consent or exercise, waiver or modification of rights would release the Mortgagor from, or reduce any of the Mortgagor's obligations or liabilities under, or would result in the termination, surrender or assignment of, or the amendment or modification of, any of the Mortgage Security Documents, or would impair the validity of any of the Permitted Exceptions, this Mortgage or any of the other Mortgage Security Documents, or would affect any of the Properties in any material adverse respect, without the Mortgagee's consent, and any attempt to do any of the foregoing without such consent shall be of no force and effect.

(e) The Mortgagor represents that it has no actual knowledge of any material respect in which it or any of the Properties is, on the date hereof, in violation of any Legal Requirement or any Insurance Requirement or of any agreement binding upon the Mortgagor or such Property.

(f) In order to permit the Mortgagor to expand any Improvements on a Property through the addition of one or more anchor stores and/or the addition of one or more mall or peripheral stores from time to time (those portions of the Land on which such expansion shall be undertaken being collectively referred to as the "Expansion Space"), the Mortgagee agrees, so long as no Event of Default shall have occurred and be continuing at the time such addition is commenced, as follows:

(i) In the event the Mortgagor desires to sell, ground lease or sublease the Expansion Space, the Mortgagee shall consent to such sale or ground lease

and to the release of the Expansion Space from the lien of this Mortgage, and/or to such other actions taken as may be reasonably requested by the Mortgagor, provided that (I) the Architect shall have certified to the Mortgagee that in such Architect's opinion (w) such transactions comply in all material respects with all applicable zoning ordinances, (x) such transactions and the particular plans developed for the Expansion Space shall not adversely affect the utility or operation of the Premises in any material adverse respect, (y) any connection to, or contemplated shared use of, the common area in order to provide utilities services and access to the Expansion Space shall not adversely affect the availability or provision of utility services to the Premises in any material adverse respect and (z) any such transaction shall not materially reduce the rentable square footage of the Improvements, (II) such anchor store, mall store or peripheral store shall join or be subject to the agreements binding upon the Property on terms which shall not have a material adverse effect on the value or operation of the Property as a whole, (III) the Mortgagor delivers an Officers' Certificate stating that such transactions and the particular plans developed for the Expansion Space do not violate any existing Lease or the parties to such Lease have consented thereto, (IV) the Mortgagor obtains an agreement from the third-party developer conducting such expansion which provides that in the event the third-party developer does not complete construction of the improvements on the expansion parcel, the Mortgagor will have the right, at either the Mortgagor's or the developer's expense as the Mortgagor shall elect, to enter the expansion parcel and either complete the improvements or demolish the uncompleted improvements with no liability to the third-party developer, (V) if the construction of such Expansion Space would cause the Debt Service Coverage Ratio with respect to such affected Property (calculated using the Net Cash Flow and Debt Service allocable to and the Allocated Amount for such Property) to be less than the Debt Service Coverage Ratio with respect to such affected Property (calculated using the Net Cash Flow and Debt Service allocable to and the Allocated Amount for such Property) as of the Closing Date, then Mortgagor shall deposit with the Trustee Eligible Collateral in the amount of the cost of the Expansion Space or cause all Gross Revenue, after payment of Debt Service on the Mortgage Notes and all other indebtedness permitted hereunder to be deposited with Mortgagee promptly after

receipt thereof by Mortgagor, to be held by Mortgagee in a segregated, interest-bearing escrow account invested at Mortgagor's instructions in Eligible Collateral and to be held in such account until an amount equal to the cost of the Expansion Space is so deposited in such account, (VI) a Rating Agency Confirmation shall have been provided to Mortgagee and (VII) if Mortgagor is required to prepay the Mortgage Notes as provided below, Vornado Finance shall simultaneously with such prepayment defease, or if permitted by the terms of the Indenture, redeem an equal principal amount of the Notes (pursuant to the terms of the Indenture). Mortgagor's obligations under clause (V) hereof to so deposit such Gross Revenue shall terminate, and Mortgagee shall disburse any amounts so held by Mortgagee, at such time as the Debt Service Coverage Ratio with respect to such affected Property (calculated using the Net Cash Flow and Debt Service allocable to and the Allocated Amount for such Property), for the preceding twelve month period shall be equal to or greater than the Debt Service Coverage Ratio with respect to such affected Property (calculated using the Net Cash Flow and Debt Service allocable to and the Allocated Amount for such Property) as of the Closing Date. Any cash proceeds from a sale of Expansion Space on a Property that are not used to make capital improvements on such Property shall be applied in any manner in which the Mortgagor deems appropriate; provided, however, that at least 72% of such proceeds shall be applied to make a prepayment on the Mortgage Notes pursuant to Section 44(a)(ii) of this Mortgage. The Allocated Amount of the applicable Property shall be reduced in the amount of such prepayment. Any prepayment made pursuant to this Section 3.2(f) shall be applied to the Mortgage Notes in the following order of priority: first, to the Class A-1 Mortgage Note until the Class A-1 Mortgage Note has been paid in full; second, to the Class A-2 Mortgage Note until the Class A-2 Mortgage Note has been paid in full; third, to the Class B Mortgage Note until the Class B Mortgage Note has been paid in full; fourth, to the Class C Mortgage Note until the Class C Mortgage Note has been paid in full; fifth, to the Class D Mortgage Note until the Class D Mortgage Note has been paid in full; sixth, to the Class E Mortgage Note until the Class E Mortgage Note has been paid in full; and seventh, to the Class F Mortgage Note until the Class F Mortgage Note has been paid in full.

(ii) In the event that the Mortgagor desires to undertake the development of the Expansion Space itself, the Mortgagee shall consent to release of the Expansion Space from the lien of this Mortgage, and/or to such other actions by the Mortgagor or to the Mortgagee taking such other actions as may be reasonably requested by the Mortgagor provided that (I) the Architect shall have certified to the Mortgagee that in such Architect's opinion (w) such transactions comply in all material respects with all applicable zoning ordinances, (x) such transactions and the particular plans developed for the Expansion Space shall not adversely affect the utility or operation of the Premises (excluding the Expansion Space) in any material adverse respect, (y) any connection to, or shared use contemplated of, the common area in order to provide utility services and access to the Expansion Space shall not adversely affect the availability or provision of utility services to the Premises in any material adverse respect and (z) any such transaction shall not materially reduce the rentable square footage of the Improvements, (II) such anchor store, mall store or peripheral store shall join or be subject to the agreements binding upon the Property on terms which shall not have a material adverse effect on the value or operation of the Property as a whole, (III) the Mortgagor delivers an Officers' Certificate stating that such transactions and the particular plans developed for the Expansion Space do not violate any existing Lease or the parties to such Lease have consented thereto, (IV) if the construction of such Expansion Space would cause the Debt Service Coverage Ratio with respect to such affected Property (calculated using the Net Cash Flow and Debt Service allocable to and the Allocated Amount for such Property) to be less than Debt Service Coverage Ratio with respect to such affected Property (calculated using the Net Cash Flow and Debt Service allocable to and the Allocated Amount for such Property) as of the Closing Date, then Mortgagor shall cause all Gross Revenue, after payment of Debt Service on the Mortgage Notes and all other indebtedness permitted hereunder to be deposited with Mortgagee promptly after receipt thereof by Mortgagor, to be held by Mortgagee in a segregated, interest-bearing escrow account invested at Mortgagor's instructions in Eligible Collateral and to be held in such account until an amount equal to the cost of the Expansion Space is so deposited in such account and (V) a Rating Agency Confirmation shall have been provided to Mortgagee. Mortgagor's obligations

under clause (IV) hereof to so deposit such Gross Revenue shall terminate, and Mortgagee shall disburse any amounts so held by Mortgagee, at such time as the Debt Service Coverage Ratio with respect to such affected Property (calculated using the Net Cash Flow and Debt Service allocable to and the Allocated Amount for such Property) shall be equal to or greater than Debt Service Coverage Ratio with respect to such affected Property (calculated using the Net Cash Flow and Debt Service allocable to and the Allocated Amount for such Property) as of the Closing Date.

(iii) In the event that the Mortgagor desires to pursue the development of the Expansion Space without the Expansion Space being subject to the lien hereof in some manner other than as described in (i) or (ii) above but satisfying the conditions set forth in (i) and (ii) above for protecting the utility and operation of the affected part of the Property and the provisions of Section 19.3 hereof, the Mortgagee shall cooperate with the Mortgagor and shall not unreasonably (but may, in its discretion), withhold or delay its consent to any other approach to the Expansion Space consistent with maintaining the utility and satisfactory operation of the Premises in all material respects.

(iv) In connection with the development of the Expansion Space pursued in any manner, the Mortgagee hereby (i) consents to the modification of existing easements, rights of way, restrictive covenants or similar agreements included in the Permitted Exceptions and to the creation by the Mortgagor of additional easements, rights of way, restrictive covenants or similar agreements affecting title to the Premises and (ii) agrees that this Mortgage shall be subordinate to such modifications, additional easements, rights of way, restrictive covenants or similar agreements, provided in either case that the Mortgagee receives, within five (5) days prior to the execution by the Mortgagor of such modification, additional easement, right of way, restrictive covenant or similar agreement, an Officers' Certificate confirming that such action (A) shall not adversely affect the utility or operation of the Premises in any material adverse respect and (B) shall not cause the Premises to be in violation of any Legal Requirement or result in the loss of any certificate of occupancy, provided, however, upon the occurrence and during the continuance of a Triggering Event, the

downgrade by Moody's of the rating assigned to any Class of the Notes to a rating that is less than Investment Grade or the Mortgagor's failure to comply with the reporting requirements set forth in Section 18 hereof, any modification or creation of such easements, rights of way and similar agreements shall be subject to the reasonable approval of the Mortgagee.

The Mortgagee's consent and agreement set forth above is contingent upon the Mortgagor's full compliance with and satisfaction of all Legal Requirements in connection with the development of the Expansion Space and an agreement to provide to the Mortgagee an updated survey and engineering report of the Premises upon completion, as appropriate for the action taken.

(g) The Mortgagor covenants that it will deliver to the Mortgagee a mortgagee's title insurance policy for each Property in an amount not less than the original Allocated Amount applicable to such Property and in form and substance and with such endorsements as shall have been previously agreed between the Mortgagor and the Initial Purchaser (as defined in the Indenture), which title insurance policy shall be dated the Closing Date and redated the date of recording of this Mortgage and shall insure that this Mortgage is a valid first priority grant of, and lien on, the Premises, subject only to the Permitted Exceptions. The issuer of such title insurance shall be one or more nationally recognized title insurance companies and there shall be reinsurance and direct access agreements to the extent previously agreed upon between the Mortgagor and the Initial Purchaser.

(h) (i) to the extent a Borrower or a Guarantor is a limited liability company it will be, and its managing member will be, a Single Purpose Entity that complies with the requirements of Section 3.3, as and to the extent applicable and (ii) to the extent a Borrower or a Guarantor is a general or limited partnership, each of its general partners will be a Single Purpose Entity that complies with the requirements of Section 3.3, as and to the extent applicable.

3.3. Negative Covenants. The Mortgagor covenants that:

(a) it will not engage, directly or indirectly, in any business other than that arising out of entering into this Mortgage and the other Mortgage Security Documents to which the Mortgagor is a party and ownership, operation,

management, leasing, development and financing of the Properties and any and all activities necessary, convenient or incidental to the foregoing;

(b) it will not own any assets other than the Property owned by such Mortgagor and such other personal property as is necessary or incidental to ownership of such Property;

(c) except as required by law, it will not, unless done in a manner that does not violate the requirements of any of the Mortgage Security Documents, engage in, seek or consent to any dissolution, winding up, liquidation, consolidation, merger, asset sale, transfer of all or any portion of its assets, or amend its organizational documents in any manner adverse to its ability to satisfy the requirements of any of the Mortgage Security Documents;

(d) it will at all times be a Single-Purpose Entity;

(e) it will (i) maintain its bank accounts separate from any other person or entity, other than Vornado Finance, the other entities comprising Mortgagor, and any member or partner of any entity comprising Mortgagor (collectively, the "Finance Entities"), (ii) maintain its books and records separate from any other Person and (iii) otherwise ensure that its records and books reflect the separate existence of itself and its assets;

(f) it will separately identify and segregate its funds and assets from those of any other entity and shall not commingle its funds or assets with those of any other person or entity, other than the Finance Entities;

(g) it will hold its assets in its own name;

(h) it will engage in transactions and conduct all business activities in its own name and present itself to the public as a company separate from any other person or entity, including the Finance Entities;

(i) it will maintain its financial statements, accounting records, and other entity documents separate from those of any other person or entity except that the Mortgagor may be included in the consolidated financial statements of another Person where required by generally accepted accounting principles;

(j) it will pay its own liabilities out of its funds and assets as the same shall become due to the extent sufficient funds are available to it and shall not pay its debts and liabilities from the funds or assets of any other Person or entity;

(k) it will not engage in any transaction with any Affiliate involving any intent to hinder, delay or defraud any person or entity;

(l) it will maintain an arm's-length relationship with, and shall not be or become operationally dependent on, any Affiliate;

(m) it will have no indebtedness, secured or unsecured, direct or indirect, absolute or contingent (including any guarantee obligations) other than indebtedness contemplated by or permitted under the Mortgage Security Documents;

(n) it will not assume or guaranty or become obligated for the debts of any other person or entity, and shall not hold out its credit as being available to satisfy the obligations of any other person or entity, except for the indebtedness contemplated by or permitted under the Mortgage Security Documents;

(o) it will not acquire obligations or securities of its members or partners, as the case may be;

(p) it will fairly and reasonably allocate any shared expenses including, without limitation, rent for shared office space and shall use stationery, invoices and checks separate from those of any entity, other than the Finance Entities;

(q) except as contemplated by or permitted under the Mortgage Security Documents, it will not pledge its assets for the benefit of any other person or entity, other than the Finance Entities;

(r) it will hold itself out and identify itself as a separate and distinct entity under its own name, and not as a division or part of any other person or entity;

(s) it will not make loans or advances to any person or entity;

(t) it will not identify its members or partners, as the case may be, any subsidiary, Vornado Finance, VRLP or

any Affiliate of the foregoing as a division or part of itself;

(u) it will not enter into, or be a party to, any transaction with its members or partners, as the case may be, or any of its Affiliates except (i) in the ordinary course of its business and (ii) on terms which are intrinsically fair and are no less favorable to it than those terms which would be obtained in a comparable arm's-length transaction with an unrelated third party;

(v) it will correct any known misunderstanding regarding its separate existence and identity;

(w) without the prior written consent of its sole member, managing member or general partner, as the case may be, it will not, and neither its sole member, managing member or general partner, as applicable, nor any other person or entity on its behalf if will, (i) file, or consent to the filing of, a bankruptcy, insolvency or reorganization petition or otherwise institute bankruptcy or insolvency proceedings or otherwise seek any relief under any laws relating to the relief from debts or the protection of debtors generally, (ii) seek or consent to the institution of bankruptcy or insolvency proceedings against it or the appointment of a receiver, liquidator, conservator, assignee, trustee, sequestrator, custodian or any similar official for itself or all or any portion of its assets, (iii) make or consent to any assignment for the benefit of its creditors or (iv) admit in writing its inability to pay its debts generally as they become due or (v) take any action in furtherance of any of the preceding actions;

(x) it will maintain a sufficient number of employees in light of its contemplated business operations and compensate its employees (if any) from its own funds for services provided to it;

(y) it intends to maintain adequate capitalization in light of its contemplated business and operations and it shall and shall not permit VRLP, Vornado or any of its members or partners, as the case may be, to take any action that would cause it not to maintain adequate capitalization in light of its contemplated business and operations;

(z) it will take all appropriate action necessary to maintain its existence as a limited liability company or limited partnership, as the case may be, in good standing under the laws of the state of its jurisdiction.

(aa) it will strictly observe all organizational and procedural matters and formalities required by its organizational documents, and by applicable law, as the case may be, and shall keep accurate and proper books and records of account;

(bb) it will at all times ensure that its funds will be clearly traceable at each step in any financial transaction and maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any other person or entity (except that its funds may be commingled with the funds of the other Finance Entities);

(cc) it will not permit itself to be dependent upon any subsidiary or Affiliate or any other entities to operate its business, other than its members or partners, as the case may be;

(dd) it will not transfer any of the Properties or any portion thereof (except as permitted in accordance with Section 3.2(f) or 19);

(ee) it will not engage in a nonexempt prohibited transaction described in Section 406 of ERISA or Section 4975 of the IRC.

The Mortgagor represents and warrants that on the Closing Date it does not have any indebtedness or obligations which would cause it to be in violation of the foregoing covenants.

3.4. Existence and Rights. Mortgagor covenants that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and will maintain adequate capitalization (taking into account, among other things, the market value of its assets) for its business purposes; that it will not modify its Agreement of Limited Partnership, Limited Liability Company Agreement or other constituent documents in any manner that would have a material adverse effect on the interests of the Mortgagee hereunder; will maintain books and records and bank accounts separate from those of its Affiliates (other than Vornado Finance) that are not Mortgagors hereunder and will maintain a separate business office (which may be a management office at the Premises) from such Affiliates (other than Vornado Finance); that it will at all times hold itself out to the public as a legal entity separate and distinct from any of its Affiliates (other than Vornado Finance) that are not Mortgagors hereunder (including in its leasing activities,

in entering into any contract, in preparing its financial statements) and will cause such Affiliates (other than Vornado Finance) to conduct business with it on an arm's-length basis (or, as to property management and leasing, on a basis comparable to the property management and leasing arrangements of properties similar to the Properties which are owned by Affiliates of the Mortgagor and managed by the Manager or a similar property manager); that it will pay all expenses of the Properties from its own assets; that it will file its own tax returns or, if part of a consolidated group, will join in the consolidated tax return of such group as a separate member thereof; and will cause its management to meet regularly to carry on its business.

3.5. Payment of Taxes and Other Claims. Subject to the provisions of Article 12 hereof, the Mortgagor represents that there is no default in the payment of, and covenants that it will pay or discharge or cause to be paid or discharged before any fine, penalty, interest or cost may be imposed for nonpayment thereof, all taxes, assessments and governmental charges levied or imposed upon it or upon the Properties.

3.6. Payment of the Mortgage Notes, All Other Amounts, the Trustee's Fees and the Servicer's Fees. Subject to the provisions of Article 38 hereof, the Mortgagor, jointly and severally, will cause to be duly paid the principal of, interest and Make-Whole Obligation, if any, on the Mortgage Notes and all other amounts due under the Mortgage Notes at the places, at the respective times and in the manner provided in the Mortgage Notes. The Mortgagor also will cause to be duly paid (i) all other charges, fees or other amounts which become due under this Mortgage, or the other Mortgage Security Documents (or, subject to the terms of Section 12, otherwise in the conduct of the Mortgagor's business), (ii) all charges, fees or other amounts (other than the principal, interest or Make-Whole Obligations, if any, in respect of the Notes) which become due and payable by Vornado Finance under the Indenture or the other Security Documents, (iii) the fees and proper disbursements of the Trustee under the Indenture and expenses of the Trustee in complying with the terms of the Indenture, (iv) the fees and proper disbursements of the Servicer under the Indenture and expenses of the Servicer in complying with the terms of the Indenture (excluding P&I Advances and interest thereon at the Advance Interest Rate but including any Property Protection Advances and interest thereon at the Advance Interest Rate); provided, however, this exception shall not release any Mortgagor from its obligation to pay any installment of principal or interest,

including interest accruing at the Default Rate, due hereunder or under the Mortgage Notes and (v) the fees charged by the Rating Agencies in connection with their ratings surveillance of the Securities. The Mortgagor also will pay all costs and expenses of Vornado Finance incurred in connection with issuing the Securities. Each of the Master Servicer and the Special Servicer is permitted to utilize agents and attorneys as provided in the Indenture and is consistent with the Servicing Standards in performing certain of their obligations under the Indenture and the other Security Documents, each of which will be an expense as set forth in the Indenture. In addition, Mortgagor agrees that the Servicer shall be entitled to receive from the related Mortgagor(s) as additional servicing compensation an assumption fee in the amount of \$5,000 in connection with the administration of each transfer and assumption pursuant to Sections 19.1 or 19.2 hereof.

3.7. Covenants Regarding the Stop & Shop Guaranty. (a) Mortgagor covenants that it will not reallocate all or any portion of the Rental Increase (as defined in the Stop & Shop Guaranty) to any property not subject to the lien of this Mortgage except in accordance with clause (e) of this Section 3.7;

(b) Mortgagor covenants, notwithstanding the release provisions contained in Section 3.2 or Section 44 hereof, to at all times while any amounts are outstanding under the Mortgage Notes, keep at least one Bradlees Property with a Stop & Shop Guaranteed Lease having a remaining term (without exercising renewal options) that extends beyond the Scheduled Maturity Date subject to the lien of this Mortgage unless all Bradlees Properties that are subject to the lien of this Mortgage (or such remaining Bradlees Properties) have been or are being released in accordance with clause (e) of this Section 3.7;

(c) Mortgagor covenants that if a Stop & Shop Guaranteed Lease for a Bradlees Property that is subject to the lien of this Mortgage that has been allocated all or a portion of the Rental Increase expires pursuant to its terms prior to the Scheduled Maturity Date, Mortgagor shall reallocate all or such portion, as the case may be, of such Rental Increase to another Bradlees Property that has an unexpired Stop & Shop Guaranteed Lease and that is subject to the lien of the Mortgage. Mortgagor shall have the right at any time to reallocate all or a portion of the Rental Increase among the Stop & Shop Guaranteed Leases for

Bradlees Properties that are subject to the lien of this Mortgage.

(d) Notwithstanding any other provision of this Mortgage to the contrary (except Section 3.7(e) below), any reallocation of all or a portion of the Rental Increase shall result in an adjustment of the Allocated Amount of the affected Bradlees Properties as follows: (i) the Allocated Amount of the Bradlees Property to which all or a portion of the Rental Increase is being allocated shall be increased by \$7.38 for every \$1 of additional Rental Increase allocated to the Stop & Shop Guaranteed Lease at such Bradlees Property; (ii) the Allocated Amount of the Bradlees Property at which all or a portion of the Rental Increase is being allocated from shall be decreased in an amount which will allow Mortgagor to obtain a Rating Agency Confirmation; and (iii) if no Rating Agency Confirmation is obtained, there shall be no decrease in the Allocated Amount of the Bradlees Property at which all or a portion of the Rental Increase is being allocated from.

(e) If (i) the Mortgagor obtains a Release of a Bradlees Property which contains a Stop & Shop Guaranteed Lease which has all or a portion of the Rental Increase allocated to it, (ii) the Rental Increase with respect to such Bradlees Property is not (in connection with such Release) being reallocated pursuant to (c) above, and (iii) Mortgagor has paid the amount required pursuant to this Mortgage in order to obtain such Release of such Bradlees Property, the portion of Rental Increase allocated to the Stop & Shop Guaranteed Lease at such Bradlees Property being Released may be reallocated, in accordance with the terms of the Stop & Shop Guaranty, to a Stop & Shop Guaranteed Lease at any Bradlees Property whether or not such Bradlees Property is subject to the lien of this Mortgage (and if such Bradlees Property is subject to the lien of this Mortgage there shall be no adjustment in the Allocated Amount with respect to such Bradlees Property as a result of such reallocation or any further reallocation of such portion of the Rental Increase).

(f) Mortgagor covenants that it will not transfer its right under the Stop & Shop Guaranty to reallocate all or any portion of the Rental Increase among the Stop & Shop Guaranteed Leases unless all Bradlees Properties that are subject to the lien of this Mortgage (or such remaining Bradlees Properties) have been (or are being at the time of such transfer) released in accordance with clause (e) of this Section 3.7.

3.8 The Ground Leases. (a) Mortgagor covenants that it shall (i) pay or cause to be paid all rents, additional rents and other sums required to be paid by Mortgagor, as tenant, under and pursuant to the provisions of the Ground Leases on or before the date on which such rent or other charge is due, (ii) use all reasonable efforts to perform and observe, or cause to be performed and observed, all of the material terms, covenants and conditions of the Ground Leases, to be performed and observed by Mortgagor as tenant thereunder, prior to the expiration of any applicable grace period therein provided, (iii) promptly notify Mortgagee of the receipt of any notice by Mortgagor from any ground lessor or lessor under the Ground Leases of any default by Mortgagor, as tenant thereunder, and promptly deliver to Mortgagee a true copy of each such notice.

(b) Mortgagor covenants that it shall not, without Mortgagee's prior written consent, (i) surrender any of the leasehold estates created by the Ground Leases or terminate or cancel any of the Ground Leases, (ii) modify, change, supplement, alter or amend any of the Ground Leases, in any respect, either orally or in writing, in any manner that materially impairs the collateral value of any of the leaseholds created by the Ground Leases or in any manner that would be materially adverse to Mortgagee. Mortgagor hereby assigns to Mortgagee, as further security for the payment and performance of the Secured Obligations and observance of the terms, covenants and conditions of this Mortgage, all of the rights, privileges and prerogatives of Mortgagor, as tenant under the Ground Leases and to the extent permitted thereunder, following the occurrence of an Event of Default thereunder, to surrender the leasehold estates created by the Ground Leases or to terminate, cancel, modify, change, supplement, alter or amend the Ground Leases, and, to the extent permitted under the Ground Leases, any such surrender of the leasehold estates created by the Ground Leases or termination, cancellation, modification, change, supplement, alteration or amendment of the Ground Leases not permitted pursuant to the foregoing terms of this Section 3.7(b) shall be void and of no force and effect.

(c) Mortgagor hereby represents and warrants that:

(i) the Ground Leases permit the interest of each of the lessees thereunder to be encumbered by this Mortgage and do not restrict the use of the related Property by such lessee, its successors or assigns in a

manner that would materially adversely affect the security provided by this Mortgage;

(ii) the Ground Leases are not subject to any liens or encumbrances superior to, or of equal priority with, this Mortgage (other than the related ground lessor's fee interest); there is no mortgage or Lien encumbering the related ground lessor's fee interest (other than this Mortgage or, if any such mortgage or Lien exists, it is subordinate to the Lien held by Mortgagee under this Mortgage), and the Ground Leases shall remain prior to any mortgage or other Lien upon the related fee interests that may hereafter be granted; and

(iii) on the date hereof, the Ground Leases are in full force and effect and no default has occurred under the Ground Leases nor, to the best of Mortgagor's knowledge, is there any existing condition which, but for the passage of time or the giving of notice, would result in a default under the terms of the Ground Leases.

4. MAINTENANCE AND REPAIRS, SHORING. The Mortgagor will keep, or cause to be kept, the Premises and the parking areas, sidewalks, curbs and streets and ways located on the Land and all other means of access to the Premises in good and clean order and condition such that the utility and operation of the Premises will not be affected in any material adverse respect, subject to ordinary wear and tear, and, subject to Excusable Delays and the provisions set forth in this Mortgage with respect to damage or destruction caused by fire or other casualty or by a Taking, the Mortgagor will promptly make or cause to be made all necessary or appropriate repairs, replacements and renewals thereof (which if not made would affect the utility or operation of the Premises in any material adverse respect), whether interior or exterior, structural or nonstructural, ordinary or extraordinary. All repairs and replacements shall consist of materials which are compatible with the existing Improvements and installed in a good and workmanlike manner. The Mortgagor will do or will use reasonable efforts to cause others to do (where such is the responsibility of a third party), both to the extent permitted by applicable law, all shoring of foundations and walls (i) of any Improvements or (ii) of the ground adjacent thereto, and every other act necessary or appropriate for the preservation and safety of the Premises by reason of or in connection with any excavation or other building operation upon the Land or any adjoining property, whether or not

the Mortgagor or any other Person shall, by any Legal Requirement, be required to take such action or be liable for failure to do so. Subject (to the extent applicable) to the provisions of Article 12 relating to permitted contests, the Mortgagor will not do or permit any act or thing which might affect the utility or operation of the Properties or any part thereof in any material adverse respect, or commit or permit any waste of the Properties or any part thereof.

5. UTILITY SERVICES. Subject to the provisions of Article 12 hereof, the Mortgagor will pay or cause to be paid when due all charges for all public or private utility services, all public or private highway services, all public or private communication services and all sprinkler systems and protective services at any time rendered to or in connection with the Properties or any part thereof and which are incurred by or on behalf of the Mortgagor.

6. NO CLAIMS AGAINST MORTGAGEE. Nothing contained in this Mortgage shall constitute any consent or request by the Mortgagee, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Properties or any part thereof, nor as giving the Mortgagor any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against the Mortgagee in respect thereof or any claim that any lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the interest of the Mortgagee under this Mortgage.

7. INDEMNIFICATION BY THE MORTGAGOR. Subject to the provisions of Article 38 hereof and Section 6.1 of the Indenture, the Mortgagor will protect, indemnify and save harmless the Mortgagee (which shall include the Trustee upon execution and delivery of the Assignment) the Master Servicer, the Special Servicer and the Holders (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) imposed upon or incurred by or asserted against the Indemnified Parties or any of the Properties (without, as to both, the wilful misconduct or gross negligence of any of them) by reason of the occurrence or existence of any of the following (to the extent the insurance proceeds payable on account of the following and received by the Mortgagee shall be inadequate) prior to the payment in full of the Mortgage Notes and the satisfaction

of all conditions for the satisfaction and release or defeasance of this Mortgage: (a) ownership or possession of the Mortgagor's interest in the Properties, or any interest therein, or receipt of any rent or other sum therefrom, (b) any accident, injury to or death of any Persons or loss of or damage to property occurring on or about the Premises or any part thereof or the adjoining parking areas, sidewalks, curbs, vaults and vault space, if any, streets or ways, (c) any use, non-use or condition of the Premises or any part thereof or the adjoining parking areas, sidewalks, curbs, streets or ways, 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 the Mortgagee, any claim the insurance as to which is inadequate, and any claim in respect of any adverse environmental impact or effect, (d) any failure on the part of the Mortgagor to perform or comply with any of the terms of this Mortgage, any Lease or any other Mortgage Security Document to which it is a party, (e) 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, (f) any negligence or tortious act or omission on the part of the Mortgagor or any of its agents, contractors, servants, employees, sublessees, licensees or invitees, (g) any contest referred to in Article 12, (h) the presence at or under the Premises or the migration from or release upon the Premises of any pollutant or hazardous or toxic substance, waste or material or oil or petroleum product, in violation of any Legal Requirement, or (i) breach of the covenants contained in Section 3.1. The Indemnified Party shall give notice to the Mortgagor of any claims, liabilities, obligations, damages, penalties, costs or causes of action for which the Indemnified Party believes it is entitled to indemnification hereunder promptly upon its discovery of the action or event giving rise to such claim, but the failure of such Indemnified Party to provide such notice shall neither cause the forfeiture of the right to receive indemnity hereunder nor limit such right except to the extent, if any, that the Mortgagor is prejudiced by the failure of the Indemnified Party to promptly give such notice. Any amounts payable under this Section to the Indemnified Parties which are not paid within ten Business Days after written demand therefor by the Indemnified Parties, setting forth in reasonable detail the amount of such demand and the basis therefor, shall bear interest from the date of demand until paid at the Default Rate, and shall be secured by this Mortgage. In case any action, suit or proceeding is brought against the Indemnified Parties by reason of any such occurrence, the Mortgagor, upon the request of the Indemnified Parties, will (or at the option

of the Mortgagor, the Mortgagor may) at the Mortgagor's expense resist and defend such action, suit or proceeding or will cause the same to be resisted and defended by counsel for the insurer of the liability or by counsel selected by the Mortgagor (unless reasonably disapproved by the Indemnified Parties). So long as the Mortgagor is resisting and defending such action, suit or proceeding as provided above in a prudent and commercially reasonable manner, none of the Indemnified Parties shall be entitled to settle such action, suit or proceeding or claim the benefit of this Article 7 with respect to such action, suit or proceeding (including the right to reimbursement of such Indemnified Parties' counsel fees and expenses) and the Indemnified Parties agree that they will not settle any such action, suit or proceeding without the consent of the Mortgagor; provided that if the Mortgagor is not diligently defending such action, suit or proceeding in a prudent and commercially reasonable manner as provided above, the Mortgagee or any Holder may settle such action, suit or proceeding subject only to the consent of the Mortgagor, which consent shall not be unreasonably withheld or delayed, and claim the benefit of this Article 7 with respect to settlement of such action, suit or proceeding.

8. INSPECTION. The Mortgagee and its authorized representatives may at all reasonable times and upon reasonable notice and accompanied by an agent of the Mortgagor enter and examine each of the Properties, subject to the rights of tenants, and will use reasonable efforts not to interfere with operation of the Properties. The Mortgagee shall not inspect the Premises on other than a Business Day except in the case of an emergency. The Mortgagee shall not have any duty to make any such inspection and shall not have any liability or obligation for making or not making any such inspection.

9. PAYMENT OF IMPOSITIONS, ETC. Subject to the provisions of Article 12 relating to permitted contests, the Mortgagor will pay, or cause to be paid, before any fine, penalty, interest or cost may be added for such nonpayment, all real estate taxes, assessments, fees, taxes on rents or rentals, and other governmental charges that may be levied or assessed against the Properties or the Mortgagor with respect to the Properties or rents therefrom or which become liens upon the Properties (collectively, "Impositions"). The Mortgagor shall not be required to pay any income, excess profits or revenue tax, excise tax or inheritance tax, gift tax, franchise tax, corporation tax, capital levy, estate succession or other similar tax or charge that may be payable by or chargeable to the Mortgagee, any interest,

finances, costs, additions to tax or penalties in respect thereof, unless such tax is imposed, levied or assessed in substitution for any Impositions that the Mortgagor is required to pay pursuant to this Article 9 as set forth in Article 45 hereof.

10. COMPLIANCE WITH LEGAL AND INSURANCE REQUIREMENTS, INSTRUMENTS.

(a) Subject to the provisions of Article 12 relating to permitted contests, the Mortgagor will promptly, subject to Excusable Delays, (i) comply, or cause compliance, with all Legal Requirements and Insurance Requirements before the expiration of any applicable extension or grace period, whether or not compliance therewith shall require structural changes in the Improvements or interfere with the use and enjoyment of the Properties or any part thereof, (ii) procure, maintain and comply with, all permits, licenses and other authorizations required by Legal Requirements to be complied with for any use then being made of the Premises or any part thereof, and for the proper operation and maintenance of the Improvements and the Equipment or any part thereof, and (iii) comply with applicable duties or obligations under any instruments of record at the time in force binding upon, and enforceable against, the Mortgagor or the Properties or any part thereof; provided that it shall not be a Default hereunder if it shall be the obligation of a Tenant to comply with any Legal Requirement, procure, maintain or comply with any such permit, license or other authorization or comply with such duties or obligations so long as the Mortgagor promptly after receiving actual notice of any noncompliance commences and diligently pursues its rights against such Tenant and uses its diligent efforts to cause such Tenant to comply with such Legal Requirement or maintain or comply with such permit, license or other authorization or comply with such duties or obligations within a reasonable time and the failure to comply with the requirement in question does not subject the Mortgagee to any of the risks described in clause (b) or (c) of Article 12 hereof and does not impair the validity of any insurance required to be maintained by the Mortgagor under Article 13 hereof or the right to full payment of any claims thereunder. The Mortgagor shall pay all fines, penalties, interest and costs imposed as a result of any failure of the Mortgagor to perform its obligations under this Article 10.

(b) The Mortgagor covenants and agrees (i) to perform punctually all material obligations and agreements to be performed by it as lessor under any Lease or under any Permitted Exception or any management agreement, such that there will be no material and adverse impairment of the

value of any of the Properties or the Mortgagee's interest under this Mortgage, and (ii) to do all things necessary or appropriate in the ordinary course of its business, to compel performance by each other party to each of such instruments of such other party's obligations and agreements thereunder. The Mortgagor will maintain the validity, perfection, priority and effectiveness of this Mortgage and the other Mortgage Security Documents, and will not take any action, will not permit action to be taken by others and will not omit to take any action, nor, except as permitted by Section 3.2(f) or Section 20 hereof, will the Mortgagor give any notice, approval or consent or exercise any rights under or in respect of any Lease or any of such other instruments, which action, omission, notice, approval, consent or exercise of rights would release any Tenant or other party from, or reduce any Tenant's or any other party's obligations or liabilities under, or would result in the termination, surrender or assignment of, or the amendment or modification of in any material adverse respect, or would impair the validity of, any Lease, any of such other instruments, this Mortgage or any of the other Mortgage Security Documents (other than as expressly permitted by Section 3.2(f) or Section 20 hereof), if any of the foregoing would affect any of the Properties in any material adverse respect, without the prior written consent of the Mortgagee, and any attempt to do any of the foregoing without such consent shall be of no force and effect.

(c) The Mortgagor represents that it has not received any written notice of any violation which remains uncured, and that it has no actual knowledge, of any material respect in which it or the Premises is, on the date hereof, in violation of any Legal Requirement (including violations with respect to the presence, use, storage or handling of any Hazardous Substances released upon or migrating from any of the Properties) or Insurance Requirement or of any agreement binding upon the Mortgagor or any of the Properties that has not been disclosed to the Rating Agencies and the Mortgagee.

11. LIENS. Subject to the provisions of Article 12 relating to permitted contests and Section 19.3 relating to permitted indebtedness, the Mortgagor will not directly or indirectly create or permit or suffer to be created or to remain, and will discharge or promptly cause to be bonded or discharged by bonding (in the form of Cash or a Letter of Credit), payment, final order of a court of competent jurisdiction or otherwise, but in any event within forty-five Business Days after receiving written notice of the filing thereof, any mortgage, deed of trust, lien,

encumbrance or charge upon, pledge of, or conditional sale or other title retention agreement with respect to, the Properties or any part thereof, other than the Permitted Exceptions.

12. PERMITTED CONTESTS. Anything to the contrary contained herein notwithstanding, the Mortgagor at its expense may contest, by appropriate legal, administrative or other proceedings conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition or lien therefor or any Legal Requirement or Insurance Requirement or any taxes, assessments, charges or other amounts required to be paid pursuant to the provisions of Section 3.5 or Article 5 hereof, or the application of any instrument of record affecting any of the Properties or any part thereof (other than the Mortgage Security Documents) or any claims or judgments of mechanics, materialmen, suppliers or vendors or any lien therefor, and may withhold payment of the same pending such proceedings if permitted by law; provided that (a) in the case of any Impositions or lien therefor or any claims or judgments of mechanics, materialmen, suppliers or vendors or any lien therefor, such proceedings shall suspend the collection thereof from the Mortgagor, the Mortgagee and the affected Property, (b) neither such Property nor any part thereof or interest therein would be in any danger of being sold, forfeited or lost if the Mortgagor pays the amount or satisfies the condition being contested, and the Mortgagor would have the opportunity to so pay or satisfy, and shall do so, if required, in the event of the Mortgagor's failure to prevail in the contest, (c) in the case of an Insurance Requirement, the failure of the Mortgagor to comply there with shall not impair the validity of any insurance required to be maintained by the Mortgagor under Article 13 or the right to full payment of any claims thereunder, (d) in the case of taxes, if an amount can be contested without being paid, the Mortgagor shall escrow with the Mortgagee (to be held and invested by the Mortgagee in accordance with Section 6.14 of the Indenture) the amount being contested for so long as such amount is due and payable and unpaid, (e) in the case of any service described in Article 5, any contest or failure to pay will not result in a discontinuance of any such service, (f) in the case of any instrument of record affecting any Property or any part thereof, the contest or failure to perform under any such instrument shall not result in the placing of any lien on such Property or any part thereof unless such lien is bonded or otherwise discharged in accordance with Section 11 and (g) except to the extent the Mortgagor has provided sufficient Cash, Credit Facility or Eligible Collateral

therefor, neither the failure to pay or perform any obligation which the Mortgagor is permitted to contest under this Section 12 nor an adverse determination of any such contest shall result in a material adverse effect on the utility, value or operation of any of the Properties.

13. INSURANCE.

13.1. Risks to be Insured. The Mortgagor will maintain or cause to be maintained with respect to each Property, with insurers authorized to issue insurance in the state such Property is located, insurance coverage as described in Exhibit E hereto and shall pay in a timely manner all insurance-policy premiums due in connection therewith.

13.2. Policy Provisions. Each policy of insurance maintained in respect of the Mortgagor and/or the Property pursuant to Section 13.1 shall (a) except in the case of workers' compensation insurance and public liability insurance, name the Mortgagor as insured and name the Mortgagee as an additional insured or as a co-loss payee; provided, however, in the case of workers' compensation insurance and public liability insurance the Mortgagee shall be named as an additional insured (and not a loss payee); (b) except in the case of public liability insurance and workers' compensation insurance, provide that all Proceeds thereunder shall be payable to the Mortgagee pursuant to a standard first mortgagee endorsement, without contribution, and that adjustment and settlement of any material loss shall be subject to the reasonable approval of the Mortgagee; (c) include effective waivers by the insurer of all claims for insurance premiums against all loss payees, additional insureds and named insureds (other than the Mortgagor) and, to the extent available at commercially reasonable rates, all rights of subrogation against any loss payee, additional insured or named insured; (d) permit the Mortgagee to pay the premiums and continue any insurance upon failure of the Mortgagor to pay premiums when due, upon the insolvency of the Mortgagor or through foreclosure or other transfer of title to the Property; (e) except in the case of public liability and workers' compensation insurance, provide that any Proceeds shall be payable to the Mortgagee and that the insurance shall not be impaired or invalidated by virtue of (i) any act, failure to act, negligence of, or violation of declarations, warranties or conditions contained in such policy by the Mortgagor, the Mortgagee or any other named insured, additional insured or loss payee, except for the willful misconduct of the Mortgagee knowingly in violation of the conditions of such

policy, (ii) the occupation or use of the insured properties for purposes more hazardous than permitted by the terms of the policy, (iii) any foreclosure or other proceeding or notice of sale relating to the insured properties or (iv) any change in the possession of the insured properties without a change in the identity of the holder of actual title to the affected Property (provided that with respect to items (iii) and (iv), any notice requirements of the applicable policies are satisfied); (f) be subject to a deductible, if any, not greater in any material respect, in proportion to the coverage maintained, than the deductible applicable under such coverage on the date of this Mortgage; and (g) except to the extent the Mortgagor has provided sufficient Cash, Credit Facility or Eligible Collateral therefor, provide that if all or any part of such policy shall be cancelled or terminated, or shall expire, the insurer will forthwith give notice thereof to each named insured, additional insured and loss payee and that no cancellation, termination, expiration, reduction in amount of, or material change (other than an increase) in, coverage thereof shall be effective until at least thirty days after receipt by each named insured, additional insured and loss payee of written notice thereof.

13.3. Certificates. The Mortgagor will deliver to the Mortgagee on or prior to the Closing Date certificates setting forth in reasonable detail the material terms (including any applicable notice requirements) of all insurance policies that the Mortgagor is required to maintain hereunder, from the respective insurance companies that issued such policies. The Mortgagor will deliver to the Mortgagee, concurrently with each material change in or renewal of any insurance policy covering any part of the Premises required to be maintained by the Mortgagor hereunder, a certificate with respect to such changed or renewed insurance policy certified by the insurance company issuing such policy, in the same form and containing the same information as the certificates required to be delivered by the Mortgagor pursuant to the first sentence of this Section 13.3 and stating that all premiums then due thereon have been paid to the applicable insurers and that the same are in full force and effect (or if such certificate and report shall not be obtainable by the Mortgagor, the Mortgagor may deliver an Officer's Certificate to such effect in lieu thereof).

13.4. Replacement Policies. Prior to the expiration, termination or cancellation of any insurance policy which the Mortgagor is required to maintain hereunder, the Mortgagor shall obtain a replacement policy or policies (or

a binding commitment for such replacement policy or policies), which shall be effective no later than the date of the expiration, termination or cancellation of the previous policy, and shall deliver to the Mortgagee a certificate in respect of such policy or policies in the same form and (i) containing the same information as the certificates required to be delivered by the Mortgagor pursuant to the first sentence of Section 13.3, or a copy of the binding commitment for such policy or policies and (ii) confirming that such policy complies with all the requirements of Section 13.1.

13.5. Reports of Insurance Broker. Within 90 days following the end of each calendar year during the term of this Mortgage commencing with the end of the calendar year 2000, and concurrently with the delivery of each replacement policy or a binding commitment for the same pursuant to Section 13.4, the Mortgagor shall deliver to the Mortgagee a report from a reputable and experienced insurance broker or from the insurer setting forth the particulars as to all insurance obtained by the Mortgagor pursuant to this Article 13 and then in effect and stating that all premiums then due thereon have been paid to the applicable insurers, that the same are in full force and effect and that, in the opinion of such insurance broker or insurer, such insurance otherwise complies in all material respects with the requirements of this Article 13 (or if such report shall not be available after the Mortgagor shall have used its reasonable efforts to provide the same, the Mortgagor will deliver to the Mortgagee an Officers' Certificate containing the information to be provided in such report).

13.6. Separate Insurance. The Mortgagor will not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained pursuant to this Article 13 unless such insurance complies with Section 13.2.

14. ALTERATIONS AND ADDITIONS, ETC. (a) The Mortgagor will not make or permit any demolition, alteration, installation, addition, improvement, decoration or new construction (excluding Expansion Space) (an "Alteration") to the Premises of any Property unless undertaken in accordance with the applicable provisions of this Mortgage, the Mortgage Security Documents, the Reciprocal Operating Agreements and the Leases and unless no Event of Default shall have occurred and be continuing or shall occur as a result of such action (except in the case that the Alteration is required to cure the Event of

Default). Any Alteration which involves an estimated cost of more than \$1,000,000 shall be conducted under the supervision of an Architect and, if to be undertaken by Mortgagor, shall be undertaken only after ten days after there shall have been filed with the Mortgagee, for information purposes only and not for approval by the Mortgagee, detailed plans and specifications and cost estimates therefor, prepared by such Architect. Such plans and specifications may be revised at any time and from time to time provided that material revisions of such plans and specifications are delivered to the Mortgagee, for information purposes only, together with the written approval thereof by such Architect. 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 be not less than the standard of quality of the materials currently used at the Premises and all work shall be performed and all materials used in accordance with all applicable Legal Requirements and Insurance Requirements. The cost of any Alteration shall be promptly and fully paid for by the Mortgagor or the Tenant performing the Alteration, subject to the Mortgagor's right to contest any amount claimed to be due in accordance with the provisions in Article 12 of this Mortgage.

(b) The Mortgagor may make, or cause or permit to be made, without the prior consent of the Mortgagee, Alterations to the Premises which would not materially and adversely affect the fair market value of any of the Properties or materially and adversely affect the ability of the Mortgagor to pay its obligations when due under the Mortgage Notes. Any other Alterations shall require the prior consent of the Mortgagee.

(c) Builder's risk insurance (in completed value form, with, if applicable, an endorsement for off-site storage of materials) and public liability insurance, including bodily injury and property damage liability and comprehensive general liability insurance in accordance with clause (b) of Exhibit E hereto, shall be maintained or caused to be maintained by the Mortgagor at all times during which any Alteration estimated by the Mortgagor to cost more than \$1,000,000 is in progress. The insurance provided for in this Section 14(c) shall be in addition to the insurance required to be maintained pursuant to clauses (a) and (b) of Exhibit E hereto and may be effected by an appropriate endorsement, if obtainable, upon the policy or policies of insurance referred to in Section 13.1 hereof. All insurance provided for in this Section 14(c) shall be effected under a

valid and enforceable policy or policies issued by insurers which meet the requirements set forth in Exhibit E hereto, and, prior to the commencement of any Alteration which is reasonably estimated by the Mortgagor to cost more than \$1,000,000, the Mortgagor will furnish to the Mortgagee certificates in respect of such insurance in the form described in the first sentence of Section 13.3 hereof and either a report of an insurance broker or an Officers' Certificate containing a statement of the insurance effected by the Mortgagor pursuant to this Section 14(c) and then in force and stating that the insurance then in force complies with the covenants in this Section 14(c).

(d) No Alteration shall be performed by or on behalf of the Mortgagor at any of the Properties if the costs thereof, when combined with the costs of any other Alterations at another of the Properties then outstanding, as reasonably estimated by an Architect, which are due and payable and unpaid exceed the Threshold Amount (taking into account any other Alterations being undertaken by a Mortgagor at the time and/or collateralized by Mortgagor pursuant to this subsection (d)) unless (1) (x) Cash, (y) a Credit Facility and/or (z) Eligible Collateral in an amount not less than the excess of (A) the lesser of (I) such due and payable and unpaid costs and (II) the Architect's estimate of the cost, if work on the Alterations were to be terminated on such date, to restore the Premises to the extent necessary so that, as restored, there would be no material adverse effect on the value of the Premises as a whole over (B) the Threshold Amount has been provided to Mortgagee to ensure the completion of such Alterations or (2) Mortgagor obtains a construction bond covering the cost of the Alteration (as reasonably determined by the Mortgagor, in consultation with a licensed or registered architect or engineer) from an entity having a long-term unsecured debt rating of at least AAA from Moody's and AAA from DCR, or, if not rated by DCR, then an equivalent rating by one additional NRSRO or (iii) obtains a completion guaranty from an entity having a long-term unsecured debt rating of at least AAA from Moody's and AAA from DCR or if not so rated by DCR than an equivalent rating by one additional NRSRO. Costs which are subject to retainage 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 Alteration shall be made in conjunction with any Restoration with respect to which the Mortgagor shall be entitled to withdraw Proceeds pursuant to Section 15.2 hereof, the amount of the Cash, Credit Facility or Eligible Collateral to be furnished pursuant hereto need not exceed the aggregate cost of such

Restoration and such Alteration (as estimated by the Architect) less the sum of the amount of any Proceeds which the Mortgagor may be entitled to withdraw pursuant to Section 15.2 hereof and the Threshold Amount (adjusted as described above). The Architect shall deliver to the Mortgagee a schedule setting forth the projected stages of completion of the Alteration and the corresponding amounts equal to such completion. Any Cash or Eligible Collateral which the Mortgagor shall deliver pursuant hereto shall be invested by the Mortgagee as provided in Section 6.14 of the Indenture consistent with the projected completion of the Alteration. From time to time as the Alteration progresses, the amount of any Cash or Eligible Collateral so furnished may be withdrawn by the Mortgagor and paid or otherwise applied by or returned to the Mortgagor in an amount equal to the amount the Mortgagor would be entitled to so withdraw if Section 15.2 hereof were applicable, and any Credit Facility so furnished may be reduced by the Mortgagor in an amount equal to the amount the Mortgagor would be entitled to so reduce if Section 15.2 hereof were applicable. At any time after substantial completion of any Alteration in respect whereof Cash, a Credit Facility or Eligible Collateral was deposited pursuant hereto, the whole balance of any Cash so deposited with the Mortgagee and then remaining on deposit may be withdrawn by the Mortgagor and shall be paid by the Mortgagee to the Mortgagor, and any Cash, Credit Facility or Eligible Collateral so deposited shall, to the extent it has not been called upon, reduced or theretofore released, be released by the Mortgagee to the Mortgagor, within ten (10) days after receipt by the Mortgagee of an application for such withdrawal and/or release together with an Officers' Certificate, and signed also (as to clause (1) of this Section) by the Architect, setting forth in substance as follows:

(1) that the Alteration in respect of which such Cash, Credit Facility or Eligible Collateral was deposited, has been substantially completed in all material respects in accordance with any plans and specifications therefor previously filed with the Mortgagee under Section 14(a) hereof;

(2) that to the best knowledge of the certifying Person all amounts which the Mortgagor is or may become liable to pay in respect of such Alteration through the date of the certification have been paid in full or adequately provided for or are being contested in accordance with Article 12 hereof and, to the extent that such are customary and reasonably obtainable by prudent managers in the metropolitan area where the

Premises are located and the Mortgagor is not contesting payment in accordance with Article 12 hereof, that lien waivers have been obtained from the general contractor and major subcontractors performing such Alterations;

(3) that to the best knowledge of the certifying Person such Alteration has not been performed in violation of any Legal Requirement and will not result in the loss of any certificate of occupancy;

(4) that to the best knowledge of the certifying Person the affected Property, after giving effect to such Alteration, can be used for the purpose for which it was intended; and

(5) that to the best knowledge of the certifying Person no Event of Default has occurred and is continuing.

15. DAMAGE, DESTRUCTION AND RESTORATION.

15.1. The Mortgagor to Give Notice. In case of any damage to or destruction of the Premises of any Property or any part thereof for any reason (which shall include earthquake for all purposes under this Mortgage), the Restoration of which is reasonably estimated to cost more than \$2,000,000, the Mortgagor will promptly give written notice thereof to the Mortgagee, generally describing the nature and extent of such damage or destruction.

15.2. Application of Insurance Proceeds. If no Event of Default or a Default of any monetary obligation under the Mortgage Notes shall have occurred and be continuing, the Mortgagee consents to the direct payment to the Mortgagor of Proceeds up to an amount (the "Casualty/Condemnation Threshold Amount") equal to the lesser of (x) \$2 million with respect to each Property and (y) an amount that, when aggregated with other then-unapplied casualty insurance proceeds (other than Proceeds paid in respect of the insurance described in clause (d) of Exhibit E hereto) or condemnation awards received in respect of all of the Properties, equals 5% of the aggregate initial Allocated Amounts of all Properties which at the time are subject to the Lien of this Mortgage, paid on account of any damage to or destruction of the Premises at one or more Properties subject to the interest of the Mortgagee therein under this Mortgage and the provisions hereof. The Mortgagor hereby irrevocably assigns to the Mortgagee as additional security, all Proceeds payable on account of any

damage to or destruction of all or any part of the Premises, and agrees to the payment to the Mortgagee of all such Proceeds in excess of the Casualty/Condemnation Threshold Amount to be held and invested by the Mortgagee as the Mortgagor shall direct in accordance with Section 6.14 of the Indenture, until applied by the Mortgagee in accordance with the terms hereof. The Mortgagor and the Mortgagee each shall hold all Proceeds received by it pursuant to this Section (which shall not apply to any Proceeds payable under public liability insurance and workers' compensation insurance) in trust to be applied first, to the extent required under this Mortgage, to the cost of Restoration in accordance with the provisions of this Mortgage (except that Proceeds paid in respect of the insurance described in clause (d) of Exhibit E hereto shall be paid into a separate trust account established by the Mortgagee for such purpose to be applied to payment of amounts due under the Mortgage Notes or otherwise secured hereby in accordance with the provisions hereof applicable to such account). The earnings, if any, which accrue from investment of any Proceeds shall remain in such trust account, less any expenses incurred by the Mortgagee in investing such Proceeds and less the amounts required by the Mortgagor to pay income taxes on such earnings as and when due, so long as no Event of Default or a Default of any monetary obligation under the Mortgage Notes shall have occurred and be continuing. To the extent that this Mortgage provides for Proceeds to be held by the Mortgagee and applied to a Restoration (including Restoration resulting from a Taking as provided in Section 16.2), such Proceeds shall be paid by the Mortgagee to the Mortgagor at any time or from time to time, as such Restoration progresses, either to pay or to reimburse the Mortgagor for expenditures made or then required to be made for Restoration, including payments to contractors, subcontractors, materialmen, suppliers, attorneys, engineers, architects or other Persons who have rendered services or furnished materials for such Restoration, subject to and reflecting customary retentions reasonably satisfactory to the Mortgagee pending completion of the work, and all other costs and expenses actually incurred by the Mortgagor in connection with such Restoration, upon the receipt by the Mortgagee of an Officers' Certificate dated not more than 30 days prior to the application for such withdrawal, requesting such payment or reimbursement and setting forth the work performed which is the subject of the application, the parties which performed the work and the actual cost thereof and an Architect's certificate certifying performance of such work. The Mortgagee will pay to the Mortgagor any remaining Proceeds held by it after the application of such Proceeds

to the Restoration and the completion thereof. The Mortgagor will, in good faith and with due diligence, subject to Excusable Delays, file and prosecute the Mortgagor's claim for any such Proceeds and, subject to the provisions of this Section 15.2 relating to the direct payment to the Mortgagor of any Proceeds, will cause the same to be collected and paid over to the Mortgagee, to be held and applied in accordance with the provisions of this Mortgage. The Mortgagor hereby irrevocably authorizes and empowers the Mortgagee, in the name of the Mortgagor as its true and lawful attorney-in-fact, to file and prosecute such claim and to collect and to make receipt for any such payment, and, in the event the Mortgagor fails so to act or if an Event of Default or a Default of any monetary obligation under the Mortgage Notes shall have occurred and be continuing, then in such case the Mortgagee may file such claim and prosecute it with counsel satisfactory to it at the expense of the Mortgagor. The Mortgagee shall have the right to approve, such approval not to be unreasonably withheld, any settlement which might result in any Proceeds in excess of the Casualty/Condemnation Threshold Amount, and the Mortgagor will deliver or cause to be delivered to the Mortgagee all instruments reasonably requested by the Mortgagee to permit such approval. The Mortgagor will pay all costs, fees and expenses reasonably incurred by the Mortgagee (including all reasonable attorneys' fees and expenses, the fees of insurance experts and adjusters and the reasonable costs incurred in any litigation or arbitration) in connection with any damage or destruction to the Premises and seeking and obtaining any payment on account thereof.

15.3. Restoration. In the event that the damage or destruction does not constitute a Total Loss, the Mortgagor shall be obligated, at its expense (whether or not the Proceeds are sufficient for such purpose), to effect the Restoration of the Premises in accordance with the provisions of the Leases, subject to Excusable Delays, and shall use all or a portion of such Proceeds to the extent required, and, so long as no Event of Default has occurred and is continuing, the Mortgagee shall make such Proceeds available to the Mortgagor (all such Proceeds to be held by the Mortgagor in trust, to be applied first to the payment or reimbursement of all costs incurred to effect the Restoration), for Restoration in accordance with the provisions of this Mortgage. In the event of a Total Loss, if the Mortgagor elects to restore the affected Property (or Properties) the Mortgagor shall cause the Architect to prepare both a cost estimate and schedule for Restoration of the Premises and to provide such estimate and schedule to

the Mortgagee and the Mortgagor. In the event that (i) such schedule indicates that all the Restoration of the affected Property except for work with a value not in excess of \$2,000,000 per affected Property cannot be completed prior to the date upon which the insurance described in clause (d) of Exhibit E hereto (plus any extension thereof obtained in addition to that so required) would be exhausted (and any Credit Facility delivered in lieu thereof or in addition thereto would have expired) or (ii) the extent of the damage makes it impracticable in the Mortgagor's judgment to restore the Premises to substantially the same condition as existing prior to such casualty, then the Mortgagor or Mortgagee as applicable shall apply the Proceeds to the prepayment in full on the next Payment Date (without penalty or Make-Whole Obligation) of the Allocated Amount pertaining to such Property damaged by the casualty at a price of par plus accrued and unpaid interest but without any penalty or Make-Whole Obligation. Upon the payment of the entire Allocated Amount pertaining to such affected Property, such affected Property shall then be released from the lien of this Mortgage. If, after a Total Loss, the Mortgagor is not required to restore the Premises or apply the Proceeds to prepay the Allocated Amount pertaining to such Property damaged by the casualty pursuant to the preceding sentence, the Mortgagor or Mortgagee as applicable shall apply the Proceeds, at the option of the Mortgagor (to be exercised by the Mortgagor giving notice thereof to the Mortgagee, but to be exercised only in accordance with the Mortgagor's obligations regarding restoration under the Leases) to either (i) the Restoration of the Premises in accordance with the provisions hereof, or (ii) the prepayment (without penalty or Make-Whole Obligation) on the next Payment Date of the Allocated Amount pertaining to such Property damaged by the casualty and, in connection therewith, upon the prepayment of a sum equal to the entire Allocated Amount, such Property shall then be released from the lien of this Mortgage. In the event the Mortgagor is required or elects to apply the Proceeds to prepay the Allocated Amount pertaining to such Property damaged by the casualty (without penalty or Make-Whole Obligation), any Proceeds remaining after such prepayment shall be first applied to an additional prepayment of the Mortgage Notes (without penalty or Make-Whole Obligation) in an amount equal to the lesser of (x) such remaining Proceeds and (y) an amount such that the total amount prepaid by the Mortgagor equals 125% of the Allocated Amount of the affected Property. Any additional Proceeds remaining after such prepayment shall be paid to the Mortgagor or as it may direct in writing. In the event that the Proceeds are insufficient to prepay the Allocated Amount pertaining to such Property damaged by the casualty

(without penalty or Make-Whole Obligation) and to obtain the release of such Property from the lien of this Mortgage, after the Mortgagor elects to so apply the Proceeds, the Mortgagor shall continue to be obligated, subject to the provisions of Article 38 hereof, to pay immediately the amount of such insufficiency to the Mortgagee until such amount is satisfied. In the event the Mortgagor is obligated or elects to effect Restoration of the Premises, the Mortgagor shall promptly commence and complete the Restoration of the Premises in accordance with the provisions of this Mortgage, subject to Excusable Delays, and any Proceeds remaining after completion of such Restoration and delivery of the Officers' Certificate required under Section 14(d) hereof shall be paid to the Mortgagor or as it may direct in writing.

Any prepayment of the Mortgage Notes made pursuant to this Article 15 shall be applied to the Mortgage Notes in the following order of priority: first, to the Class A-1 Mortgage Note until the Class A-1 Mortgage Note has been paid in full; second, to the Class A-2 Mortgage Note until the Class A-2 Mortgage Note has been paid in full; third, to the Class B Mortgage Note until the Class B Mortgage Note has been paid in full; fourth, to the Class C Mortgage Note until the Class C Mortgage Note has been paid in full; fifth, to the Class D Mortgage Note until the Class D Mortgage Note has been paid in full; sixth, to the Class E Mortgage Note until the Class E Mortgage Note has been paid in full; and seventh, to the Class F Mortgage Note until the Class F Mortgage Note has been paid in full.

16. TAKING OF PROPERTY.

16.1. The Mortgagor to Give Notice; Assignment of Awards, etc. In case of a Taking of all or any part of the Premises of any Property, or the commencement of any proceedings or negotiations which might result in any such Taking, the Mortgagor will promptly give written notice thereof to the Mortgagee, generally describing the nature and extent of such Taking or the nature of such proceedings or negotiations and the nature and extent of the Taking which might result therefrom. As additional security, the Mortgagor hereby irrevocably assigns, transfers and sets over to the Mortgagee, subject to the provisions of this Mortgage, all rights of the Mortgagor to any Proceeds on account of any Taking, subject to the provisions of this Mortgage with respect to the use and application of any such Proceeds and provided that in the case of an amount of such Proceeds which is not more than the Casualty/Condemnation Threshold Amount if no Event of Default or a Default of any

monetary obligation under the Mortgage Notes shall have occurred and be continuing, the Mortgagor shall have the right to receive direct payment of such Proceeds, to be held and applied to the Restoration in accordance with the provisions of this Mortgage (all such Proceeds to be held by the Mortgagor in trust, to be applied first to the payment or reimbursement of all costs incurred to effect the Restoration). If the amount of Proceeds is reasonably estimated by the Mortgagor to exceed the Casualty/ Condemnation Threshold Amount, the settlement of any such proceeding and the amount of Proceeds payable in respect thereof shall be subject to the reasonable approval of the Mortgagee; provided that no such approval shall be required if the Proceeds shall be sufficient to prepay (without penalty or Make-Whole Obligation) the Allocated Amount pertaining to such Property and the Mortgagor is permitted and has elected to do so. The Mortgagor will in good faith and with due diligence, subject to Excusable Delays, file and prosecute the Mortgagor's claim for any such Proceeds and, subject to the provisions of the second sentence of this Section 16.1, will cause the same to be collected and paid over to the Mortgagee, to be held and applied in accordance with the provisions of this Mortgage. The Mortgagor hereby irrevocably authorizes and empowers the Mortgagee, in the name of the Mortgagor as its true and lawful attorney-in-fact, to file and prosecute such claim (with counsel satisfactory to it at the expense of the Mortgagor) and to collect and to make receipt for any such award or payment in the event the Mortgagor fails so to act or if an Event of Default or a Default of any monetary obligation under the Mortgage Notes shall have occurred and be continuing. The Mortgagee shall have the right to approve, such approval not to be unreasonably withheld, any settlement which may result in any Taking which might result in an award in excess of the Casualty/Condemnation Threshold Amount, and the Mortgagor will deliver or cause to be delivered to the Mortgagee all instruments reasonably requested by it to permit such approval. The Mortgagor will pay all costs, fees and expenses reasonably incurred by the Mortgagee (including all reasonable attorneys' fees and expenses, the fees of insurance experts and adjusters and the reasonable costs incurred in any litigation or arbitration) in connection with any Taking and seeking and obtaining any award or payment on account thereof.

16.2. Partial Taking. In case of a Taking of any of the Properties other than a Total Taking with respect to such Property, the Mortgagor shall be obligated, at its expense (whether or not the Proceeds shall be sufficient for such purpose, but subject to the provisions of Article 38

hereof) to effect Restoration of the Premises of any such Property in accordance with the provisions of the Leases and this Mortgage, subject to Excusable Delays.

16.3. Application of Awards, etc. All Proceeds received by or payable to the Mortgagee on account of a Taking shall be held and invested by the Mortgagee until applied by the Mortgagee as follows:

(a) All Proceeds (excluding the Proceeds on account of a Taking for temporary use) other than Proceeds received on account of a Total Taking shall be applied to the Restoration of the Premises as if such Proceeds were Proceeds of a casualty to be applied pursuant to Section 15.2, and after the completion of the Restoration of the Premises, any balance of the Proceeds remaining shall next be applied on the Payment Date following such completion as a prepayment (without penalty or Make-Whole Obligation) of the Allocated Amount pertaining to the affected Property. To the extent that, subsequent to Restoration, the remaining Proceeds of a Taking (excluding the proceeds on account of a Taking for temporary use or proceeds which are not in respect of a diminution in value of the Premises) are sufficient to prepay the Allocated Amount pertaining to the affected Property and are so applied, such Property shall then be released from the lien of this Mortgage. Any Proceeds of a Taking remaining after such prepayment shall first be applied to a further prepayment of the Mortgage Notes (without penalty or Make-Whole Obligation) in an amount equal to the lesser of (x) such remaining Proceeds and (y) an amount such that the total amount prepaid by the Mortgagor equals 125% of the Allocated Amount of such affected Property. The balance of any Proceeds of a Taking, if any, shall be paid over and assigned to the Mortgagor or as it may direct in writing.

(b) All Proceeds received on account of a Total Taking of any Property shall be applied to the prepayment (without penalty or Make-Whole Obligation) on the next Payment Date, to the extent that the Proceeds are sufficient therefor, of the Allocated Amount pertaining to such Property, whereupon such Property shall be released from the lien of this Mortgage. Any Proceeds of a Taking remaining after such prepayment shall first be applied to a further prepayment of the Mortgage Notes (without penalty or Make-Whole Obligation) in an amount equal to the lesser of (x) such remaining Proceeds and (y) an amount such that the total amount prepaid by the Mortgagor equals 125% of the Allocated Amount of such affected Property. The balance of any Proceeds of a Taking, if any, shall be paid over and

assigned to the Mortgagor or as it may direct in writing. In the event that the Proceeds are insufficient to prepay the Allocated Amount pertaining to such Property (without penalty or Make-Whole Payment), the Mortgagor shall be obligated, subject to the provisions of Article 38 hereof, to pay immediately the amount of such insufficiency to the Mortgagee and upon the payment of the entire Allocated Amount of such Property, such Property shall be released from the lien of this Mortgage.

Any prepayment made pursuant to this Article 16 shall be applied to the Mortgage Notes in the following order of priority: first, to the Class A-1 Mortgage Note until the Class A-1 Mortgage Note has been paid in full; second, to the Class A-2 Mortgage Note until the Class A-2 Mortgage Note has been paid in full; third, to the Class B Note until the Class B Mortgage Note has been paid in full; fourth, to the Class C Mortgage Note until the Class C Mortgage Note has been paid in full; fifth, to the Class D Mortgage Note until the Class D Mortgage Note has been paid in full; sixth, to the Class E Mortgage Note until the Class E Mortgage Note has been paid in full; and seventh, to the Class F Mortgage Note until the Class F Mortgage Note has been paid in full.

17. EVICTION BY PARAMOUNT TITLE. The Mortgagor, within three Business Days of obtaining knowledge of the pendency of any proceedings for the eviction of the Mortgagor from the Premises of any Property or any part thereof by paramount title or otherwise questioning the Mortgagor's title to the Premises as warranted in this Mortgage, or of any condition which might reasonably be expected to give rise to any such proceedings, shall notify the Mortgagee thereof. The Mortgagee may participate in such proceedings, and the Mortgagor will deliver or cause to be delivered to the Mortgagee all instruments reasonably requested by the Mortgagee to permit such participation. In any such proceeding the Mortgagee may be represented by counsel reasonably satisfactory to it at the reasonable expense of the Mortgagor. The Mortgagor will pay all costs, fees and expenses reasonably incurred by the Mortgagee (including all reasonable attorneys' fees and expenses, the fees of insurance experts and adjusters and the reasonable costs incurred in any litigation or arbitration) in connection with any such proceeding and seeking and obtaining any award or payment on account thereof.

18. BOOKS AND RECORDS, FINANCIAL STATEMENTS, REPORTS AND OTHER INFORMATION.

18.1. Books and Records. The Mortgagor will keep proper books of record and account, in which accurate and complete entries shall be made of all dealings or transactions of or in relation to each of the Properties and the business and affairs of the Mortgagor relating to the Premises of each Property. The Mortgagee and its authorized representatives may, subject to Section 6.6 of the Indenture, from time to time, designate an agent to examine, at reasonable times and upon reasonable notice, the books and records of the Mortgagor relating to the operation of the Premises.

18.2. Financial Statements. (a) Not later than one hundred five (105) days after each December 31 after the date hereof and for the fiscal year then ended, the Mortgagor will prepare and deliver to the Mortgagee an audited balance sheet and statement of income and expenses relating to the Properties on a consolidated basis for such fiscal year, all in reasonable detail as to the sources and character thereof and stating in comparative form the figures for the previous fiscal year. Such annual financial statements for each fiscal year shall be certified by certified public accountants reasonably acceptable to the Mortgagee and shall be accompanied by an Officers' Certificate of the Mortgagor certifying that such statements are true and correct in all material respects, and that the officer signing such certificate has obtained no knowledge of any Default or Event of Default or, if so, specifying each such Default or Event of Default and the nature and status thereof and what action the Mortgagor is taking and proposes to take with respect thereto. Without limitation, any of the six largest national accounting firms shall be acceptable to Mortgagee.

(b) Not later than forty-five (45) days after the end of each fiscal quarter (other than the fourth quarter) the Mortgagor shall prepare and deliver to the Mortgagee an unaudited balance sheet and statement of income and expenses relating to the Properties on a consolidated basis for such fiscal quarter and for the fiscal year to date and not later than forty-five (45) days after the end of each fiscal quarter (including the fourth quarter) an additional unaudited statement of income and expenses relating to each Property, all in reasonable detail as to the sources and character thereof. Such unaudited financial statements shall be accompanied by an Officers' Certificate of the Mortgagor certifying that such statements are true and

correct in all material respects, and that the officer signing such certificate has obtained no knowledge of a Default or Event of Default or, if so, specifying each such Default or Event of Default and the nature and status thereof and what action the Mortgagor is taking and purposes to take with respect thereto.

(c) Subject to Section 6.6 of the Indenture and Section 47 hereof (relating to confidentiality requirements), not later than forty-five (45) days after the end of each fiscal quarter the Mortgagor shall deliver to the Mortgagee:

(i) a rent roll as of the end of such quarter for each Property;

(ii) subject to confidentiality obligations to tenants, the most recent retail "sales information", if any, collected by or on behalf of the Mortgagor; and

(iii) lease abstracts with respect to new leases entered into during such fiscal quarter in excess of 30,000 square feet.

(d) The Mortgagor shall provide along with the financial statements required by this Section 18.2, a statement of the Net Cash Flow and a statement of the Debt Service Coverage Ratio for the period to which such financial statements relate.

18.3. Additional Information. Subject to Section 6.6 of the Indenture and Section 47 hereof (relating to confidentiality requirements), with respect to each Property, the Mortgagor will deliver to the Mortgagee (and to the Rating Agencies) (i) notice in the event of any (a) Event of Default under this Mortgage or the Indenture, (b) material casualty to or taking of the Property, or (c) change in the Manager, and (ii) a copy of any notice from any environmental authority having jurisdiction over the Property with respect to a condition existing or alleged to exist or emanate from or at the Property received by the Mortgagor.

18.4. Other Information. The Mortgagor will, at any and all times, within a reasonable time after written request by the Mortgagee or the Rating Agencies, furnish or cause to be furnished to the Mortgagee or the Rating Agencies, in such manner and in such detail as may be reasonably requested by the Mortgagee or the Rating

Agencies, additional reasonable information respect to each Property.

19. TRANSFERS AND INDEBTEDNESS. Unless such action is permitted by the provisions of this Article 19 or the provisions of Section 3.2(c), 3.2(d) or 3.2(f) or Article 20 hereof, the Mortgagor will not (i) sell, assign, convey, transfer or otherwise dispose of legal or beneficial interests in all or any part of the Properties, (ii) permit any owner, directly or indirectly, of a beneficial interest in any of the Properties, to transfer such interest, whether by transfer of stock or other beneficial interest in any entity, or otherwise, (iii) incur indebtedness, (iv) mortgage, hypothecate or otherwise encumber or grant a security interest in any of the Properties, (v) sell, assign, convey, transfer, mortgage, encumber, grant a security interest in, or otherwise dispose of any legal or beneficial interest in the Mortgagor, or permit any owner of a legal or beneficial interest in the Mortgagor to do the same, or (vi) file a declaration of condominium with respect to any of the Properties.

19.1. Sale of the Properties. (i) Unless the Mortgagor first obtains a release of the relevant Property or Properties from the Lien of this Mortgage in accordance with Article 44 hereof, the Mortgagor shall not sell, assign, convey, transfer or otherwise dispose of legal or equitable title to or any interest in all (or any) of the Properties unless after giving effect to the proposed transaction:

(a) the Properties shall be directly owned by a Single Purpose Entity (including a tenancy-in-common among Single Purpose Entities under a tenancy-in-common agreement in substance the same in all material respects as a partnership agreement of a single-purpose partnership) which at the time of such transfer will be in compliance with the covenants contained in Sections 3.3 and 3.4 hereof and which has assumed in writing (subject to the terms of Article 38 hereof) and agreed to comply with all the terms, covenants and conditions set forth in this Mortgage, expressly including the covenants contained in Sections 3.3 and 3.4 hereof, and each of the other Mortgage Security Documents;

(b) one or more Approved Control Parties shall, individually or acting in concert, own directly or indirectly at least 51% of, and

control, the entity which directly owns the Properties ("control" meaning, for purposes of this Section 19.1 and Section 19.2, primary responsibility to make all material decisions with respect to the operation, management, financing and disposition of the Properties, rather than a beneficial ownership requirement, and without being compromised by the fact that responsibility for such day-to-day operating and management functions as are ordinarily handled by a property manager or for leasing activities has been delegated by such controlling Person pursuant to an agreement in writing) provided, however, that at all times a Vornado Affiliate and/or a Permitted Owner shall own directly or indirectly at least 51% of, and control, the entity which directly owns the Properties,

(c) if the Manager and/or an Affiliate of the Manager does not act as Manager of the Properties and one or more of the Mortgages named herein does not own or control the transferee, then the Manager of the Property must be a reputable and experienced professional management company, having under management, at the time of the proposed transfer, at least 20 retail shopping centers comprising at least 8 million square feet;

(d) no Event of Default shall have occurred and be continuing;

(e) if the transfer results in a transfer of more than 49% of the direct or indirect ownership interests of any Borrower or Guarantor, a satisfactory non-consolidation opinion of counsel with respect to the transferee and the owner of such transferee is provided to the Mortgagee and the Rating Agencies; and

(f) if the Approval Control Party is an entity other than a Vornado Affiliate, a Rating Agency Confirmation shall have been obtained with respect to the proposed transfer.

Any permitted transferee of the Properties shall execute an assumption in the form of Exhibit F hereto, subject to the provisions of Article 38 hereof, of the obligations of the Mortgagor under this Mortgage. With respect to any transfer described in this Section 19.1(i), Mortgagor shall pay to the Servicer an assumption fee of \$5,000.

(ii) The Mortgagor also may transfer or dispose of Equipment which is being replaced or which is no longer necessary in connection with the operation of the Premises or of any Property free from the interest of the Mortgagee under this Mortgage, provided that such transfer or disposal will not adversely affect the value of such Property, will not materially impair the utility of the Premises of such Property, and will not result in a reduction or abatement of, or right of offset against, the rentals payable under any Lease, in either case as a result thereof, and provided that any new Equipment acquired by the Mortgagor (and not so disposed of) shall be subject to the interest of the Mortgagee under this Mortgage unless leased to the Mortgagor. The Mortgagee shall, from time to time, upon receipt of an Officers' Certificate requesting the same and confirming satisfaction of the conditions set forth above, execute a written instrument in form reasonably satisfactory to it to confirm that such Equipment which is to be, or has been, sold or disposed of is free from the interest of the Mortgagee under this Mortgage.

19.2. Transfer or Encumbrance of Interests in the Mortgagor. (i) A sale, assignment, conveyance, transfer, or other disposition or hypothecation or other encumbrance of a direct or indirect beneficial interest in one or more of the Mortgagors shall be permitted if (I) the Mortgagee shall have consented thereto, or (II) after giving effect to the proposed transaction, one or more Approved Control Parties shall, individually or acting in concert, directly or indirectly own and control (as defined in Section 19.1) such Mortgagors; provided, however, that if a transfer is made pursuant to clause (II) hereof there shall be provided (x) if the transfer results in a transfer of more than 49% of the direct or indirect ownership interests of any Borrower or Guarantor, a non-consolidation opinion of counsel with respect to such Permitted Owner, and the applicable Mortgagor, which is satisfactory to the Rating Agencies and (y) a Rating Agency Confirmation shall have been obtained with respect to the proposed transfer unless such transfer is to a Vornado Affiliate.

(ii) a hypothecation or other encumbrance of a direct or indirect beneficial interest in one or more of the Mortgagors or in Vornado Finance shall be permitted in connection with and to secure a borrowing by the owner of such direct or indirect interest, provided that a Rating Agency Confirmation shall have been obtained with respect thereto.

(iii) Nothing in this Article 19 and no other provision of this Mortgage or any other Mortgage Security Document shall prohibit or be construed as prohibiting, conditioning or restricting any shareholder in Vornado or any partner in VRLP (but only so long as Vornado owns in excess of 50% of VRLP) from selling, assigning, pledging, hypothecating, conveying, transferring or otherwise disposing of or encumbering such Person's shares in Vornado or partnership interests in VRLP, respectively, to any other Person, and no such transaction shall in and of itself result in any Default hereunder.

19.3. Indebtedness. The Mortgagor shall not incur, create or assume any indebtedness or incur any liabilities secured by any of the Properties without the consent of the Mortgagee (other than the Mortgage Notes and the other obligations, indebtedness and liabilities secured by this Mortgage or set forth in any other Mortgage Security Document); provided, however, that, without the consent of the Mortgagee, the Mortgagor may incur, create or assume the following indebtedness:

(i) amounts, not secured by the Premises of any of the Properties and that are not more than 60 days past due, payable by or on behalf of the Mortgagor for or in respect of the operation of any of the Properties in the ordinary course of operating the Mortgagor's business, including amounts payable by or on behalf of the Mortgagor to suppliers, contractors, mechanics, vendors, materialmen or other persons providing property or services to the Mortgagor or to the Premises of any of the Properties, or in connection with the ownership, management, operation, leasing, cleaning, maintenance, repair, replacement, financing, improvement, alteration or restoration thereof incurred in the ordinary course of operating the Mortgagor's business (provided, however, that notwithstanding the foregoing, in no event shall the Mortgagor be permitted under this provision to enter into a note for borrowed money);

(ii) amounts, not secured by the Premises of any of the Properties, payable or reimbursable to any Tenant on account of work performed at the Premises of such Property by such Tenant or for costs incurred by such Tenant in connection with its occupancy of space in the Premises of such Property including tenant improvements and tenant work allowances (provided, however, that notwithstanding the foregoing, in no

event shall the Mortgagor be permitted under this provision to enter into a note for borrowed money);

(iii) indebtedness not secured by any of the Properties (but which may be secured by the Equipment so financed), relating solely to financing of capital improvements, tenant improvements, Equipment or leasing costs relating to any Property or Properties, and costs associated with such indebtedness;

(iv) capital lease obligations; and

(v) indebtedness not secured by any of the Properties incurred to finance tenant improvements, Equipment, capital improvements, leasing costs, or legal or compliance costs;

provided, however, that the indebtedness described in clauses 19.3(i) through (v) above shall not in the aggregate exceed 4% of the aggregate initial Allocated Amounts of all Properties which at the time are subject to the Lien of this Mortgage.

19.4. Intentionally Omitted.

19.5. Notice. Not less than five Business days prior to the closing of any transaction subject to the provisions of Section 19.1(i) or 19.2(i) (other than a transaction described in 19.2(ii)), the Mortgagor shall deliver to the Mortgagee an Officers' Certificate describing the proposed transaction and stating that such transaction is permitted by this Article 19, together with such documents upon which such Officers' Certificate is based.

19.6. Delivery of Documents to the Mortgagee. No more than twenty (20) Business Days after the completion of any transaction subject to Section 19.1(i) or 19.2(i) (other than a transaction described in Section 19.2(ii)), the Mortgagor shall provide the Mortgagee with copies of executed deeds, mortgages and such other similar closing documents as may be reasonably requested by the Mortgagee.

20. PERFORMANCE OF LEASES; APPLICATION OF RENTS. (a) The Mortgagor shall timely perform and observe or cause to be performed or observed all the material terms, covenants and conditions required to be performed and observed by the Mortgagor under the Leases, such that there will be no material and adverse impairment of the value of any of the Properties or the Mortgagee's interest under this Mortgage. The Mortgagor will promptly deliver to the

Mortgagee a copy of any notice from any Tenant under any Lease covering 15,000 or more square feet of rentable area of the Premises of any Property, claiming that the lessor is materially in default in the performance or observance of any of the terms, covenants or conditions thereof to be performed or observed by the lessor, and will provide in each Lease at the Properties after the date hereof to which it is a party that any Tenant delivering any such notice shall send a copy of such notice directly to the Mortgagee.

(b) The Mortgagor shall engage, and shall maintain during the term hereof their engagement of, Vornado, an Affiliate thereof or another professional management company which manages at least 20 other retail shopping centers comprising an aggregate of at least 4 million square feet, as the Manager of the Properties (each, a "Manager"). The Mortgagor shall, or shall cause the Manager to, manage and operate the Premises of each Property in a reasonably prudent manner and shall not enter into any Lease after the date hereof which would, evaluated alone or in conjunction with any then existing leases, result in any material impairment of the fair market value, as of the date such Lease is executed by the Mortgagor, of the affected Property. Subject to subsection (e) of this Section 20, the Mortgagor may enter into any Lease which is not inconsistent with the provisions of this Article 20 and the other applicable provisions of this Mortgage, if any, and the Mortgagor agrees to deliver either a duplicate original executed counterpart or a certified copy of each Lease to the Mortgagee. Each Lease entered into after the date hereof (including the renewal or extension on or after the date hereof of any lease entered into prior to the date hereof if the rent payable during such renewal or extension, or a formula to compute such rent, is not provided for in such Lease, such a renewal or extension a "Renewal Lease") either (A) shall provide for rent and all other material items thereunder to be payable in amounts at least equal to the fair market rental value (taking into account the type and quality of the Tenant), as of the date such Lease is executed by the Mortgagor, of the space covered by such lease or Renewal Lease for the term thereof, including any renewal options, (B) shall not have a material adverse effect on the value of any of the Properties as a whole or the ability of the Mortgagor to pay its obligations in respect of the Mortgage Notes and this Mortgage or (C) shall be consented to by the Mortgagee.

(c) The Mortgagor may, without the consent of the Mortgagee, amend, modify or waive the provisions of any Lease, provided that such action does not have a material

adverse effect upon the value of any of the Properties, and provided further that such Lease, as amended, modified or waived, is otherwise in compliance with the requirements of this Mortgage and a certified copy of the amendment, modification or waiver is delivered to the Mortgagee.

(d) The Mortgagor may terminate or permit the termination of any Lease of space or accept surrender of all or any portion of the space demised under the Lease or acquire any Lease or reduce the rentals reserved under or shorten the term of any Lease so long as such action (taking into account the planned alternative uses of the space) does not materially adversely affect the value of any of the Properties (it being agreed that termination of the Lease of a Tenant which is in default, after any applicable notice and cure periods, shall be considered to be for the benefit of the Properties) or the ability of the Mortgagor to pay its obligations in respect of the Mortgage Notes and this Mortgage.

(e) After the occurrence and during the continuation of a Triggering Event (as defined in the Indenture), Mortgagor shall not enter into any lease in excess of 40,000 square feet without the prior approval of Mortgagee (which such approval shall be deemed to have been given if Mortgagee does not respond within twenty (20) days after receipt of such request and the information reasonably necessary to make such a determination).

(f) No Mortgagor shall enter into any Lease with an Affiliate of such Mortgagor at any Property, unless (i) the space is for the use and occupancy of one or more of such Affiliates, and (ii) the material terms of such Lease comply with the requirements set forth in Section 20(b) hereof; provided, however, that a reasonable amount of office space not in excess of 5,000 net leaseable square feet can be provided to each Manager for the purpose of management of each of the Properties at less than fair market rental or at no rental, at the Mortgagor's discretion. The Mortgagor shall have the right, subject to the provisions of this Mortgage, to acquire Leases by way of assignment, surrender, acquisition or further sublease. The Mortgagor shall not modify the terms governing the management of any of the Properties in any respect which would have a materially adverse effect on the operation of, or the Net Cash Flow generated by, or the value of, the Premises of any Property without the prior approval of the Mortgagee. The Mortgagor shall not replace the Manager of any Property with a new Manager without first having obtained a Rating Agency Confirmation with respect thereto.

(g) The Mortgagor shall not receive or collect, or permit the receipt or collection of, any rental or other payments under any Lease more than one (1) month in advance of the respective period in respect of which they are to accrue, except that (i) in connection with the execution and delivery of any Lease or of any amendment to any Lease, rental payments thereunder may be collected and received in advance in an amount not in excess of one (1) month's rent and a security deposit (including advance rents as or in lieu of a security deposit) may be required thereunder (provided that such deposits are maintained in accordance with applicable law and in accordance with Article 53 hereof), and (ii) the Mortgagor may receive and collect escalation, percentage rent and other charges in accordance with the terms of each Lease and (iii) the Mortgagor may receive and collect more than one month's rent in connection with a Tenant terminating its Lease if the termination of the Lease is permitted under this Mortgage.

(h) Subject to the terms of any non-disturbance and attornment agreement which the Mortgagee may provide to any Tenant pursuant to this Mortgage, the Mortgagor shall not enter into any Lease after the date hereof that does not contain terms to the effect as set forth in Exhibit G hereto.

(i) Upon receipt by the Mortgagee of a written request from the Mortgagor therefor, the Mortgagee shall execute and deliver to the Tenant under any Lease (other than a Lease to an Affiliate of the Mortgagor) existing on the date hereof or made in accordance with the provisions of this Article 20, a non-disturbance and attornment agreement in customary form for the Premises if required by such Lease and specified in such request, provided that such request is accompanied by an Officers' Certificate stating that such Lease complies in all respects with this Mortgage, including specifically this Article 20.

21. NO ENDORSEMENT. The Mortgagee shall not become or be considered to be an endorser, co-maker or co-obligor on the Mortgage Notes or on any obligation of the Mortgagor secured by this Mortgage.

22. NO CREDIT FOR PAYMENT OF TAXES OR IMPOSITIONS. The Mortgagor shall not be entitled to any credit against the principal of or interest or Make-Whole Obligation, if any, payable on the Mortgage Notes, and the Mortgagor shall not be entitled to any credit against any other amounts which may become payable under the terms thereof or hereof, by reason of the payment of any tax on

any Property or any part thereof or by reason of the payment of any other Imposition or other amount required to be paid hereunder. No deduction shall be made or claimed from the taxable value of any Property or any part thereof by reason of this Mortgage.

23. EVENT OF DEFAULT; ACCELERATION OF MORTGAGE NOTE. If one or more of the following events ("Event of Default") shall occur:

(a) a default in the regularly scheduled payment of any principal or interest required to be paid under the Mortgage Notes by 11:00 a.m., New York time, on the second Business Day immediately preceding any Payment Date or failure by Mortgagor to make deposits in the Reserve Accounts as required under the Cash Management Agreement or Indenture; or

(b) a default in the payment of the principal of any Mortgage Note at maturity (whether at the Maturity Date, by acceleration, call for prepayment or otherwise); or

(c) default in the payment of any amounts due and payable (other than amounts described in the foregoing clause (a) or (b)) under the Mortgage which continues for a period of fifteen Business Days after written demand by the Mortgagee for payment thereof; or

(d) an "Event of Default" as defined in any Mortgage Security Document, the Indenture or the Guaranty Agreement; or

(e) any insurance required to be maintained in respect of the Premises of any Property pursuant to Article 13 hereof shall be cancelled, terminated or expire (and replacement insurance or a binding commitment to provide such replacement insurance complying with the provisions of Article 13 hereof has not been effected prior to such event) or any such insurance shall be amended or modified so as not to comply with Article 13 hereof, and notice to the Mortgagor of such cancellation, termination, expiration, amendment or modification shall have been mailed or otherwise surrendered or released for delivery to the Mortgagor; or

(f) the Mortgagor shall, directly or indirectly, make or permit to occur a violation of the covenants contained in Section 3.3 or 3.4 hereof, or a violation of the covenants contained in Article 11 hereof (subject to the provisions of Article 12 hereof), or any sale, assignment, conveyance, transfer, mortgage, pledge, encumbrance or other

disposition in violation of Article 19 hereof, or incur any indebtedness in violation of Article 19 hereof;

(g) the Mortgagor shall fail to perform or comply with any of the material covenants of this Mortgage, including the failure to perform in all material respects under any ground lease applicable to a Property subject to applicable notice and cure rights thereunder (other than as described in the foregoing clauses (a) through (f)), or the Mortgagor shall breach any representation or warranty made by it in this Mortgage or in any other Mortgage Security Document, and in any such case, such failure or breach shall continue for more than thirty (30) Business Days after written notice thereof by the Mortgagee to the Mortgagor; provided that in the case of any such failure that is susceptible of cure but that cannot with diligence be cured within such thirty Business Day period, if the Mortgagor shall promptly have commenced to cure the same and shall thereafter prosecute the curing thereof with diligence, subject to Excusable Delays, the period within which such failure may be cured shall be extended for such further period as shall be reasonably necessary for the curing thereof with diligence, subject to Excusable Delays; provided, however, that Mortgagor shall provide a written explanation to Mortgagee explaining the reasons for requiring such extended cure period; provided, further, however, that such extended period shall not exceed one hundred eighty (180) days unless, only in the case of cures which require construction or remedial work, cure cannot with diligence reasonably be achieved within such one hundred eighty (180) days and the Mortgagor has delivered an Officers' Certificate to the Mortgagee to such effect, in which event such period shall be extended for an additional one hundred eighty (180) days (and provided that cure of any breach of representation or warranty, and that cure of any failure to make a delivery, subsequent to the date as of which the representation or warranty was made or applies, or such delivery was required, shall constitute cure of such breach, or cure of such failure to make the delivery, provided such breach or failure has not had a material adverse effect on the interest of the Mortgagee hereunder); or

(h) intentionally omitted.

(i) the entry by a court having jurisdiction over any Borrower or Guarantor of (A) a decree or order for relief in respect of such Borrower or Guarantor in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization,

rehabilitation or other similar law or (B) a decree or order adjudging such Borrower or Guarantor a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, rehabilitation, arrangement, adjustment or composition of or in respect of such Borrower or Guarantor under any applicable federal or state bankruptcy, insolvency, reorganization, rehabilitation or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Borrower or Guarantor or of any substantial part of its property, or ordering the winding up or liquidation of its affairs and such decree or order remains undismitted for a period for 60 days; or

(j) the commencement by any Borrower or Guarantor of a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by such Borrower or Guarantor to the entry of a decree or order for relief in any involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state bankruptcy or similar law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of such Borrower or Guarantor or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of action by such Borrower or Guarantor in furtherance of any such action.

then, in any such event, the Mortgagee, at its option, may, in accordance with the provisions of Section 5.2 of the Indenture, declare the Mortgage Notes due and payable and, to the extent permitted by applicable law, the Mortgagee may exercise the other remedies provided for herein for an Event of Default; provided, however, that if an Event of Default described in clause (i) or (j) occurs, then the Mortgage Notes shall automatically be and become due and payable immediately without any action whatsoever on the part of the Mortgagee, and, to the extent permitted by applicable law, the Mortgagee may exercise such other remedies as may be available to Mortgagee. If after the occurrence of an Event of Default, the Mortgage Notes are accelerated prior to the Payment Date occurring in December 2009, the Mortgagor shall

pay the Make-Whole Amount with respect to the Mortgage Notes.

Within thirty (30) days after any written request by the Mortgagee therefor, but no more frequently than once in any twelve month period, the Mortgagor shall furnish to the Mortgagee an Officers' Certificate, stating that in the ordinary course of the performance by the officer of the Mortgagor signing such certificate of his duties he either would normally obtain knowledge or have made due inquiry as to the existence of any condition or event which would constitute an Event of Default hereunder or a Default of any monetary obligation under the Mortgage Notes and certifying that to the best of his knowledge there is no such condition or event, or if any such condition or event exists, specifying each such Event of Default or a Default of any monetary obligation under the Mortgage Notes and the nature and status thereof and what action the Mortgagor is taking or proposes to take with respect thereto.

The Mortgagor acknowledges that the Secured Obligations are secured by this Mortgage, the Assignment of Leases and various other documents or instruments securing or evidencing the Mortgage Loan. Upon the occurrence of an Event of Default, the Mortgagee shall have the right to institute a proceeding or proceedings for the total or partial foreclosure of this Mortgage and any or all of the other Mortgage Security Documents, whether by court action, power of sale or otherwise, under any applicable provisions of law, for all of the indebtedness secured by the Mortgage Security Documents or the portion of such indebtedness allocated to any particular Property, and the liens and the security interests created by the Mortgage Security Documents shall continue in full force and effect as to the Property not foreclosed without loss of priority securing that portion of the indebtedness then due and payable and still outstanding. The Mortgagor acknowledges that the Properties are located in six (6) different states and agree that, subject to Article 38 of this Mortgage, upon the occurrence of an Event of Default hereunder the Mortgagee shall be entitled to enforce payment of the indebtedness secured by the Mortgage Security Documents and the performance of any term, covenant or condition of the Mortgage Security Documents and exercise any and all rights and remedies under the Mortgage Security Documents or as provided by law or at equity, by one or more proceedings, whether contemporaneous, consecutive or both, to be determined by the Mortgagee in its sole discretion, in any one or more states in which the Properties are located. Neither the acceptance of this Mortgage or the other

Mortgage Security Documents nor the enforcement thereof in any one state, whether by court action, foreclosure, power of sale or otherwise, shall prejudice or in any way limit or preclude enforcement by court action, foreclosure, power of sale or otherwise, of the Mortgage Notes, this Mortgage or the other Mortgage Security Documents through one or more additional proceedings in that state or in any other state. Any and all sums received by the Mortgagee under the Mortgage Notes, this Mortgage or the other Mortgage Security Documents shall be applied toward the repayment of the Secured Obligations in such order and priority as the Mortgagee shall determine, consistent with the requirements of the Mortgage Security Documents (including, without limitation, the rights of the Mortgagor set forth in Section 44 of this Mortgage), but otherwise without regard to the Allocated Amount applicable to each Property or the appraised value of any of the Properties.

24. COMPROMISE OF ACTIONS. Any action, suit or proceeding brought by the Mortgagee pursuant to this Mortgage or otherwise and any claim made by the Mortgagee under this Mortgage or otherwise may be compromised, withdrawn or otherwise dealt with by the Mortgagee without notice to or the approval of the Mortgagor.

25. FORECLOSURE.

25.1. Foreclosure. Subject to Article 38 hereof, if any Event of Default shall have occurred and the Mortgage Notes shall have been declared due and payable, the Mortgagee, for the benefit of the Holders (as defined in the Indenture), may at any time proceed, at law or in equity or otherwise, to enforce the payment of the Mortgage Notes in accordance with the terms thereof and:

(a) to institute an action to foreclose its interest under and the lien of this Mortgage against any of the Properties by judicial foreclosure sale or strict foreclosure in one proceeding or against portions of the Properties in a series of separate proceedings, and to have the same sold under the judgment or decree of a court of competent jurisdiction or proceed to take any of such actions; and

(b) to take such other action at law or in equity or otherwise for the enforcement of this Mortgage and the realization on the security or any other security herein or elsewhere provided for, as the law may allow (including by power of sale), and may proceed therein to final judgment and execution for the entire unpaid balance of the principal

debt, together with all other sums payable by Mortgagor in accordance with the provisions of the Mortgage Notes and this Mortgage, and all sums which may have been advanced by the Mortgagee for taxes, water or sewer rents, charges or claims, payment on prior liens, insurance or repairs to the Properties, all costs of suit, together with interest thereon at such interest rate as may be awarded in any judgment obtained by the Mortgagee, as the case may be, from and after the date of any foreclosure sale until actual payment is made to the Mortgagee of the full amount due the Mortgagee, and attorneys' fees through and including all appellate levels; and

(c) to sell, assign, transfer and deliver the whole or, from time to time, any part of any Property, or any interest in any part thereof, at any private sale or at public auction permitted by law, with such demand, advertisement or notice as required by law, and on such other terms as required or permitted by law.

Before taking title to any Property, the Mortgagee, at the expense of the Mortgagor, may determine whether any environmental hazards exist at the Property in respect of which the Mortgagee may become liable by taking title, which determination may include the performance of an environmental audit of the Property by a qualified professional if the Mortgagee determines that reasonable prudence warrants the performance of such an audit.

25.2. The Mortgagor's Waivers. It shall not be necessary for the Mortgagee to have actual or constructive possession of any part of any Property in order to pass the title to and the right of possession of said Property, and the title to and the right of possession of said property shall pass to the purchaser or purchasers thereof at any sale hereunder as fully as if the same actually had been present and delivered. To the fullest extent allowed by applicable law, upon foreclosure of this Mortgage whether by power of sale, or any other nonjudicial or judicial foreclosure process, the Mortgagor or any person claiming any part of any Property by, through or under the Mortgagor shall not be entitled to direct the order of sale or to a marshalling of assets or a sale in inverse order of alienation. The recitals and statements of fact contained in any notice or in any conveyance to the purchaser or purchasers at any sale hereunder shall be prima facie evidence of the truth of such facts, and all prerequisites and requirements necessary to the validity of any such sale shall be presumed to have been performed. In the event of a foreclosure sale, to the extent that the Mortgagor is in

possession of the Premises, the Mortgagor shall be deemed a tenant at will of the purchaser at such judicial foreclosure sale and shall be liable for a reasonable rental for the use of the Premises; and if the Mortgagor refuses to surrender possession of the Premises upon demand, the purchaser shall be entitled to institute and maintain the statutory action of forcible entry and detainer and procure a writ of possession thereunder, and the Mortgagor expressly waives all damages sustained by reason thereof and the Mortgagor agrees to pay to the purchaser the reasonable costs and expenses (including all reasonable attorneys' fees and expenses) of such action and writ, subject to the provisions of Article 38.

25.3. Recovery of Advances. Subject to the provisions of Article 35 and subject to the provisions of Article 38, the Mortgagee shall have the right, from time to time, to bring an appropriate action to recover any sums required to be paid by the Mortgagor under the terms of this Mortgage and/or the Mortgage Notes as they become due, without regard to whether the principal indebtedness evidenced by the Mortgage Notes or any other sums secured by this Mortgage shall be due, and without prejudice to the right of the Mortgagee thereafter to bring an action of foreclosure, or any other action, for any default by the Mortgagor existing at the time the earlier action was commenced.

25.4. Sale. Upon the completion of any sale or sales of any Property by virtue of this Article 25, the Mortgagee or any officer of any court empowered to do so, shall execute and deliver to the accepted purchaser or purchasers, good and sufficient instrument or instruments (subject to the provisions of Article 38 hereof), conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. In such event, the Mortgagee is hereby irrevocably appointed the true and lawful attorney of the Mortgagor, in its name and stead, to make all the necessary conveyances, assignments, transfers and deliveries of any part of the Property and rights so sold, and for that purpose the Mortgagee may execute all necessary instruments of conveyance, assignment and transfer and may substitute one or more persons with like power. Any such sale or sales shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of the Mortgagor in and to the properties, interests and rights so sold, and shall be a perpetual bar both at law and in equity against the Mortgagor and against any and all persons claiming or

who may claim the same, or any part thereof from, through or under the Mortgagor.

25.5. Several Parcels. If any Event of Default shall have occurred and the Mortgage Notes shall have been declared due and payable, the Mortgagee shall have the right to sell each of the Properties individually or collectively in such manner and order as it may determine, and the right of sale hereunder shall not be exhausted by one or more sales, but successive sales may be had until all of the Properties have been legally sold. In the event any sale hereunder is not completed or is defective in the opinion of the Mortgagee, such sale shall not exhaust the power of sale hereunder, and the Mortgagee shall have the right to cause a subsequent sale or sales.

25.6. Mortgage Notes Become Due on Foreclosure Sale. Upon any sale of any or all of the Properties by the Mortgagee under or by virtue of this Mortgage, whether pursuant to foreclosure or power of sale or otherwise in accordance with the provisions of this Mortgage, the entire unpaid principal amount of the Mortgage Notes at the time outstanding shall, if not previously declared due and payable, immediately become due and payable, together with the interest accrued thereon and any applicable Make-Whole Obligation which would then be payable, and any other indebtedness which this Mortgage by its terms secures.

26. MORTGAGEE AUTHORIZED TO EXECUTE INSTRUMENTS. The Mortgagor irrevocably appoints (which appointment is coupled with an interest) the Mortgagee the true and lawful attorney-in-fact of the Mortgagor, in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of this Mortgage after the occurrence and during the continuance of an Event of Default hereunder, to execute and deliver all such deeds, assignments, bills of sale and other instruments (without recourse, warranty or representation of any kind) as the Mortgagee may consider necessary or appropriate, with full power of substitution, the Mortgagor hereby ratifying and confirming all that such attorney or any substitutes shall lawfully do by virtue hereof. Nevertheless, if so requested by the Mortgagee or any purchaser, the Mortgagor shall ratify and confirm any such sale, assignment, transfer or delivery by executing and delivering to the Mortgagee or such purchaser all deeds, assignments, bills of sale, releases and other proper instruments (which in each case shall be without recourse to or representation or warranty by the Mortgagor) to effect such ratification and confirmation as may be designated in any such request.

27. PURCHASE OF PROPERTIES BY MORTGAGEE. The Mortgagee, any Holder individually, or any nominee of any of them may be a purchaser of any of the Properties or of any interest therein at any sale thereof, and may apply to the purchase price all or any part of the indebtedness secured hereby in lieu of payment in cash of the amount of such indebtedness applied. Any such purchaser shall, upon any such purchase, acquire good title to the properties so purchased, free of the lien of this Mortgage and free of all rights of redemption in the Mortgagor.

28. RECEIPT A SUFFICIENT DISCHARGE TO PURCHASER. Upon any sale of a Property after the Mortgage Notes become due and payable, whether at maturity, by declaration of acceleration or by automatic acceleration after an Event of Default or otherwise, the receipt of the Mortgagee or the receipt of the officer making the sale under judicial proceedings shall, to the full extent legally permitted, be sufficient discharge to the purchaser for the purchase money, and such purchaser shall not be obligated to see to the application thereof.

29. WAIVER OF MARSHALLING, APPRAISEMENT, APPRAISAL. The Mortgagor hereby waives all rights, legal and equitable, it may now or hereafter have to require marshalling of assets or to require upon foreclosure sales of assets in a particular order. Each successor and assign of the Mortgagor, including a holder of a lien subordinate to the lien created hereby (without implying that Mortgagor has a right to grant an interest in, or a subordinate lien on, any of the Properties), by acceptance of its interest or lien agrees that it shall be bound by the above waiver, as if it gave the waiver itself. The Mortgagor also hereby waives, to the full extent it may lawfully do so, the benefit of all laws providing for rights of appraisement, appraisal, stay or extension or of redemption after foreclosure now or hereafter in force.

30. SALE SHALL BE A BAR AGAINST MORTGAGOR. The sale of any Property in connection with the exercise of remedies under this Mortgage after the Mortgage Notes become due and payable, whether at maturity, by declaration of acceleration or by automatic acceleration after an Event of Default or otherwise, shall, to the full extent legally permitted, forever be a perpetual bar against the Mortgagor's asserting any claim to title to the Property.

31. APPLICATION OF PROCEEDS OF SALE. The proceeds of any sale of any Property or any part thereof or any interest therein, after the Mortgage Notes become due and

payable, whether at maturity, by declaration of acceleration or by automatic acceleration after an Event of Default or otherwise, together with any other moneys and the proceeds of any Credit Facilities or Eligible Collateral at the time held by the Mortgagee as part of the Property, shall be applied as set forth in Section 5.6 of the Indenture except that reference to the term "Notes" or any "Class" of "Notes" in the Indenture shall be deemed to be a reference to the Mortgage Notes or the corresponding Class of Mortgage Notes hereunder.

32. APPOINTMENT OF RECEIVER. If an Event of Default shall have occurred and be continuing, the Mortgagee shall, to the fullest extent permitted by law, as a matter of right, be entitled to the appointment of a receiver for all or any part of the Properties, whether such receivership be incidental to a proposed sale of the Properties or otherwise, and the Mortgagor hereby consents to the appointment of such a receiver and will not oppose any such appointment.

33. POSSESSION, MANAGEMENT AND INCOME. If an Event of Default shall have occurred and be continuing, the Mortgagee, with such notice, if any, to the Mortgagor as required by law or as the Mortgagee considers appropriate in the circumstances, and subject to the rights of Tenants and the provisions of applicable law, may immediately enter upon and take possession of the Premises of each of the Properties by self-help, summary proceedings, ejection or otherwise, and may remove the Mortgagor and all other Persons and any and all property therefrom, and may hold, operate and manage the same and receive all earnings, income, rents, issues and proceeds accruing with respect thereto; provided, however, that upon the cure of such Event of Default within the permitted time, and if no other Event of Default shall have occurred and be continuing, the Mortgagee will convey possession of such Premises back to the Mortgagor. The Mortgagee shall be under no liability for or by reason of any such taking of possession, entry, removal or holding, operation or management, except (i) for its gross negligence or willful misconduct or (ii) to the extent required by applicable law, and except that any amounts so received by the Mortgagee shall be applied as set forth in Section 5.6 of the Indenture except that reference to the term "Notes" or any "Class" of "Notes" in the Indenture shall be deemed to be a reference to the Mortgage Notes or the corresponding Class of Mortgage Notes hereunder.

At the request of the Mortgagee, the Mortgagor shall promptly execute and deliver to the Mortgagee such deeds, instruments of assignment and other documents as the Mortgagee may deem necessary or advisable to enable the Mortgagee or any agent or representative designated by the Mortgagee, at such time or times and place or places as the Mortgagee may reasonably specify, to obtain possession of all or any portion or portions of the Properties to which the Mortgagee shall at the time be entitled hereunder, subject to the rights of Tenants.

If the Mortgagor shall fail for any reason to execute and deliver such instrument or document after such request by the Mortgagee, the Mortgagee, to the fullest extent permitted by law, may (i) obtain a judgment conferring on the Mortgagee the right to immediate possession and requiring the Mortgagor to execute and deliver such instruments and documents to the Mortgagee, which entry of judgment the Mortgagor, to the extent it may lawfully do so, hereby specifically consents and (ii) pursue the Properties wherever it may be found and to the extent lawfully permitted, take possession of and remove the same, subject to the rights of Tenants.

Upon every such taking of possession, the Mortgagee may (but shall have no obligation), from time to time, at the expense of the Mortgagor and such expenses to constitute additional indebtedness secured by the affected Property, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Premises of such Property, as it may deem proper. In such case, the Mortgagee, to the fullest extent permitted by law, shall have the right to manage, control, use, operate, store, lease or otherwise deal with such Property and to carry on the business and exercise all the rights and powers of the Mortgagor relating to such Property, as the Mortgagee shall deem best, including the right to enter into any and all such agreements with respect to the management, cleaning, control, use, operation, storage, leasing of or otherwise dealing with the Property, or any part thereof, as the Mortgagee may determine; and, to the fullest extent permitted by law, the Mortgagee shall be entitled to collect and receive all tolls, rents, revenues, issues, income, products and profits of the Property and every part thereof, without prejudice, however, to the right of the Mortgagee under any provision of this Mortgage to collect and receive all cash held by, or required to be deposited with, the Mortgagee hereunder. Such tolls, rents, revenues, issues, income, products and profits shall be applied to pay the

expenses of the management, control, use, operation, storage, leasing of or otherwise dealing with the Premises and of conducting the business thereof, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Mortgagee may be required or may elect to make, if any, for Impositions, or other taxes, assessments, insurance or other proper charges upon the Premises or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports), and all other payments which the Mortgagee may be required or authorized to make under any provision of this Mortgage, as well as just and reasonable compensation for the services of the Mortgagee, and all persons properly engaged or employed by the Mortgagee.

34. RIGHT OF MORTGAGEE TO PERFORM MORTGAGOR'S COVENANTS. If the Mortgagor shall fail to make any payment or perform any act required to be made or performed here under, the Mortgagee, upon notice to the Mortgagor and upon the expiration of any applicable grace or cure period provided in Article 23 (except in cases of emergency that threaten bodily injury or material damage to property, in which case the Mortgagee will allow such notice and grace or cure period, if any, as is reasonable under the circumstances) and subject to the Mortgagor's right of contest under Article 12 hereof, but without waiving or releasing any obligation, Default or Event of Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of the Mortgagor, and, to the extent permitted by applicable law, may enter upon the Premises of such Property for such purpose and take all such action thereon as, in the judgment of the Mortgagee, may be reasonably necessary or appropriate therefor, subject to the rights of Tenants. All sums so paid by the Mortgagee and all reasonable costs and expenses (including all attorneys' fees and expenses) so incurred, together with interest thereon at the Default Rate from the date of payment by the Mortgagee until paid, shall constitute additional indebtedness secured by this Mortgage and, subject to the provisions of Article 38 hereof, shall be paid by the Mortgagor to the Mortgagee, for the benefit of the Holders, upon demand therefor.

35. REMEDIES CUMULATIVE. Subject to the provisions of Article 38 hereof, to the extent permitted under applicable law each right, power and remedy of the Mortgagee provided for in this Mortgage or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition

to every other right, power or remedy provided for in this Mortgage or now or hereafter existing at law or in equity or by statute (including the Uniform Commercial Code as enacted in the State where each of the Properties is located) or otherwise, and the exercise or beginning of the exercise by the Mortgagee of any one or more of the rights, powers or remedies provided for in this Mortgage or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the Mortgagee, to the extent permitted by law, of any or all of such other rights, powers or remedies. The Mortgagee shall not exercise or seek to exercise, or accept the performance or acquiescence by the Mortgagor under, any remedy provided for the benefit of the Mortgagee in any Security Document other than this Mortgage, until the Mortgagee has exhausted its remedies under this Mortgage, nor shall the Mortgagee take any action after an Event of Default, including seeking interim relief or partial recovery from the Property, the taking of which would restrict or impair the ability of the Mortgagee to proceed, or which would preclude the Mortgagee from proceeding, against the entire Premises for the benefit of the Holders.

36. APPLICABLE LAW. (a) All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof, including those which do not require the giving of notice, does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. All waivers, consents, confessions and releases provided for in this Mortgage are effective only to the extent permitted by applicable law.

(b) This Mortgage was negotiated and made by Mortgagor in the State of New York, and the proceeds of the loans secured hereby were disbursed from New York, which State the parties agree has a substantial relationship to the parties and to the underlying transaction embodied hereby. In all respects, the law of the State of New York shall govern the validity of and enforceability of this Mortgage, except that the creation, validity, perfection, priority and enforceability of the lien and security interest created by this Mortgage, all warranties of title contained herein with respect to the Properties and all provisions hereof relating to the realization of the security covered by this Mortgage shall be governed by the laws of the State in which each of the Properties that is

the subject of dispute is located (as further described in Articles 58, 59, 60, 61, 62, 63 and 64 and the Mortgagor and the Mortgagee will submit to jurisdiction and the laying of venue for any suit on this Mortgage in such State).

37. NO WAIVER. No failure by the Mortgagee 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 of any such breach. No waiver of any breach shall affect or alter this Mortgage, which shall continue in full force and effect, or shall affect or alter the rights of the Mortgagee with respect to any other then existing or subsequent breach. Neither the Mortgagor nor any other person now or hereafter obligated for payment of all or any part of the sums now or hereafter secured by this Mortgage shall be relieved of such obligation by reason of the failure of the Mortgagee to comply with any request of the Mortgagor or of any other person so obligated, to take action to foreclose on this Mortgage or otherwise to enforce any provisions of this Mortgage or the Mortgage Notes or by reason of the release, regardless of consideration, of all or any part of the security held for the indebtedness secured by this Mortgage, or by reason of any agreement or stipulation between any subsequent owner of any of the Properties and the Mortgagee extending the time of payment or modifying the terms of this Mortgage or the Mortgage Notes without first having obtained the consent of the Mortgagor or such other persons; and in the latter event the Mortgagor and all such other persons shall continue to be liable, subject to Article 38, to make payments according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by the Mortgagee.

38. OBLIGATIONS ARE WITHOUT RECOURSE. (a) Anything contained in this Mortgage or in the Mortgage Notes or the other Mortgage Security Documents to the contrary notwithstanding (except for the liability of the Mortgagor for fraud, intentional misrepresentation, misapplication of proceeds or rentals as provided below), the Mortgagee's recourse for the satisfaction of the indebtedness due under the Mortgage Notes and for the payment and performance of all of the obligations and liabilities of the Mortgagor under this Mortgage or the other Mortgage Security Documents shall be limited solely to the Mortgagor's interest in the Properties and the other Mortgage Collateral, and none of the Mortgagor nor any of its respective successors or assigns, nor any partner (general or limited, or a subpartner at any level), member,

tenant in common, officer, director, trustee, beneficiary, shareholder, controlling person, employee, agent or Affiliate of any of the foregoing (collectively, "Exculpated Persons") shall be liable in any other respect for (i) the payment of the principal of, or interest or Make-Whole Obligations, if any, on the Mortgage Notes, or (ii) the payment of any other amount due under the Mortgage Notes, this Mortgage or the other Mortgage Security Documents, or (iii) for damages for the breach of, or any costs or expenses associated with the performance of or failure to perform, any of the covenants, obligations, representations and warranties or indemnifications contained herein or in the Mortgage Notes, this Mortgage or the other Mortgage Security Documents (other than as expressly provided with respect to the Mortgagor in the Environmental Indemnity; provided, however, that the foregoing limitation of the Mortgagee's recourse as it applies to the Mortgagor shall not apply to any liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including all reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against the Mortgagee, the Trustee, the Master Servicer, the Special Servicer or the Holders by reason of the occurrence or existence of any of following prior to the payment in full of the Mortgage Notes: (i) fraud committed by the Mortgagor; (ii) an intentional and material misrepresentation by the Mortgagor; (iii) the application of any Proceeds received by the Mortgagor after a casualty or condemnation in a manner other than that required by the terms of this Mortgage and the Cash Management Agreement; or, (iv) after an Event of Default shall have occurred which shall be continuing, the application by the Mortgagor of the rentals under any Lease or of any security deposit under any Lease in a manner other than that required by the terms of this Mortgage and the Cash Management Agreement; provided, however, that in either case (i) or (ii) the Mortgagee's recourse to the Mortgagor shall be limited to the damages resulting from such fraud or intentional misrepresentation and in either case (iii) or (iv) the Mortgagee's recourse to the Mortgagor shall be limited to the amount of such misapplied Proceeds or rentals by Mortgagor and no other property or assets of Mortgagor, or of any of Mortgagor's directors, officers, employees or shareholders, shall be subject to any lien, levy, execution, or other enforcement procedure in connection with such recourse. The Mortgagee, by its acceptance of the Mortgage Notes, agrees that, in the event it pursues any remedies available to it hereunder or under the Mortgage Notes or the other Mortgage Security Documents, the Mortgagee shall not have recourse to the Exculpated Persons for any deficiency, loss or claim for damages resulting therefrom, and none of

the property or assets of any of the Exculpated Persons other than the Properties shall be subject to levy, execution, garnishment, attachment, foreclosure or other enforcement procedure for the satisfaction of the remedies of the Mortgagee hereunder, but nothing contained herein shall (i) constitute a waiver of any indebtedness evidenced by the Mortgage Notes or secured by this Mortgage or the other Mortgage Security Documents, or (ii) be taken to prevent recourse to or the enforcement of remedies against any of the Properties or any other Mortgage Collateral in respect of any and all liabilities, obligations and undertakings contained herein or in the Mortgage Notes. In addition, each document which is executed by Mortgagor and/or any Exculpated Person pursuant to or in connection with this Mortgage, the Mortgage Notes and/or the other Mortgage Security Documents shall either expressly incorporate, or shall be deemed to incorporate, the non-recourse provisions contained in this Article 38. For purposes of this Section 38(a), each and every reference to "Mortgagee" (including the possessory thereof) shall mean Mortgagee, its successors and assigns, and all persons and/or entities whose rights under this document arise by, through or under Mortgagee, its successors and/or assigns.

In addition, and notwithstanding anything to the contrary in the Mortgage Notes, this Mortgage, the Indenture or any other Security Document, with respect to each Mortgagor, the total liability of that Mortgagor under the Mortgage Notes, this Mortgage, and each other Mortgage Security Document shall not

(i) at any time during the period from the date hereof to a date one year and a day after the date hereof exceed the sum of (A) the Allocated Amount for the Property identified on Exhibit A as being owned by such Mortgagor plus (B) such Mortgagor's Net Worth on the date hereof, less (C) \$1,000, and

(ii) at any time after the period referred to in clause (i) above exceed the sum of (A) the Allocated Amount for the Property identified on Exhibit A as being owned by such Mortgagor plus (B) the greater of such Mortgagor's Net Worth on the date hereof and such Mortgagor's Net Worth on the date such determination is being made (it being understood that for purposes of determining such Mortgagor's Net Worth on any date subsequent to the date that is one year and a day after the date hereof, such Mortgagor's liabilities shall only include liabilities that are permitted under the

terms of the Mortgage Security Documents), less (C) \$1,000.

For purposes of the foregoing, "Net Worth" of a Mortgagor shall mean the positive net worth of such Mortgagor (net of the Allocated Amount for the Property identified on Exhibit A as being owned by such Mortgagor), based on the sum of (x) the fair saleable value of its assets (determined after giving effect to distributions, if any, by such Mortgagor to such Mortgagor's partners, members or other equity investors, as applicable, of the proceeds of the Mortgage Loan received by such Mortgagor on account of the issuance of the Mortgage Notes and determined in accordance with applicable laws governing determinations of the insolvency of debtors), less (y) its liabilities (determined as in clause (x) above), including a portion of the Mortgage Loan equal to the Allocated Amount for the Property identified on Exhibit A as being owned by such Mortgagor, but excluding amounts payable under the Mortgage Notes, this Mortgage, the Indenture and any other Mortgage Security Documents in excess of such Allocated Amount.

Each document that is executed by any Mortgagor and/or any other Exculpated Persons pursuant to or in connection with this Mortgage and/or any other Mortgage Security Documents shall either expressly incorporate, or shall be deemed to incorporate, the provisions contained in this Article 38.

(b) It is expressly understood and agreed that nothing herein nor any act of the Mortgagor, nor any document or instrument executed by the Mortgagor in connection herewith shall create or impose on the Mortgagor or any other Exculpated Persons any personal liability, other than to the extent expressly provided with respect to the Mortgagor in the Environmental Indemnity; and this Mortgage is executed by the Mortgagor with the express understanding and agreement that nothing herein contained or under any of the Mortgage Security Documents (including the Indenture and the Mortgage Notes) shall be construed as creating any liability on the part of the Mortgagor or any other Exculpated Persons personally, other than to the extent expressly provided with respect to the Mortgagor in the Environmental Indemnity; to pay the principal obligation or any interest that may accrue thereon or any indebtedness that may accrue hereunder or under any of the Mortgage Security Documents (including the Indenture and the Mortgage Notes) or to perform any covenant, either express or implied, herein contained, and that every Person now or

hereafter claiming any right or security hereunder shall look solely to the Properties and the other Mortgage Collateral for the payment thereof and the enforcement of any lien hereby created or the enforcement of any covenant, condition or agreement contained herein or under any of the Mortgage Security Documents (including the Indenture and the Mortgage Notes).

(c) The provisions of Section 38(a) and (b) hereof shall not (i) constitute a waiver, release or impairment of any obligation of the Mortgagor (without recourse to its partners, members or other equity investors) evidenced or secured by the Mortgage Notes, this Mortgage or any other Mortgage Security Document to the extent that it would impair the Mortgagee's right or ability to declare an Event of Default or accelerate the maturity of the Mortgage Notes, (ii) constitute a waiver of the Mortgagee's right under Section 1111(b) of the United States Bankruptcy Code to claim against the Mortgagor (without recourse to its partners, members or other equity investors, other than to the extent expressly provided with respect to the Mortgagor in the Environmental Indemnity) the full amount of the indebtedness evidenced by the Mortgage Notes or incurred pursuant to any of the other Mortgage Security Documents or (iii) impair the right of the Mortgagee to obtain a deficiency judgment (without recourse to any partner, member or other equity investor in the Mortgagor, other than to the extent expressly provided with respect to the Mortgagor in the Environmental Indemnity) in any action or proceeding in order to preserve its rights and remedies against the Properties and the other Mortgage Collateral as to which a lien is granted hereunder, including, without limitation, foreclosure, nonjudicial foreclosure or the exercise of a power of sale, under this Mortgage or the other Mortgage Collateral.

39. STAMP AND OTHER TAXES. Subject to the provisions of Article 12 relating to permitted contests, the Mortgagor will pay any United States documentary stamp taxes, with interest and fines and penalties, if any, and any city, county or state mortgage recording taxes, with interest and fines and penalties, if any, that may hereafter be levied, imposed or assessed under or upon or by reason of this Mortgage or any instrument or transaction affecting or relating to either thereof. In the event of the Mortgagor's default thereof, the Mortgagee may advance the same and the amount so advanced shall be due and payable by the Mortgagor to the Mortgagee within ten days after demand therefor, together with interest thereon at the Default Rate. The Mortgagor shall not be obligated to pay any taxes which may be imposed upon the income of the Mortgagee.

40. FURTHER ASSURANCES. The Mortgagor, at its own expense, will execute, acknowledge and deliver all such instruments and take all such actions as the Mortgagee from time to time reasonably may request or as may be reasonably necessary or proper for the better assuring to the Mortgagee of the properties and rights now or hereafter subject to the lien hereof or intended so to be.

41. ESTOPPEL CERTIFICATES. The Mortgagor and the Mortgagee each will, from time to time, upon twenty days' prior written request by the other party, execute, acknowledge and deliver to the requesting party, in the case of a request to the Mortgagee, an Officers' Certificate signed by an authorized officer or officers and in the case of a request to the Mortgagor, an Officers' Certificate from the Mortgagor, stating that this Mortgage is unmodified and in full force and effect (or, if there have been modifications, that this Mortgage is in full force and effect as modified and setting forth such modifications) and stating the interest accrued to date on the aggregate principal amount of the Mortgage Notes. The estoppel certificate from the Mortgagee shall also state either that, to the best knowledge of the signer of such certificate and based on no independent investigation, no Default or Event of Default exists hereunder or, if any Default or Event of Default shall exist hereunder, specify each Default or Event of Default of which the Mortgagee has actual knowledge.

42. ADDITIONAL SECURITY. Without notice to or consent of the Mortgagor and without impairment of the lien and rights created by this Mortgage, the Mortgagee may accept (but the Mortgagor shall not be obligated to furnish) from the Mortgagor or from any other Person or Persons, additional security for the Mortgage Notes. Neither the giving of this Mortgage nor the acceptance of any such additional security shall prevent the Mortgagee from resorting, first, to such additional security, and, second, to the security created by this Mortgage without affecting the Mortgagee's interest under this Mortgage, subject, however, to the provisions of Article 35 of this Mortgage.

43. FINANCING STATEMENT. This Mortgage shall be deemed to be and may be enforced from time to time as a mortgage, chattel mortgage, assignment, contract, security agreement, financing statement, or lien on machinery situated on the Premises, and from time to time as any one or more thereof, and shall constitute a "fixture filing" for the purposes of Article 9 of the Uniform Commercial Code as enacted in the State where each Property is located.

44. RELEASE; SUBSTITUTE PROPERTY. (a) (i) If the Mortgagor shall pay the principal of and interest on the Mortgage Notes in full at Maturity and all other sums payable to the Mortgagee hereunder by the Mortgagor or secured hereby or by the other Mortgage Security Documents, then this Mortgage and all the other Mortgage Security Documents shall be discharged and satisfied or assigned (to the Mortgagor or to any other Person at the Mortgagor's direction), at the Mortgagor's option, without warranty, other than for the acts of the Mortgagee, at the expense of the Mortgagor upon its written request. Concurrently with such release and satisfaction or assignment of this Mortgage and all the other Mortgage Security Documents, the Mortgagee will return to the Mortgagor all title and other insurance policies relating to the Properties and, on the written request and at the expense of the Mortgagor, will execute and deliver such proper instruments of release (including appropriate UCC-3 termination statements) as may reasonably be requested by the Mortgagor to evidence such release and satisfaction or assignment, and any such instrument, when duly executed by the Mortgagee and duly recorded in the places where this Mortgage and each other Mortgage Security Document is recorded, shall conclusively evidence the release and satisfaction or assignment of this Mortgage and the other Mortgage Security Documents and (x) if the Mortgagor has elected to assign this Mortgage, the Mortgagee shall assign the Mortgage Notes to the Mortgagor or its designee and (y) if the Mortgagor has not elected to assign this Mortgage, the Mortgagee shall cancel the Mortgage Notes and return them to the Mortgagor.

(ii) Except as otherwise provided in Article 15 or 16, if prior to the Maturity Date the Mortgagor shall pay 125% of the Allocated Amount of a Property (each, a "Release Property") together with (x) interest on such amount to the date of payment and if such date is not a Payment Date, through the next Payment Date, (y) the Make-Whole Payment, if any, and (z) all other sums then payable to the Mortgagee hereunder by the Mortgagor, then Mortgagor shall release the lien of this Mortgage with respect to the Release Property (or, at the option of Mortgagor, split the Mortgage into two Mortgages (one of which would be a lien on the Release Property and would secure 125% of the Allocated Amount of the Release Property (the "Split Mortgage") and the other of which would be a lien on the other Properties and would secure the remaining indebtedness evidenced by the Mortgage Notes) and split the Mortgage Notes (so that a new mortgage note is created evidencing 125% of the Allocated Amount of the Release Property (the "Split Note") and the Mortgage Notes are appropriately reduced), and assign the Split

Mortgage and the Split Note to the Mortgagor or its designee without warranty, other than for the acts of the Mortgagee, at the expense of the Mortgagor) and release the lien of the other Mortgage Security Documents relating to such Property. For purposes of this Section 44, the term "Make-Whole Payment" shall mean:

(1) if pursuant to the Indenture and in connection with the release of the lien of the Mortgage from the Release Property, Vornado Finance is required to defease Notes in a principal amount equal to the principal amount of Mortgage Notes being paid under this Section 44(a)(ii), an amount equal to the excess, if any of (x) the amount required to be paid by Vornado Finance to accomplish such defeasance over (y) the amount of principal and interest paid by the Mortgagor under this Section 44(a)(ii) in order to release such Property; or

(2) if clause (1) does not apply, zero.

Concurrently with such release and satisfaction or assignment, the Mortgagee will return to the Mortgagor all title and other insurance policies relating to such Property and, on the written request and at the expense of the Mortgagor, will execute and deliver such proper instruments of release (including appropriate UCC-3 termination statements) as may reasonably be requested by the Mortgagor to evidence such release and satisfaction or assignment. The Mortgagee shall also pay over to the Mortgagor that is the owner of such Property all amounts held in any Reserve Accounts that relate to such Property.

Notwithstanding the foregoing, in the event that the Mortgagor desires to obtain a release from the lien of this Mortgage of, all or any one of the Properties described in Exhibit A hereto, the Mortgagee shall consent to the release of the Release Property or Properties from the lien of this Mortgage provided that (i) the Mortgagor shall have given at least 15 days' prior written notice of the date proposed for such release (the "Release Date"), (ii) no Event of Default shall have occurred and be continuing as of the Release Date, unless the proposed release, by itself, will eliminate the basis of all outstanding Events of Default, in which case the requirement of this clause (ii) will be deemed to be satisfied, (iii) in no event would such release result in a decrease in the Debt Service Coverage Ratio below the greater of (A) the Debt Service Coverage Ratio as of the most recent Debt Service Coverage Ratio Calculation Date immediately preceding such Release and (B)

1.56:1, (iv) Vornado Finance shall simultaneously with such Release defease or, if permitted by the terms of the Indenture, redeem, a principal amount of Notes that is equal to the principal amount of Mortgage Notes being prepaid in connection with such Release pursuant to the terms of the Indenture, and (v) the Mortgagor shall have delivered to the Mortgagee an Officer's Certificate confirming the matters referred to in clauses (ii), (iii) and (v) above. In determining whether the Debt Service Coverage Ratio test is satisfied for purposes of this Section 44(a)(ii), Net Cash Flow shall be calculated with proper adjustment to both Gross Revenue and Operating Expense to account for the proposed release of the Release Property.

Any prepayment made pursuant to this Section 44(a)(ii) shall be applied to the Mortgage Notes in the following order of priority: first, to the Class A-1 Mortgage Note until the Class A-1 Mortgage Note has been paid in full; second, to the Class A-2 Mortgage Note until the Class A-2 Mortgage Note has been paid in full; third, to the Class B Mortgage Note until the Class B Mortgage Note has been paid in full; fourth, to the Class C Mortgage Note until the Class C Mortgage Note has been paid in full; fifth, to the Class D Mortgage Note until the Class D Mortgage Note has been paid in full; sixth, to the Class E Mortgage Note until the Class E Mortgage Note has been paid in full; and seventh, to the Class F Mortgage Note until the Class F Mortgage Note has been paid in full.

(b) Intentionally Omitted.

(c) Intentionally Omitted.

(d) Intentionally Omitted.

(e) At any time and from time to time, the Mortgagor may, subject to the conditions in this Section 44(e), substitute a property (a "Substitute Property") for any individual existing Property (a "Replaced Property") provided that the Allocated Amount of the Replaced Property together with all the Allocated Amount of all previous Replaced Properties, does not exceed twenty-five percent (25%) of the original principal amount of the Mortgage Loan. From and after the substitution of a Substitute Property in accordance herewith, such Substitute Property shall thereafter be deemed a Property under this Mortgage, and, for the purpose of determining the Allocated Amount, the Allocated Amount of the Replaced Property shall be the Allocated Amount of the Substitute Property. In the event of a substitution, the Mortgage Notes shall remain in full

force and effect, and all necessary action shall be taken so that this Mortgage shall encumber the Substitute Property. Concurrently with the completion of all steps necessary to substitute a Substitute Property as provided herein, the Mortgagee shall take or cause to be taken all actions as are necessary or appropriate to release and discharge all liens granted to the Mortgagee and affecting the Replaced Property.

To qualify as a Substitute Property, the property must, at the time of substitution:

(i) be a property as to which the Mortgagor will hold marketable fee or leasehold title free and clear of any lien or other encumbrance except for easements or restrictive covenants which do not have an adverse effect on the utility or value of such property;

(ii) be free and clear, as shall be demonstrated in an environmental report issued by a recognized environmental consultant and in form and substance acceptable to the Mortgagee, of Hazardous Substances except for nominal amounts of any such substances used in the normal and customary trade or business of the Mortgagor or commonly used in the operation of properties similar to the Properties (in either case in compliance with all environmental laws);

(iii) be in good repair and condition, as shall be certified by an Officer's Certificate of Mortgagor;

(iv) be in compliance, in all material respects, with Legal Requirements and Insurance Requirements, as shall be certified by an Officer's Certificate of Mortgagor; and

(v) be owned by a Single Purpose Entity that is 100% directly or indirectly owned by Vornado Finance.

In addition to the conditions in the preceding paragraph, substitution of any Property pursuant to this Section 44(e) shall be subject to the satisfaction of the following:

(i) delivery to the Mortgagee of written notice thereof from the Mortgagor at least thirty (30) days prior to the date of the proposed substitution (the "Substitution Date");

(ii) delivery to the Mortgagee of an opinion of counsel regarding the enforceability of, and perfection of the lien created by, this Mortgage, as amended or supplemented, with respect to the Substitute Property and confirming the conclusions reached in the non-consolidation opinion of counsel delivered on the Closing Date after giving effect to such substitution and the delivery to the Mortgagee of a Tax Opinion;

(iii) the Mortgagor shall be in material compliance with all the terms and conditions of this Mortgage and the Mortgage Security Documents, and no Event of Default shall have occurred and be continuing;

(iv) the representations and warranties set forth in this Mortgage and the Mortgage Security Documents applicable to the Replaced Property shall be true and correct as to the Substitute Property on the Substitution Date in all material respects;

(v) delivery to the Mortgagee of a copy of the certificate of incorporation, partnership agreement, limited liability company agreement or other organizational document of the Mortgagor owning the Substitute Property and all amendments thereto, certified as true, complete and correct by an authorized officer; a certificate from the Secretary of State or other applicable official or officer in the Mortgagor's state of formation certifying that it is duly formed and in good standing (with tax clearance, if applicable), certificates from the Secretary of State of the state in which the Substitute Property is located, certifying as to the applicable Mortgagor's good standing as a corporation, partnership or limited liability company in such state (with tax clearance, if applicable); delivery by an authorized officer of the Mortgagor of a certificate, dated the Substitution Date and signed by its Secretary or Assistant Secretary, certifying the names of the officers authorized to execute and deliver this Mortgage and any other necessary agreements, instruments or documents to which the Mortgagor is a party, together with the original, not photocopied signatures of such officers;

(vi) the Substitute Property shall be devoted principally to use as a shopping center of at least the same general character and quality as the Replaced Property;

(vii) a Rating Agency Confirmation has been obtained;

(viii) delivery to the Mortgagee in form and substance satisfactory to the Mortgagee, of originals of the following:

(A) a signature page of this Mortgage, as amended or supplemented thereby or otherwise, duly executed and acknowledged by the Mortgagor owning the Substitute Property and each of the Mortgage Notes;

(B) an assignment of leases and rents with respect to the Substitute Property, duly executed and acknowledged by the applicable Mortgagor, assigning and transferring to the Mortgagee a first priority security interest in all rents, revenues, issues, profits and proceeds arising under the Leases relating to the Substitute Property;

(C) a title insurance policy issued by a title insurance company acceptable to the Mortgagee in the amount of the Allocated Amount for the Substitute Property containing such affirmative coverage acceptable to the Mortgagee insuring that this Mortgage, as amended or supplemented, creates a valid lien on the applicable Mortgagor's fee or leasehold title to the Substitute Property subject to the Permitted Exceptions, and insuring the perfected interest of the Mortgagee, in and to the Substitute Mortgage and assigned to the Mortgagee.

(D) a current ALTA as-built land title survey (or form otherwise acceptable to the Mortgagee) and a certificate from a professional licensed land surveyor with respect to such Substitute Property, certified to the title insurance companies participating in the title policies and the Mortgagee, and showing the location, dimensions and area of each parcel of the Substitute Property, including all existing buildings and improvements, utilities, parking areas and spaces, internal streets, if any, external streets, rights-of-way, as well as any easements, setback violations or encroachments on such Substitute Property and identifying each item with its corresponding exception, if any, in the

title policy relating thereto and otherwise reasonably acceptable to the Mortgagee. Each survey shall contain the original signature and seal of the surveyor and any additional matter required by the title companies. In addition, the Mortgagor shall provide with respect to each Substitute Property a certificate of a professional land surveyor to the effect that the Improvements located upon such Substitute Property are not located in a flood plain area, of, if such Substitute Property is in a flood plain area, the Mortgagor shall deliver on the Closing Date evidence of flood insurance;

(E) Uniform Commercial Code financing statements (Form UCC-1) (or other forms required in any jurisdiction), duly executed by the Mortgagor, covering all fixtures, Equipment and other personal property, collateral and all proceeds thereof, naming the applicable Mortgagor as debtor and the Mortgagee as secured party;

(F) insurance certificates issued by insurance companies reasonably satisfactory to Mortgagee evidencing the insurance coverage required under Section 13;

(G) a signature page of each of the Environmental Indemnity and the Cash Management Agreement, as amended or supplemented thereby or otherwise, duly executed and acknowledged by the Mortgagor owning the Substituted Property;

(H) a Management Subordination Agreement with respect to the Substituted Property duly executed by the owner and Manager of the Substituted Property; and

(I) payment of all costs and expenses anticipated to be incurred in connection with such substitution (including, without limitation, reimbursement of the Mortgagee's reasonable costs, title premiums, mortgage recording taxes, transfer taxes, recording fees, and reasonable attorneys' fees and disbursements actually incurred);

(ix) the Substitute Property shall have a Net Cash Flow for the twelve (12) month period prior to the substitution of not less than the Net Cash Flow for the same period of the Replaced Property; and

(x) the Debt Service Coverage Ratio after such substitution is equal to or greater than the Debt Service Coverage Ratio at the Closing Date.

45. CHANGES IN LAW REGARDING TAXATION. In the event of the passage, after the date of this Mortgage, of any law of any of the states in which any Property is located changing in any way the laws for the taxation of mortgages or debts secured by mortgages for state or local purposes or the manner of the collection of any such taxes, and imposing a tax, either directly or indirectly, on this Mortgage or the Mortgage Notes and resulting in an increase in the taxes or other charges imposed on or incurred by the Mortgagee by reason of such change in law, the Mortgagee may with the consent of Holders of a majority in principal amount of the Outstanding Notes, at its option, upon 90 days' notice, declare the aggregate Allocated Amount of all Properties in such State to be due and payable (without premium or Make-Whole Obligation); provided, however, that the Mortgagee shall not make such declaration and this Mortgage shall remain in effect if, notwithstanding said law, (i) (x) the Mortgagor may lawfully pay such taxes on behalf of the Mortgagee or (y) the Mortgagor and the Mortgagee may lawfully, and do, enter into an enforceable agreement obligating the Mortgagor to pay to the Mortgagee an amount equal to any increase in taxation or charges imposed on or incurred by the Mortgagee by reason of such change in law (which agreement shall thereupon become part of this Mortgage), and (ii) the Mortgagor does in fact pay such taxes or such increases in taxation or charges, as applicable; provided, however, that this Article 45 shall not apply to any taxes which may arise in connection with the ownership or transfer of the Mortgage Notes or the Notes or which may be imposed upon the income of the Mortgagee or the Holders of the Notes.

Any prepayment made pursuant to this Section 45 shall be applied to the Mortgage Notes in the following order of priority: first, to the Class A-1 Mortgage Note until the Class A-1 Mortgage Note has been paid in full; second, to the Class A-2 Mortgage Note until the Class A-2 Mortgage Note has been paid in full; third, to the Class B Mortgage Note until the Class B Mortgage Note has been paid in full; fourth, to the Class C Mortgage Note until the Class C Mortgage Note has been paid in full; fifth, to the Class D Mortgage Note until the Class D Mortgage Note has been paid in full; sixth, to the Class E Mortgage Note until the Class E Mortgage Note has been paid in full; and seventh, to the Class F Mortgage Note until the Class F Mortgage Note has been paid in full.

46. PREPAYMENTS. (a) Mandatory Payments of Principal.

(i) On each Payment Date commencing with the Payment Date in April, 2000, the Mortgagee shall pay the Principal Installment Amount due on such Payment Date subject to adjustment pursuant to Section 46(a)(ii) below. All payments of Principal Installment Amounts shall be applied first, to the Class A-1 Mortgage Note until the Class A-1 Mortgage Note has been repaid in full; second, to the Class A-2 Mortgage Note until the Class A-2 Mortgage Note has been repaid in full; third, to the Class B Mortgage Note until the Class B Mortgage Note has been repaid in full; fourth, to the Class C Mortgage Note until the Class C Mortgage Note has been repaid in full; fifth, to the Class D Mortgage Note until the Class D Mortgage Note has been repaid in full; sixth, to the Class E Mortgage Note until the Class E Mortgage Note has been repaid in full; and finally, to the Class F Mortgage Note until the Class F Mortgage Note has been repaid in full.

(ii) If at any time any portion of the principal balance of the Mortgage Notes is prepaid (other than in the manner described in Section 46(a)(i) above), then the Principal Installment Amounts (and Exhibit I hereto) shall be adjusted as follows:

(A) if such prepayment of the Mortgage Notes results in the defeasance of a corresponding principal amount of Notes pursuant to the terms of the Indenture, then the Principal Installment Amounts set forth on Exhibit I hereto shall be revised to equal the Principal Installment Amounts (as defined in the Indenture) set forth on the Undeferred Amortization Schedule (as defined in and calculated pursuant to Section 4.3(b) of the Indenture);

(B) if such prepayment of the Mortgage Notes results in the redemption of a corresponding principal amount of Notes pursuant to the terms of the Indenture that occurs prior to the time that any Notes have been defeased pursuant to the Indenture, then the Principal Installment Amounts set forth on Exhibit I hereto shall be revised to equal the Principal Installment Amounts (as defined in the Indenture) as calculated pursuant to the terms of Section 3.11(a)(ii) of the Indenture;

(C) if such prepayment of the Mortgage Notes results in the redemption of a corresponding principal amount of Notes pursuant to the terms of the Indenture that occurs after the time that any Notes have been defeased pursuant to the Indenture, then the Principal Installment Amounts set forth on Exhibit I hereto shall be revised to equal the Principal Installment Amounts (as defined in the Indenture) set forth on the Undefeased Amortization Schedule (as defined in the Indenture) as recalculated pursuant to the terms of Section 3.11(a)(ii) of the Indenture.

The proceeds applied to prepay the Mortgage Notes pursuant to this Section 46(a) shall be ratably applied to reduce the Allocated Amounts of each Property based upon the respective Allocated Amounts of the Properties securing the Mortgage Notes.

(b) Voluntary Prepayments. The Mortgage Notes may be prepaid by the Mortgagor at any time, in whole or in part, at the election of the Mortgagor (and thereby reduce the principal amount secured by this Mortgage) upon payment to the Mortgagee of

(i) the principal amount of the Mortgage Notes to be prepaid;

(ii) interest on such amount to the date of prepayment and if such date is not a Payment Date, through the next Payment Date;

(iii) the Make-Whole Payment, if any; and

(iv) all other sums then payable to the Mortgagee hereunder by the Mortgagor (including all expenses of the Mortgagee in connection with such prepayment);

provided, however, that simultaneously with such prepayment, Vornado Finance shall defease or, if permitted by the terms of the Indenture, redeem a principal amount of Notes that is equal to the principal amount of Mortgage Notes being prepaid pursuant to the terms of the Indenture.

For purposes of this Section 46(b), the term "Make-Whole Payment" shall mean:

(1) if pursuant to the Indenture and in connection with such prepayment of the Mortgage Notes,

Vornado Finance is required to defease Notes in a principal amount equal to the principal amount of the Mortgage Notes being paid under this Section 46(b), an amount equal to the excess, if any of (x) the amount required to be paid by Vornado Finance to accomplish such defeasance over (y) the amount of principal and interest paid by the Mortgagor under this Section 46(b)(ii) in connection with such prepayment of the Mortgage Notes; or

(2) if clause (1) does not apply, zero.

The proceeds applied to prepay the Mortgage Notes shall be deemed to be first applied to satisfy the Make-Whole Payment, if any, applicable to such prepayment and then shall be ratably applied to reduce the Allocated Amounts of each Property based upon the respective Allocated Amounts of the Properties securing the Mortgage Notes unless (i) the Mortgagor elects to release one or more of the Properties in connection with such prepayment in accordance with Section 44 or (ii) such prepayment is made in respect of a sale of Expansion Space at a particular Property, in which case the Allocated Amount of such Property shall be reduced.

Any prepayment made pursuant to this Section 46(b) shall be applied to the Mortgage Notes in the following order of priority: first, to the Class A-1 Mortgage Note until the Class A-1 Mortgage Note has been paid in full; second, to the Class A-2 Mortgage Note until the Class A-2 Mortgage Note has been paid in full; third, to the Class B Mortgage Note until the Class B Mortgage Note has been paid in full; fourth, to the Class C Mortgage Note until the Class C Mortgage Note has been paid in full; fifth, to the Class D Mortgage Note until the Class D Mortgage Note has been paid in full; sixth, to the Class E Mortgage Note until the Class E Mortgage Note has been paid in full; and seventh, to the Class F Mortgage Note until the Class F Mortgage Note has been paid in full.

The Mortgagor shall give notice of prepayment of the Mortgage Notes pursuant to this Section 46 to the Mortgagee not less than 15 days nor more than 45 days prior to the date fixed for prepayment, specifying (i) the date fixed for prepayment, (ii) the aggregate principal amount of the Mortgage Notes to be prepaid on such date and (iii) the amount of the Make-Whole Payment, if any, to the extent such amount can be calculated as of the date of such notice.

(c) Other Prepayments. The Mortgage Notes may or shall be prepaid without any Make-Whole Obligation upon the occurrence of certain events of damage to or destruction of or condemnation of any of the Properties securing the Mortgage Notes or changes in law regarding taxation of mortgages generally as more fully set forth in Articles 15, 16 and 45 of this Mortgage.

47. CONFIDENTIALITY. The Mortgagee agrees to use its best efforts to keep confidential all financial statements and other information obtained by it from the Mortgagor pursuant to this Mortgage and to not disclose such information to any other Person except (i) to the Holders pursuant to the terms of this Mortgage and the Indenture (subject to the confidentiality restrictions applicable to the Mortgagee and the Holders) and to the Rating Agencies (and the Rating Agencies may reasonably disclose such information in connection with their initial rating or their ongoing rating surveillance of the Securities), (ii) to the extent required by any law, or (iii) to the extent that such information is public when received by the Mortgagee or becomes public thereafter due to the action or omission of any party other than the Mortgagee and the Holders.

48. SECURITY AGREEMENT, ETC.

48.1. Grant of Security. This Mortgage is a security agreement within the meaning of the Uniform Commercial Code of the state where each Property is located with respect to all personal property now or hereafter located at the Properties and owned by the Mortgagor as to which the creation and perfection of a security interest are subject to such Uniform Commercial Code (the "Personal Property"), and is also a mortgage as to those portions of the Properties that are classified as real property. The Mortgagor hereby grants to the Mortgagee a security interest in and to the Personal Property to secure the payment of the Mortgage Notes. Any completely executed counterpart of this instrument may be filed as a mortgage on real property or fixtures, or as a security agreement or financing statement or as both. The address of the Mortgagor, as debtor, and the address of the Mortgagee, as secured party, are shown on page 1 of this Mortgage.

48.2. Financing Statements. The Mortgagor shall cause all financing and continuation statements and other instruments with respect to the Personal Property at all times to be kept recorded, filed or registered in such manner and in such places as may be required by law fully to evidence, perfect and secure the interests of the Mortgagee

in the Personal Property, and shall pay all filing fees in connection therewith. The Mortgagor hereby appoints the Mortgagee as its attorney-in-fact to perform the obligations of the Mortgagor under this Section 48.2, at the expense of the Mortgagor, in the event it fails to do so.

48.3. Multiple Remedies. If an Event of Default shall have occurred and be continuing, the Mortgagee shall have the option of proceeding, to the extent permitted under applicable law, as to both real and personal property in accordance with its rights and remedies in respect of the real property, as an alternative to proceeding in accordance with the default provisions of the Uniform Commercial Code; and the Mortgagee may exercise any and all of the other rights of a secured party under such Uniform Commercial Code.

48.4. Waiver of Rights. To the extent permitted under applicable law, the Mortgagor waives all rights of redemption after foreclosure and all other rights and remedies of a debtor thereunder and all formalities prescribed by law relative to the sale or disposition of the Personal Property after the occurrence and during the continuance of an Event of Default hereunder and all other rights and remedies of the Mortgagor with respect thereto. In exercising its right to take possession of the Personal Property upon the occurrence and during the continuance of an Event of Default hereunder, the Mortgagee, personally or by its agents or attorneys, and subject to the rights of any Tenant, may enter upon any part of the Premises without being guilty of trespass or any wrongdoing, and without liability for damages thereby occasioned except for its gross negligence or willful misconduct. To the extent any notice of sale or other disposition of the Personal Property is required and cannot be waived, in the event the Mortgagee elects to proceed with respect to the Personal Property separately from the real property, the Mortgagee shall give at least ten Business Days' notice of the sale of the Personal Property, subject, however, to the provisions of Article 35 hereof in each case. All recitals in any instrument of assignment or any other instrument executed by the Mortgagee incident to any sale, transfer, assignment, lease or other disposition or utilization of the Personal Property or any part thereof shall be full proof of the matter stated therein and no other proof shall be required to establish full legal propriety of the sale or other action taken by the Mortgagee or of any fact or condition incident thereto, all of which shall be deemed conclusively to have been performed or to have occurred.

48.5. Expenses of Disposition of the Properties. The Mortgagor shall reimburse the Mortgagee, within thirty Business Days after demand, for all reasonable expenses of retaking, holding, preparing for sale, lease or other use or disposition, selling, leasing or otherwise using or disposing of the Personal Property which are incurred, including all reasonable attorneys' fees and expenses, and all such expenses shall be added to the Mortgagor's obligations to the Mortgagee and shall be secured hereby.

49. EXPENSES OF THE MORTGAGEE.

(a) Subject to the provisions of Article 38, if any action, suit or other proceeding affecting any of the Properties or any part thereof be commenced, in which action, suit or proceeding the Mortgagee is made a party or participates or in which the right to use such Property or any part thereof is threatened, or in which it becomes necessary in the reasonable judgment of the Mortgagee to defend or uphold the interest of the Mortgagee under this Mortgage (including any action, suit or proceeding to establish or uphold the compliance of the Improvements with any Legal Requirement), then all amounts reasonably paid or incurred by the Mortgagee for the expense of any such action, suit or other proceeding or to protect its rights therein (whether or not it is made or becomes a party thereto) or otherwise to enforce or defend the rights and lien created by this Mortgage (including all reasonable attorneys' fees and expenses), shall be paid by the Mortgagor upon demand and, if not paid within thirty days of the giving of such demand, shall bear interest at the Default Rate from the date of the payment or incurring thereof, and any such amount and the interest thereon shall be a lien on the Properties, prior to any right, or right to, interest in, or claim upon the Properties attaching or accruing subsequent to or otherwise subordinate to the lien of this Mortgage, and the same shall be deemed to be indebtedness secured hereby, provided such right of payment in the case of any enforcement of the rights of the Mortgagee under this Mortgage shall only arise in the case where an Event of Default shall have occurred and be continuing. All other reasonable amounts paid, advanced or incurred by the Mortgagee after the occurrence and during the continuance of an Event of Default in order to secure and protect the interest of the Mortgagee under this Mortgage or the other Mortgage Security Documents shall be a like lien on the Properties and be deemed to be part of the indebtedness secured hereby.

(b) Subject to the provisions of Article 38, in the event this Mortgage or the Mortgage Notes is placed in the hands of counsel for collection of any amount payable hereunder or thereunder or for the enforcement of any of the provisions hereof or thereof and if an Event of Default shall have occurred and shall then be continuing, the Mortgagor agrees to pay all reasonable costs associated therewith incurred by the Mortgagee, either with or without the institution of an action, suit or other proceeding, in addition to all reasonable costs, disbursements and allowances provided by law, all such costs to be paid upon demand, together with interest thereon at the Default Rate from the date of notice or incurring thereof, and the same shall be deemed to be part of the indebtedness secured hereby.

50. USURY. The Mortgagor and the Mortgagee intend to conform strictly to applicable laws regarding usury. The Mortgagor and the Mortgagee hereby stipulate and agree that it is the intention of Mortgagor and Mortgagee that none of the terms and provisions contained in the Mortgage Notes or this Mortgage shall ever be construed to create a contract to pay for the use, forbearance, or detention of money an amount in excess of the maximum nonusurious amount allowed by applicable law. If the Mortgage Notes or this Mortgage or the transactions contemplated by any of them would be otherwise usurious under applicable law, then notwithstanding anything to the contrary in any or all of the Mortgage Notes or this Mortgage, the Mortgagor, and the Mortgagee hereby agree as follows: (i) for any applicable period of time specified by any applicable law, interest under the Mortgage Security Documents shall never exceed the maximum nonusurious amount allowed by such law; and (ii) if the Mortgage Notes shall be accelerated in whole or in part for any reason, or if any required or permitted prepayment occurs hereunder, then for any applicable period of time specified by any applicable law, interest shall never include more than the maximum nonusurious amount allowed by each such law, and in either such case any excess interest (if any) otherwise provided for under any or all of the Mortgage Security Documents shall automatically be applied by the Mortgagee in the following order: (1) to interest properly charged under the Mortgage Notes and this Mortgage; (2) to principal properly charged under the Mortgage Notes and this Mortgage (without premium); (3) if all sums due under (1) and (2) have been or would thereby be paid in full, all other interest on the Mortgage Notes shall be cancelled automatically as of and through the date of such acceleration or prepayment; and (4) if any such excess interest has been received by the Mortgagee, it shall be

refunded by the Mortgagee to the Mortgagor. The Mortgagor shall never be required to pay unearned interest under the Mortgage Notes and this Mortgage or to pay interest under any or all of the Mortgage Security Documents in an amount in excess of the maximum nonusurious amount allowed by applicable law, and the provisions of this Article 50 shall control over all other provisions of any Mortgage Security Document which may be in apparent conflict herewith.

51. MISCELLANEOUS. This Mortgage may be discharged or terminated only by an instrument in writing signed by the party against which enforcement of such discharge or termination is sought. In the event any time period or any date provided in this Mortgage ends or falls on a day other than a Business Day, then such time period shall be deemed to end, and such date shall be deemed to fall, on the next succeeding Business Day, and performance herein may be made on such Business Day, with the same force and effect as if made on such preceding day. Subject to Article 38 hereof, this Mortgage shall be binding upon the Mortgagor and the Mortgagee and each of the Mortgagor and the Mortgagee and their respective successors and permitted assigns and all Persons claiming under or through the Mortgagor and the Mortgagee or any such successors or permitted assigns, and shall inure to the benefit of and be enforceable by the Mortgagor and the Mortgagee and their respective successors and assigns. This Mortgage may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

52. NON-MERGER. It is the intention and agreement of the Mortgagor and the Mortgagee that there shall be no merger of any leasehold estate in the Premises of any of the Properties with the fee interest in the Premises of any of the Properties or any other estate or interest in the Premises of any of the Properties, and there shall be no merger of this Mortgage and any estate in the Premises, by reason of the fact that the same Person may own or hold (a) any leasehold estate in the Premises, and/or (b) this Mortgage, and/or (c) the fee interest in the Premises or any other estate or interest in the Premises.

53. ASSIGNMENT OF RENTS AND MORTGAGOR'S INTEREST IN LEASES.

(a) During the term hereof, the Mortgagor presently hereby irrevocably grants, sells, assigns, conveys, transfers and sets over to the Mortgagee, subject to the terms and conditions hereof, any and all existing

Leases and any other Leases which may hereafter be entered into by the Mortgagor, and any modifications, renewals or extensions thereof, and all right, title and interest of the Mortgagor thereunder and all rights under guarantees therefor, including all claim, right and demand as lessor to receive, collect and retain all rents and all other amounts due thereunder, any modification, renewals or extensions thereof, including:

(i) the immediate and continuing right to receive and collect all amounts payable by all Tenants, subtenants or other parties pursuant to the Leases, Reciprocal Operating Agreements and the Stop & Shop Guaranty, including, without limitation, (A) all rents, income, revenues, issues, profits, insurance proceeds, condemnation awards and other payments, tenders and security payable to or receivable by the Mortgagor under the Leases, Reciprocal Operating Agreements and the Stop & Shop Guaranty, or any other guaranty, (B) all damages or other amounts payable in the event of any expiration or termination of any Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty, pursuant to the terms thereof, by operation of law or otherwise, (C) any indemnification against, or reimbursement for, sums paid and costs and expenses incurred by the Mortgagor under any Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty, or otherwise, (D) any award in the event of the bankruptcy of any Tenant or guarantor of a Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty, and (E) all security deposits, other security instruments, other deposits or prepayments with respect to any such Leases, Reciprocal Operating Agreements, the Stop & Shop Guaranty or any other guaranties;

(ii) all claims, rights, powers, privileges and remedies of the Mortgagor, whether provided for in any Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty, or arising by statute or at law or in equity or otherwise, consequent on any failure on the part of any Tenant to perform or comply with any term of any Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty;

(iii) all right to take all action upon the happening of a default under any Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty, as shall be permitted by any Lease,

Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty, or by law, including, without limitation, the commencement, conduct and consummation of proceedings at law or in equity; and

(iv) the full power and authority, in the name of the Mortgagor, or otherwise, to enforce, collect, receive and make receipt for any and all of the foregoing and to do any and all other acts and things whatsoever which the Mortgagor, or any landlord is or may be entitled to do under any Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty;

subject, however, to the license granted to the Mortgagor under paragraph (c) below.

(b) Any funds received by the Mortgagee, after payment of all proper costs and charges, under this Article 53 shall be held by the Mortgagee for application first to payment of all amounts then due and payable under this Mortgage, and second to payment of all amounts then due and payable under the Mortgage Notes. The Mortgagee shall be accountable to the Mortgagor only for monies actually received by the Mortgagee pursuant to this Article 53. The collection of said funds and the application thereof as aforesaid shall not cure or waive any Event of Default or waive, modify or affect any notice of Event of Default or invalidate any act done pursuant to such notice; provided, however, if the Mortgagor deposits with the Mortgagee amounts which are sufficient to cover the obligation of the Mortgagor that was the subject of the Event of Default, the Event of Default shall be deemed to have been cured.

(c) (i) This assignment constitutes a present, absolute, effective, irrevocable assignment by the Mortgagor to the Mortgagee of the Property to be assigned, including without limitation such property as constitutes personal property, and the right to collect all sums payable to the Mortgagor thereunder and apply the same in accordance with subsection (b) above which is not conditioned on the Mortgagee being in possession of the Property. Notwithstanding the foregoing, so long as no Event of Default shall have occurred and be continuing, the Mortgagor shall have a license (which may be enforced by the Manager) to collect and retain from the Tenants and of such parties to any Reciprocal Operating Agreements, rent and all other sums payable under the Leases, the Stop & Shop Guaranty, any Reciprocal Operating Agreements or any other guaranties, and all Proceeds paid in respect of the insurance described in

clause (d) of Exhibit E hereto, to enforce the obligations of Tenants under the Leases and of such parties to any Reciprocal Operating Agreements, and to exercise all the rights and remedies of the landlord under the Leases and any Reciprocal Operating Agreements and, subject in each case, however, to compliance with the provisions of this Mortgage. The Mortgagor shall deposit upon receipt, or shall cause the Manager to deposit upon receipt, all monies received in respect of the Property or this Mortgage and in respect of all rents, profits, issues and income from any Leases and all other Operating Income, and all income or other gains from investment or reinvestment thereof, in the Deposit Account (as defined in the Indenture). The Mortgagor hereby grants a security interest in and assigns to the Mortgagee the Deposit Account to secure the performance of the obligations under the Mortgage Notes, the Mortgage and the other Mortgage Security Documents and to be used by the Mortgagee to pay amounts permitted to be withdrawn by the Mortgagee pursuant to the Cash Management Agreement.

(ii) If any Event of Default shall have occurred and be continuing, the license granted in Section 53(c)(i) hereof shall immediately cease and terminate, with or without any action or proceeding or the intervention of a receiver appointed by a court, and the Mortgagee or an agent appointed by the Mortgagee may, to the fullest extent permitted by the Leases, Reciprocal Operating Agreements, the Stop & Shop Guaranty or any other guaranty, do any or all of the following:

(A) exercise any of the Mortgagor's rights under the Leases, Reciprocal Operating Agreements, the Stop & Shop Guaranty or any other guaranty, including notifying Tenants to pay rent to an account or location selected by the Mortgagee in accordance with the Indenture and this Mortgage;

(B) enforce the Leases, Reciprocal Operating Agreements, the Stop & Shop Guaranty or any other guaranty;

(C) demand, collect, sue for, attach, levy, recover, receive, compromise and adjust, and make, execute and deliver receipts and releases for all rents or other payments that may then be or may thereafter become due, owing or payable with respect to the Leases, Reciprocal Operating Agreements, the Stop & Shop Guaranty or any other guaranty;

(D) demand that any sums held by the Mortgagor with respect to any Lease (including, but not limited to, any security deposits, other deposits or prepayments), Reciprocal Operating Agreements, the Stop & Shop Guaranty or any other guaranty be immediately remitted to the Mortgagee; and

(E) generally, do, execute and perform any other act, deed, matter or thing whatsoever that ought to be done, executed and performed in and about or with respect to the Leases, Reciprocal Operating Agreements, the Stop & Shop Guaranty or any other guaranty, as fully as allowed or authorized by this Article 53.

(d) The Mortgagor hereby irrevocably authorizes and directs each Tenant under a Lease, and each other party under a Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty, upon receipt of notice from the Mortgagee that an Event of Default has occurred and is continuing, to pay directly to, or as directed by, the Mortgagee, all rents, issues and profits accruing or due under such Tenant's Lease, or under such Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty, from and after the receipt of such notice. The Mortgagor agrees that any Tenant or such other party shall have the right to rely upon the notice from the Mortgagee and shall pay such rents, issues and profits to or as directed by the Mortgagee without any obligation to inquire into the actual existence of any Event of Default claimed by the Mortgagee, notwithstanding any notice from or contrary claim by the Mortgagor, and the Mortgagor shall have no right or claim for any rents, issues or profits so paid to the Mortgagee. Such rents, issues and profits shall continue to be paid to the Mortgagee unless and until the Event of Default which gave rise to the termination of the Mortgagor's license under Section 53(c)(i) is, and any intervening Events of Default have been, cured to the satisfaction of the Mortgagee (and so long as no amount shall then be due and payable under the Mortgage Notes, whether at maturity, by declaration of acceleration or otherwise, and such acceleration has not been rescinded). In the event each such Event of Default has been cured as aforesaid (or, if the provisions set forth in the parenthetical in the immediately preceding sentence are applicable, upon completion of foreclosure or comparable remedies resulting in a disposition of the Premises) the Mortgagee shall direct each tenant by written notice to resume the payment of all rents, issues or profits accruing

or due under its respective Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty in accordance with the provisions of Section 53(c) hereof (or, if the immediately preceding parenthetical is applicable, to the then-owner of the Premises) from and after receipt of such notice from the Mortgagee.

(e) Except for any termination of any Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty or any amendment, modification or waiver of the provisions of any Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty expressly permitted by the provisions thereof or of Article 20 hereof, the Mortgagor at its expense will prudently enforce in all material respects each of the Leases, Reciprocal Operating Agreements, the Stop & Shop Guaranty or any other guaranties, in accordance with their terms. Neither the execution and delivery of this Mortgage nor any action or inaction on the part of the Mortgagee shall release (i) any Tenant from its Lease, (ii) any party from any of its obligations or liabilities under its Reciprocal Operating Agreement or the Stop & Shop Guaranty, (iii) any guarantor from any of its obligations or liabilities under any other guaranty, or (iv) the Mortgagor from any of its obligations under the Leases, Reciprocal Operating Agreements, the Stop & Shop Guaranty or any other guaranty, or constitute an assumption of any such obligation under the Leases, Reciprocal Operating Agreements, the Stop & Shop Guaranty or any other guaranties or constitute an assumption of any such obligation on the part of the Mortgagee. No action or failure to act on the part of the Mortgagor shall adversely affect or limit the rights of the Mortgagee under this Mortgage or the Assignment or, through this Mortgage or the Assignment, under any Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty.

(f) During the term hereof, all rights, powers and privileges of Mortgagee herein set forth are coupled with an interest and are irrevocable, subject to the terms and conditions hereof, and the Mortgagor will not take any action under any Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty or otherwise which is inconsistent with this Mortgage or the Assignment or any of the terms hereof or thereof and any such action inconsistent herewith or therewith shall, to the fullest extent permitted by law, be void. Any further assignment of any rents, issue, or profits from any of the Properties shall to the fullest extent permitted by law be void except as permitted by Section 19.1 or 19.3. To the fullest extent

permitted by applicable law, the Mortgagor hereby waives any requirement that the Mortgagee commence any foreclosure proceeding with respect to any or all of the Properties prior to enforcement of any remedies pursuant to this Article 53, including the right to commence and prosecute an action to appoint a receiver for rents and all other amounts due under any Leases. The Mortgagor will, from time to time, upon request of the Mortgagee, execute on a non-recourse basis all instruments and further assurances and all supplemental instruments and take all such action as the Mortgagee from time to time may reasonably request in order to perfect, preserve and protect the interests, intended to be assigned to the Mortgagee hereby.

(g) The assignment granted by this Article 53 may be modified, amended, discharged or waived only by an agreement in writing signed by the party against whom enforcement of any such modification, amendment, discharge or waiver is sought. Subject to Article 38 hereof, the covenants of this Article 53 shall run with the land and bind the Mortgagor, the successors and permitted assigns of the Mortgagor, and all present and subsequent encumbrances, Tenants of any of the Premises, and shall bind and inure to the benefit of the Mortgagee, its successors and permitted assigns.

(h) The Mortgagor hereby agrees that it will not, unilaterally or by agreement, subordinate, amend, modify, extend, discharge, terminate, surrender, waive or otherwise change any term of any Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty in any manner which would violate this Mortgage. If any Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty shall be amended as permitted hereby, such Lease, Reciprocal Operating Agreement, the Stop & Shop Guaranty or any other guaranty shall continue to be subject to the provisions hereof without the necessity of any further act by any of the parties hereto, subject to the provisions of any non-disturbance agreement which the Mortgagee may have granted in accordance with the provisions of this Mortgage.

54. NOTICES. Any notice, direction, request, consent, election, waiver or demand which by any provision of this Mortgage is required or permitted to be given may be served by an overnight national courier service or may be given or served by telecopier only during business hours (9 a.m. - 5 p.m.) on a Business Day (with a confirmation copy sent by certified or registered mail, return receipt requested, or by overnight courier) or by certified or registered mail, in each case return receipt requested,

postage prepaid, if to the Mortgagor addressed to it at the address set forth on page 1 of this Mortgage with an additional copy addressed to the following:

Vornado Realty Trust
Park 80 West, Plaza II
Saddle Brook, New Jersey 07662
Facsimile No. (201) 587-0600

Attention: Joseph Macnow
Vornado Finance L.L.C. Commercial
Mortgage-Backed Securities,
Series 2000-VNO, due March 15, 2010

with a copy to:

Sullivan & Cromwell
125 Broad Street
New York, New York 10004
Facsimile No. (212) 558-3588

Attention: Gary Israel

or at such other address in the continental United States as it may designate in accordance with the provisions hereof. Any notice, direction, request, consent, election, waiver or demand to the Mortgagee shall be made to the Mortgagee at the address set forth on page 1 of this Mortgage, and, after the dates of the Assignment, to the Trustee at the address provided in the Indenture.

55. AMENDMENTS/SUPPLEMENTS.

55.1. Without Consent. Without the consent of the Holders, the Mortgagor and the Mortgagee, upon their mutual agreement, may enter into supplements or amendments for any one or more of the following purposes:

(i) to correct any typographical error or cure any ambiguity, or to cure, correct or supplement any defective or inconsistent provision in the Mortgage or in the Mortgage Notes or to conform any such provision to the Offering Memorandum, provided that such action does not adversely affect the interests of the Holders, (ii) to convey, transfer, assign, mortgage or pledge any property to the Mortgagee so long as the interests of the Holders would not be adversely affected, (iii) to correct any manifestly incorrect description, or amplify the description, of any property subject to the lien of the Mortgage Security Document, (iv) to modify the Mortgage or the Mortgage Notes

as required or made necessary by any change in applicable law, so long as the interests of the Holders would not be adversely affected and an opinion of counsel is obtained to the effect that such modification is necessary or required, (v) to add to the covenants of the Mortgagor or any other party for the benefit of the Holders, or to surrender any right or power conferred upon the Mortgagor in this Mortgage or the Mortgage Notes, (vi) to add any additional Events of Default, provided that such action does not adversely affect the interests of the Holders, or (vii) to make a required or conforming change to the Mortgage or the Mortgage Notes in connection with any amendment or supplement to the Indenture permitted thereunder, provided that clauses (ii), (v) and (vi) require Rating Agency Confirmation.

Notwithstanding the foregoing, the amendment of this Mortgage or the Mortgage Notes will be prohibited unless the Mortgagee has first received an opinion of counsel to the effect that such amendment will not result in the Notes being treated as having been exchanged for a new debt instrument pursuant to Section 1001 of the Code.

55.2. With Consent. Subject to the rights of the Directing Holders pursuant to the Indenture, the Mortgage or the Mortgage Notes may be amended by the Mortgagor and the Mortgagee, with the consent of Holders of not less than 66 2/3% in aggregate principal amount of the Securities, for the purpose of adding any provisions thereto or changing in any manner or eliminating any of the provisions thereof, or of modifying in any manner the rights of the Mortgagor or the Mortgagee thereunder, provided that no such amendment may, without the consent of the Holders of 100% of the Voting Rights of each Class of Securities affected thereby (i) change the stated maturity or the payment date of any principal, interest or other amount due on the Mortgage Notes, (ii) reduce the aggregate principal amount of any Mortgage Note or the interest rate thereon, (iii) authorize any person to agree to delay the timing of, or reduce the payments to be made on, the Mortgage Notes except as described herein, (iv) change the coin or currency in which the principal of any Mortgage Note or interest thereon is payable, (v) impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof, (vi) reduce the percentage of the then aggregate principal amount of the Securities of any Class or Classes, the consent of whose holders is required for such amendment, or the consent of whose holders is required for any waiver of Events of Default or for any other reason under this Mortgage, (vii) deprive the Mortgagee of the benefit of a first priority security interest (subject to

the permitted exceptions) in the Properties and other collateral securing the Mortgage Notes, (viii) modify the provisions of this Mortgage or the Mortgage Notes relating to payments on the Mortgage Notes, or (ix) release from the lien of the Mortgage all or any part of the Properties and other collateral securing the Mortgage Notes except as described herein; and except with respect to clause (i), (ii), (iii) and (iv) below, as described below. Notwithstanding the foregoing, if (A) there exists an Event of Default or an Event of Default is reasonably foreseeable and (B) the Special Servicer has obtained the consent of the Holders of not less than 66 2/3% of the aggregate principal amount of the Directing Holders (as defined in the Indenture), the Special Servicer may forgive any payment of principal or interest on the Mortgage Notes or significantly accelerate or defer payment of principal or interest thereon, subject however to each of the following limitations, conditions and restrictions: (i) no reduction in the interest rate or reduction or delay of any interest payment or forgiveness of interest may result in a shortfall of interest to any class of Notes other than the class held by the Directing Holders unless the Holders of 66 2/3% of the Outstanding aggregate principal amount of such Class of Notes consents thereto; (ii) the Special Servicer may only agree to reductions of principal and/or interest and/or delay payments of principal for periods lasting no more than twelve consecutive months and for no more than two such periods, provided, that no such agreement by the Special Servicer shall permit the delay of any principal payment to a date later than March 15, 2012 and (iii) the amount of principal forgiven may not exceed 100% of the Class Principal Balance (as defined in the Indenture) of the Directing Holders less any shortfalls of interest (other than those with respect to the Directing Holders) and Appraisal Reduction Amounts (as defined in the Indenture) then outstanding unless Holders of not less than 66 2/3% in aggregate Outstanding principal amount of each affected Class of Notes consents thereto. No such amendment of the Mortgage or the Mortgage Notes will be permitted to the extent that such amendment would cause an outstanding Advance to be a Nonrecoverable Advance.

Notwithstanding the foregoing, the amendment of this Mortgage or the Mortgage Notes will be prohibited unless the Mortgagee has first received an opinion of counsel to the effect that such amendment will not result in the Notes being treated as having been exchanged for a new debt instrument pursuant to Section 1001 of the Code.

56. WAIVER OF TRIAL BY JURY. To the extent permitted under applicable law, the Mortgagor hereby waives and shall waive trial by jury in any action or proceeding brought by, or any counterclaim asserted by the Mortgagee which action, proceeding or counterclaim in any way arises out of or is connected with this Mortgage.

57. SEVERABILITY. In case any one or more of the provisions contained in this Mortgage or in the Mortgage Notes shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

58. APPLICABLE LAWS TO PROPERTY LOCATED IN NEW YORK STATE.

58.1. Lien Law. (a) This Mortgage is made subject to Section 13 of the New York Lien Law and, in compliance with Section 13 of the New York Lien Law, the Mortgagor will receive the loan secured by this Mortgage and the right to receive such advances as a trust fund to be applied first for the purpose of paying any unpaid costs of the Improvements; and the Mortgagor has applied and will apply the same first to the payment of any unpaid costs of the Improvements before using any part of the total of the same for any other purpose.

(b) The Mortgagor will indemnify and hold the Mortgagee 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 Mortgagor of Article 3-A of the New York Lien Law.

58.2. Real Property Law. (a) Sections 16 and 17 hereof 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.

(b) For purposes of Section 291-f of the New York Real Property Law, Tenant and every tenant or subtenant who, after the recording of this Mortgage, enters into a Lease upon the Premises of any of the Properties or who acquires by instrument of assignment or by operation of law a leasehold estate upon the Premises located in the State of New York in existence on the date of recording of this

Mortgage is hereby notified that the Mortgagor shall not, without obtaining prior Mortgagee's consent in each instance, cancel, abridge or otherwise modify any Leases upon the Premises located in the State of New York or accept prepayments for more than thirty days of installments of rent to become due with respect to any Lease thereof having an unexpired term on the date of this Mortgage of five years or more, except as expressly permitted under this Mortgage or the Assignment of Leases, and that any such cancellation, abridgement, modification or prepayment made by any such tenant or subtenant without either being expressly permitted under this Mortgage or receiving Mortgagee's prior consent shall be voidable by the Mortgagee at its option."

58.3. RPAPL. If an Event of Default shall occur and be continuing, the Mortgagee may elect to sell (and, in the case of any default of any purchaser, resell) any Property or any part of any Property by exercise of the power of foreclosure or of sale granted to the Mortgagee by Articles 13 or 14 of the New York Real Property Actions and Proceedings Law (the "RPAPL"). In such case, the Mortgagee may commence a civil action to foreclose this Mortgage 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 Mortgage Notes and all other amounts secured hereby.

58.4. Maximum Principal Indebtedness. The amount of principal indebtedness this Mortgage secures against the Properties located in the State of New York and, for purposes of Sections 253, 256 and 260 of the Tax Law of the State of New York (relating to the taxation of mortgages), the maximum amount of the principal indebtedness secured by this Mortgage, or which by any contingency may be secured by this Mortgage, and for which this Mortgage may be foreclosed or otherwise enforced against, the Properties located in the State of New York, is \$54,709,500.00 principal amount, and Out-of-Pocket Costs.

58.5. No Residential Units. This Mortgage does not encumber real property principally improved or to be improved by one or more structures containing in the aggregate six or fewer residential dwelling units having their own separate cooking facilities.

59. ARTICLES APPLICABLE TO PROPERTY LOCATED IN THE STATE OF NEW JERSEY.

As to any Property, Land or Improvements located in the State of New Jersey and encumbered by this Mortgage,

this instrument and the creation, validity, perfection, priority and enforceability of the lien and security interest created hereby, all warranties of title contained herein with respect to such Properties, and all provisions hereof relating to the realization of the security covered hereby with respect to such Properties shall be governed by the law of the State of New Jersey.

60. ARTICLES APPLICABLE TO PROPERTY LOCATED IN THE COMMONWEALTH OF PENNSYLVANIA.

None

61. Intentionally Omitted.

62. ARTICLES APPLICABLE TO PROPERTY LOCATED IN THE STATE OF CONNECTICUT.

THE CONDITION OF THIS DEED IS SUCH THAT:

WHEREAS, the Mortgagor is justly indebted to the Mortgagee in the principal sum of \$500,000,000, as evidenced by several Mortgage Notes for said aggregate sum of even date herewith, payable to the Mortgagee or order, copies of which are attached hereto as Exhibit C and made a part hereof and which are finally due and payable on March 15, 2010 unless accelerated pursuant to the provisions therein or herein set forth; and

WHEREAS, this conveyance is intended as a Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing to secure the performance of the obligation set forth and referred to in said Mortgage Notes and hereunder; and

WHEREAS, the Mortgagor, in order to more fully protect the security of the Mortgage, has made the covenants and agreements herein set forth and referred to.

NOW THEREFORE, if said Mortgage Notes shall be well and truly paid according to their tenor, and if all of the terms, covenants and conditions of the Mortgage herein contained and referred to shall be fully and faithfully performed, observed and complied with, then the Mortgage Deed shall be void, but otherwise remain in full force and effect.

Prejudgment Remedies. THE MORTGAGOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS AGREEMENT IS A PART IS A COMMERCIAL TRANSACTION, AND HEREBY VOLUNTARILY AND KNOWINGLY

WAIVES ITS RIGHT TO NOTICE AND HEARING UNDER CHAPTER 903a OF THE CONNECTICUT GENERAL STATUTES, OR AS OTHERWISE ALLOWED BY THE LAW OF ANY STATE OR FEDERAL LAW, WITH RESPECT TO ANY PREJUDGMENT REMEDY WHICH LENDER MAY DESIRE TO OBTAIN OR TO USE. FURTHER, TO THE EXTENT PERMITTED BY LAW, THE MORTGAGOR HEREBY WAIVES, THE BENEFITS OF ALL VALUATION, APPRAISEMENT, HOMESTEAD EXEMPTION, STAY, REDEMPTION AND MORATORIUM LAWS, NOW IN FORCE OR WHICH MAY HEREAFTER BECOME LAWS. THE MORTGAGOR ACKNOWLEDGES THAT IT IS MAKING THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER EXTENSIVE CONSIDERATION AND A FAIR OPPORTUNITY TO DISCUSS THE RAMIFICATIONS OF THIS WAIVER WITH ITS ATTORNEY. THE MORTGAGOR FURTHER CONSENTS TO THE ISSUANCE OF ANY SUCH PREJUDGMENT REMEDIES WITHOUT THE POSTING OF A BOND OR OTHER SECURITY. THE MORTGAGOR AGREES NOT TO REQUEST A BOND AND WAIVES ANY RIGHT TO FILE ANY MOTION SEEKING TO REQUIRE SUCH A BOND IN CONNECTION WITH LENDER'S EXERCISE OF ANY PREJUDGMENT REMEDY(IES).

Newington VF L.L.C., a Mortgagor under this Mortgage, is a Connecticut limited liability company.

63. ARTICLES APPLICABLE TO PROPERTY LOCATED IN THE COMMONWEALTH OF MASSACHUSETTS.

63.1 Application. The provisions of this Article 63 are applicable to any Property, Land or Improvements located in the Commonwealth of Massachusetts and encumbered by this Mortgage.

63.2 Mortgage Covenants. In furtherance and not in limitation of any other provision contained in this Mortgage, the Mortgage has been granted by the Mortgagor with MORTGAGE COVENANTS as provided pursuant to Massachusetts General Laws c. 183, ss.19. The provisions of this Section are intended as additional rights of the Mortgagee and nothing herein contained shall be deemed in any way to limit, amend or affect any other right provided to the Mortgagee pursuant to this Mortgage.

63.3 Statutory Conditions and Power of Sale. In furtherance and not in limitation of any other provision contained in this Mortgage, the Mortgage has been granted by the Mortgagor on the STATUTORY CONDITIONS, as provided pursuant to Massachusetts General Laws c. 183, ss.20, for breach of which the Mortgagee shall have the STATUTORY POWER OF SALE as provided pursuant to Massachusetts General Laws c. 183, ss.21. The provisions of this Section are intended as additional remedies of the Mortgagee and nothing herein

contained shall be deemed in any way to limit, amend or affect any other remedy provided to the Mortgagee pursuant to this Mortgage or which may otherwise be available to Mortgagee under applicable law.

63.4 Indebtedness Secured. Notwithstanding the provisions hereof relating to an Allocated Amount which may be applicable to any Property, Land or Improvements located in Massachusetts, this Mortgage secures the repayment in full of the Mortgage Notes and the other Secured Obligations as defined herein.

63.5 Residential Units. This Mortgage does not encumber real property which constitutes a dwelling house, or which will be improved so as to constitute a dwelling house, occupied by three or fewer separate households.

63.6 Applicable Law. As to any Property, Land or Improvements located in the Commonwealth of Massachusetts and encumbered by this Mortgage, this instrument and the creation, validity, perfection, priority and enforceability of the lien and security interest created hereby, all warranties of title contained herein with respect to such Properties, and all provisions hereof relating to the realization of the security covered hereby with respect to such Properties shall be governed by the law of the Commonwealth of Massachusetts.

64. ARTICLES APPLICABLE TO PROPERTY LOCATED IN THE STATE OF MARYLAND.

If an Event of Default shall occur and be continuing, the Mortgagor hereby assents to the passage of a decree for the sale of the herein described property at any time after a default has occurred in any of the covenants of this mortgage, as herein provided; and the said Mortgagor hereby authorizes the said Mortgagee, or any duly authorized attorney or agent of said Mortgagee, after any default shall have occurred as aforesaid, to sell the hereby mortgaged property. Any such sale, whether under the aforementioned assent to a decree or under the aforementioned power of sale, shall be under the provisions of Real Property Article of the Annotated Code of Maryland Section 7-105 (Acts of 1974 of Chapter 12) and Title 14, Chapter 200 of the Maryland Rules of Procedure, or under any other general or local laws of the State of Maryland relating to mortgages, or any supplement, amendment or addition thereto. Such sale shall be made after giving notice by advertisement as required by the aforesaid Statute and Rules; and the terms of the sale may be all cash upon ratification of the sale or

such other terms as the party selling may deem expedient. And upon any such sale of said property under this mortgage, the proceeds shall be applied as follows: (1) to repayment of all expenses incident to said sale, including a reasonable counsel fee for conducting the proceedings if without contest, but if legal services be rendered to the Mortgagee or to the party selling under the power of sale in connection with any contested matter in the proceedings, then such additional counsel fees and expenses shall be allowed out of the proceeds of sale as the Court may deem proper; and a commission to the party making the sale of said property equal to the commission allowed persons for making sale of property by virtue of a decree of a Court having equity jurisdiction in the State of Maryland; (2) to the payment of all claims of the said Mortgagee hereunder, whether the same shall have matured or not, including interest thereon until the final ratification of the final Auditor's Account in the foreclosure proceedings; (3) and the balance if any to the said Mortgagor, or to whomever may be entitled to same. And in the event that the Mortgage debt shall be paid after any advertisement of said property, but before sale thereof, the Mortgagor hereby covenants to pay also all expenses incident to said advertisement or notice, all court costs and all expenses incident to the foreclosure proceedings under this mortgage, and a commission on the total amount of the mortgage indebtedness, principal and interest equal to one-half of the percentage allowed as commission to persons making sale under orders or decrees of a Court having equity jurisdiction in the State of Maryland and a reasonable counsel fee; but said sale may be proceeded with unless prior to the day appointed therefor, payment be made of said principal and interest, costs, expenses, commission and fee.

Mortgagor hereby acknowledges receipt, without charge, of a true copy of this Mortgage.

65. CONTRIBUTION AMONG BORROWERS.

(a) Contribution. To provide for just and equitable contribution among Mortgagors, if any payment is made by a Mortgagor (a "Funding Mortgagor") hereunder or under the Mortgage Notes or any other Mortgage Security Document in respect of the Secured Obligations such Funding Mortgagor shall be entitled to a contribution from other Mortgagors for all payments, damages and expenses incurred by such Funding Mortgagor under or in connection with such Secured Obligations, such contributions to be made in the manner and to the extent set forth below. Any amount payable as a contribution under this Mortgage shall be

determined as of the date on which the related payment is made by a Funding Mortgagor.

(b) Calculation of Contributions. Each Mortgagor shall be liable for contribution to each Funding Mortgagor in respect of all payments, damages and expenses incurred by such Funding Mortgagor hereunder or under the Mortgage Notes or any other Mortgage Security Document in an aggregate amount, subject to Section 65(c) below, equal to (i) the ratio of (x) the Property Worth of the Property owned by such Mortgagor to (y) the Property Worth of the Properties owned by all Mortgagors, multiplied by (ii) the aggregate amount of such payments, damages and expenses incurred by such Funding Mortgagor under or in connection with the Secured Obligations.

(c) Rights to Contribution Subordinated. Each Mortgagor agrees that all of its rights to receive contribution under this Section 65 (whether for payments, damages, expenses or otherwise) and all of its rights, if any, to be subrogated to any of the rights of Mortgagee shall be subordinated in right of payment (in liquidation or otherwise) to the prior payment in full in cash of all of the obligations of the Mortgagors in respect of the Secured Obligations (whether for principal, interest, Make-Whole Obligation or otherwise). If any amount shall at any time be paid to a Mortgagor on account of such rights of contribution or subrogation, or in contravention of the provisions of this Section 65(c) at any time, such amount shall be held in trust, segregated from the other assets of such Mortgagor, for the benefit of the Mortgagee and shall promptly be paid to the Mortgagee. The foregoing shall constitute a continuing offer to, and agreement with, all persons that from time to time may become holders of, or continue to hold, obligations under this Mortgage, and the provisions of the foregoing sentence are made for the benefit of such holders and such holders, as third party beneficiaries hereunder, are entitled to enforce such provisions.

66. JOINT AND SEVERAL OBLIGATIONS.

(a) Notwithstanding anything to the contrary set forth in this Mortgage or any of the other Mortgage Security Documents (but subject to Article 38), the obligations of the Mortgagors hereunder shall be joint and several.

(b) Each Mortgagor's obligations hereunder shall remain outstanding until all Secured Obligations have been

paid in full, unless released in accordance with the terms of this Mortgage.

(c) No payment or payments with respect to the obligations of any Mortgagor hereunder made by any other Mortgagor or any other Person or received or collected by the Mortgagee from such other Mortgagor or such other Person by virtue of any action or proceeding or any setoff or appropriation or application, at any time or from time to time, in reduction of or in payment of the Secured Obligations or any release of security hereunder shall be deemed to modify, reduce, release or otherwise affect the primary liability of such Mortgagor in respect thereof.

(d) If any amount shall at any time be paid to a Mortgagor on account of such rights of contribution or subrogation, in contravention of the provisions of this Section 66 at any time, such amount shall be held in trust, segregated from the other assets of such Mortgagor, for the benefit of the Mortgagee and shall promptly be paid to the Mortgagee.

IN WITNESS WHEREOF, the Mortgagee and the Mortgagor have caused this Mortgage to be duly executed and delivered as of the date first above written.

MORTGAGOR: By: /s/ Irwin Goldberg

Name: Irwin Goldberg
Title: Authorized Signatory
(on behalf of each of the Borrowers
and Guarantors listed on Schedule A
annexed hereto)

MORTGAGEE: VORNADO FINANCE L.L.C.

By: /s/ Irwin Goldberg

Name: Irwin Goldberg
Title: Authorized Signatory

SCHEDULE A
THE MORTGAGORS

BORROWERS	PROPERTIES OWNED
-----	-----
1. Union VF L.L.C.	Union
2. Totowa VF L.L.C.	Totowa
3. Wayne VF L.L.C.	Totowa
4. Hackensack VF L.L.C.	Hackensack
5. Hanover VF L.L.C.	Hanover
6. Conrans VF L.L.C.	Hanover
7. East Brunswick VF L.L.C.	East Brunswick
8. Woodbridge VF L.L.C.	Woodbridge
9. Bricktown VF L.L.C.	Bricktown
10. Jersey City VF L.L.C.	Jersey City
11. Middletown VF L.L.C.	Middletown
12. Cherry Hill VF L.L.C.	Cherry Hill
13. Watchung VF L.L.C.	Watchung
14. Morris Plains Holding VF L.L.C.	Morris Plains*
15. Morris Plains Leasing VF L.L.C.	Morris Plains*
16. Manalapan VF L.L.C.	Manalapan
17. Marlton VF L.L.C.	Marlton
18. North Plainfield VF L.L.C.	North Plainfield*
19. Lawnside VF L.L.C.	Lawnside
20. Lodi VF L.L.C.	Lodi
21. Lodi II VF L.L.C.	Lodi
22. Bordentown VF L.L.C.	Bordentown
23. Bordentown II VF L.L.C.	Bordentown
24. Dover VF L.L.C.	Dover
25. Delran VF L.L.C.	Delran
26. North Bergen VF L.L.C.	North Bergen
27. Turnersville VF L.L.C.	Turnersville
28. Kearny Holding VF L.L.C.	Kearny
29. Kearny Leasing VF L.L.C.	Kearny
30. Montclair VF L.L.C.	Montclair
31. Allentown VF L.P.	Allentown
32. Broomall VF L.P.	Broomall
33. Philadelphia VF L.P.	Philadelphia
34. Glenolden VF L.P.	Glenolden
35. Bensalem VF L.P.	Bensalem
36. Upper Moreland VF L.P.	Upper Moreland
37. York VF L.P.	York
38. Bethlehem VF L.P.	Bethlehem
39. Freeport VF L.P.	Freeport
40. Amherst VF L.L.C.	Amherst*

* Leasehold interest.

- 41. Amherst II VF L.L.C.
- 42. New Hyde Park VF L.L.C.
- 43. Menands VF L.L.C.
- 44. Springfield VF L.L.C.
- 45. Newington VF L.L.C.

Amherst*
New Hyde Park*
Menands
Springfield
Newington

GUARANTORS

- 1. Towson VF L.L.C.
- 2. Dundalk VF L.L.C.
- 3. Glen Burnie VF L.L.C.
- 4. Hagerstown VF L.L.C.

Towson
Dundalk
Glen Burnie
Hagerstown

- - - - -
* Leasehold interest.

SCHEDULE B

[DESCRIPTION OF PREDECESSOR MORTGAGE DOCUMENTS TO BE ATTACHED]

EXHIBIT A
THE PROPERTIES AND ALLOCATED AMOUNTS

Properties	Allocated Amounts
-----	-----
NEW JERSEY	
1. Bordentown	\$ 8,290,000
2. Bricktown	16,753,000
3. Cherry Hill	15,408,000
4. Delran	6,604,000
5. Dover	7,551,000
6. East Brunswick	23,393,000
7. Hanover	28,046,000
8. Hackensack	25,700,000
9. Jersey City	19,675,000
10. Kearny	3,841,000
11. Lawnside	10,887,000
12. Lodi	9,648,000
13. Manalapan	12,876,000
14. Marlton	12,520,000
15. Middletown	16,901,000
16. Montclair	1,977,000
17. Morris Plains	12,372,000
18. North Bergen Center	4,073,000
19. North Plainfield	11,184,000
20. Totowa	30,351,000
21. Turnersville	4,199,000
22. Union	34,468,000
23. Watchung	13,907,000
24. Woodbridge	22,719,000
NEW YORK	
25. Amherst	7,200,000
26. Freeport	15,208,000
27. Menands (Menands Center)	6,389,000
28. New Hyde Park	7,676,000
PENNSYLVANIA	
29. Allentown	23,884,000
30. Bensalem	6,600,000
31. Bethlehem	4,177,000

32.	Broomall	10,044,000
33.	Glenolden	7,533,000
34.	Philadelphia	9,200,000
35.	Upper Moreland	7,141,000
36.	York	4,223,000
	MARYLAND	
37.	Towson	11,704,000
38.	Dundalk	6,342,000
39.	Glen Burnie	6,023,000
40.	Hagerstown	3,375,000
	CONNECTICUT	
41.	Newington	6,727,000
	MASSACHUSETTS	
42.	Springfield	3,211,000

EXHIBIT B

DESCRIPTION OF PROPERTY AND PERMITTED EXCEPTIONS

(a) the right reserved to or vested in any municipality or public authority to condemn, appropriate, recapture or designate a purchaser of the Property or any part thereof or interest therein or under zoning laws and use regulations;

(b) any (i) liens for Impositions and any other taxes, assessments or charges, (ii) liens of mechanics, materialmen, suppliers, vendors or other Persons for work or services performed or materials furnished in connection with the Property and (iii) liens or charges arising from the imposition of any Legal Requirement, in each case which are not due and payable in accordance with the terms of this Mortgage or the amount, validity or application of which is being contested at the time by appropriate legal, administrative or other proceedings which shall operate to prevent the collection thereof or other realization thereon and the sale or forfeiture of the Property or any interest therein to satisfy the same, provided that the Mortgagor shall have complied with Section 12 dealing with the contest of any Imposition, lien, tax, assessment, charge or Legal Requirement;

(c) the lien hereof and any rights granted hereby or thereby;

(d) Intentionally Omitted

(e) the state of facts shown on the survey delivered to the title company as of the date hereof;

(f) covenants, restrictions, easements, exceptions and other matters set forth in the mortgage title insurance policy issued to the Mortgagee on the date hereof;

(g) rights of Tenants under any Leases, as tenants only, existing on the date hereof or entered into in accordance with the provisions of this Mortgage, and any memoranda of any of them;

(h) judgments or awards which have been in force for less than the applicable appeal period so long as execution is not levied thereunder or in respect of which the Mortgagor at the time shall be prosecuting an appeal or proceedings for review in good faith and in respect of which a stay of execution shall have been obtained pending such appeal

or review, or which are fully covered by insurance (except to the extent of usual and customary deductibles);

(i) additional Permitted Exceptions allowed by Sections 3.2(c) and 3.2(d) of this Mortgage; and

(j) the exception shown on the mortgagee title policy delivered as of the date hereof.

EXHIBIT C

This Class [] Mortgage Note, along with the Class [] Mortgage Note, Class [] Mortgage Note, the Class [] Mortgage Note, the Class [] Mortgage Note, the Class [] Mortgage Note and the Class [] Mortgage Note, evidences an aggregate principal indebtedness in the amount of \$500,000,000.00, of which \$54,709,500.00 in aggregate principal indebtedness was previously evidenced by that certain Substitute Note and that Additional Note (each as defined in that certain Mortgage, Agreement of Assumption, Consolidation and Amendment of Mortgage and Notes, dated as of March 1, 2000, by the Maker named below to the Payee named below (the "Mortgage and Agreement")), which Mortgage and Agreement, among other things, consolidated \$22,663,374.54 in aggregate principal indebtedness previously evidenced by the Substitute Note, which has heretofore been assigned to the Payee by the lender thereon, and \$32,046,125.46 in aggregate principal indebtedness previously evidenced by the Additional Note, made by certain of the entities comprising the Maker hereunder to the Payee hereunder.

RESTATED CLASS [] MORTGAGE NOTE

THIS CLASS [] MORTGAGE NOTE SHALL NOT BE
 TRANSFERRED TO ANY PERSON IN A TRANSACTION
 WHICH WOULD REQUIRE REGISTRATION UNDER
 THE SECURITIES ACT OF 1933

REGISTERED NO. 1

\$____,000,000

_____, 2000

THE ENTITIES SET FORTH ON SCHEDULE A HERETO (collectively, the "Maker", which term includes any of its successors or assigns), for value received, hereby promise to pay to the order of VORNADO FINANCE L.L.C., a Delaware limited liability company, or its registered assignee (the "Payee"), the principal sum of _____ Million Dollars (U.S.\$____,000,000), and to pay interest thereon in arrears on the 15th day of each month, commencing March 15, 2000 (each a "Payment Date"), from the date hereof until the Maturity Date; provided, however, that if any Payment Date is not a Business Day, the Payment Date shall be the next succeeding Business Day, without additional interest. The interest payable on this Class [] Mortgage Note for the period from the date of

issuance to, but not including, the Maturity Date shall be ___ percent (___%). On each Payment Date commencing with the Payment Date on April , 2000, the Maker shall also pay the Principal Installment Amount (as defined in the Mortgage) due on such Payment Date with respect to all of the Mortgage Notes, subject to adjustment pursuant to Section 46 of the Mortgage. Pursuant to the Mortgage, all payments of Principal Installment Amounts shall be applied by the Payee first, to the Class A-1 Mortgage Note until the Class A-1 Mortgage Note has been repaid in full; second, to the Class A-2 Mortgage Note until the Class A-2 Mortgage Note has been repaid in full; third, to the Class B Mortgage Note until the Class B Mortgage Note has been repaid in full; fourth, to the Class C Mortgage Note until the Class C Mortgage Note has been repaid in full; fifth, to the Class D Mortgage Note until the Class D Mortgage Note has been repaid in full; sixth, to the Class E Note until the Class E Mortgage Note has been repaid in full; and finally, to the Class F Mortgage Note until the Class F Mortgage Note has been repaid in full. Notwithstanding anything to the contrary in this Note, Maker shall deposit all interest and principal due and payable on a Payment Date with Payee on the date that is two Business Days prior to such Payment Date.

Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months except that the first interest period shall commence on the Closing Date and consist of ___ days. On the Maturity Date, the Maker shall pay in full all of the remaining obligations of the Maker under this Class [] Mortgage Note, the Mortgage and the other Mortgage Security Documents to which the Maker is a party.

If, (i) prior to the Maturity Date, for any reason, interest or scheduled principal amortization on any Mortgage Note is not paid or provided for on or prior to 11:00 a.m. (New York time) on the date which is two (2) Business Days prior to the Payment Date on which such interest or scheduled principal amortization is due, (ii) the principal of any Mortgage Note is not repaid or provided for (including by deposit in the Collection Account (as defined in the Indenture)) by the Maker on or prior to 11:00 a.m. (New York time) on the date that is two (2) Business Days prior to the Maturity Date or (iii) on any date scheduled for prepayment, the principal of all Mortgage Notes to be prepaid on such date is not repaid or provided for (including by deposit in the Collection Account) by the Maker on or prior to 11:00 a.m. (New York time) on the date that is two (2) Business Days prior to such date, the Maker will be required to pay interest on this Class [] Mortgage Note at a default rate per annum

equal to the greater of (A) ___% and (B) the Advance Interest Rate (as defined in the Indenture).

If any principal or interest due under this Class [] Mortgage Note is not paid by the Maker 2 Business Days prior to the Payment Date on which it would otherwise be due, as set forth in the immediately preceding paragraph, the Maker will be required to pay a late payment charge in an amount equal to the lesser of 3% of such unpaid sum or the maximum amount permitted by applicable law.

Payment of the principal of and interest (and Make- Whole Obligation, if any) on this Class [] Mortgage Note shall be made to the Trustee under that certain Indenture, dated as of the date hereof, between the Payee and the Trustee (the "Indenture") for the account of the Payee, either at the Corporate Trust Office of the Trustee in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, or by wire transfer of lawful money of the United States of America to the Trustee at such place as may be designated from time to time by the Trustee. Notwithstanding the preceding sentence, unless the Trustee otherwise directs the Maker, such payment shall be made by making funds in lawful money of the United States of America available in the Collection Account (as defined in the Indenture) for withdrawal by the Servicer on behalf of the Trustee by wire transfer as and when necessary (including in advance of the due date) to make timely payment of amounts due and payable on Outstanding Securities in accordance with the provisions of the Indenture. Payment to the Trustee shall constitute payment to the Payee for all purposes hereunder and in respect hereof.

This Class [] Mortgage Note is secured by those certain mortgages/deed of trust, dated as of the date hereof, made by the Maker to Payee (the "Mortgage"). Capitalized terms used but not defined herein have the respective meanings assigned to them in the Mortgage.

This Class [] Mortgage Note may be prepaid by the Maker, in whole or in part, at the election of the Maker, and in certain circumstances is required to be prepaid in whole or in part, by Maker, in each case pursuant to the terms of the Mortgage. In the event that this Class [] Mortgage Note is prepaid in part only, a new Class [] Mortgage Note for the unprepaid portion hereof will be issued in the name of the Payee upon the cancellation hereof.

If an Event of Default, as defined in clauses (a) through (h) of Section 23 of the Mortgage, shall have occurred

and be continuing, the principal amount of this Class [] Mortgage Note may be declared due and payable on demand by the Payee, and upon such declaration the principal amount of this Class [] Mortgage Note shall become immediately due and payable, together (to the extent permitted by law) with interest on any unpaid amounts due under this Class [] Mortgage Note and the Make-Whole Amount. If an Event of Default as defined in clause (i) or (j) of Article 23 of the Mortgage shall have occurred and be continuing, the principal amount of this Class [] Mortgage Note, together (to the extent permitted by law) with interest on any unpaid amounts due under this Class [] Mortgage Note and the Make-Whole Amount shall automatically become due and payable immediately without any action whatsoever on the part of the Payee, with the effect, and subject to the conditions, provided in the Mortgage.

The Make-Whole Amount shall be due and payable in accordance with the terms of the Mortgage and upon the acceleration of the maturity of this Class [] Mortgage Note by virtue of the occurrence and continuance of an Event of Default, and said Make-Whole Amount shall be calculated by the Payee as provided in the Mortgage.

The Maker confirms that the Make-Whole Amount described above is an essential component of the consideration for the Payee's agreement to make the loan to the Maker evidenced hereby. Such Make-Whole Amount represents a reasonable estimate by the Maker and the Payee of a fair average compensation for the loss that Payee will sustain due to the payment of any of the indebtedness evidenced hereby prior to the maturity hereof. Such Make-Whole Amount shall be paid without prejudice to the right of the Payee to collect any other amounts provided to be paid hereunder or under any of the other Mortgage Security Documents.

The Mortgage contains provisions for the release of the Mortgage upon compliance by the Maker with certain conditions set forth therein.

Subject to Section 50 of the Mortgage, no reference herein to the Mortgage and no provision of this Class [] Mortgage Note or the Mortgage shall alter or impair the obligation of the Maker, which is absolute and unconditional, to pay the principal of and interest (and Make-Whole Obligation, if any) on this Class [] Mortgage Note at the times, places and rates, and in the coin or currency, herein prescribed, subject to the provisions hereof limiting the recourse of the holder of this Class [] Mortgage Note.

As provided in Section 38 of the Mortgage, this Class [] Mortgage Note is a non-recourse obligation of the Maker secured only by the Properties and the other Mortgage Collateral and payable only therefrom. The provisions of Section 38 of the Mortgage are hereby incorporated by reference into this Class [] Mortgage Note as if set forth in full herein.

THIS CLASS [___] MORTGAGE NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Maker has caused this instrument to be duly executed on the date in the year first above written.

By: _____
Name:
Title: _____ of each of
the entities listed on the
attached Schedule A

EXHIBIT D

Omitted

D-1

EXHIBIT E

INSURANCE REQUIREMENTS

(a) Insurance with respect to the Improvements and the Equipment against any peril included within the classification "All Risks of Physical Loss" with extended coverage in amounts at all times sufficient to prevent the Mortgagor from becoming co-insurer within the terms of the applicable policies, but in any event such insurance shall be maintained in an amount equal to the full insurable value of the Improvements and the Equipment, the term "full insurable value" to mean the actual replacement cost of the Improvements and the Equipment (without taking into account any depreciation, and exclusive of excavations, footings and foundations, landscaping and paving) determined annually by an insurer, a recognized independent insurance broker or an appraiser selected and paid by the Mortgagor (unless reasonably disapproved by the Mortgagee) and in no event less than the coverage required pursuant to the terms of any Lease;

(b) Comprehensive general liability insurance, including bodily injury, death and property damage liability, and umbrella liability insurance against any and all claims, including all legal liability to the extent insurable imposed upon the Mortgagee and all court costs and attorneys' fees and expenses, arising out of or connected with the possession, use, leasing, operation, maintenance or condition of the Properties in such amounts as are generally available at reasonable premiums and are generally required by institutional lenders for properties comparable to the Properties;

(c) Statutory workers' compensation insurance (to the extent the risks to be covered thereby are not already covered by other policies of insurance maintained by the Mortgagor), with respect to any work on or about the Properties;

(d) Business interruption and/or loss of "rental value" insurance in an amount sufficient to avoid any co-insurance penalty and to provide Proceeds for a period of not less than one year following restoration, the term "rental value" to mean the sum of (A) the total rentals payable under the Leases and (B) the total amount of all other amounts to be received by the Mortgagor or third parties which are the legal obligation of the Tenants, reduced to the extent such amounts would not be received because of expenses not incurred during a period of non-occupancy of that portion of the affected Property then not being occupied;

(e) Broad form boiler and machinery insurance (without exclusion for explosion) covering all boilers or other pressure vessels, machinery and equipment located in, on or about the Properties and insurance against loss of occupancy or use arising from any such breakdown in such amounts as are generally available at reasonable premiums and are generally required by institutional lenders for properties comparable to the Properties;

(f) If a Property is located within a federally designated "100 year flood plain", flood insurance if generally available at reasonable premiums and in such amount as generally required by institutional lenders for similar properties (provided, however, that if the Mortgagor believes that it is no longer obligated to maintain flood insurance pursuant to this provision, the Mortgagor shall notify the Mortgagee of such circumstance and the Mortgagee shall have the opportunity to contest by appropriate legal or mutually agreeable arbitration proceedings whether or not the Mortgagor's obligation remains in effect in light of the criteria set forth in this provision); and

(g) Such other insurance with respect to a Property against loss or damage of the kinds from time to time customarily insured against and in such amounts as are generally available at reasonable premiums and are generally required by institutional lenders for properties comparable to such Property.

Ratings of Insurers: The Mortgagor will maintain a portion of the insurance coverage described in clause (a) above in an amount at least equal to the Maximum Foreseeable Casualty Loss and the insurance coverage described in clause (d) above, with either the insurers who insure the Property on the date of this Mortgage (including Arkwright) (but only so long as the ratings of such insurers are not reduced to a level below that permitted by this Paragraph or withdrawn) or one or more other primary insurers having (or a syndicate (i.e., either a consortium or a co-insurance group as with the policy on the Property existing on the date hereof) of insurers through which the coverage is with carriers having) a claims paying ability as determined by Moody's, and by DCR if such insurance companies are rated by DCR and if not rated by DCR, then A by one additional NRSRO, of not less than one grade less than the highest ratings then assigned to the Notes by the Rating Agencies (i.e., if the Notes are rated "Aaa", the insurers' rating shall be not less than "Aa2"), but in no event less than A2 or "A"; the coverage described in clauses (b) and (c) shall be maintained with either the insurers who insure the Property on the date of

this Mortgage or one or more other primary insurers (or a syndicate (as defined above) of insurers through which at least 75% of the coverage (if there are four or fewer members of the syndicate) or at least 60% of the coverage (if there are five or more members of the syndicate)) having a claims paying ability of not less than Investment Grade by Moody's (or equivalent), and by DCR if such insurance companies are rated by DCR and if not so rated by DCR, then A by one additional NRSRO. The coverage described in clause (c) shall be maintained with either an insurer having a claims paying ability of not less than Investment Grade or the applicable state workers' compensation fund. In each case, however, if no providers of such insurance are so rated, the requirement for such rating shall be the highest rating then given to insurers by Moody's and DCR; and provided further that in the event of any loss, claims in respect of a portion of such insurance maintained in accordance with clause (a) above shall be payable prior to claims in respect of the remaining portion(s) of the insurance required by such clauses.

All insurance coverage shall be provided by one or more primary insurers having an Alfred M. Best Company, Inc. rating of "A-VIII" or better except to the extent that insurance in force on the date of this Mortgage does not satisfy such criteria or if otherwise approved by the Mortgagee.

The insurance coverage required under this Exhibit E may be effected under a blanket policy or policies covering the Properties and other properties and assets not constituting Properties; 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 Properties, and any sublimits in such blanket policy applicable to the Properties, which amounts shall not be less than the amounts required pursuant to Section 13 and this Exhibit E. and which shall in any case comply in all other respects with the requirements of this Section 13 and this Exhibit E.

The "Maximum Foreseeable Casualty Loss" shall be the estimate of the Qualified Fire Protection Engineer then being used by the Mortgagor (unless reasonably disapproved by the Mortgagee) in connection with its existing insurance package of the maximum probable casualty loss which would be incurred in respect of the Premises as a result of damage caused by the perils covered by the insurance described in clause (a) above.

EXHIBIT F

ASSUMPTION

THE UNDERSIGNED, _____, has acquired [specify either (i) the "Properties" which are the subject of or (ii) an interest in the "Mortgagor" under] that certain "MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS" (the "Mortgage"), dated as of [_____], 2000, executed by THE PERSONS SPECIFIED ON SCHEDULE A HERETO, to VORNADO FINANCE L.L.C., a Delaware limited liability company, as mortgagee, said Mortgage constituting a first lien encumbrance on certain real and personal property described in Exhibit A to the Mortgage.

In accordance with the requirements of [specify either (i) Section 19.1 or (ii) Section 19.2, as appropriate, of the Mortgage], the undersigned hereby assumes all of the duties and obligations and covenants of the Mortgagor under or pursuant to the Mortgage, subject, however, to the provisions of Article 38 of the Mortgage.

IN WITNESS WHEREOF, the undersigned has executed this Assumption as of the ____ day of _____, 20__.

By: _____
Name:
Title:

[ADD APPROPRIATE FORM OF ACKNOWLEDGMENT]

EXHIBIT G

SUBORDINATION PROVISIONS FOR TENANT LEASES

Each Lease shall contain a provision whereby the Tenant agrees either that its Lease shall be subordinate to the Mortgage and that the Tenant shall attorn under the Lease to any Person obtaining title to the Property, which subordination and attornment may be conditioned on delivery of a reasonable and customary nondisturbance agreement, or that its Lease shall be senior to the Mortgage and that the tenant shall attorn under the Lease to any Person obtaining title to the Property.

G-1

EXHIBIT H

Intentionally Omitted

H-1

EXHIBIT I
PRINCIPAL INSTALLMENT AMOUNTS

Payment Date Occurring In	Principal Payment
-----	-----
Mar-2000	\$ 0.00
Apr-2000	350,638.21
May-2000	352,837.77
Jun-2000	355,051.12
Jul-2000	357,278.35
Aug-2000	359,519.56
Sep-2000	361,774.83
Oct-2000	364,044.24
Nov-2000	366,327.89
Dec-2000	368,625.87
Jan-2001	370,938.26
Feb-2001	373,265.15
Mar-2001	375,606.64
Apr-2001	377,962.82
May-2001	380,333.78
Jun-2001	382,719.62
Jul-2001	385,120.42
Aug-2001	387,536.28
Sep-2001	389,967.29
Oct-2001	392,413.56
Nov-2001	394,875.17
Dec-2001	397,352.22
Jan-2002	399,844.81
Feb-2002	402,353.04
Mar-2002	404,877.00
Apr-2002	407,416.79
May-2002	409,972.52
Jun-2002	412,544.28
Jul-2002	415,132.17
Aug-2002	417,736.29
Sep-2002	420,356.75
Oct-2002	422,993.65
Nov-2002	425,647.09
Dec-2002	428,317.17
Jan-2003	431,004.00
Feb-2003	433,707.69
Mar-2003	436,428.34
Apr-2003	439,166.06
May-2003	441,920.94
Jun-2003	444,693.11
Jul-2003	447,482.67
Aug-2003	450,289.73
Sep-2003	453,114.40
Oct-2003	455,956.79

Nov-2003	458,817.00
Dec-2003	461,695.16
Jan-2004	464,591.38
Feb-2004	467,505.76
Mar-2004	470,438.42
Apr-2004	473,389.48
May-2004	476,359.05
Jun-2004	479,347.26
Jul-2004	482,354.20
Aug-2004	485,380.01
Sep-2004	488,424.80
Oct-2004	491,488.69
Nov-2004	494,571.79
Dec-2004	497,674.24
Jan-2005	500,796.15
Feb-2005	503,937.65
Mar-2005	507,098.85
Apr-2005	510,279.88
May-2005	513,480.87
Jun-2005	516,701.93
Jul-2005	519,943.20
Aug-2005	523,204.81
Sep-2005	526,486.87
Oct-2005	529,789.52
Nov-2005	533,112.89
Dec-2005	536,457.11
Jan-2006	539,822.30
Feb-2006	543,208.61
Mar-2006	546,616.16
Apr-2006	550,045.08
May-2006	553,495.51
Jun-2006	556,967.59
Jul-2006	560,461.45
Aug-2006	563,977.22
Sep-2006	567,515.05
Oct-2006	571,075.07
Nov-2006	574,657.43
Dec-2006	578,262.25
Jan-2007	581,889.69
Feb-2007	585,539.89
Mar-2007	589,212.98
Apr-2007	592,909.11
May-2007	596,628.43
Jun-2007	600,371.08
Jul-2007	604,137.21
Aug-2007	607,926.96
Sep-2007	611,740.49
Oct-2007	615,577.94
Nov-2007	619,439.46
Dec-2007	623,325.20

Jan-2008	627,235.32
Feb-2008	631,169.97
Mar-2008	635,129.29
Apr-2008	639,113.46
May-2008	643,122.62
Jun-2008	647,156.93
Jul-2008	651,216.54
Aug-2008	655,301.62
Sep-2008	659,412.33
Oct-2008	663,548.83
Nov-2008	667,711.27
Dec-2008	671,899.82
Jan-2009	676,114.65
Feb-2009	680,355.91
Mar-2009	684,623.79
Apr-2009	688,918.43
May-2009	693,240.02
Jun-2009	697,588.71
Jul-2009	701,964.69
Aug-2009	706,368.11
Sep-2009	710,799.16
Oct-2009	715,258.00
Nov-2009	719,744.81
Dec-2009	724,259.77
Jan-2010	728,803.06
Feb-2010	733,377.31
Mar-2010	438,253,292.09

VORNADO FINANCE L.L.C.,
as Issuer,
LASALLE BANK NATIONAL ASSOCIATION,
as Trustee,
ABN AMRO BANK N.V.
as Fiscal Agent,
MIDLAND LOAN SERVICES, INC.,
as Servicer
and
MIDLAND LOAN SERVICES, INC.,
as Special Servicer

INDENTURE AND SERVICING AGREEMENT

Dated and effective as of March 1, 2000

Commercial Mortgage-Backed Notes, Series 2000-VN0, due March 15, 2010

Class A-1 Notes
Class A-2 Notes
Class B Notes
Class C Notes
Class D Notes
Class E Notes
Class F Notes

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INDENTURE AND SERVICING AGREEMENT, dated and effective as of March 1, 2000 (this "Indenture"), among VORNADO FINANCE L.L.C., as issuer (defined herein as the "Issuer") having an address at c/o Vornado Realty Trust, Park 80 West, Plaza II, Saddle Brook, New Jersey 07663, Attention: Mr. Joseph Macnow, LASALLE BANK NATIONAL ASSOCIATION, as trustee (defined herein, together with its successors and any separate or co-trustee, as the "Trustee"), having an address at 135 S. LaSalle Street, Suite 1625, Chicago, IL 60603, ABN AMRO BANK N.V., a banking corporation organized under the laws of the Netherlands, as fiscal agent (defined herein as the "Fiscal Agent"), having an address at 135 S. LaSalle Street, Suite 1625, Chicago, IL 60603, MIDLAND LOAN SERVICES, INC., as servicer (defined herein together with its successors, the "Servicer"), having an address at 210 West 10th Street, Kansas City, MO 64105 and MIDLAND LOAN SERVICES, INC., as special servicer (defined herein together with its successors, the "Special Servicer") having an address at 210 West 10th Street, Kansas City, MO 64105.

RECITALS OF THE ISSUER

The Issuer has duly authorized the execution and delivery of this Indenture to provide for the issuance of its notes or other evidences of indebtedness (herein individually called a "Note" and collectively called the "Notes") to be issued as provided in this Indenture in the form of Commercial Mortgage-Backed Notes, Series 2000-VNO, due March 15, 2010, in an aggregate principal amount equal to \$500,000,000.

All things necessary to make the Notes, when executed by the Issuer and authenticated and delivered by the Trustee hereunder and duly issued by the Issuer, the valid and legally binding obligations of the Issuer enforceable in accordance with their terms, and to make this Indenture a valid and legally binding agreement of the Issuer, the Special Servicer, the Servicer, the Trustee and the Fiscal Agent enforceable in accordance with its terms, except in each case as such enforcement may be limited by bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law), have been done.

GENERAL COVENANT

IT IS HEREBY COVENANTED AND DECLARED that the Notes are to be authenticated and delivered by the Trustee (or any Authenticating Agent), and the Collateral is to be held and applied by the Trustee, subject to the further covenants, conditions and trusts hereinafter set forth, and the Issuer does hereby represent and warrant, and covenant and agree, to and with the Trustee, the Special Servicer, the Servicer and the Fiscal Agent, for the equal and proportionate benefit and security of the Trustee for the benefit of the Holders of the Notes as follows:

ARTICLE I

DEFINITIONS AND OTHER
PROVISIONS OF GENERAL APPLICATION

SECTION 1.1 Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States of America;

(c) the word "including" shall be construed to be followed by the words "without limitation";

(d) Section headings are for the convenience of the reader and shall not be considered in interpreting this Indenture or the intent of the parties hereto;

(e) the words "herein", "hereof and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and

(f) the words "immediately available funds" shall have the same meaning as "same day funds" when used herein; and

(g) As a matter of convenience herein, rating categories are generally stated in the nomenclature of Moody's Investors Service, Inc. and Duff & Phelps Credit Rating Co., it being understood that unless otherwise expressly stated to the contrary, reference to such category shall also be deemed to be a reference to the comparable category of each other Rating Agency; provided that if a specified rating (or its equivalent) from any of the Rating Agencies is required hereunder with respect to an issuer or a security (other than the Notes), and one of the Rating Agencies does not rate the issuer or security in question, then such requirement hereunder shall nevertheless be deemed satisfied so long as such Rating Agency has issued a Rating Confirmation with respect thereto.

Acceleration means that the principal of and interest on the Notes shall become and thereafter be immediately due and payable in full in accordance with the terms of the Notes and this Indenture, whether automatically or by action of the Servicer, the Special Servicer, the Trustee or the Holders.

Act has the meaning stated in Section 1.3.

Advance means any P&I Advance or Property Protection Advance.

Advance Interest Rate has the meaning stated in Section 7.17(c).

Affiliate means a Person or Persons, directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with the Person or Persons in question. The term "control", as used in the immediately preceding sentence, shall mean, with respect to a Person that is a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation and, with respect to a Person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled Person

Agent means any Registrar, Paying Agent or Transfer Agent.

Agent Members has the meaning stated in Section 2.6(e).

Allocated Amount has the meaning stated in the Mortgage.

Applicable Procedures has the meaning stated in Section 3.8(d)(iii).

Appraisal Reduction Amount means, as of any date of determination, an amount equal to the excess, if any, of (a) the sum of (i) the aggregate outstanding principal balance of the Mortgage Notes, (ii) the aggregate amount of accrued but unpaid interest on the Mortgage Notes through the most recent Payment Date prior to such determination date, (iii) without double counting, the aggregate amount of accrued but unpaid Servicing Fees, Special Servicing Fees, Trustee Fees, unreimbursed Advances (and interest thereon at the Advance Interest Rate) and other expenses with respect to the Mortgage Notes, the Mortgage and the other Security Documents, (iv) the aggregate amount of currently due and unpaid real estate taxes and assessments, insurance premiums, and, if applicable, ground rents in respect of the Mortgaged Properties (net of any amount escrowed therefor in the Reserve Accounts), and (v) the Special Servicer's good faith estimate of the items in clauses (iii) and (iv) that will be incurred during the next twelve months, over (b) an amount equal to 90% of the aggregate appraised value (net of any prior liens) of the Mortgaged Properties as determined by an Updated Appraisal (or an existing appraisal to the extent permitted under Section 7.7(a)).

Appraisal Reduction Event means the earliest date that (i) the Issuer is 90 days delinquent in respect of any monthly payment, (ii) the Notes or the Mortgage Notes have been modified to reduce the amount of any monthly payment, (iii) a receiver is appointed and continues in such capacity in respect of all or any portion of the Mortgaged Properties for at least 30 days, (iv) the Issuer or any Property Owner is the debtor with respect to any bankruptcy, insolvency or similar proceeding or (v) the Notes or the Mortgage Notes are due and have not been paid on the Maturity Date. To the extent the Issuer becomes current on its payment obligations with respect to the Notes (including payment in full of (y) all accrued and unpaid interest on all Classes of the Notes (including accrued and unpaid Default Premium, if any, thereon) and (z) all Advances made by the Servicer, the Special Servicer,

the Trustee and/or the Fiscal Agent and interest thereon at the Advance Interest Rate) and remains current for a period of twelve consecutive months and an Updated Appraisal shows that no Appraisal Reduction Amount exists, such Appraisal Reduction Event shall cease to exist.

Assignment of Assignments of Leases means, collectively, those certain Assignments of Assignments of Leases and Rents, dated the date hereof, made by the Issuer in favor of the Trustee.

Assignment of Contracts has the meaning stated in the Mortgage.

Assignment of Leases has the meaning stated in the Mortgage.

Assignment of Mortgage means, collectively, those certain Assignments of Mortgage, Deed of Trust and/or Leasehold Estates, dated as of the date hereof, made by the Issuer in favor of the Trustee.

Authenticating Agent means the Trustee and/or any Person authorized by the Trustee to act on behalf of the Trustee to authenticate and deliver the Notes. Written notice of such authorization shall be transmitted to the Issuer by the Trustee in a timely manner.

Authorized Newspaper means, so long as the Notes are listed on a securities exchange and the rules of such exchange so require, a newspaper published in the city in which such securities exchange is located. If, because of temporary or permanent suspension of publication or general circulation of any newspaper or for any other reason, it is impossible or, in the opinion of the Trustee, impracticable to make reasonable publication of any notice required herein in a newspaper published in the city in which the securities exchange is located, "Authorized Newspaper" shall mean any publication in an English language newspaper of general circulation in Europe.

Authorized Person, when used with respect to the Issuer, has the meaning stated in Section 3.4 and, when used with respect to the Servicer or Special Servicer, means a Servicing Officer.

Basic Carrying Costs means the sum of the following costs with respect to the Mortgaged Properties (computed on a monthly basis): (i) Impositions (but only to the extent such Impositions have resulted or may result in the creation of a lien on a Mortgaged Property), (ii) insurance premiums, (iii) all ground rent and other charges due by the Property Owner pursuant to any ground lease and the New Hyde Park Lease relating to any Mortgaged Property, (iv) all customary, reasonable or necessary out-of-pocket costs and expenses incurred by the Servicer, the Special Servicer and the Trustee pursuant to the Indenture or any other Security Document, (v) the costs and expenses of the Servicer or the Special Servicer (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection with a release of a Mortgaged Property or any portion thereof from the lien of the Mortgage and any other Security Documents.

Board of Directors means the trustees of the general partner of the managing member of the Issuer.

Board Resolution means, with respect to the Issuer, a copy of a resolution of the Board of Directors certified by an Authorized Person of the Issuer.

Business Day means, any day (i) other than a Saturday or a Sunday or (ii) other than a day on which banking institutions are authorized or required by law, regulation or executive order to close in New York, New York, Chicago, Illinois, Kansas City, Missouri and, after the occurrence and during the continuance of a Triggering Event, then where the Deposit Account is located or the city in which the Corporate Trust Office then is located.

Cash means coin or currency of the United States of America or immediately available federal funds, including such funds delivered by wire transfer.

Cash Management Agreement means that certain Cash Management Agreement dated as of the date hereof by and among the Issuer, the Property Owners, the Trustee, the Servicer and Special Servicer and the Deposit Account Bank and acknowledged by the Property Manager.

Casualty Account has the meaning stated in Section 10.8(b).

CERCLA means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

Certificate Trustee means LaSalle Bank National Association and its successors and assigns, in its capacity as certificate trustee under the Declaration of Trust.

Class A Certificates means, collectively, the Class A-1 Certificates and the Class A-2 Certificates.

Class A-1 Certificates means the Trust Certificates (as defined in the Class A-1 Declaration of Trust).

Class A-2 Certificates means the Trust Certificates (as defined in the Class A-2 Declaration of Trust).

Class A-1 Declaration of Trust means that certain Declaration of Trust by and between the Issuer, as issuer, and LaSalle Bank National Association, as trustee, which Declaration of Trust provides for the issuance of certain pass-through certificates backed by the Class A-1 Notes.

Class A-2 Declaration of Trust means that certain Declaration of Trust by and between the Issuer, as issuer, and LaSalle Bank National Association, as trustee, which Declaration of Trust provides for the issuance of certain pass-through certificates backed by the Class A-2 Notes.

Class A Notes means collectively, the Class A-1 Notes and the Class A-2 Notes.

Class A-1 Notes means any one of the Notes designated as Class A-1 executed and authenticated by the Issuer and the Authenticating Agent, respectively, in substantially the form set forth in Exhibit A hereto.

Class A-2 Notes means any one of the Notes designated as Class A-2 executed and authenticated by the Issuer and the Authenticating Agent, respectively, in substantially the form set forth in Exhibit A hereto.

Class B Notes means any one of the Notes designated as Class B executed and authenticated by the Issuer and the Authenticating Agent, respectively, in substantially the form set forth in Exhibit A hereto.

Class C Notes means any one of the Notes designated as Class C executed and authenticated by the Issuer and the Authenticating Agent, respectively, in substantially the form set forth in Exhibit A hereto.

Class D Notes means any one of the Notes designated as Class D executed and authenticated by the Issuer and the Authenticating Agent, respectively, in substantially the form set forth in Exhibit A hereto.

Class E Notes means any one of the Notes designated as Class E executed and authenticated by the Issuer and the Authenticating Agent, respectively, in substantially the form set forth in Exhibit A hereto.

Class F Notes means any one of the Notes designated as Class F executed and authenticated by the Issuer and the Authenticating Agent, respectively, in substantially the form set forth in Exhibit A hereto.

Clearstream, Luxembourg means Clearstream Banking, societe anonyme, Luxembourg.

Closing Date means March 1, 2000.

Code means the United States Internal Revenue Code of 1986, as amended, and applicable Treasury Department regulations thereunder.

Collateral means the Indenture Collateral and the Mortgage Collateral.

Collateral Assignment of Mortgage Notes and Other Mortgage Security Documents means that certain Collateral Assignment of Mortgage, Mortgage Notes and Other Mortgage Security Documents dated as of the date hereof made by the Issuer in favor of the Trustee.

Collateral Value means as of any date with respect to U.S. Government Securities theretofore delivered to the Trustee, the aggregate amount of payments of principal of U.S. Government Securities and the predetermined and certain income therefrom that will be paid or payable to the

Servicer on behalf of the Trustee on or before the second Business Day prior to each day on which payments are due on the obligations in respect of which such U.S. Government Securities were delivered, without consideration of any reinvestment of such income, plus the face amount of any Cash, all as certified in writing to the Trustee and Servicer (which certificate may be conclusively relied upon by the Trustee and the Servicer absent manifest error) by a recognized and reputable independent certified public accounting firm or investment banking firm selected by the Issuer (unless reasonably disapproved by the Trustee).

Collection Account has the meaning stated in Section 3.5(a)(ii).

Confidential Information has the meaning stated in Section 6.6.

Corporate Trust Office means the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which as of the Closing Date is 135 S. LaSalle Street, Suite 1625, Chicago, Ill. 60603, Attention: Asset-Backed Securities Trust Services Group, Vornado Finance L.L.C. Commercial Mortgage-Backed Securities, Series 2000-VN0.

Custodian means LaSalle Bank National Association, and any successor custodian, as custodian of the Global Notes for DTC under custody agreements, or any similar successor agreement or agreements.

DCR means Duff & Phelps Credit Rating Company.

Debt Securities means debt obligations, other than U.S. Government Securities, of any Person, whether evidenced by bonds, notes, debentures, certificates, book entry deposits, certificates of deposit, commercial paper, bankers acceptances, reinvestment letters, investment contracts, funding agreements or other instruments, which (x) shall not be subject to prepayment or redemption prior to maturity and (y) shall be rated not less than the Required Rating (or, if maturing within one year or less and having a short term debt rating by both of the Rating Agencies not less than A-1+/D-1+) (or the then equivalent ratings); or any combination of the foregoing.

Debt Service Coverage Ratio shall mean as of any date, with respect to the Mortgaged Properties the ratio of (i) Net Cash Flow (as defined in the Mortgage) for the twelve-month period ended the last day of the last full fiscal quarter preceding the date of determination for which the Mortgagor has delivered financial statements to the Servicer pursuant to Section 18 of the Mortgage (excluding any Net Cash Flow from any Properties that have been released from the lien of the Mortgage prior to the date of determination) to (ii) Debt Service (as defined in the Mortgage) on the Mortgage Notes for the twelve-month period immediately following the date of determination.

Debt Service Coverage Ratio Calculation Date means the date on which the Issuer and/or the Property Owners deliver or are required to deliver quarterly financial statements pursuant to the Mortgage.

Declaration of Trust means collectively, the Class A-1 Declaration of Trust and the Class A-2 Declaration of Trust.

Default Premium has the meaning stated in Section 3.11(d).

Default Premium Reserve Account has the meaning stated in the Cash Management Agreement.

Default Rate has the meaning stated in Section 3.11(d).

Defeasance Date has the meaning stated in Section 4.3.

Definitive Note has the meaning stated in Section 2.3(d).

Definitive Notes has the meaning stated in Section 2.3(d).

Deposit Account has the meaning stated in the Cash Management Agreement.

Deposit Account Bank means Fleet Bank N.A.

Depository means, with respect to the Global Notes, DTC or such other Person as shall be designated as Depository by the Issuer pursuant to Section 2.6(a) of this Indenture.

Depository Securities Certification has the meaning stated in Section 2.3(b)(ii).

Directing Holders has the meaning stated in Section 5.12(a).

Dollars, U.S.\$ and \$ mean such coin or currency of the United States as, at the time, shall be legal tender for the payment of public or private debts.

DTC means The Depository Trust Company, a New York corporation.

Due Date shall have the meaning set forth in Section 3.5(a)

Eligible Account means an identifiable account separate from all other funds held by the holding institution that is either (i) an account or accounts maintained with a federal or state-chartered depository institution or trust company which complies with the definition of Eligible Institution or (ii) a segregated trust account or accounts maintained with a federal or state-chartered depository institution or trust company acting in its fiduciary capacity, which may be the Trustee, and which, in the case of a state-chartered depository institution or trust company is subject to regulations substantially similar to 12 C.F.R. ss. 9.10(b), and has a combined capital and surplus of at least \$500,000,000 and is subject to supervision or examination by federal or state authority. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

Eligible Institution means a federal or state-chartered depository institution or trust company insured by the Federal Deposit Insurance Corporation and (i) in the case of accounts in which funds are held for thirty (30) days or less, the short term unsecured debt obligations or commercial paper of which are rated at least P-1 by Moody's, and, if rated by DCR, are rated at least D-1 by DCR (or if not so rated by DCR then an equivalent rating by one additional NRSRO), or (ii) in the case of accounts in which funds are held for more than thirty (30) days, the long term unsecured debt obligations of which are rated at least "Aa2" by Moody's and, if rated by DCR, are rated at least "AA" (or if not so rated by DCR then an equivalent rating by one additional NRSRO); provided, however, that "Eligible Institution" shall also include any other depository institution or trust company whose accounts are insured by the Federal Deposit Insurance Corporation as to which the Rating Agencies have delivered a Rating Agency Confirmation.

Eligible Investments has the meaning stated in Section 6.14.

Emergency Advance means any Property Protection Advance, whether or not it is a Property Protection Advance that, pursuant hereto, the Special Servicer is required to request the Servicer to make, that must be made within five Business Days of the Special Servicer's becoming aware that it must be made in order to avoid any material penalty, any material harm to a Mortgaged Property or any other material adverse consequence to the Collateral.

Environmental Indemnity has the meaning stated in the Mortgage.

Environmental Laws has the meaning stated in the Mortgage.

Euroclear means Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear System.

Event has the meaning stated in Section 6.1(a)(8).

Event of Default has the meaning stated in Section 5.1.

Exchange Act means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute thereto.

Exculpated Persons has the meaning stated in Section 1.14(a).

Excusable Delay has the meaning stated in the Mortgage.

Fee Reserve Account has the meaning stated in the Cash Management Agreement.

FHLMC means Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created and existing under Title III of the Emergency Home Finance Act of 1970, as amended, or any successor thereto.

Fiscal Agent has the meaning stated in the introductory paragraph hereto.

FNMA means the Federal National Mortgage Association, a federally chartered and privately owned corporation organized and existing under the Federal National Mortgage Association Charter Act or any successor thereto.

Foreclosed Property means any Mortgaged Property if acquired by the Special Servicer in the name of the Trustee or its nominee for the benefit of the Holders by foreclosure or acceptance of a deed in lieu of foreclosure or otherwise.

Foreclosure Proceeds means proceeds, net of any related expenses of the Servicer, the Special Servicer, or the Trustee, received in respect of any Foreclosed Property (including, without limitation, proceeds from the rental of such Foreclosed Property) prior to the final liquidation of the Foreclosed Property.

Global Note means any Regulation S Temporary Global Note, any Restricted Global Note or any Unrestricted Global Note, as the case may be, and Global Notes means any two or more of such Notes.

Gross Revenue has the meaning stated in the Mortgage.

Hazardous Substances has the meaning stated in the Mortgage.

Holder means, with respect to any Note, the Person in whose name such Note is registered in the Register.

Holdover Account has the meaning stated in Section 3.5(d).

Impositions has the meaning stated in the Mortgage.

Indenture has the meaning stated in the introductory paragraph hereto.

Indenture Collateral means the Indenture Security Documents (other than the Notes) and all monies, accounts, instruments and other property (not including the proceeds of the issuance of the Notes), including the interest of the Trustee in the Mortgage Collateral, in each case, subject or intended to be subject to this Indenture or constituting a part of the security for the Holders of the Notes for the performance by the Issuer of its obligations thereunder or hereunder as of any particular time, and the proceeds of the foregoing, or evidenced and assigned to the Trustee after the date hereof (whether by the Issuer or any other Person) and all amounts in the Payment Account, the Collection Account, the Deposit Account, the Reserve Accounts, or any other account established hereunder or under the Cash Management Agreement and any other property that is conveyed to the Trustee or its nominee in trust for the benefit of the Holders of the Notes.

Indenture Security Documents means the Assignment of Mortgage, Collateral Assignment of Mortgage Notes and Other Mortgage Security Documents, the Notes, the Indenture, the Declaration of Trust, the Cash Management Agreement, the Deposit Account Agreement, the financing statements now or hereafter executed in connection herewith and any and all other agreements, certificates (including, without limitation, Officer's Certificates), instruments or documents executed by the Issuer evidencing or securing the Notes.

Independent when used with respect to any specified Person means such a Person who (i) does not have any direct financial interest or material indirect financial interest in the Issuer, any Property Owner, the Trustee, the Fiscal Agent, the Special Servicer or the Servicer or any Holder of a Note or registered holder of a Class A Certificate or in any of their respective Affiliates and (ii) is not an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions of or for the Issuer, the Trustee, the Fiscal Agent, the Special Servicer or the Servicer or any Holder of a Note or registered holder of a Class A Certificate or any of their respective Affiliates.

Initial Purchasers mean Morgan Stanley & Co. Incorporated, Banc of America Securities LLC, Chase Securities Inc. and Salomon Smith Barney Inc.

Institutional Accredited Investor means an institution that is an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act or an entity in which each of the equity owners is an institution that is an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act.

Insurance Proceeds has the meaning stated in the Mortgage.

Interest Period means, with respect to any Payment Date, the period from and including the 15th day of the calendar month preceding such Payment Date through but excluding the 15th day of the calendar month containing such Payment Date; provided that the first Interest Period will commence on the Closing Date. For purposes of calculating interest due and payable on each Payment Date, each Interest Period will be deemed to consist of 30 days, except for the first Interest Period, which will commence on the Closing Date and consist of 14 days. In all cases interest is calculated assuming a 360-day year.

Interested Person means, as of any date of determination, the Issuer, any Property Owner, the Servicer, the Special Servicer, the Manager, the Trustee, the Fiscal Agent, any Holder and any registered holder of a Class A Certificate or, in each such case, any of its Affiliates.

Investment Representation Letter has the meaning stated in Section 2.3(d).

Issuer has the meaning stated in the introductory paragraph hereto.

Issuer Request or Issuer Order means a written request or order signed in the name of the Issuer by any Authorized Person.

Lease has the meaning stated in the Mortgage.

Legal Requirements has the meaning stated in the Mortgage.

Liquidated Mortgaged Property means a Mortgaged Property that has been liquidated and, with respect to which, the Special Servicer has determined that all amounts which it expects to recover from or on account of such Mortgaged Property have been recovered.

Liquidation Expenses means reasonable and customary expenses (other than expenses actually covered by insurance and reimbursed by the insurer to the Servicer, the Special Servicer or the Trustee) incurred by the Servicer, the Special Servicer or the Trustee in connection with the liquidation of a Mortgaged Property, such expenses including, without limitation, legal fees and expenses, appraisal fees, the costs of any environmental reports, receivership fees, brokerage fees, trustee and co-trustee fees, if any. Liquidation Expenses shall not include any expenses actually incurred by the Trustee, the Special Servicer or the Servicer that were subsequently reimbursed to the Servicer, the Special Servicer or the Trustee or that were netted against income from the Foreclosed Property and were considered in the calculation of the amount of Foreclosure Proceeds pursuant to the definition thereof.

Liquidation Fee means, a fee payable to the Special Servicer equal to 0.10% of the Net Liquidation Proceeds relating to each Liquidated Mortgaged Property.

Liquidation Proceeds means amounts received by the Servicer or the Special Servicer in connection with the liquidation of a Mortgaged Property, whether through judicial foreclosure, sale or otherwise, other than amounts required to be paid to the Issuer or a Property Owner pursuant to law or the terms of this Indenture, the Mortgage or the other Security Documents.

Loan means the indebtedness evidenced by the Notes and secured by the Indenture Collateral and the other Indenture Security Documents.

Loan Event means (i) the Issuer has not made two consecutive monthly payments of interest or scheduled principal amortization on the Notes (and has not cured at least one such delinquency by the next Payment Date); (ii) the Servicer, the Trustee and/or the Fiscal Agent has made four consecutive P&I Advances (regardless of whether such Advances have been reimbursed); (iii) the Issuer has defaulted in its obligation to make the balloon payment of principal due on the Maturity Date; (iv) the Servicer has received notice that the Issuer or any Property Owner has become the subject of any bankruptcy, insolvency or similar proceeding, admitted in writing its inability to pay its debts as they come due or made an assignment for the benefit of creditors; (v) the Servicer has received notice of a foreclosure or threatened foreclosure of any lien on all or any portion of the Mortgaged Properties securing the Mortgage Loan; (vi) the Issuer has expressed to the Servicer an inability to pay the Notes in a timely manner or in the judgment of the Servicer (consistent with the Servicing Standards), an Event of Default (other than as set forth in the foregoing clauses) is imminent and, in either such case, the Special Servicer will be required to engage in modification negotiations or other typical special servicing activities in connection therewith; or (vii) an Event of

Default of which the Servicer has notice (other than a failure by the Issuer to pay principal or interest) and which materially and adversely affects the interests of the Holders of the Notes has occurred and remains unremedied for the applicable grace period specified herein or in the Security Documents (or if no grace period is specified, 60 days); provided that a Loan Event will cease (a) with respect to the circumstances described in clauses (i) and (ii) above, when the Issuer has brought the Notes current and thereafter made three consecutive full and timely monthly payments, including pursuant to a workout of the Mortgage Loan and terms of the Notes, (b) with respect to the circumstances described in clauses (iv), (v) and (vi) above, when such circumstances cease to exist in the good faith judgment of the Servicer, or (c) with respect to the circumstances described in clause (vii) above, when such Event of Default is cured; provided, in any case, that at that time no other circumstance exists that would constitute a Loan Event.

MAI means a Member of the Appraisal Institute.

Make-Whole Amount means an amount equal to the greater of: (i) 1% of the aggregate principal amount of the Mortgage Notes at the time that the Notes have been Accelerated or (ii) the present value as of the date of such Acceleration of the Calculated Payments from such date through the Scheduled Maturity Date determined by discounting such payments at the Discount Rate.

For purposes of this definition, the following terms have the following meanings: "Calculated Payments" means the monthly payments of interest only which would be due based on the aggregate principal amount of the Mortgage Notes at the time that the Notes have been Accelerated and assuming an interest rate per annum equal to the difference (if such difference is greater than zero) between (y) the weighted average interest rate for such Mortgage Notes and (z) the Yield Maintenance Treasury Rate. The relevant "Discount Rate" is the rate which, when compounded monthly, is equivalent to the Yield Maintenance Treasury Rate when compounded semi-annually. The "Yield Maintenance Treasury Rate" is the yield calculated by the linear interpolation of the yields, as reported in Federal Reserve Statistical Release H.15--Selected Interest Rates under the heading "U.S. Government Securities/Treasury Constant Maturities" for the calendar week ending prior to the date of the relevant principal prepayment, of U.S. Treasury Constant Maturities with a maturity date (one longer and one shorter) most nearly approximating the Maturity Date. If Release H.15 is no longer published, the Servicer will select a comparable publication to determine the Yield Maintenance Treasury Rate.

Management Fee means, as to any Foreclosed Property, a fee payable out of the Collateral to the Manager for managing such property while it is owned by or on behalf of the Trustee, which shall be reasonable and customary in the market in which such Foreclosed Property is located.

Manager has the meaning stated in Section 7.9(a).

Maturity means, with respect to any of the Notes, the date on which the principal of such Notes shall become due and payable as herein provided, whether at the Scheduled Maturity Date, or by acceleration, call for redemption or otherwise.

Maturity Date means, with respect to any Notes, the date on which the principal of such Notes shall become due and payable as herein provided, whether at the Scheduled Maturity Date, by acceleration, call for redemption or otherwise.

Moody's means Moody's Investors Service, Inc.

Mortgage means those certain Fee and Leasehold Mortgages, Deeds of Trust, Security Agreements, Assignments of Leases and Rents, Fixture Filings and Financing Statements, each dated and effective as of the date hereof, among the Property Owners and the Issuer, granting the Issuer a first priority mortgage lien on the Property Owners' interests in the Mortgaged Properties, as the same may be amended or supplemented from time to time.

Mortgage Collateral means the Mortgage Security Documents and all monies, accounts, instruments and other property (not including the proceeds of the issuance of the Mortgage Notes), including the interest of the Issuer in the Mortgaged Properties as mortgagor or beneficiary under the Mortgage Security Documents (including, all rent, revenues, issues, proceeds, profits, security and other monies payable or receivable thereunder or with respect thereto and the after acquired property clauses thereof), in each case, subject or intended to be subject to the Mortgage or constituting a part of the security for the Mortgage Notes for the performance by the Property Owners of their obligations thereunder as of any particular time, and the proceeds of the foregoing, or evidenced and assigned to the Issuer after the date hereof (whether by the Property Owners or any other Person) and all amounts in the Payment Account, the Collection Account, the Deposit Account, the Reserve Accounts, or any other account established hereunder, under the Mortgage or under the Cash Management Agreement and any other property that is conveyed to the Issuer or its nominee in trust for the benefit of the holder of the Mortgage Notes.

Mortgage Loan means the indebtedness evidenced by the Mortgage Notes and secured by the Mortgage and the other Mortgage Security Documents.

Mortgage Notes means the seven mortgage notes dated the date hereof made by the Property Owners to the Issuer evidencing the Mortgage Loan and secured by the Mortgage.

Mortgage Security Documents means the Mortgage, the Guaranty Agreement (as defined in the Mortgage), the Assignment of Leases, the Environmental Indemnity, the Assignment of Contracts, the Subordination of Management Agreement, the Mortgage Notes, the Cash Management Agreement, the Deposit Account Agreement, the financing statements now or hereafter executed in connection therewith and any and all other agreements, certificates (including, without limitation, Officer's Certificates), instruments or documents executed by the Property Owners evidencing or securing the Mortgage Notes.

Mortgaged Properties has the meaning given the term Properties in the Mortgage.

Mortgagee has the meaning stated in the Mortgage.

Mortgagor has the meaning stated in the Mortgage.

Net Cash Flow has the meaning stated in the Mortgage.

Net Liquidation Proceeds means the Liquidation Proceeds received with respect to any Mortgaged Property net of Liquidation Expenses incurred with respect thereto.

New Hyde Park Lease Reserve Account has the meaning stated in the Cash Management Agreement.

New Note has the meaning stated in Section 3.9.

Nonrecoverable Advance means any portion of an Advance proposed to be made or previously made which has not been previously reimbursed to the Servicer, the Special Servicer, the Trustee or the Fiscal Agent, as applicable, and which, in the good faith business judgment of the Servicer, the Special Servicer, the Trustee or the Fiscal Agent, as applicable, will not or, in the case of a proposed Advance, would not be ultimately recoverable from late payments, Insurance Proceeds, Net Liquidation Proceeds and other collections on or in respect of the Secured Obligations. The judgment or determination by the Servicer, the Special Servicer, the Trustee or the Fiscal Agent, as applicable, that it has made a Nonrecoverable Advance or that any proposed Advance, if made, would constitute a Nonrecoverable Advance shall be evidenced, in the case of the Servicer, by a certificate of a Servicing Officer of the Servicer delivered to the Trustee and the Issuer with a copy to the Rating Agencies, in the case of the Special Servicer, by a certificate of a Servicing Officer of the Special Servicer delivered to the Servicer, the Trustee and the Issuer with a copy to the Rating Agencies, and, in the case of the Trustee or the Fiscal Agent, by a certificate of a Responsible Officer of the Trustee or the Fiscal Agent, as applicable, delivered to the Issuer with a copy to the Rating Agencies, which in each case sets forth such judgment or determination and the procedures and considerations of the Servicer, the Special Servicer, Trustee or the Fiscal Agent, as applicable, forming the basis of such determination (including, but not limited to information selected by the Person making such judgment or determination in its good faith discretion, such as related income and expense statements, rent rolls, occupancy status, property inspection reports, the written responses to any Servicer, Special Servicer, Trustee or Fiscal Agent inquiries and third party engineering reports, environmental surveys or other third-party reports). Notwithstanding the above, each of the Servicer, Trustee and the Fiscal Agent shall be entitled to rely upon any determination by the Special Servicer that any Advance previously made is a Nonrecoverable Advance or that any proposed Advance would, if made, constitute a Nonrecoverable Advance; notwithstanding the above, each of the Special Servicer, the Trustee and the Fiscal Agent shall be entitled to rely upon any determination by the Servicer that any Advance previously made is a Nonrecoverable Advance or that any proposed Advance would, if made, constitute a Nonrecoverable Advance.

Note means any physical note issued hereunder, including, without limitation, each Global Note; provided, however, that with respect to any Global Note, the term "Note" also includes, when appropriate within the context of any Section of this Indenture, any interest in such Global Note in the

authorized denomination as provided herein of any Person as shown on the records of Euroclear, Clearstream, Luxembourg or the Depositary.

Notice of Default has the meaning stated in Section 5.1.

NRSRO means a nationally recognized statistical rating organization.

Offering Memorandum has the meaning stated in Section 3.3(f).

Officer's Certificate means a certificate signed on behalf of the Issuer by an Authorized Person.

Operating Expenses has the meaning stated in the Mortgage.

Opinion of Counsel means, when required to be delivered by the Issuer, a written opinion of counsel selected by the Issuer, which shall be delivered at the expense of the Issuer, and when required to be delivered by any other Person, a written opinion of counsel reasonably acceptable to the Trustee and to any other party hereto to whom such opinion is to be delivered pursuant to the applicable terms of this Indenture, who may be regular counsel to such Person.

Outstanding, when used with respect to the Notes, means, as of the date of determination, any Note theretofore authenticated and delivered under this Indenture (including, as of such date, all Notes represented by Global Notes authenticated and delivered under this Indenture), except the reduced portion or portions of any Global Note, as such reduction or reductions shall have been endorsed on such Global Note by the Trustee as provided herein and except:

(i) Notes theretofore canceled by the Trustee or delivered to the Trustee for cancellation (other than any Note as to which any amount that has become due and payable in respect thereof has not been paid in full);

(ii) Notes for the payment or redemption or repurchase of which Cash and/or Eligible Investments in the necessary amount have been deposited with the Trustee in trust for the Holders of such Notes in accordance with this Indenture; provided that if such Notes are to be redeemed or repurchased, notice of such redemption or repurchase has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee and the Servicer has been made; and

(iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, other than any such Notes in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Notes are held by a bona fide purchaser in whose hands such Notes are valid obligations of the Issuer.

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Notes are present at a meeting of Holders for quorum purposes or have given any

request, demand, authorization, vote, direction, notice, consent or waiver hereunder, any Notes owned by the Issuer, or any Affiliate of the Issuer, shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, vote, direction, notice, consent or waiver or upon any such determination as to the presence of a quorum, only Notes which the Trustee knows to be so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the sole satisfaction of the Trustee the pledgee's right to act with respect to such Notes and that the pledgee is not the Issuer, or an Affiliate of the Issuer.

Owner Securities Certification has the meaning stated in Section 2.3(b)(ii).

P&I Advance means, with respect to any Servicer Advance Date, an advance of interest and principal with respect to the Notes equal to the P&I Advance Amount.

P&I Advance Amount means, (i) with respect to any Payment Date occurring prior to the Scheduled Maturity Date, an amount equal to the amount of interest and scheduled principal amortization payments (as the same may be adjusted pursuant to the terms of this Indenture) and Trustee Fees that was to have been deposited by the Issuer in the Payment Account for payment to the Trustee and to the Holders on such Payment Date (but excluding any Default Premium), less any amounts then already on deposit in the Payment Account or Fee Reserve Account and available to pay Trustee Fees and interest and principal on the Notes and (ii) with respect to any Payment Date occurring on or after the Scheduled Maturity Date until the Notes have been repaid in full or all of the Mortgaged Properties have become Liquidated Mortgaged Properties, the scheduled monthly payment of interest, scheduled amortization of principal (as the same may be adjusted pursuant to the terms of this Indenture) and Trustee Fees deemed to be due in respect of such Payment Date that would have been due if the Notes had continued to accrue interest in accordance with its terms and to pay principal amortization in accordance with the amortization schedule, in effect prior to, and without regard to the Scheduled Maturity Date (but excluding any Default Premium), less any amounts then already on deposit in the Payment Account or Fee Reserve Account and available to pay Trustee Fees and interest and principal on the Notes.

Partial Defeasance Collateral shall mean U.S. Government Securities which provide payments (i) on or prior to, but as close as possible to, all Due Dates after the Defeasance Date and up to and including the Scheduled Maturity Date, and (ii) in amounts equal to or greater but as close as possible to the Scheduled Defeasance Payments.

Paying Agent means any Person authorized by the Trustee pursuant to Section 3.6(b) hereof to pay the principal of and interest on any Notes on behalf of the Issuer, and shall include the Principal Paying Agent unless otherwise specified.

Payment Account means the segregated trust account or accounts established by the Trustee pursuant to Section 3.5.

Payment Date means the 15th day of each calendar month unless such day is not a Business Day, in which event the Payment Date will be the next succeeding Business Day, commencing March, 2000.

Payment Date Statements means, with respect to each Payment Date, a statement prepared by the Trustee based on information supplied by the Servicer (other than with respect to the information in items (a), (b), (e), (f) and (m) below), in respect of the payments made on such Payment Date setting forth, among other things:

(a) For each Class of Notes, the amount of the distributions made on such Payment Date allocable to interest and the amount allocable to principal;

(b) If the amount of the distributions to the Holders of any Class of Notes was less than the amount due on such Payment Date, the amount of the shortfall;

(c) The amount of any P&I Advance by the Servicer, the Trustee or the Fiscal Agent included in the amounts distributed to the Holders on such Payment Date;

(d) The aggregate amount of any Property Protection Advances or P&I Advances outstanding which have been made by the Servicer, the Special Servicer, the Trustee and the Fiscal Agent.

(e) The principal balance of each Class of Notes, after giving effect to any payments in reduction of the principal balance thereof on such Payment Date;

(f) The aggregate principal balance of the Notes as of such Payment Date;

(g) The aggregate amount of prepayments or redemptions, if any, made during the related Interest Period;

(h) To the best of the Servicer's knowledge, whether any Triggering Event or Event of Default has occurred during such Due Period;

(i) if any partial defeasance has occurred during the related Due Period, the amount of such partial defeasance;

(j) Any Mortgaged Property which has become a Foreclosed Property;

(k) Whether the Issuer or any Property Owner has declared bankruptcy, to the extent known to the Servicer;

(l) As to any Mortgaged Property liquidated or disposed of during the period from the day following the Due Date in the month preceding such Payment Date to and including the Due Date immediately preceding the Payment Date on which such report is delivered (such period, the "Due

Period"), the property name and the amount of proceeds of any liquidation or other amounts, if any, received thereon during the related Due Period thereof included in the funds available for such Payment Date;

(m) The Security Interest Rate applicable to each Class of Notes for such Payment Date;

(n) The aggregate amount of the Trustee Fee, Servicing Fee, the Special Servicing Fee, Liquidation Fee, Work-out Fee and any other compensation retained by or paid to the Trustee, the Servicer or Special Servicer during the related Due Period;

(o) The amount of any Appraisal Reduction Amounts;

(p) the balances in each of the Reserve Accounts on the related Due Date;

(q) the Debt Service Coverage Ratio as of the related Due Date; and

(r) the amount, if any, of the Rental Increase (as defined in the Stop & Shop Guaranty) under the Stop & Shop Guaranty (as defined in the Mortgage) that has been released from the lien of the Mortgage or been reallocated from any of the Mortgaged Properties to a property not subject to the lien of the Mortgage.

Permitted Exceptions has, with respect to the Mortgaged Properties, the meaning stated in the Mortgage.

Person means any individual, sole proprietorship, corporation, general partnership, limited partnership, limited liability company or partnership, joint venture, association, joint stock company, bank, trust, estate, unincorporated organization, any federal, state, county or municipal government (or any agency or political subdivision thereof), endowment fund or any other form of entity.

Predecessor Note of any particular Note means every previous Note evidencing all or a portion of the same indebtedness as that evidenced by such particular Note.

Principal Installment Amount means (i) for any Payment Date commencing on the Payment Date in April 2000 and occurring prior to the Scheduled Maturity Date, the scheduled principal amortization payment due under the Notes with respect to such Payment Date as set forth on Exhibit H hereto (subject to adjustment as provided in Section 3.11(a)(ii), Section 4.3(b) and, with respect to any P&I Advance, Section 7.17(a) hereof and as the same may be adjusted pursuant to a modification of the Indenture permitted hereunder or ordered in bankruptcy proceedings) and (ii) for each Payment Date occurring on or after the Scheduled Maturity Date until the Notes have been repaid in full or all of the Mortgaged Properties have become Liquidated Mortgaged Properties, the monthly payment of principal amortization that would have been payable on such Payment Date if the Notes had continued to pay principal amortization from and after the Scheduled Maturity Date in accordance with the amortization schedule in effect prior to the Scheduled Maturity Date. Such

principal amortization will be based on a 30-year amortization schedule and on the basis of a 360-day year and 30 days in the related Interest Period. The principal amortization schedule will be recalculated after the redemption of a portion of the Notes pursuant to Section 3.11(a)(ii) hereof or any defeasance of Notes pursuant to Section 4.3(b) hereof.

Principal Paying Agent means the Trustee, until replaced in accordance with Section 3.6(b), and thereafter shall mean such successor.

Proceeds has the meaning stated in the Mortgage.

Property Manager means VRLP, and its permitted successors and assigns.

Property Owners means the owners of the Mortgaged Properties listed on Exhibit G hereto.

Property Protection Advance means, subject to the next succeeding sentence, (A) all customary, reasonable and necessary "out of pocket" costs and expenses incurred by the Servicer or, during the occurrence and continuance of a Loan Event, the Special Servicer in the performance of its servicing obligations, including, but not limited to, costs and expenses incurred in connection with (i) the operation, preservation, restoration and protection of any of the Mortgaged Properties which, in the Servicer's or the Special Servicer's, as applicable, judgment and discretion in accordance with the Servicing Standards, are necessary to prevent an immediate and material loss to the Mortgagee's interest in such Mortgaged Property, (ii) the payment of Basic Carrying Costs and any other amounts necessary to preserve the priority of the liens created by the Mortgage and the other Security Documents, if unpaid by the Issuer or the Property Owners or not funded from the Reserve Accounts, (iii) any enforcement, foreclosure or other judicial proceedings, including, but not limited to, court costs, reasonable attorneys' fees and expenses, appraisals and costs for environmental and engineering consultants and any other third-party experts, and (iv) the management and liquidation of any of the Mortgaged Properties if any of the Mortgaged Properties are acquired in full or partial satisfaction of the Secured Obligations, including Liquidation Expenses, and (B) to the extent not covered by clause (A) above, all costs and expenses incurred by the Servicer or, during the occurrence and continuance of a Loan Event, the Special Servicer for any deferred maintenance with respect to a Mortgaged Property which has not been completed at the time the Special Servicer, in the name of the Trustee, for the benefit of the Holders, takes possession of such Mortgaged Property by foreclosure or otherwise. In no event shall the term "Property Protection Advance" include (a) any principal or interest due on the Notes or the Mortgage Notes, (b) any loss due to an Uninsured Cause, (c) amounts disbursed to pay capital improvements to any Mortgaged Property, other than those necessary to prevent an immediate or material loss to the Holders' interest in the Mortgaged Properties or as otherwise described in clause (B) above with respect to deferred maintenance or (d) any amounts required to cure a failure of any of the Mortgaged Properties to comply with any applicable Environmental Law, or (except in connection with the foreclosure or other acquisition of a Mortgaged Property upon the occurrence and during the continuance of an Event of Default) to investigate, test, monitor, contain, clean-up or remedy an environmental condition present at any of the Mortgaged Properties.

Purchase Agreement means the Purchase Agreement, dated February 25, 2000, between the Issuer, and the Initial Purchasers and any related pricing agreement or agreements.

QIB means a "qualified institutional buyer" within the meaning of Rule 144A.

Qualified Appraiser means an independent appraiser, selected by the Servicer or Special Servicer, as applicable, that is a MAI, and that, if the State in which the Mortgaged Property being appraised certifies or licenses appraisers, is certified or licensed in such state, and who has a minimum of five years' experience in the appraisal of properties comparable to the Mortgaged Properties being appraised.

Rated Final Maturity Date means the fifth anniversary of the Scheduled Maturity Date.

Rating Agencies means each of Moody's and DCR, and any successor thereto, and, if either such entity shall for any reason no longer perform the functions of a securities rating agency, "Rating Agency" shall be deemed to refer to any other nationally recognized rating agency selected by the Issuer (and not reasonably disapproved by the Trustee).

Rating Agency Confirmation, with respect to the matter in question, means that as a condition thereto each of the Rating Agencies shall have confirmed in writing that such investment, replacement, transfer, or other action, in and of itself, will not result in a withdrawal, qualification, if applicable, or downgrade of its then-current ratings of the Outstanding Securities.

Rating Surveillance Charges means the cost for ongoing rating surveillance of the Securities by the Rating Agencies.

Redemption Date, when used with respect to any Note to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture in accordance with Article XI.

Redemption Price, when used with respect to any Note to be redeemed, means the price at which such Note is to be redeemed calculated pursuant to Article XI.

Register has the meaning stated in Section 3.6(a).

Registrar has the meaning stated in Section 3.6(a).

Regular Record Date means the Business Day immediately preceding the related Payment Date.

REO Property Account means an account held in trust by the Special Servicer, on behalf of the Trustee for the benefit of the Holders for the deposit therein of all funds collected and received in connection with the operation of a Foreclosed Property in the event title to a Foreclosed Property is acquired by the Special Servicer in the name of the Trustee for the benefit of the Holders.

Regulation S means Regulation S under the Securities Act.

Regulation S Distribution Compliance Period means the period of 40 consecutive days beginning on and including the later of (i) the day that Morgan Stanley & Co. Incorporated (acting on behalf of the international selling agents, advises the Issuer and the Trustee in writing is the day on which Notes are first offered to Persons (other than distributors) in reliance upon Regulation S, and (ii) the Closing Date.

Regulation S Temporary Global Note has the meaning stated in Section 2.3(b)(1).

Release Property has the meaning stated in Section 4.1.

Required Rating has the meaning set forth in the Mortgage.

Reserve Accounts has the meaning stated in the Cash Management Agreement.

Responsible Officer means any officer of the Trustee or the Fiscal Agent, as the case may be, in the Corporate Trust Office and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

Restricted Global Note has the meaning stated in Section 2.3(c).

Restricted Global Notes has the meaning stated in Section 2.3(c).

Restricted Notes has the meaning stated in Section 2.5.

Rule 144 means Rule 144 under the Securities Act.

Rule 144A means Rule 144A under the Securities Act.

Rule 144A Information means such information as is specified pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto).

Scheduled Defeasance Payments shall mean scheduled payments of interest and principal under the Notes in the case of a Total Defeasance and under the defeased portion of the Notes in the case of a Partial Defeasance for all Due Dates occurring after the Defeasance Date and up to and including the Scheduled Maturity Date (including, in the case of a Total Defeasance, the outstanding principal balance on the Notes as of the Scheduled Maturity Date and, in the case of a Partial Defeasance, the outstanding principal balance of the defeased portion of the Notes as of the Scheduled Maturity Date), and all payments required after the Defeasance Date, if any, under the Indenture for servicing fees, trustee fees, Rating Surveillance Charges, and other similar charges (or a pro rated portion thereof with respect to a Partial Defeasance) and for federal income taxes, if any.

Scheduled Maturity Date means March 15, 2010. If the Scheduled Maturity Date shall occur on a date that is not a Business Day, the applicable Scheduled Maturity Date shall be the next succeeding Business Day and no further interest or other payment shall be due any Holder as a result of such adjustment.

Secured Obligations has the meaning stated in the Mortgage.

Securities means, collectively, all of the issued and outstanding Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes, and the Class A Certificates issued and outstanding pursuant to the Declaration of Trust.

Securities Act means the Securities Act of 1933, as amended, and the rules and regulations of the United States Securities and Exchange Commission promulgated thereunder from time to time.

Security Documents means the Indenture Security Documents and the Mortgage Security Documents.

Security Interest Rate for each Class of Notes has the meaning stated in Section 3.10(b)(i).

Separate Issuer has the meaning stated in Section 4.3(d).

Servicer has the meaning stated in the introductory paragraph hereto.

Servicer Advance Date means, with respect to each Payment Date, the Business Day immediately preceding such Payment Date.

Servicer Default has the meaning stated in Section 7.24.

Servicing Fee means an amount payable to the Servicer from the Fee Reserve Account, Collection Account or Payment Account which will accrue at a rate of 0.010% per annum computed on the basis of the same principal amount and for the same period for which any related interest payment on the Notes is computed.

Servicing Officer means any officer or employee of the Servicer or the Special Servicer, as applicable, involved in, or responsible for, the administration and servicing of the Loan and the Mortgage Loan whose name and specimen signature appear on a written list of servicing officers furnished to the Trustee on the Closing Date by the Servicer or the Special Servicer, as applicable, as such list may from time to time be amended by the Servicer or the Special Servicer, as applicable.

Servicing Standards has the meaning stated in Section 7.1.

Special Servicer has the meaning stated in the introductory paragraph hereto.

Special Servicing Fee means an amount payable to the Special Servicer after the occurrence of a Loan Event and while such Loan Event is continuing from the Fee Reserve Account, Collection Account or Payment Account which will accrue at a rate of 0.10% per annum computed on the basis of the same principal amount and for the same period for which any related interest payment on the Notes is computed.

Subordination of Management Agreement means that certain Subordination of Management Agreement, dated the date hereof, by and among the Property Owners, the Property Manager and the Issuer.

Taking Proceeds has the meaning stated in the Mortgage.

Tax Escrow Account has the meaning stated in the Cash Management Agreement.

Total Defeasance Collateral shall mean U.S. Government Securities, which provide payments (i) on or prior to, but as close as possible to, all Due Dates, under the Notes after the Defeasance Date and up to and including the Scheduled Maturity Date, and (ii) in amounts equal to or greater than but as close as possible to the Scheduled Defeasance Payments.

Transfer Agent means the Trustee or such other Person as the Trustee may appoint from time to time to act as a transfer agent for the Notes.

Transferee Securities Certification has the meaning stated in Section 3.8(d)(ii).

Triggering Event means the occurrence of any one of the following events: (i) an Event of Default, or (ii) the Debt Service Coverage Ratio for all of the Mortgaged Properties as of any Debt Service Coverage Ratio Calculation Date is less than 1.25x, provided that a Triggering Event will cease to exist when all Events of Default then to date have been cured or waived and the Debt Service Coverage Ratio measured on the last day of each of the two consecutive fiscal quarters immediately preceding the date of calculation equals or exceeds 1.25x. The Debt Service Coverage Ratio for the purpose of determining whether a Triggering Event has occurred or is continuing will be based on Net Cash Flow with an assumed management fee of 4.0% of Gross Revenue.

Trustee means (i) LaSalle Bank National Association, a national banking association, until a successor Person or successor Persons shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder.

Trustee Fee means an amount payable monthly from the Payment Account which will accrue at a rate of 0.0036% per annum, computed on the basis of the same principal amount and for the same period for which any related interest payment on the Notes is computed.

Uninsured Cause means any cause of damage to a Mortgaged Property such that the complete restoration of the property is not fully reimbursable (but without regard to any applicable deductible

provisions) by any insurance policy required to be maintained with respect thereto under the Mortgage, and any uninsured loss arising from a defect in title to a Mortgaged Property.

United States means the United States of America, the District of Columbia, Puerto Rico, the United States Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

United States Alien means any Person not subject to United States federal income tax on a net income basis with respect to the Notes who, for United States federal income tax purposes, is a foreign corporation, a nonresident alien individual, a nonresident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a nonresident alien individual or a nonresident alien fiduciary of a foreign estate or trust.

Unrestricted Global Note has the meaning stated in Section 2.3(b)(i).

Unrestricted Global Notes has the meaning stated in Section 2.3(b)(i).

Updated Appraisal means an appraisal of one or more of the Mortgaged Properties conducted subsequent to any appraisal performed on or prior to the Closing Date prepared by a Qualified Appraiser in accordance with MAI standards, the costs of which shall be paid as a Property Protection Advance by the Servicer.

U.S. Government Securities means securities evidencing an obligation to pay principal and interest in a full and timely manner that are (y) direct obligations of the United States of America for the payment of which its full faith and credit is pledged, or (z) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of and guaranteed as a full faith and credit obligation by the United States of America, which in either case are not callable or redeemable at the option of the issuer thereof (including a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any such securities or a specific payment of principal of or interest on any such securities held by such custodian for the account of the holder of such depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the securities or the specific payment of principal of or interest on the securities evidenced by such depository receipt).

Vornado means Vornado Realty Trust, a Maryland real estate investment trust, and its successors and assigns.

VRLP means Vornado Realty L.P., a Delaware limited partnership, and its successors and assigns.

Work-Out Fee means, with respect to any Loan Event that is terminated following resolution of such Loan Event by a written agreement negotiated by the Special Servicer or the Servicer, a fee equal to \$250,000 per occurrence.

SECTION 1.2 Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by any specified Person, it is not necessary that all such matters be certified by only one such Person, or that they be so certified by only one document, but one such Person may certify with respect to some matters and one or more other such Persons may certify with respect to other matters, and any such Persons may certify as to such matters in one or several documents.

Any certificate of an officer of the Issuer may be based, insofar as it relates to legal matters, upon an opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the opinion or representations with respect to the matters upon which the certificate is based are erroneous. Any such opinion of counsel may be based, insofar as it relates to factual matters relating to the Issuer, upon a certificate of, or representations by, an officer or officers of the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 1.3 Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by the Holders (i) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in Person or by an agent duly appointed in writing or (ii) may be embodied in and evidenced by the record of Holders voting in favor thereof in Person at any meeting of Holders duly called and held in accordance with the provisions of Article XIII. Except as herein otherwise expressly provided, such action will become effective when such instrument or instruments of record are delivered to the Trustee, and, where it is expressly required by this Indenture, to the Issuer. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments and so voting at any such meeting. Proof of execution of any such instrument or of a writing appointing any such agency or proxy, or of the holding by any Person of a Note, shall be sufficient for any purpose of this Indenture or any other Security Document and (subject to Section 6.1) conclusive in favor of the Servicer, Trustee and the Issuer if made in the manner provided in this Section 1.3. The record of any meeting of Holders of Notes shall be proved in the manner provided in this Section 1.3. With respect to authorization to be given or taken by Holders of Notes, the Trustee shall be authorized to

follow the written directions or the vote of Holders of Notes of not less than 66-2/3% of Outstanding Notes unless any greater or lower percentage is required or permitted by the terms hereof.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner that the Trustee deems sufficient.

(c) The principal amount and identification numbers of Notes held by any Person, and the date of holding the same, shall be proved by the Register for the Notes.

(d) Any request, demand, authorization, direction, notice, consent, election, declaration, waiver or other act of the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Servicer, Special Servicer, Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

SECTION 1.4 Computation of Principal Amount.

Whenever this Indenture states that any action may be taken by a specified percentage of Holders, such statement shall mean that such action may be taken by the Holders of such specified percentage of the aggregate principal amount of the Outstanding Notes to which such vote relates.

SECTION 1.5 Notices.

Any notice, direction, request, consent, election, waiver or demand which by any provision of this Indenture is required or permitted to be given may be served by national overnight courier service or may be given or served by facsimile only during business hours (as determined at the place of delivery) (9 a.m. - 5 p.m.) of the addressee on a Business Day (with a confirmation copy sent by certified or registered mail, return receipt requested, or by national overnight courier) or by certified or registered mail, in each case return receipt requested, postage prepaid, to the address or addresses set forth below or such other address or addresses in the continental United States as such Person may designate in accordance with the provisions hereof.

If to the Issuer, addressed to it at:

c/o Vornado Realty Trust
Park 80 West, Plaza II
Saddle Brook, New Jersey 07662
Attention: Mr. Joseph Macnow
Facsimile No. (201) 587-0600

with a copy to:

Sullivan & Cromwell
125 Broad Street
New York, New York 10004
Attention: Gary Israel, Esq.
Facsimile No. (212) 558-3588

if to the Servicer, addressed to it at:

Midland Loan Services, Inc.
210 West 10th Street
5th Floor
Kansas City, MO 64105

Attention: Chief Executive Officer
Facsimile No. 816-435-2326

with a copy to:

Morrison & Hecker L.L.P.
2600 Grand Avenue
Kansas City, Missouri 64108
Attention: William A. Hirsch
Facsimile: No. 816-474-4208

if to the Special Servicer, addressed to it at:

Midland Loan Services, Inc.
210 West 10th Street
5th Floor
Kansas City, MO 64105

Attention: Chief Executive Officer
Facsimile No. 816-435-2326

with a copy to the Trustee and the Servicer and Morrison & Hecker L.L.P.;

if to the Trustee or Fiscal Agent, addressed to it at:

LaSalle Bank National Association
135 S. LaSalle Street, Suite 1625
Chicago, Illinois 60603
Attention: Asset-Backed Securities Trust Services Group
Vornado Finance L.L.C. Commercial Mortgage-Backed Securities,
Series 2000-VNO
Facsimile No. (312) 904-2084

with a copy to the Servicer;

if to the Initial Purchasers, addressed to it at:

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036
Attention: John Kessler
Facsimile No. (212) 761-0260

with a copy to:

Cadwalader, Wickersham & Taft
100 Maiden Lane
New York, New York 10038
Attention: Anna Glick, Esq.
Facsimile No. (212) 504-6666

if to the Rating Agencies, addressed to them at:

Moody's Investors Service, Inc.
99 Church Street
New York, NY 10007
Attention: Dan Rubock
Facsimile No. (212) 553-0823

and

Duff & Phelps Credit Rating Company
55 East Monroe
Chicago, Illinois 60603
Attention: CMBS Monitoring
Facsimile No. (312) 267-2852

SECTION 1.6 Notice to Holders of Notes.

Where this Indenture provides for notice to the Holders of the Notes from the Trustee, the Trustee, subject to reimbursement by the Issuer, shall (i) in the case of a Global Note, mail such notice by overnight mail to the Depository and (ii) in the case of Notes other than the Global Notes, mail such notice by first class mail, postage prepaid (except with respect to any redemption notice, which shall be sent by overnight mail) to the Holders thereof at the addresses appearing on the Register, with a copy of all such notices delivered (by mail or otherwise) to the Issuer. Any such notice so sent shall be conclusively presumed to have been received by such Holders.

In case by reason of the suspension of regular mail service or overnight mail service, as the case may be, or by reason of any other cause it shall be impracticable to give any notice in the manner required above, then any other method of notification found satisfactory in the reasonable judgment of the Trustee shall constitute a sufficient notification for every purpose hereunder. In any case where notice to the Holders of Notes is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders of the Notes.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders of Notes shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

All requests, demands, authorizations, directions, notices, consents, waivers and other communications required or permitted under this Indenture shall be in writing in the English language. Notice to any Holder will be deemed to have been given on the date of such publication or mailing.

SECTION 1.7 Successors and Assigns.

All covenants and agreements in this Indenture by any party shall bind such party and its successors and assigns, whether so expressed or not.

SECTION 1.8 Separability Clause.

In case any provision of this Indenture or of the Notes shall be invalid, illegal or unenforceable, then, to the extent permitted by law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.9 Benefits of Indenture.

Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, and the Holders of the Notes, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.10 Governing Law.

(a) THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(b) Any action or proceeding against any of the parties hereto relating in any way to this Indenture or any Note or the Collateral may be brought and enforced in the courts of the State of New York or of the United States for the Southern District of New York located in the Borough of Manhattan, The City of New York, and the Issuer irrevocably submits to the jurisdiction of each such court in respect of any such action or proceeding. The Issuer hereby waives any right to remove any such action or proceeding by reason of improper venue. As long as any of the Notes remain Outstanding, the Issuer will at all times have an authorized agent in New York City upon whom process may be served in any legal action or proceeding relating in any way to this Indenture or any Note. Service of process upon such agent and written notice of such notice mailed or delivered to the Issuer at its address set forth in Section 1.5 shall, to the fullest extent permitted by law, be deemed in every respect effective service upon the Issuer in any such legal action or proceeding. The Issuer's authorized agent for service of process shall initially be The Corporation Trust Company, 111 Eighth Avenue, New York, NY 10011, or such other Person as the Issuer shall identify in a notice to the Trustee and the Servicer in accordance with Section 1.5.

SECTION 1.11 [Intentionally Omitted].

SECTION 1.12 Security Agreement.

This Indenture shall constitute a security agreement under the Uniform Commercial Code as in effect in the states where the Payment Account, the Collection Account, the Holdover Account and any other similar account established by the Trustee, or the Servicer or the Special Servicer in furtherance of such entity's responsibilities under this Indenture or any other Security Document are located (with respect to the liens and security interests granted in Section 3.1(c)). Upon the occurrence of any Event of Default, and in addition to any other rights available under this Indenture, the Security Documents or any other instruments included in the Indenture Collateral, the Mortgage Collateral or otherwise available at law or in equity, the Trustee shall have all rights and remedies of a secured party under the Uniform Commercial Code to enforce the assignments and security interests contained herein and, in addition, shall have the right, subject to compliance with any mandatory requirements of applicable law, to sell at public or private sale or apply, as appropriate, all monies or other property then on deposit in the Payment Account, the Collection Account, the Holdover Account and any other similar account established by the Trustee, the Servicer or the Special Servicer in furtherance of its rights or responsibilities under this Indenture or any other Security Document and any other rights and other interests assigned or pledged hereby in accordance with the terms of this Indenture. All amounts received hereunder and under the other Security Documents and any other instruments included in the Indenture Collateral or the Mortgage Collateral shall be applied in accordance with the priorities established in Section 5.6.

SECTION 1.13 Third-Party Beneficiary.

This Indenture shall inure to the benefit of and be binding upon each of the parties hereto and its successors. Except as otherwise provided in this Article I, no other Person shall have any right or obligation hereunder.

SECTION 1.14 Obligations are Without Recourse.

(a) Anything contained in this Indenture or the other Security Documents to the contrary notwithstanding, the recourse for the satisfaction of the indebtedness due under the Notes and for the payment and performance of all of the obligations and liabilities of the Issuer under the Indenture or the other Security Documents shall be limited solely to the Issuer's interest in the Collateral, the Payment Account, the Holdover Account, the Collection Account, the Reserve Accounts and the Deposit Account and none of the Issuer, Vornado, VRLP or any of their respective successors or assigns, or any partner (general or limited, or a subpartner at any level), member, tenant in common, officer, director, trustee, beneficiary, shareholder, controlling Person, employee, agent, contractholder or policyholder, or any Affiliate of any of the foregoing (collectively, "Exculpated Persons"), shall be liable in any respect for (i) the payment of the principal of or interest or Make-Whole Amount, if any, on the Notes, or (ii) the payment of any other amount due under the Notes, this Indenture or the other Indenture Security Documents, or (iii) damages for the breach of, or any costs or expenses associated with the performance of or failure to perform, any of the covenants, obligations, representations, warranties or indemnifications contained herein or in the Notes or the other Indenture Security Documents, other than as expressly provided with respect to the Property Owners in the Environmental Indemnity, provided, however, that the foregoing limitation of the liability of the Issuer shall not apply to any liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against the Trustee, the Servicer, the Special Servicer or the Holders by reason of the occurrence or existence of any of the following prior to the payment in full of the Notes: (i) fraud committed by the Issuer; (ii) an intentional and material misrepresentation by the Issuer; (iii) the application of any Proceeds received by the Issuer after a casualty in a manner other than that required by the terms of this Indenture and the Mortgage; or, (iv) after an Event of Default shall have occurred which shall be continuing, the application by the Issuer of the rentals under any Lease or of any security deposit under any Lease in a manner other than that required by the terms of this Indenture and the Mortgage; provided, however, that in either case (i) or (ii) recourse to the Issuer shall be limited to the damages resulting from such fraud or intentional misrepresentation and in either case (iii) or (iv) recourse to the Issuer shall be limited to the amount of such misapplied Proceeds or rentals by the Issuer and no other property or assets of the Issuer, or of any of the Issuer's directors, officers, employees or shareholders, shall be subject to any lien, levy, execution, or other enforcement procedure in connection with such recourse and by acceptance of the Notes, the Trustee and the Holders shall agree that, in the event it pursues any remedies available to it hereunder or under the Notes or the other Security Documents, the Trustee, the Servicer, the Special Servicer and the Holders shall not have recourse to the Exculpated Persons for any deficiency, loss or claim for damages resulting therefrom, and none of the property or assets of any of the Exculpated Persons other than the Mortgaged Properties shall be subject to levy, execution, garnishment, attachment, foreclosure or other enforcement procedure for the satisfaction of the remedies of the Trustee, the Servicer and the Special Servicer and the Holders hereunder, but nothing contained herein shall (i)

constitute a waiver of any indebtedness evidenced by the Notes or secured by the Mortgage or the other Security Documents, or (ii) be taken to prevent recourse to or the enforcement of remedies against any of the Collateral, including the Mortgaged Properties, in respect of any and all liabilities, obligations and undertakings contained herein, in the Mortgage or in the Notes.

Each document that is executed by any Exculpated Persons pursuant to or in connection with this Indenture and/or any other Security Documents shall either expressly incorporate, or shall be deemed to incorporate, the non-recourse provisions contained in this Section 1.14. For purposes of this Section 1.14(a), each and every reference to "the Issuer" (including the possessory thereof) shall mean the Issuer, its successors and assigns, and all Persons and/or entities whose rights under this document arise by, through or under the Issuer, its successors and/or assigns.

(b) In furtherance of the foregoing, it is expressly understood and agreed that nothing herein nor any act of the Issuer nor any document or instrument executed by the Issuer in connection herewith shall create or impose on any Exculpated Persons any personal liability, other than to the extent expressly provided with respect to the Property Owners in the Environmental Indemnity, and this Indenture is executed by the Issuer with the express understanding and agreement that nothing contained herein, in the Notes or under any of the other Indenture Security Documents (including the Notes) shall be construed as creating any liability on the part of any Exculpated Persons personally, other than to the extent expressly provided with respect to the Property Owners in the Environmental Indemnity, to pay the principal obligation or any interest that may accrue thereon or any indebtedness that may accrue hereunder or under any of the other Indenture Security Documents or to perform any covenant, either express or implied, herein contained, and that every Person now or hereafter claiming any right or security hereunder shall look solely to the Collateral, the Payment Account, the Holdover Account, the Collection Account, the Reserve Accounts and the Deposit Account, for the payment thereof and the enforcement of any lien hereby created or the enforcement of any covenant, condition or agreement contained herein or under any of the other Indenture Security Documents.

(c) The provisions of Section 1.14(a) and (b) hereof shall not (i) constitute a waiver, release or impairment of any obligation of the Issuer (without recourse to its partners, members or other equity investors) evidenced or secured by the Notes, this Indenture or any other Indenture Security Document to the extent that it would impair the Trustee's (or the Servicer's or Special Servicer's or the Trustee's behalf) right or ability to declare an Event of Default or accelerate the maturity of the Notes, (ii) constitute a waiver of the Trustee's right under Section 1111(b) of the United States Bankruptcy Code to claim against the Issuer (without recourse to its partners, members or other equity investors, other than to the extent expressly provided with respect to the Property Owners in the Environmental Indemnity) the full amount of the indebtedness evidenced by the Notes or incurred pursuant to any of the other Indenture Security Documents or (iii) impair the right of the Trustee to obtain a deficiency judgment (without recourse to any partner, member or other equity investor in the Issuer, other than to the extent expressly provided with respect to the Property Owners in the Environmental Indemnity) in any action or proceeding in order to preserve its rights and remedies against Collateral as to which a lien is granted hereunder, including, without limitation, foreclosure, nonjudicial foreclosure or the exercise of a power of sale, under the Collateral.

SECTION 1.15 [Intentionally Omitted].

SECTION 1.16 Execution in Counterparts.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE II

FORMS OF THE NOTES

SECTION 2.1 Forms Generally.

(a) The Notes and the Trustee's certificate of authentication shall be in substantially the form set forth in this Article, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification or designation and such legends or endorsements placed thereon as may be required to comply with any applicable law or with any applicable rules made pursuant thereto or with the applicable rules of any securities exchange on which any of the Notes may be listed or any depositary or any governmental agency, to conform with market practice or as may, consistent herewith, be determined by the officers executing any Notes, as evidenced by their execution of such Notes.

(b) Notes that are Restricted Notes (including each Restricted Global Note) shall bear a legend as set forth in Section 2.4(a) and as required by Section 2.5. Notes that are Global Notes shall bear a legend as set forth in Section 2.4(b). Each Regulation S Temporary Global Note shall bear a legend as set forth in Section 2.4(c). Each Note shall be dated the date of its authentication.

(c) The definitive Notes shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Notes, as evidenced by their execution of such Notes.

SECTION 2.2 Form of Trustee's Certificate of Authentication.

The Trustee's certificates of authentication for the Notes shall be in substantially the following form:

This Note is one of the Notes referred to in the above-mentioned Indenture.

LaSalle Bank National Association,
as Trustee

By: _____

Authorized Officer
 or
 LaSalle Bank National Association,
 as Trustee
 By: _____
 as Authenticating Agent
 By: _____
 Authorized Officer

SECTION 2.3 Form of the Notes.

(a) Except as otherwise provided pursuant to this Section 2.3, the Notes are issuable in definitive, fully registered form without coupons in substantially the form of Exhibit A hereto, with such applicable legends as are provided for in Sections 2.4 and 2.5. The Notes are not issuable in bearer form.

(b)(i) Notes that are to be offered and sold in reliance on Regulation S shall be issued initially in the form of a single temporary Global Note (a "Regulation S Temporary Global Note") in fully registered form without interest coupons, substantially in the form of Exhibit A hereto, with such applicable legends as are provided for in Section 2.4. Any Regulation S Temporary Global Note shall be duly executed by the Issuer and authenticated by the Trustee, as provided herein, and shall be registered in the name of the Depositary or its nominee and deposited with the Trustee, as Custodian, at its Corporate Trust Office, for credit to the accounts of the Agent Member then acting for Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the respective beneficial owners of such Note in accordance with the rules thereof. On or after the termination of the Regulation S Distribution Compliance Period, interests in any Regulation S Temporary Global Note will be exchangeable for corresponding interests in an unrestricted Global Note (individually, an "Unrestricted Global Note" and, collectively, "Unrestricted Global Notes"), respectively, each in definitive, fully registered form without interest coupons, substantially in the form of Exhibit A hereto, and each with such applicable legends as are provided for in Section 2.4. The aggregate principal amount of a Regulation S Temporary Global Note and an Unrestricted Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary, as hereinafter provided.

(ii) A holder of a beneficial interest in a Regulation S Temporary Global Note may arrange to receive distributions on account of such interest through Euroclear or Clearstream, Luxembourg only after delivery by such Person to Euroclear or Clearstream, Luxembourg, as the case may be, of a written certification (an "Owner Securities Certification") substantially in the form of Exhibit B-1 hereto, and upon delivery by Euroclear or Clearstream, Luxembourg, as the case may be, to the Principal Paying Agent of a certification or certifications (each, a "Depositary Securities

Certification") substantially in the form of Exhibit B-2 hereto. The delivery by such holder of a beneficial interest in such Regulation S Temporary Global Note of such certification shall constitute an irrevocable instruction by such holder to Euroclear or Clearstream, Luxembourg, as the case may be, to exchange such holder's beneficial interest in the Regulation S Temporary Global Note for a beneficial interest in the Unrestricted Global Note of the same Class upon the expiration of the relevant Regulation S Distribution Compliance Period in accordance with the next succeeding paragraph. No distribution shall be paid to any holder of a beneficial interest in a Regulation S Temporary Global Note until the foregoing Owner Securities Certification has been provided to Euroclear or Clearstream, Luxembourg, as the case may be, by such holder and no distribution shall be paid to Euroclear or Clearstream, Luxembourg in respect of such holder's interest in a Regulation S Temporary Global Note unless Euroclear or Clearstream, Luxembourg, as the case may be, has provided a Depository Securities Certification to the Principal Paying Agent with respect to such interest.

Upon

- (A) the expiration of the Regulation S Distribution Compliance Period,
- (B) receipt by Euroclear or Clearstream, Luxembourg, as the case may be, and the Principal Paying Agent of the certificates described in the preceding paragraph,
- (C) receipt by the Depository of
 - (1) written instructions given in accordance with the Applicable Procedures from an Agent Member directing the Depository to credit or cause to be credited to a specified Agent Member's account a beneficial interest in an Unrestricted Global Note in a principal amount equal to that of the beneficial interest in a corresponding Regulation S Temporary Global Note for which the necessary certificates have been delivered, and
 - (2) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Agent Member, and the Euroclear or Clearstream, Luxembourg account for which such Agent Member's account is held, to be credited with, and the account of the Agent Member to be debited for, such beneficial interest, and
- (D) receipt by the Trustee of notification from the Depository of the transactions described in (C) above,

the Trustee, as Registrar, shall instruct the Depository to reduce the principal amount of such Regulation S Temporary Global Note and to increase the principal amount of such Unrestricted

Global Note, by the principal amount of the beneficial interest in such Regulation S Temporary Global Note to be so transferred, and to credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in such Unrestricted Global Note having a principal amount equal to the amount by which the principal amount of such Regulation S Temporary Global Note was reduced upon such transfer.

(c) Notes that are to be offered and sold to QIBs in accordance with Rule 144A shall be issued in definitive, fully registered form without interest coupons, substantially in the form of Exhibit A hereto, with such applicable legends as are provided for in Section 2.4. The Notes issued to QIBs may be issued in the form of a single Global Note (individually, a "Restricted Global Note" and, collectively, the "Restricted Global Notes"). Restricted Global Notes shall be duly executed by the Issuer and authenticated by the Trustee as provided herein and shall be registered in the name of a nominee of the Depositary and deposited with the Trustee, as Custodian, at its Corporate Trust Office, for credit to the respective account of the Depositary's Agent Members who hold interests in such Restricted Global Notes. The aggregate principal amount of a Restricted Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary, as hereinafter provided.

(d) Notes that are to be offered and sold to Institutional Accredited Investors that are not QIBs, sold in each case to an Institutional Accredited Investor that has executed and delivered to the Registrar a letter substantially in the form of Exhibit F hereto (an "Investment Representation Letter"), shall be issued in definitive, fully registered form without interest coupons, substantially in the form of Exhibit A hereto, with such applicable legends as are provided for in Section 2.4. The Notes sold to Institutional Accredited Investors in accordance with the foregoing sentence (individually, a "Definitive Note" and collectively, the "Definitive Notes") shall not be issued in the form of global notes, provided, however, that Definitive Notes acquired by QIBs in accordance with Rule 144A or acquired in reliance on Regulation S may be exchanged for interests in Global Notes pursuant to Section 3.8(e). Definitive Notes shall be duly executed by the Issuer and authenticated by the Trustee as provided herein, and shall be registered in the name of the Institutional Accredited Investor purchasing such Note.

SECTION 2.4 Legends.

(a) Restricted Notes (including Restricted Global Notes) shall bear a legend substantially in the following form:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, EXCEPT (A) BY THE INITIAL INVESTOR (I) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED

INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (B) BY SUBSEQUENT INVESTORS, AS SET FORTH IN (A) ABOVE AND, IN ADDITION, TO AN INSTITUTIONAL ACCREDITED INVESTOR AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D OR AN ENTITY IN WHICH EACH OF THE EQUITY OWNERS IS AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE (C) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES.

THIS NOTE WILL NOT BE ACCEPTED FOR REGISTRATION OF TRANSFER UNLESS THE REGISTRAR OR TRANSFER AGENT IS SATISFIED THAT THE RESTRICTIONS ON TRANSFER SET FORTH ABOVE HAVE BEEN COMPLIED WITH, ALL AS PROVIDED IN THE INDENTURE.

(b) So long as DTC is acting as Depository, Global Notes shall bear a legend substantially in the following form:

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE REFERRED TO HEREIN. THIS GLOBAL NOTE MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A NOTE REGISTERED IN THE NAME OF ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THE INDENTURE. BENEFICIAL INTERESTS IN THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE INDENTURE.

(c) Regulation S Temporary Global Notes shall bear a legend substantially in the following form:

THIS NOTE IS A REGULATION S TEMPORARY GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE REFERRED TO HEREIN. INTERESTS IN THIS REGULATION S TEMPORARY GLOBAL NOTE MAY NOT BE OFFERED OR SOLD TO A U.S. PERSON OR FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON PRIOR TO THE EXPIRATION OF THE REGULATION S DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN THE INDENTURE), AND NO TRANSFER OR EXCHANGE OF AN INTEREST IN THIS REGULATION S TEMPORARY GLOBAL NOTE MAY BE MADE FOR AN INTEREST IN A RESTRICTED GLOBAL NOTE OR IN AN UNRESTRICTED GLOBAL NOTE UNTIL AFTER THE LATER OF THE DATE OF TERMINATION OF THE REGULATION S DISTRIBUTION COMPLIANCE PERIOD AND THE DATE ON WHICH THE OWNER SECURITIES CERTIFICATION AND THE DEPOSITARY SECURITIES CERTIFICATION RELATING TO SUCH INTEREST HAVE BEEN PROVIDED IN ACCORDANCE WITH THE TERMS OF THE INDENTURE, TO THE EFFECT THAT THE BENEFICIAL OWNER OR OWNERS OF SUCH INTEREST ARE NOT U.S. PERSONS.

(d) Definitive Notes, in addition to the legend set forth in Section 2.4(a), will also bear a legend substantially in the following form:

THIS NOTE WILL NOT BE ACCEPTED IN EXCHANGE FOR A BENEFICIAL INTEREST IN A GLOBAL NOTE UNLESS THE HOLDER OF THIS NOTE, SUBSEQUENT TO SUCH EXCHANGE, WILL HOLD A MINIMUM AGGREGATE BENEFICIAL INTEREST IN SUCH GLOBAL NOTE OF AT LEAST TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000).

SECTION 2.5 Restricted Notes.

During the period beginning on the Closing Date and ending on the date two years from the Closing Date, all Notes offered and sold to QIBs in reliance on Rule 144A and all Notes sold to Institutional Accredited Investors that are not QIBs shall be deemed "Restricted Notes" and shall bear on their face, and be subject to the restrictions on transfer provided in, the legend set forth in Section 2.4(a); provided, however, that the term "Restricted Notes" shall not include Notes as to which restrictions have terminated in accordance with Section 3.8(c).

SECTION 2.6 Global Notes.

(a) (i) Any Note issued in exchange for a Global Note or any portion thereof shall be a Global Note, provided, however; that any such Note so issued that is registered in the name of a Person other than the Depositary or a nominee thereof shall not be a Global Note. Notwithstanding any other provision of this Indenture, a Global Note shall not be exchanged in whole or in part for a Note registered in the name of any Person other than the Depositary or one or more nominees thereof, unless (1) the Depositary (A) notifies the Issuer that it is unwilling or unable to continue as Depositary for such Global Note or (B) ceases to be a clearing agency registered under the Exchange Act, and in either case the Issuer fails to appoint a successor depositary (as described below) or

(2) there shall have occurred and be continuing an Event of Default with respect to the Notes. Any Global Note exchanged pursuant to clause (1) above shall be so exchanged from time to time in whole and not in part and any Global Note exchanged pursuant to clause (2) above may be exchanged from time to time in whole or in part as directed by the Depositary.

(ii) The Issuer hereby designates DTC as the Depositary with respect to the Global Notes. If at any time DTC notifies the Issuer that it is unwilling or unable to continue as Depositary for the Global Notes or if at any time DTC has ceased to be a clearing agency registered under the Exchange Act if so required by applicable law or regulation, the Issuer shall be entitled to appoint a successor depositary with respect to each Global Note and provide notice to the Trustee of such appointment. If (x) a successor depositary for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such unwillingness, inability or ineligibility, (y) an Event of Default has occurred and is continuing and the beneficial owners representing a majority in principal amount of the Notes represented by such Global Note advise DTC, with a copy to the Trustee and the Issuer, to cease acting as depositary for such Global Note or (z) the Issuer, in its sole discretion, determines at any time that all (but not less than all) Outstanding Notes issued or issuable in the form of a Global Note shall no longer be represented by such Global Note and advises the Trustee and DTC of such determination, then the Issuer shall execute, and the Trustee shall authenticate and deliver, definitive Notes of like class, rank, tenor and terms in definitive form in an aggregate principal amount equal to the principal amount of such Global Notes. On or after the earliest date on which such interests may be so exchanged as described above, each Global Note shall be surrendered for exchange by DTC to the Trustee; provided, however, that such exchange is subject to the terms of Section 3.8(b) herein.

(b) Notes issued in exchange for a Global Note or any portion thereof shall be issued in definitive, fully registered form, shall have an aggregate principal amount equal to that of such Global Note or portion thereof to be so exchanged, shall be registered in such names and be in such authorized denominations as the Depositary shall designate and shall bear the applicable legends provided for herein. Any Global Note to be exchanged in whole shall be surrendered by the Depositary to the Transfer Agent located at the Corporate Trust Office to be so exchanged. With regard to any Global Note to be exchanged in part, either such Global Note shall be so surrendered or exchanged or, if the Trustee is acting as custodian for the Depositary or its nominee with respect to such Global Note, the principal amount thereof shall be reduced, by an amount equal to the portion thereof to be so exchanged, by means of an appropriate adjustment made on the records of the Trustee. Upon any such surrender or adjustment, the Trustee shall authenticate and deliver the Note issuable on such exchange to or upon the order of the Depositary or an authorized representative thereof. Any Note delivered in exchange for the Global Note or any portion thereof shall, except as otherwise provided by Section 3.8, bear the legend regarding transfer restrictions required by Section 2.5.

(c) Subject to the provisions in the legends required by Section 2.4 above, a registered Holder may grant proxies and otherwise authorize any Person, including any Agent Member and any Person who may hold an interest in an Agent Member, to take any action that such Holder is entitled to take under this Indenture.

(d) In the event of the occurrence of any of the events specified in paragraph (a) of this Section 2.6, the Issuer will promptly make available to the Trustee a reasonable supply of certificated Notes of each Class in definitive, fully registered form.

(e) Neither members of, or participants in, the Depository ("Agent Members" and each an "Agent Member") nor any other Person on whose behalf Agent Members may act shall have any rights under this Indenture with respect to any Global Note held on its or their behalf by the Depository or under any such Global Note, and the Depository may be treated by the Issuer, the Trustee and any agent of the Issuer or the Trustee (including, without limitation, the Servicer) as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Trustee or any agent of the Issuer or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices governing the exercise of the rights of a Holder of any Note. With respect to any Global Note deposited on behalf of the subscribers for the Notes represented thereby with the Trustee as custodian for the Depository for credit to their respective accounts (or to such other accounts as they may direct) at Euroclear or Clearstream, Luxembourg, the provisions of the "Operating Procedures of the Euroclear System" and the "Terms and Conditions Governing Use of Euroclear" and the "Management Regulations" and "Instructions to Participants" of Clearstream, Luxembourg, respectively, shall be applicable to Global Notes.

ARTICLE III

THE NOTES

SECTION 3.1 Equal and Ratable Securities; Amount; Authorization.

(a) Each Note of each Class shall rank pari passu with each other Note of such Class. The Notes of all Classes shall be equally and ratably secured by the Indenture Collateral, provided that (i) payment of principal and interest on the Notes of any Class shall be subject to the priorities of distributions set forth in Sections 3.5(c) and Section 5.6, as applicable and (ii) payments of Default Premium, if any, on the Notes and payments of Make-Whole Amounts, if any, on the Notes shall be subordinate to any payment of principal and interest on any Outstanding Note, also as set forth in Sections 3.5 and 5.6, as applicable. The aggregate principal amount of the Notes that may be authenticated, delivered and Outstanding under this Indenture and which may be Outstanding at any time is limited to \$500,000,000 (except for Notes authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, other Notes pursuant to the provisions of this Indenture or the Notes). All Notes shall be substantially identical except as to denominations and tenor and except as expressly permitted in this Indenture.

(b) The Notes shall be known and designated as the "Commercial Mortgage-Backed Notes, Series 2000-VNO, due March 15, 2010" and shall be issuable hereunder in the following Classes: Class A-1 Notes; Class A-2 Notes; Class B Notes; Class C Notes; Class D Notes; Class E Notes and Class F Notes. The Scheduled Maturity Date for the Notes shall be March 15, 2010.

(c) The Issuer hereby grants, and this Indenture shall evidence, a continuing lien and security interest in the Indenture Collateral, including without limitation, the Payment Account, the Collection Account, the Holdover Account and any other similar account established by the Trustee, the Servicer or the Special Servicer in furtherance of its rights or responsibilities under this Indenture or any other Security Document to secure the full payment of the principal of and interest, and all other amounts payable, on all the Notes, which shall in all respects be equally and ratably secured hereby without preference, priority or distinction on account of the actual time or times of the authentication and delivery of the Notes provided that (i) payment of principal and interest on the Notes of any Class shall be subject to the priorities of distributions set forth in Section 3.5 and Section 5.6, as applicable and (ii) payment of Default Premium, if any, on any Notes and payments of Make-Whole Amounts, if any, on any Notes shall be subordinate to any payment of principal and interest on any Outstanding Notes, also as set forth in Section 3.5 and Section 5.6. The foregoing grant shall not be in derogation or limitation of any lien or security interest granted under any Security Document to the Trustee to secure amounts payable on the Notes.

(d) Notes may be transferred at the option of the Holder thereof to the Depository for credit to the account of any Agent Member in accordance with this Indenture. Thereafter, the Depository or its nominee shall be the Holder of the portion of the Global Note evidencing any Notes so transferred and the beneficial ownership thereof.

SECTION 3.2 Denominations.

The Notes shall be issuable in fully registered form, without coupons, in denominations of \$25,000, with respect to the Class A Notes, \$50,000 with respect to the Class B, Class C, Class D and Class E Notes, and \$100,000 with respect to the Class F Notes, and in each case integral multiples of \$1 in excess thereof, other than Notes issued to Institutional Accredited Investors, which shall be in denominations of \$250,000 and integral multiples of \$1 in excess thereof.

SECTION 3.3 Conditions Precedent to Issuance of Notes.

On the date hereof, Notes may be executed by the Issuer and authenticated and delivered by the Trustee to the specified parties upon the Issuer Request (directing the Trustee to authenticate the Notes and designating to whom the Trustee shall deliver the authenticated Notes) only if the Issuer shall have delivered the following to the Trustee (as evidenced by the Officer's Certificate referred to in (f) below and provided that the Trustee shall have no obligation to review the following and shall make no representation as to their sufficiency or effectiveness):

(a) A copy of the certificate of formation, certificate of limited partnership, certificate of incorporation or any other charter or organizational document (as applicable) of each of the Issuer and each Property Owner, and any amendments thereto, certified, as applicable, by the appropriate government official of its jurisdiction of incorporation or organization.

(b) A certificate of the Secretary or Assistant Secretary of the Issuer, stating that:

(i) the copy of the applicable charter or organizational document of each of the Issuer and each Property Owner provided under clause (a) above is true and complete;

(ii) the attached copy of resolutions of the Board of Directors: (A) authorizing the issuance of the Notes and (B) authorizing the officers (or classes of officers) identified therein to execute documents on the Issuer's behalf, is true and complete and that such resolutions remain in full force and effect and have not been modified or amended;

(iii) the attached copy of the resolutions of each of the governing bodies of each of the Property Owners (A) authorizing the issuance of the Mortgage Notes and the execution and delivery of the Mortgage and the other Mortgage Security Documents and (B) authorizing the officers (or classes of officers) identified therein to execute documents on such Property Owner's behalf is true and complete and that such resolutions remain in full force and effect and have not been modified or amended; and

(iv) the Persons who, as officers of such entity (acting on behalf of the Issuer or such Property Owner, as applicable), executed this Indenture, the Notes, the Mortgage Notes, the Mortgage and each other Security Document to which the Issuer or such Property Owner is a party, and any certificates or other papers delivered to the Trustee in connection with the execution and delivery of this Indenture and each other Security Document and the issuance of the Notes and the Mortgage Notes, were validly elected to, and the incumbents of, the offices they purported to hold at the time of such execution, delivery and issuance, and that their signatures set forth on such certificate are genuine.

(c) Executed counterparts of this Indenture, the agreements between the Issuer and the Agents referred to in the penultimate paragraph of Section 3.6(b), the Notes, the Mortgage Notes (together with an allonge thereto), the Mortgage, the Assignment of Mortgage, the Collateral Assignment of Mortgage Notes and Other Mortgage Security Documents, the Assignment of Leases, the Environmental Indemnity, the Subordination of Management Agreement and the Assignment of Contracts and each of the other Security Documents.

(d) Copies of any orders of any governmental body or any other third party consents identified in any opinion of counsel to the Issuer as being required in connection with the issuance of the Notes or the execution and delivery of this Indenture and each other Security Document.

(e) Opinions of Counsel for the Issuer addressed to the Trustee and the Initial Purchasers and substantially to the effect set forth in the Purchase Agreement.

(f) An Officer's Certificate from the Issuer, dated the Closing Date, stating that, to the best knowledge of the signer(s) thereof, (i) there is no Event of Default continuing under this Indenture, (ii) the Issuer nor the Property Owners (on a combined basis) has not sustained since the date of the latest unaudited financial statements included in the final offering memorandum, dated February 25, 2000 and relating to the offering and sale of the Securities (the "Offering Memorandum"), any loss or interference with its business from fire, explosion, flood or other

calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, in each case that could reasonably be expected to have a material adverse effect on the Issuer or the Mortgaged Properties taken as a whole, (iii) since the respective dates as of which information is given in the Offering Memorandum, there has not been any change in the long-term debt of the Issuer nor the Property Owners (on a combined basis) or any material change, or any development involving a prospective change in, or affecting, the general affairs, management, financial position, equity or results of operations of the Issuer nor the Property Owners (on a combined basis) and (iv) that the Issuer has complied with and satisfied, in all material respects, the conditions on its part to be performed or satisfied pursuant to this Section 3.3.

(g) Executed UCC-1 financing statements with respect to the Indenture Collateral naming the Issuer as debtor and the Trustee as secured party thereunder (to be filed by or on behalf of the Issuer in the appropriate filing offices in the States of New York, New Jersey, Pennsylvania, Maryland, Massachusetts and Connecticut).

(h) Executed UCC-1 financing statements naming the Property Owners as debtor, the Issuer as secured party thereunder and the Trustee as assignee (to be filed by or on behalf of the Property Owners in the appropriate filing offices in the State of New Jersey, New York, Pennsylvania, Connecticut, Maryland and Massachusetts);

(i) [Intentionally Omitted]

(j) ALTA form title insurance policies (or fully effective, "marked-up" commitments therefor) insuring the Mortgagee's interest in each of the Mortgaged Properties, in each case in an amount at least equal to the Allocated Amount applicable to such Mortgaged Property in form and substance and with such endorsements and affirmative insurance as may be satisfactory to the Issuer and the Initial Purchasers, such approval to be conclusively evidenced by the delivery thereof to the Trustee;

(k) Such other opinions, certificates, letters, and documents as the Trustee shall reasonably request; and

(l) A letter from each of the Rating Agencies indicating the ratings such Rating Agency has assigned to the Notes.

Copies of the documents described in clauses (a) through (l) above shall also be delivered to the Servicer.

SECTION 3.4 Execution, Authentication and Delivery of the Notes.

Each Note shall be executed manually or in facsimile on behalf of the Issuer by any Person so authorized and listed on Exhibit D hereto to sign documents on behalf of the Issuer in connection with the performance of the Issuer's obligations under this Indenture and the other Security Documents (each, an "Authorized Person"), notwithstanding that such Persons, or any of them, shall have ceased, for any reason, to be so authorized prior to the authentication and delivery of such Note or was not so authorized at the date of any such Note. The Issuer shall have the right to add to or delete from the names listed on Exhibit D upon written notice to the Trustee and the Servicer signed by an Authorized Person and, in the case of additions to the list of Authorized Persons, accompanied by a specimen signature of each newly designated Authorized Person. The Notes may also have such additional provisions, omissions, variations or substitutions as are not inconsistent with the provisions of this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with any applicable law or with any applicable rules made pursuant thereto or with the applicable rules of any securities exchange or governmental agency or as may, consistently herewith, be determined by an Authorized Person executing such Notes, as conclusively evidenced by their execution of such Notes. All Notes shall be otherwise substantially identical except as to denomination and as provided herein.

The Trustee is hereby authorized, upon receipt of Notes duly executed on behalf of the Issuer for the purposes of the original issuance of such Notes and receipt of the other documents set forth in Section 3.3, to authenticate such Notes in an aggregate principal amount not in excess of \$500,000,000 and to deliver such Notes to the Issuer or any other Person designated by the Issuer and, thereafter, to authenticate and deliver Notes in accordance with the provisions hereinafter set forth.

The Trustee may, with the consent of the Issuer, appoint by an instrument or instruments in writing one or more Authenticating Agents (which may include the Trustee itself) for the authentication of Notes and, with such consent, vary or terminate any such appointment upon written notice and approve any change in the office through which any Authenticating Agent acts. The Issuer (by written notice to the Trustee and the Authenticating Agent whose appointment is to be terminated) may also terminate any such appointment at any time; provided, however, that if the Trustee is acting as the Authenticating Agent, it may be terminated as Authenticating Agent only if it is also being terminated as Trustee. The Trustee hereby agrees to solicit written acceptances from the entities concerned (in form and substance satisfactory to the Issuer) of such appointments; provided, however, that the Trustee shall not be required to solicit such written acceptances from any of its Affiliates who act in the capacity of Paying Agent. In its acceptance of such appointment, each Authenticating Agent shall agree to act as an authenticating agent pursuant to the terms and conditions of this Indenture. The Principal Paying Agent and Paying Agent shall also be Authenticating Agents.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for in Section 2.2, executed by the Trustee or an Authenticating Agent by manual signature,

and such certificate of authentication upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

SECTION 3.5 Deposit Account, Collection Account, Payment Account; Holdover Account.

(a) (i) On or prior to the date hereof, the Issuer will cause the Property Owners to establish a single segregated account with an Eligible Institution, reasonably satisfactory to the Trustee and the Servicer (the "Deposit Account Bank") in the name of the Property Owners and the Trustee as secured party (the "Deposit Account") into which all rents, proceeds and all other revenues obtained by or for the account of the Property Owners from or in connection with the ownership or operation of the Mortgaged Properties are to be deposited (other than, in certain circumstances, casualty and condemnation proceeds which will be deposited in an Eligible Account which is not the Deposit Account or a sub-account thereof and maintained by the Servicer in accordance with the Cash Management Agreement). As of the Closing Date, the Deposit Bank shall be Fleet Bank, N.A. ("Fleet"). The parties hereto agree and acknowledge that, notwithstanding the definition of Eligible Institution, Fleet shall be deemed to be an Eligible Institution for purposes of the Indenture and the Mortgage Security Documents provided that if Fleet's long-term unsecured debt rating shall not be at least A2 from Moody's and A from DCR (or, if not rated by DCR, one additional NRSRO) (or its equivalent), Fleet shall no longer be deemed an Eligible Institution unless a Rating Agency Confirmation is obtained.

Pursuant to the terms of the Cash Management Agreement, (i) prior to the Closing Date, the Property Owners will be required to send notices to all tenants at the Mortgaged Properties directing them to pay all rent and other sums due pursuant to leases to which they are a party directly into the Deposit Account, (ii) the Property Owners will be required to deposit all rents and other amounts they receive with respect to the Mortgaged Properties into the Deposit Account, (iii) prior to the Closing Date, the Property Owners will be required to instruct the Property Manager to immediately deposit all rents and other sums collected by the Property Manager on or after the Closing Date in accordance with the Management Agreements into the Deposit Account and (iv) there may be no other accounts maintained by the Property Owners or the Property Manager into which rents and revenues from the Mortgaged Properties are directly deposited.

So long as no Triggering Event exists, the Property Owners will be permitted to withdraw funds from the Deposit Account at any time. The Cash Management Agreement also requires the Property Owners to (A) pay all Operating Expenses with respect to the Mortgaged Properties, (B) deposit into the Collection Account on or prior to each Due Date, the monthly amount of principal and interest due in respect of the Mortgage Notes which shall be the same as the monthly amount of principal and interest due in respect of the Notes, (C) deposit into the Collection Account on or prior to each Due Date, any other amounts required to be deposited into the Collection Account, (D) make any required deposits into the Collection Account for further deposit into the Tax Escrow Account and the New Hyde Park Lease Reserve Account on or prior to the Due Date, (E) make any required deposits, if any, into the Collection Account for further deposit into the Capital

Expenditure Reserve Account on or prior to each Due Date and (F) pay all other sums then due pursuant to the Mortgage, the Indenture, the Declaration of Trust, and the Security Documents, including Trustee Fees, Servicing Fees, Special Servicing Fees, Work-out Fees and Liquidation Fees.

Upon the occurrence of a Triggering Event and during its continuance, neither the Issuer nor any Property Owner will have the right to withdraw funds from the Deposit Account and from time to time and on or prior to each Due Date following the occurrence and during the continuance of a Triggering Event, any amounts on deposit in the Deposit Account will be applied by the Servicer or, with respect to a Triggering Event which has not occurred as a result of an Event of Default, the Deposit Account Bank, pursuant to the terms of the Cash Management Agreement.

(ii) On or prior to the date hereof, the Servicer shall establish and maintain a single, segregated account (the "Collection Account"), with an Eligible Institution (the "Collection Account Bank") which is required to be an Eligible Account, in the name of the Servicer, as Servicer for the Trustee. The Collection Account will be under the sole dominion and control of the Servicer, as Servicer for the Trustee, and neither the Issuer nor any Property Owner will have the right to withdraw funds from the Collection Account.

(iii) On or prior to the date hereof, the Trustee shall establish a segregated trust account (the "Payment Account"), in the Trustee's name, which shall be an Eligible Account, bearing a designation clearly indicating that such account and all funds deposited therein (including all investments of such deposited funds and all income or other gain from such investments) are held for the exclusive benefit of the Holders.

(iv) Prior to the occurrence of a Triggering Event, two Business Days prior to each Payment Date (each, a "Due Date"), commencing in March, 2000, the Issuer shall deposit, or cause the Property Owners to deposit on its behalf, into the Collection Account the amount of interest and principal due in respect of the Notes on such Payment Date and all other amounts due in respect of such Due Date pursuant to this Indenture, including Trustee Fees, Servicing Fees, Special Servicing Fees, Work-out Fees and Liquidation Fees (such amount, the "Monthly Payment Amount"), as well as the monthly amounts required to be deposited in the Reserve Accounts (which such amounts shall be transferred by the Servicer on such Due Date to the applicable Reserve Accounts). As of the Closing Date, the Collection Account shall be located at PNC Bank, National Association. The Servicer shall give notice to the Trustee and the Issuer of any change in the location of the Collection Account

The Servicer shall remit to the Trustee for deposit in the Payment Account all funds then available in (i) the Fee Reserve Account (to the extent allocable to amounts owed to the Trustee or the Certificate Trustee) and (ii) the Collection Account (in each case in accordance with the Cash Management Agreement) at or before 3:00 p.m. (New York time) on the Business Day immediately preceding each Payment Date and on the Business Day immediately preceding each Redemption Date and on the Business Day preceding the Maturity Date, to be applied by the Trustee in respect of the payment of all interest and principal, as applicable, that will be required to be paid by the Issuer in respect of any Outstanding Notes on such Payment Date, Redemption Date or Maturity Date and in

respect of any Trustee Fees or other amounts owing to the Trustee or the Certificate Trustee on such Payment Date, Redemption Date or Maturity Date. If funds shall not be available to the Servicer to make such deposit at or before 11:00 a.m. (New York time) on the second Business Day immediately preceding each Payment Date, Redemption Date or the Maturity Date, as the case may be, then the same shall constitute an Event of Default hereunder and the Issuer shall owe interest on such amount as set forth in Section 3.11(d). Notwithstanding any cure by the Servicer under the provisions of Section 7.24(i), to the extent that the Servicer does not make such remittances to the Payment Account on the Business Day preceding each Payment Date, Redemption Date or Maturity Date, as applicable, the Servicer will be required to pay the Trustee for the account of the Trustee interest on any amount not timely remitted at the Advance Interest Rate from and including the first Business Day prior to the Payment Date to but not including the date such remittance is actually made. The Trustee will promptly advise the Servicer by facsimile or by e-mail of all amounts received hereunder. The Trustee shall have exclusive control and sole right of withdrawal with respect to the Payment Account for the purpose of making withdrawals from the Payment Account in accordance with this Indenture. Funds in the Payment Account shall not be commingled with any other monies. Subject to the interests of the Trustee pursuant to this Section 3.5, all monies deposited from time to time in the Payment Account and all investments made with such monies, including all income or other gain from such investments, shall be held by the Trustee in the Payment Account for the benefit of the Holders as provided herein and, to the extent specified in Section 3.5(d) and Section 6.15, the Issuer.

(v) Notwithstanding anything to the contrary in this Indenture (i) all interest earned on funds on deposit in the Deposit Account, any Reserve Account or any other account required to be maintained under this Indenture, the Mortgage or the Cash Management Agreement (other than the Collection Account, the REO Property Account and the Payment Account) shall accrue for the benefit of the Issuer, (ii) the Servicer shall be entitled to one day's interest on all funds deposited in the Collection Account (to the extent such interest is actually earned) and any other interest earned on funds on deposit in the Collection Account shall accrue for the benefit of the Issuer, (iii) the Special Servicer shall be entitled to all interest on all funds deposited in the REO Property Account (to the extent such interest is actually earned), the Trustee shall be entitled to one day's interest on all funds deposited in the Payment Account during the period from and including the Business Day prior to the Payment Date, Redemption Date or Maturity Date, as applicable, to but excluding the related Payment Date, Redemption Date or Maturity Date, as applicable and any other interest earned on funds on deposit in the Payment Account shall accrue for the benefit of the Issuer.

(b) So long as no Event of Default shall have occurred and be continuing, all of the funds on deposit in the Payment Account shall be invested and reinvested by the Trustee in one or more Eligible Investments specified in the Issuer Request (or, if no Issuer Request is delivered to the Trustee, then in accordance with Section 6.14(viii)) only in the event such funds are reasonably expected by the Trustee to be on deposit for a period in excess of the period from and including the Business Day prior to the Payment Date, Redemption Date or Maturity Date, as applicable, to but excluding the related Payment Date, Redemption Date or Maturity Date, as applicable, subject to the following requirements; provided, however, that in no event shall amounts in the Payment Account be invested on the Business Day preceding (1) any Payment Date or (2) the Maturity Date:

(i) such Eligible Investments shall not mature later than the Business Day prior to the date such amounts are required to be applied under this Indenture;

(ii) securities purchased with the monies in the Payment Account shall be deemed a part of the Payment Account;

(iii) each such Eligible Investment shall be made in the name of the Trustee (in its capacity as such) or in the name of a nominee of the Trustee under its complete and exclusive dominion and control (or, if applicable law provides for perfection of pledges of an instrument not evidenced by a certificate or other instrument through registration of such pledge on books maintained by or on behalf of the issuer of such investment, such pledge may be so registered);

(iv) the Trustee shall have the sole control over such investment, the income thereon and the proceeds thereof;

(v) other than the investments described in clause (iii) above, any certificate or other instrument evidencing such investment, if any, shall be delivered directly to the Trustee or its agent; and

(vi) the proceeds of each investment (which shall be made as provided in Section 6.14) shall be remitted by the purchaser thereof (if not the Trustee) directly to the Trustee.

All net income or other gain from investments of monies deposited in the Payment Account shall be credited to the Payment Account and any net loss resulting from such investments shall be charged to the Payment Account. The Trustee shall not be liable to the Holder of any Note, the Issuer or any other Person for any loss resulting from any such investment or sale in accordance with this Indenture, whether by depreciation in value or otherwise, unless such loss results from the Trustee's negligence or willful misconduct.

(c) Except as otherwise provided in Section 5.6 hereof, on each Payment Date, Redemption Date or Maturity Date, as applicable, the Trustee shall apply all amounts on deposit in the Payment Account to pay, pursuant to Section 3.11, the following amounts in the following order of priority:

(1) to the extent not paid from the Deposit Account, the Fee Reserve Account or the Collection Account pursuant to the terms of the Cash Management Agreement, (i) any Trustee Fees, Servicer Fees, Special Servicing Fees or other amounts due and payable to the Trustee, the Certificate Trustee, the Servicer or the Special Servicer (including, without limitation, indemnification payment obligations of the Issuer under Section 6.1 and Section 7.21) and any unreimbursed Advance made by the Trustee, the Fiscal Agent, the Servicer or the Special Servicer (and interest thereon at the Advance Interest Rate) and (ii) any Rating Surveillance Charges;

(2) (i) any interest then due and payable on the Class A-1 and Class A-2 Notes (excluding Default Premium, if any) shall be paid to the Holders of the Class A-1 and Class A-2 Notes pro rata until paid in full;

(ii) any principal then due and payable on the Class A-1 Notes (excluding Make-Whole Amounts, if any) shall be paid to the Holders of the Class A-1 Notes until paid in full;

(iii) any principal then due and payable on the Class A-2 Notes (excluding Make-Whole Amounts, if any) shall be paid to the Holders of the Class A-2 Notes until paid in full;

(iv) any interest then due and payable on the Class B Notes (excluding Default Premium, if any) shall be paid to the Holders of the Class B Notes until paid in full;

(v) any principal then due and payable on the Class B Notes (excluding Make-Whole Amounts, if any) shall be paid to the Holders of the Class B Notes until paid in full;

(vi) any interest then due and payable on the Class C Notes (excluding Default Premium, if any) shall be paid to the Holders of the Class C Notes until paid in full;

(vii) any principal then due and payable on the Class C Notes (excluding Make-Whole Amounts, if any) shall be paid to the Holders of the Class C Notes until paid in full;

(viii) any interest then due and payable on the Class D Notes (excluding Default Premium, if any) shall be paid to the Holders of the Class D Notes until paid in full;

(ix) any principal then due and payable on the Class D Notes (excluding Make-Whole Amounts, if any) shall be paid to the Holders of the Class D Notes until paid in full;

(x) any interest then due and payable on the Class E Notes (excluding Default Premium, if any) shall be paid to the Holders of the Class E Notes until paid in full;

(xi) any principal then due and payable on the Class E Notes (excluding Make-Whole Amounts, if any) shall be paid to the Holders of the Class E Notes until paid in full;

(xii) any interest then due and payable on the Class F Notes (excluding Default Premium, if any) shall be paid to the Holders of the Class F Notes until paid in full; and

(xiii) any principal then due and payable on the Class F Notes (excluding Make-Whole Amounts, if any) shall be paid to the Holders of the Class F Notes until paid in full;

(3) any Make-Whole Amounts due and payable on any of the Notes shall be paid to the Holders thereof, in the order of priority described in clause (2) above with respect to payments of principal, until, in each case, all such Make-Whole Amounts due and payable on each Class of Notes has been paid in full except any payments of Make-Whole Amounts due and payable on the Class A-1 and Class A-2 Notes shall be paid pro rata;

(4) any Default Premium due and payable on any of the Notes shall be paid to the Holders thereof, in the order of priority described in clause (2) above with respect to payments of interest, until, in each case, all such Default Premium due and payable on each Class of Notes has been paid in full; and

(5) the balance, if any, except amounts representing unclaimed funds which shall be deposited in the Holdover Account, shall be returned to the Issuer.

Payment on the Outstanding Notes of any Class shall be on a pro rata basis and shall be based, with respect to interest, on the relative proportions of the accrued interest on any Note of such Class to the aggregate amount of accrued interest on all Outstanding Notes of such Class and, with respect to principal, on the relative proportions of the unpaid principal amount of any Outstanding Notes of such Class to the aggregate unpaid principal amount of all Outstanding Notes of such Class and, with respect to Make-Whole Amounts or Default Premium, on the relative proportions of the amount of Make-Whole Amounts or Default Premium due and payable on any Note of such Class to the aggregate amount of Make-Whole Amounts or Default Premium due and payable on all Outstanding Notes of such Class.

Notwithstanding the foregoing, principal and interest will be payable with respect to any Security or portion of a Security that has been defeased pursuant to the terms of this Indenture only from the proceeds of the U.S. Government Securities deposited with the Trustee in connection with such defeasance and only in the amounts that were originally scheduled to be paid on each Payment Date to and including the Scheduled Maturity Date.

(d) Funds in the Payment Account for payments of amounts due and payable and not claimed in accordance with this Indenture on any Outstanding Note shall be deposited by the Trustee in a segregated trust account (the "Holdover Account") in the Trustee's name with the Trustee and shall be held for the account of the Holder or Holders of such Notes pursuant to Section 6.15. Upon the written request of the Issuer, the Trustee shall invest such funds pursuant to Section 6.14, but the

Trustee shall not otherwise be under any obligation to do so. Any investment income earned on amounts held in the Holdover Account shall be credited to the Holdover Account and applied pursuant to Section 6.15. The Trustee shall not be responsible for any net loss that results from such investments.

SECTION 3.6 Registration; Paying Agent.

(a) General. The Issuer shall cause to be kept at the Corporate Trust Office a register (the "Register"), within the meaning of Section 163(f) of the Code and any regulations thereunder, for the registration or transfer of the Notes. The Register shall be maintained by the Trustee, which is hereby appointed as "Registrar" for the purpose of registering Notes and transfers of Notes as provided herein. The name and address of the Holder of each Note, records of any transfers of the Notes and the name and address of any transferee of a Note shall be entered in the Register under such reasonable regulations as the Trustee may prescribe. There shall be no more than one Holder for each Note, including all beneficial interests therein. The Trustee may appoint one or more co-registrars, and the term "Registrar" includes any such co-registrar. The Registrar shall (i) at all reasonable times during office hours make the Register available to the Issuer or any Person authorized by the Issuer in writing for inspection and the making of copies thereof or extracts therefrom and (ii) mail a copy of the Register to the Issuer or any other such Person promptly after request therefor from the Issuer.

Upon surrender for registration of transfer of any Note at the Corporate Trust Office, accompanied by a written instrument of transfer in the form approved by the Issuer and the Trustee (it being understood that, until notice to the contrary is given to Holders, the Issuer and the Trustee shall each be deemed to have approved the form of instrument of transfer, if any, printed on the Notes), executed by the registered owner, in Person or by such Holder's attorney thereunto duly authorized in writing, such Note shall be transferred upon the Register, and the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more newly registered Notes of any authorized denominations and of a like aggregate principal amount. Transfers and exchanges of Notes shall be subject to the restrictions set forth in this Section 3.6 and Section 3.8 and in the text of the Notes and such reasonable regulations as may be prescribed by the Issuer or Registrar. Successive registrations of transfers as aforesaid may be made from time to time as desired, and each such registration shall be noted on the Register.

Any Note (subject, in the case of a Regulation S Temporary Global Note, to the requirements of Section 2.3(b)) may be exchanged for two or more Notes of any authorized denominations and of a like aggregate principal amount in accordance with the provisions of Section 3.2 hereof if the Note to be so exchanged is surrendered for cancellation at the Corporate Trust Office accompanied by the written request of the Holder thereof specifying the denominations of the new Notes to be issued in exchange therefor. New Notes, executed by the Issuer and payable to such Holder in the denominations so requested (but in denominations not less than the principal amount of \$25,000, with respect to the Class A Notes, \$50,000 with respect to the Class B, Class C, Class D and Class E Notes, and \$100,000 with respect to the Class F Notes, and in each case integral multiples of \$1 in excess thereof (or \$250,000 and integral multiples of \$1 in excess thereof for any Notes held by Institutional Accredited Investors), except as such amounts may be adjusted following a partial

redemption and related elections under Article XI or elsewhere in this Indenture), and in an aggregate principal amount equal to the principal amount of the surrendered Notes, shall be authenticated and delivered by the Trustee to such Holder in exchange for the surrendered Note and any exchange of a Note, Global Note, Restricted Note, Restricted Global Note or Regulation S Temporary Global Note provided for in this Indenture shall only be permitted between Notes of the same Class.

(b) In addition to the Principal Paying Agent, the Trustee may, at its discretion, appoint one or more Paying Agents and Transfer Agents, and the Paying Agent, Registrar, Transfer Agent and Authenticating Agent may be the same Person. The Trustee shall promptly notify the Issuer of the name and address of each Paying Agent appointed by it and of the country or countries in which a Paying Agent may act in that capacity, and will notify the Issuer of the resignation or termination of any Paying Agent. Subject to the provisions of this Section 3.6 and the third paragraph of Section 3.4, the Issuer may vary or terminate the appointment of any Agent at any time and from time to time upon giving notice to such Agent and to the Trustee. Each Paying Agent shall have a long-term unsecured debt rating of not less "A+" (or the equivalent) by each of the Rating Agencies (or if not so rated, subject to Rating Agency Confirmation). Each Paying Agent hereunder shall be entitled to the same protections and exculpations as are available to the Trustee under Article VI hereof.

In respect of the Notes, the Trustee (on behalf of the Issuer) shall cause notice of any resignation, termination or appointment of any Paying Agent (including the Principal Paying Agent) or of the Trustee, and of any change in the office outside the United States through which any such Agent will act, to be given to the Holders as provided in Section 1.6 hereof.

The Trustee shall enter into an appropriate agency agreement with any Agent not a party to this Indenture and shall provide a copy of any such agreement to the Trustee. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Trustee shall notify the Issuer of the name and address of any Agent not a party to this Indenture.

The Issuer initially appoints the Trustee as Registrar, Principal Paying Agent, Transfer Agent and Authenticating Agent. If the Trustee resigns or is removed as Trustee hereunder, it shall resign from each of the foregoing capacities. No such resignation or removal shall preclude the Issuer from reappointing the retiring Trustee to any such capacity, provided that it satisfies the rating requirement specified in the first paragraph of this subsection, if applicable.

SECTION 3.7 Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Issuer or any other obligor upon the Notes shall furnish to the Trustee in writing at least four Business Days before each Payment Date and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably request of the names and addresses of the Holders.

SECTION 3.8 Transfer and Exchange.

(a) General. At the option of each Holder but subject to the provisions of this Section 3.8, Notes of any Class may be exchanged for other Notes of that Class of any authorized denomination or denominations and of the same aggregate principal amount, upon surrender of the Notes to be exchanged at any office or agency of the Trustee appointed in or pursuant to Section 3.6 for such purpose. Subject to the terms of this Section 3.8, upon surrender for registration of transfer of any Note at any such office or agency of the Trustee, the Issuer shall prepare and the Issuer shall execute, and the Trustee or an Authenticating Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denomination or denominations and of the same aggregate principal amount. The Trustee will, throughout the term of this Indenture, retain in its permanent records executed originals of all retired Notes delivered to it in connection with any exchanges or replacements hereunder.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Issuer evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Issuer or the Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar (it being understood that, until notice to the contrary is given to Holders of Notes, the Issuer and the Registrar shall each be deemed to have approved the form of instrument of transfer, if any, printed on any definitive Note), duly executed by the Holder or such Holder's attorney duly authorized in writing.

No service charge shall be made for any registration, registration of transfer or exchange of Notes, but the Issuer and the Trustee shall have the right to require payment from the Holder requesting any such registration of transfer or exchange of an amount in United States Dollars sufficient to pay or discharge any stamp duty, tax or other governmental charge or insurance charge that may be imposed in connection with such registration of transfer or exchange.

Neither the Issuer nor the Trustee shall be required to register the transfer of, or exchange, any Note called for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(b) Redemption Period. Neither the Issuer nor the Trustee shall issue Notes, register the transfer of Notes or exchange Notes during a period beginning at the opening of business fifteen (15) days before any selection of Notes to be redeemed and ending on the relevant Redemption Date if the Global Note for which exchange is requested may be among those selected for redemption.

(c) Restricted Notes. Every Restricted Note, including any Note issued upon transfer or exchange thereof, shall be subject to the restrictions on transfer provided in the legend required to be set forth on the face of such Restricted Note pursuant to Section 2.5, unless such restrictions on transfer shall be waived by the written consent of the Issuer, and the Holder of each Restricted Note, by such Holder's acceptance thereof, agrees to be bound by such restrictions on transfer. Whenever any Restricted Note that is a Definitive Note is presented or surrendered for registration of transfer

or for exchange for a Note registered in a name other than that of the Holder, such Restricted Note must be accompanied by (x) a transferor's certificate in substantially the form set forth in Exhibit B-4 unless such transfer is to an Institutional Accredited Investor that is not a QIB or (y) in the case of a transfer to an Institutional Accredited Investor that is not a QIB, a transferee's certificate substantially in the form set forth in Exhibit F. Neither the Registrar nor any Transfer Agent shall be required to accept for such registration of transfer or exchange any Restricted Note unless such Registrar or Transfer Agent is satisfied that such transfer or exchange is being effected in compliance with the restrictions on transfer as set forth in this Indenture and in such Notes including that such transfer or exchange was effected in compliance with Section 3.8(e), (f) or (g) hereof.

The restrictions imposed by this Section 3.8(c) and Section 2.5 upon the transferability of any particular Restricted Note shall cease and terminate when such Restricted Note has been (i) sold pursuant to an effective registration statement, (ii) transferred pursuant to Rule 144 (or any successor provision thereto), unless the transferor in such transfer is an affiliate of the Issuer within the meaning of Rule 144 (or such successor provision), or (iii) transferred pursuant to Regulation S. Any Restricted Note as to which such restrictions on transfer shall have expired in accordance with their terms or shall have terminated may, upon surrender of such Restricted Note for exchange to the Registrar or any Transfer Agent in accordance with the provisions of this Section 3.8 (accompanied, in the event that such restrictions on transfer have terminated by reason of a transfer pursuant to Rule 144 or any successor provision, by an opinion of counsel having substantial experience in practice under the Securities Act and otherwise reasonably acceptable to the Issuer, addressed to the Issuer and in form acceptable to the Issuer, to the effect that the transfer of such Restricted Note has been made in compliance with Rule 144 or such successor provision) be exchanged for a new Note or Notes, of like aggregate principal amount, which shall not bear the restrictive legend required by Section 2.5. The Issuer shall inform the Trustee of the effective date of any registration statement registering the Notes under the Securities Act. The Trustee shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the aforementioned opinion of counsel or registration statement and the Issuer shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the aforementioned opinion of counsel.

As used in the preceding two paragraphs of this Section 3.8(c), the term "transfer" encompasses any sale, pledge, transfer or other disposition of any Restricted Note.

(d) Transfer of Global Notes and Interests Therein. Notwithstanding any other provision of this Indenture or the Notes, transfers of a Global Note, in whole or in part, and transfers of interests therein of the kind described in clauses (iii), (iv) or (v) below, shall be made only in accordance with this Section 3.8(d), and all transfers of an interest in a Regulation S Temporary Global Note shall comply with Sections 3.8(d)(ii), (v) and (vi) below.

(i) General. A Global Note may not be transferred, in whole or in part, to any Person other than the Depositary or a nominee thereof, and no such transfer to any such other Person may be registered; provided, however, that this clause (i) shall not prohibit any transfer of a Note that is issued in exchange for a Global Note but is not itself a Global Note. No transfer of a Note to any Person shall be effective under this Indenture or the Notes unless

and until such Note has been registered in the name of such Person. Nothing in this Section 3.8(d)(i) shall prohibit or render ineffective any transfer of a beneficial interest in a Global Note effected in accordance with the other provisions of this Section 3.8(d).

(ii) Regulation S Temporary Global Note. If the holder of a beneficial interest in a Regulation S Temporary Global Note wishes at any time to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in such Regulation S Temporary Global Note, such transfer may be effected, subject to Applicable Procedures, only in accordance with this Section 3.8(d)(ii). Upon delivery (i) by a beneficial owner of an interest in a Regulation S Temporary Global Note to Euroclear or Clearstream, Luxembourg, as the case may be, of an Owner Securities Certification, (ii) by the proposed transferee of such beneficial interest in the Regulation S Temporary Global Note to Euroclear or Clearstream, Luxembourg, as the case may be, of a written certification (a "Transferee Securities Certification") substantially in the form of Exhibit B-3 hereto and (iii) by Euroclear or Clearstream, Luxembourg, as the case may be, to the Trustee of a Depository Securities Certification, the Trustee may direct either Euroclear or Clearstream, Luxembourg, as the case may be, to reflect on its records the transfer of a beneficial interest in the Regulation S Temporary Global Note from the beneficial owner providing the Owner Securities Certification to the Person providing the Transferee Securities Certification.

(iii) Restricted Global Note to Regulation S Temporary Global Note. If the holder of a beneficial interest in a Restricted Global Note wishes at any time to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Regulation S Temporary Global Note, such transfer may be effected, subject to the rules and procedures of the Depository, Euroclear or Clearstream, Luxembourg and the Agent Member who acts on behalf of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable (the "Applicable Procedures"), only in accordance with the provisions of this Section 3.8(d)(iii). Upon receipt by (1) the Depository of (A) written instructions given in accordance with the Applicable Procedures from an Agent Member directing the Depository to credit or cause to be credited to a specified Agent Member's account a beneficial interest in a Regulation S Temporary Global Note in a principal amount equal to that of the beneficial interest in such Restricted Global Note to be transferred, (B) a written order from the Agent Member and/or Euroclear or Clearstream, Luxembourg, as applicable, given in accordance with the Applicable Procedures containing information regarding the Euroclear or Clearstream, Luxembourg account, as the case may be, to be credited with, and the account of the Agent Member to be debited for, such beneficial interest and (C) a certificate in substantially the form of Exhibit B-5 attached hereto given by the transferor of such beneficial interest in the Restricted Global Note and (2) the Trustee, as Registrar, at its Corporate Trust Office of (A) notification from the Depository of the transaction described in (1) above and (B) the certificate described in (1)(C) above, then the Trustee, as Registrar, shall instruct the Depository to reduce the principal amount of a Restricted Global Note, and to increase the principal amount of a Regulation S Temporary Global Note by the principal amount of the beneficial interest in the Restricted Global Note to be so transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (which shall be the

Agent Member for Euroclear and/or Clearstream, Luxembourg or both, as the case may be) a beneficial interest in such Regulation S Temporary Global Note having a principal amount equal to the amount by which the principal amount of the Restricted Global Note was reduced upon such transfer.

(iv) Restricted Global Note to Unrestricted Global Note. If the holder of a beneficial interest in a Restricted Global Note wishes at any time to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, such transfer may be effected, subject to the Applicable Procedures, only in accordance with this Section 3.8(d)(iv). Upon receipt by (1) the Depository of (A) written instructions given in accordance with the Applicable Procedures from an Agent Member directing the Depository to credit or cause to be credited to a specified Agent Member's account a beneficial interest in an Unrestricted Global Note in a principal amount equal to that of the beneficial interest in such Restricted Global Note to be so transferred, (B) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Agent Member (and, in the case of any such transfer pursuant to Regulation S, the Euroclear or Clearstream, Luxembourg account for which such Agent Member's account is held) to be credited with, and the account of the Agent Member to be debited for, such beneficial interest and (C) a certificate in substantially the form of Exhibit B-6 attached hereto given by the holder of such beneficial interest to be transferred and (2) the Trustee, as Registrar, at its Corporate Trust Office of (A) notification from the Depository of the transaction described in (1) above and (B) the certificate described in (1)(C) above, the Trustee, as Registrar, shall instruct the Depository to reduce the principal amount of a Restricted Global Note, and to increase the principal amount of an Unrestricted Global Note by the principal amount of the beneficial interest in the Restricted Global Note to be so transferred, and to credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in such Unrestricted Global Note having a principal amount equal to the amount by which the principal amount of the Restricted Global Note was reduced upon such transfer.

(v) Regulation S Temporary Global Note or Unrestricted Global Note to Restricted Global Note. If the holder of a beneficial interest in a Regulation S Temporary Global Note on or after the termination of the Regulation S Distribution Compliance Period, or the holder of a beneficial interest in an Unrestricted Global Note at any time, wishes to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Restricted Global Note, such transfer may be effected only in accordance with the Applicable Procedures and this Section 3.8(d)(v); provided, that with respect to any transfer of a beneficial interest in a Regulation S Temporary Global Note (except a transfer pursuant to Section 3.8(d)(vii)(2)) the transferor and Euroclear or Clearstream, Luxembourg, as the case may be, also must have previously delivered the certificates described in the first paragraph of Section 2.3(b)(ii) with respect to such beneficial interest. Upon receipt by (1) the Depository of (A) written instructions given in accordance with the Applicable Procedures from an Agent Member, directing the Depository to credit or cause to be credited to a specified Agent Member's account a beneficial interest in the

Restricted Global Note equal to that of the beneficial interest in a Regulation S Temporary Global Note or an Unrestricted Global Note to be so transferred and (B) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Agent Member to be credited with, and the account of the Agent Member (and, if such account is held for Euroclear or Clearstream, Luxembourg, the Euroclear or Clearstream, Luxembourg account, as the case may be) to be debited for, such beneficial interest, and (2) the Trustee, as Registrar, at its Corporate Trust Office of notification from the Depository of the transaction described in (1) above, the Trustee, as Registrar, shall instruct the Depository to reduce the principal amount of such Regulation S Temporary Global Note or Unrestricted Global Note as the case may be and increase the principal amount of the Restricted Global Note, by the principal amount of the beneficial interest in such Regulation S Temporary Global Note or Unrestricted Global Note to be so transferred, and to credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in such Restricted Global Note having a principal amount equal to the amount by which the principal amount of such Regulation S Temporary Global Note or Unrestricted Global Note was reduced upon such transfer.

(vi) Interests in Regulation S Temporary Global Note to be Held Through Euroclear or Clearstream, Luxembourg. Until the later of the termination of the Regulation S Distribution Compliance Period and the delivery of the certifications required by Section 2.3(b)(ii), (A) interests in any Regulation S Temporary Global Note may be held only through Agent Members acting for and on behalf of Euroclear and Clearstream, Luxembourg, and (B) any purchaser of Notes in a sale made in reliance on Regulation S may not sell or offer to sell such Notes within the United States or to a U.S. Person or for the account or benefit of a U.S. Person within the meaning of Regulation S.

(vii) Other Exchanges. (1) In the event that a Global Note or any portion thereof is exchanged for Notes other than Global Notes, such other Notes may in turn be exchanged (on transfer or otherwise) for Notes that are not Global Notes or for beneficial interests in a Global Note of the same Class as the definitive Note to be so exchanged (if any is then Outstanding) only in accordance with the procedures set forth in Sections 3.8(e), (f) and (g), to the extent applicable to such transfer or exchange, and such other procedures, which shall be substantially consistent with the provisions of clauses (i) through (vi) above (including the certification requirements intended to insure that transfers of beneficial interests in a Global Note comply with Rule 144A, Rule 144 or Regulation S, as the case may be) and any Applicable Procedures, as may be from time to time adopted by the Issuer and the Trustee; provided, that, except as permitted in paragraph (2) hereof, no beneficial interest in a Regulation S Temporary Global Note shall be exchangeable for a definitive Note until the expiration of the Regulation S Distribution Compliance Period and then only if the certifications described in Section 2.3(b)(ii) have been provided in respect of such interest.

(2) Notwithstanding any other provision of this Section 3.8, an Initial Purchaser may exchange beneficial interests in a Regulation S Temporary Global Note held by it for one or more Restricted Notes (including an interest in a Restricted Global Note) upon delivery

by such Initial Purchasers of instructions for such exchange substantially in the form of Exhibit B-7. Upon receipt of the instruction described in the preceding sentence, the Trustee shall instruct the Depository to reduce the principal amount of a Regulation S Temporary Global Note by the principal amount of the beneficial interest in such Regulation S Temporary Global Note to be so transferred and either (A) the Trustee shall instruct the Depository to increase the principal amount of the Restricted Global Note and credit or cause to be credited to the account of such Initial Purchasers a beneficial interest in such Restricted Global Note having a principal amount equal to the amount by which the principal amount of the Regulation S Temporary Global Note was reduced upon such transfer or (B) authenticate and deliver one or more Restricted Notes in definitive form and in the aggregate principal amount of the beneficial interest in the Regulation S Temporary Global Note to be so transferred, pursuant to the instructions described in the first sentence of this paragraph.

(e) Transfer of Restricted Notes (Other Than a Restricted Global Note) to a Global Note. If the Holder of a Restricted Note (other than a Restricted Global Note) wishes at any time to transfer such Note to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Restricted Global Note, a Regulation S Temporary Global Note or an Unrestricted Global Note, such transfer may be effected, subject to the other provisions of this Indenture and the Applicable Procedures, only in accordance with this Section 3.8(e). Upon receipt by (1) the Depository of (A) written instructions given in accordance with the Applicable Procedures from an Agent Member directing the Depository to credit or cause to be credited to a specified Agent Member's account a beneficial interest in a Restricted Global Note, a Regulation S Temporary Global Note or an Unrestricted Global Note, as the case may be, in a principal amount equal to the principal amount of the Restricted Note to be so transferred, (B) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Agent Member (and, in the case of any transfer pursuant to Regulation S, the Euroclear and Clearstream, Luxembourg account for which such Agent Member's account is held, or if such account is held for Euroclear or Clearstream, Luxembourg, the Euroclear or Clearstream, Luxembourg account, as the case may be) to be credited with such beneficial interest and (C) an appropriately completed certificate substantially in the form of Exhibit B-4 hereto and (2) the Trustee of (A) the Restricted Note to be transferred, (B) notification from the Depository of the transaction described in (1) above and (C) the certificate described in (1)(C) above, the Trustee shall cancel the Restricted Note and instruct the Depository to increase the principal amount of a Restricted Global Note, Regulation S Temporary Global Note or Unrestricted Global Note, as the case may be, by the principal amount of the Restricted Note so transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (which, in the case of any increase in the principal amount of such Regulation S Temporary Global Note, shall be the Agent Member for Euroclear or Clearstream, Luxembourg or both, as the case may be) a corresponding principal amount of such Restricted Global Note, such Regulation S Temporary Global Note or such Unrestricted Global Note. Any transfer of a Restricted Note to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Global Note other than a Restricted Global Note may only be effected in accordance with Regulation S or Rule 144.

(f) Global Note to Restricted Note (other than a Restricted Global Note). If a holder of a beneficial interest in a Global Note wishes at any time to exchange its interest in such Global Note

for a Restricted Note (other than a Restricted Global Note), or to transfer its interest in such Global Note to a Person who is entitled to take delivery thereof in the form of a Restricted Note (other than a Restricted Global Note), such holder may, subject to the rules and procedures of Euroclear or Clearstream, Luxembourg, if applicable, and the Depository, cause the exchange of such interest for one or more Restricted Note (other than a Restricted Global Note) of any authorized denomination or denominations and the same Class and aggregate principal balance. Upon receipt by the Trustee of (1) instructions from Euroclear or Clearstream, Luxembourg, if applicable, and the Depository directing the Trustee to countersign and deliver one or more Restricted Notes (other than a Restricted Global Note) of the same aggregate principal balance as the beneficial interest in the Global Note to be exchanged, such instructions to contain the name or names of the designated transferee or transferees, the authorized denomination or denominations of the Restricted Note (other than a Restricted Global Note) to be so issued and appropriate delivery instructions, (2) a certificate given by the proposed transferee of such beneficial interest in the form of Exhibit C-8 hereto, (3) an Opinion of Counsel acceptable to the Trustee that such transfer is in compliance with the Securities Act, and (4) such other certifications, Opinions of Counsel or other information as the Trustee may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, then the Trustee will instruct the Depository to reduce, or cause to be reduced, such Global Note by the aggregate principal balance of the beneficial interest therein to be exchanged and to debit, or cause to be debited, from the account of the Person making such transfer the beneficial interest in the Global Note that is being transferred, and concurrently with such reduction and debit the Trustee shall authenticate and deliver one or more Restricted Notes (other than Restricted Global Notes) of the same aggregate principal balance in accordance with the instructions referred to above.

(g) Restricted Note (other than a Restricted Global Note). If a holder of a Restricted Note (other than a Restricted Global Note) wishes at any time to exchange such Restricted Note (other than a Restricted Global Note) for one or more Restricted Notes (other than a Restricted Global Note) of different principal amount, or if a holder of a Restricted Note (other than a Restricted Global Note) wishes at any time to transfer all or part of such Restricted Note (other than a Restricted Global Note) to a person who is required or wishes to take delivery thereof in the form of a Restricted Note (other than a Restricted Global Note), such holder may, subject to the restrictions on transfer set forth herein, in the investment representation letter executed by such transferor and in such Restricted Note (other than a Restricted Global Note), cause the exchange of all or part of such Restricted Note (other than a Restricted Global Note) for one or more Restricted Notes (other than a Restricted Global Note) of any authorized denomination or denominations. Upon receipt by the Trustee of (1) such Restricted Note (other than a Restricted Global Note), duly endorsed as provided herein, (2) instructions from such holder directing the Trustee, to authenticate and deliver one or more Restricted Notes (other than a Restricted Global Note) of the same principal balance as the portion of the Restricted Note to be exchanged, such instructions to contain the name or authorized denomination or denominations of the Restricted Note to be so issued and appropriate delivery instructions, (3) a letter in substantially the form attached hereto as Exhibit F (each, an "Investment Representation Letter") from the Person acquiring the Restricted Note for which such interest is being exchanged, (4) an Opinion of Counsel acceptable to the Trustee, that such transfer is in compliance with the Securities Act and (5) such other certifications, Opinions of Counsel or

other information as the Trustee shall reasonably require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, then the Trustee shall cancel, or cause to be canceled, all or part of such Restricted Note, shall, if applicable, execute, authenticate and deliver to the transferor a new Restricted Note equal to the aggregate principal balance of the portion retained by such transferor and concurrently therewith, shall execute, authenticate and deliver one or more Restricted Notes of the same principal balance as the portion of the Restricted Note so canceled in accordance with the instructions referred to above.

(h) Successive registrations and registrations of transfers and exchanges as aforesaid may be made from time to time as desired, and each such registration shall be noted on the Register. No service charge shall be made for any registration of transfer or exchange of the Notes, but the Trustee may require payment by the applicable Holder of a sum sufficient to cover any stamp duty, tax or other governmental charge or insurance charge payable in connection therewith and any other amounts required to be paid by the provisions of the Notes.

(i) All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

SECTION 3.9 Mutilated, Destroyed, Lost and Stolen Notes.

If any mutilated Note is surrendered to the Trustee, the Issuer shall execute, and the Trustee shall authenticate and deliver in exchange therefor, a new Note (a "New Note") of like tenor and principal amount and bearing a number not contemporaneously outstanding. Each New Note issued pursuant to this Section in exchange for, in substitution for, or in lieu of a Predecessor Note shall be dated the date of, and be in the form of, such Predecessor Note.

If there shall be delivered to the Issuer and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Note and (ii) such security or indemnity as may be required by each of them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Issuer or the Trustee that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Note, a New Note of like tenor and principal amount and bearing a number not contemporaneously outstanding. In every case of mutilation or defacement, the applicant shall surrender to the Trustee the Note so mutilated or defaced. Upon the issuance of any substitute Note, the Issuer may require the payment by the applicant of a sum sufficient to cover any stamp duty, tax or other governmental charge or insurance charge that may be imposed or incurred in relation thereto and any other expenses connected therewith.

Every New Note issued pursuant to this Section in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer evidencing the same debt as the Predecessor Note, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone having rights in such New

Note thereunder and hereunder, and any such New Note shall be entitled to all the benefits of this Indenture and of the other Security Documents to the same extent as such Predecessor Note.

All Notes shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes or negotiable instruments without their surrender.

SECTION 3.10 Interest.

(a) Each Note shall bear interest from and including its date of issuance to but excluding the date on which the principal balance of such Note is repaid in full. Such interest shall accrue during each Interest Period and be payable by the Issuer in arrears for such Interest Period on the related Payment Date and upon the redemption or maturity thereof. Interest on each Note shall cease to accrue from Maturity, except to the extent that funds are not available in the Payment Account to repay such Note in full (taking into account the priority of application of funds provided herein) at Maturity.

(b) (i) For the period from the initial issuance of the Notes to, but not including, the Maturity Date, or earlier redemption, the per annum interest rate for each Interest Period applicable each Class of the Notes shall be (each, the "Security Interest Rate"):

Class -----	Security Interest Rate -----
Class A-1 Notes	7.514%
Class A-2 Notes	7.737%
Class B Notes	7.882%
Class C Notes	8.095%
Class D Notes	8.191%
Class E Notes	8.457%
Class F Notes	8.809%

(ii) Interest on each Note shall be payable, from the Closing Date to, but not including the date the principal amount of such Note is paid in full. Interest on each Note shall be payable monthly on each Payment Date commencing on the Payment Date occurring in March, 2000 or, during the continuance of an Event of Default, at the time provided in Section 5.6. Interest on the Notes shall be computed based on a 360-day year consisting of twelve 30-day months.

SECTION 3.11 Principal; Payment of Principal and Interest.

(a) (i) On each Payment Date commencing with the Payment Date occurring in April, 2000, the Issuer shall pay the Principal Installment Amount due on such Payment Date subject to adjustment pursuant to Section 3.11(a)(ii) and Section 4.3(b) below. All payments of Principal Installment Amounts shall be applied first, to the Class A-1 Notes until the Class A-1 Notes have been repaid in full; second to the Class A-2 Notes until the Class A-2 Notes have been repaid in full; third to the Class B Notes until the Class B Notes have been repaid in full; fourth to the Class C Notes until the Class C Notes have been repaid in full; fifth to the Class D Notes until the Class D Notes have been repaid in full; sixth to the Class E Notes until the Class E Notes have been repaid in full; and seventh to the Class F Notes until the Class F Notes have been repaid in full, provided during the continuance of an Event of Default payments of Principal Installment Amounts on the Class A-1 and Class A-2 Notes shall be made pro rata.

(ii) If at any time, and from time to time, any portion of the Notes are redeemed pursuant to Article XI hereof then the Principal Installment Amounts (and Exhibit H hereto) shall be adjusted by the Servicer as follows:

(A) If no portion of the Notes have been defeased prior to such redemption, then an adjustment shall be made such that the Principal Installment Amounts will equal the amounts necessary to fully amortize the principal balance of all Outstanding Notes (after giving effect to such redemption) over the remaining term of the original 30 year amortization schedule and assuming an interest rate equal to the then current (after giving effect to such redemption) weighted average interest rate on the Notes; or

(B) If a portion of the Notes have been defeased prior to such redemption, then an adjustment shall be made to the Undeferred Amortization Schedule (as defined in Section 4.3(b)) only, such that the Principal Installment Amounts on the Undeferred Amortization Schedule will equal the amounts necessary to fully amortize the principal balance of all undeferred Outstanding Notes (after giving effect to such redemption) over the remaining term of the original 30 year amortization schedule and assuming an interest rate equal to the then current (after giving effect to such redemption and excluding any defeased portion of the Notes) weighted average interest rate on the undeferred Notes.

(iii) If at any time, and from time to time, any portion of the Notes are defeased pursuant to Section 4.3 hereof, then the Principal Installment Amounts (see Exhibit H hereto) shall be adjusted by the Servicer as provided in Section 4.3(b) hereof.

(iv) The Issuer hereby authorizes and directs the Trustee to make or cause to be made payment, from funds available in the Payment Account and any other funds made available to the Trustee for such purpose, of the principal of and any interest on the Notes as set forth in this Indenture.

(b) Subject to the provisions set forth below with respect to Default Premium, any interest and Principal Installment Amounts on the Notes shall be paid on each Payment Date to the Person who was the Holder thereof at the close of business on the Regular Record Date for such Payment

Date; provided, however, that interest payable at Maturity of the Notes shall be payable to the Person to whom principal shall be payable. Payments of principal of the Notes (other than Principal Installment Amounts) shall be payable at Maturity against surrender thereof at the Corporate Trust Office and at the offices of such other Paying Agents as the Trustee shall have appointed pursuant to Section 3.6(b).

(c) So long as the Notes are held through the Depository's book-entry system, payments of interest and principal on the Notes will be made, subject to applicable laws and regulations, by wire transfer from the Trustee to the Depository and will be forwarded to beneficial owners in accordance with the payment procedures of the Depository and the Agent Members thereof. If any Note is not held through the Depository, payments of principal (other than Principal Installment Amounts) with respect to the Notes shall be made at Maturity upon surrender of such Notes and payments of any interest or Principal Installment Amounts on such Notes shall be made on the applicable Payment Date, in accordance with the foregoing and subject to applicable laws and regulations, by check mailed on or before the due date for such payment to the Person entitled thereto at such Person's address appearing on the Register, or, in the case of payments of principal at Maturity, to such other address as the Holder shall provide in writing at the time of such surrender (or, in the case of a Holder that provides the Trustee with wire instructions and complies with any other reasonable requirements of the Principal Paying Agent, by wire transfer to such account as such Holder shall designate by written instruction received by the Principal Paying Agent not less than five (5) Business Days prior to the Regular Record Date).

(d) If (i) prior to the Maturity Date, for any reason, interest or scheduled principal amortization on any Note is not provided for (including by deposit in the Collection Account) by the Issuer on or prior to 11:00 a.m. (New York time) on the date which is two (2) Business Days prior to the Payment Date on which such interest or scheduled principal amortization is due, (ii) on the date that is two (2) Business Days prior to the Maturity Date, the principal of any Note is not provided for (including by deposit in the Collection Account) by the Issuer on or prior to 11:00 a.m. (New York time) on such date or (iii) on the date that is two (2) Business Days prior to any Redemption Date, the principal of all Notes to be redeemed on such Redemption Date is not provided for (including by deposit in the Collection Account) by the Issuer on or prior to 11:00 a.m. (New York time) on such date, the Issuer will be required to pay default interest at a per annum rate equal to the greater of (A) the Security Interest Rate applicable thereto plus 3% or (B) the Advance Interest Rate (such greater rate, the "Default Rate") for every day that such nonpayment continues until the Issuer has paid all such amounts and any other amounts then due and payable under this Indenture and the other Security Documents. The excess of the Default Rate over the Security Interest Rate is the "Default Premium." Default Premium will be applied to fund interest at the Advance Interest Rate on any Advances made by the Servicer or Special Servicer (or the Trustee or Fiscal Agent, as applicable), in accordance with Section 5.6 and the excess, if any, of the Default Premium paid over interest on Advances at the Advance Interest Rate, will be remitted to the Default Premium Reserve Account maintained by the Servicer pursuant to the terms and provisions of the Cash Management Agreement; provided, however, that payments of any Default Premium to Holders will be subordinate to payments of principal and interest and certain other items as set forth in Section 5.6. If the Issuer defaults in the timely payment of interest or scheduled principal amortization on any Notes as

provided in the first sentence of this section and the Servicer (or the Trustee or the Fiscal Agent, as applicable) is not required to make, or defaults in its obligation to make, an Interest Advance, the Holders of such Notes will be entitled to receive 100% of the Default Premium payable by the Issuer in respect of such default, which amounts shall be payable as provided in Section 5.6; provided, however, that payments of any such Default Premium to Holders will be subordinate to payments of principal and interest and certain other items as set forth in Section 5.6.

If any principal or interest due under the Notes is not paid by the Issuer on the day it is due, the Issuer shall pay a late payment charge in an amount equal to the lesser of 3% of such unpaid sum or the maximum amount permitted by applicable law.

All such late payment charges shall be retained by the Servicer as additional Servicing compensation.

(e) At the Maturity Date of the Notes, the Trustee shall pay the principal amount of each Note, and any unpaid interest thereon in immediately available funds from funds in the Payment Account as promptly as possible after presentation to the Trustee of such Note but shall initiate such payment no later than 3:00 p.m. (New York time) on the day of such presentation, provided that such presentation has been made no later than 11:00 a.m. (New York time). If presentation is made after 11:00 a.m. (New York time) on any day, such presentation shall be deemed to have been made not later than 11:00 a.m. (New York time) on the immediately succeeding Business Day.

(f) In the event that a Note is not presented for payment by 11:00 a.m. (New York time) on the Maturity Date, the Trustee shall transfer any principal thereof and interest thereon to the Holdover Account. If the Holder of such Note shall present such Note to the Trustee within two (2) years after the Maturity Date, the Trustee shall pay such Note from funds in the Holdover Account. In no event (other than following a default by the Issuer) shall such Note earn interest after the Maturity Date. If such Note is not presented for payment within two (2) years after the Maturity Date, the Trustee shall not honor a demand for payment of such Note and the Trustee shall act in accordance with Section 6.15 in respect of the unclaimed funds in the Holdover Account in respect of such Note.

(g) If at 4:00 p.m. (New York time) of any day beginning on the Maturity Date, any funds remaining in the Payment Account after (i) the payment of each Note which is presented by 11:00 a.m. (New York time) for payment on such date and (ii) the transfer of funds to the Holdover Account pursuant to Section 3.11(f) for each Note which is not presented for payment on such date (or is presented after 11:00 a.m. (New York time) on such date), then such remaining funds shall be transferred by the Trustee to the Issuer in accordance with written wire transfer instructions given by the Issuer to the Trustee.

SECTION 3.12 Interest on New Notes.

Interest shall be deemed to have been paid on each New Note issued pursuant to Section 3.9 hereof in exchange for, in substitution for, or in lieu of a Predecessor Note to the date to which interest was paid on such Predecessor Note.

SECTION 3.13 Cancellation.

(a) All Notes surrendered for payment, redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by it. The Issuer may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly canceled by the Trustee.

(b) No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 3.13, except as expressly permitted by this Indenture. All canceled Notes held by the Trustee shall be retained by the Trustee in accordance with Section 3.8(a).

SECTION 3.14 Information.

For so long as any of the Notes remain Outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which the Issuer is neither subject to Section 13 or 15(d) under the Exchange Act nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any Holder of a Restricted Note or any owner of a beneficial interest in a Restricted Global Note, to a prospective purchaser of such Note or beneficial interest therein who is a QIB, or to the Trustee for delivery to such Holder or beneficial owner or prospective purchaser, as the case may be, in connection with any sale thereof, in each case at a Holder's or the Trustee's written request to the Issuer, the Rule 144A Information; provided, that the Issuer shall not be required to furnish such information at any time to a prospective purchaser located outside the United States who is not a "U.S. person" within the meaning of Regulation S if such Note may then be sold to such prospective purchaser in accordance with Rule 904 under the Securities Act (or any successor provision thereto).

SECTION 3.15 Paying Agent to Hold Money in Trust.

The Trustee shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders and the Trustee all money held by the Paying Agent for the payment of principal of or interest on the Notes, and will notify the Trustee of any Event of Default by the Issuer or any other obligor upon the Notes in making any such payment or in depositing the funds to make such payment with the Paying Agent. While any such Event of Default continues, the Trustee may require a Paying Agent to pay all money and other property, if any, held by it to the Trustee.

ARTICLE IV

RELEASE OF MORTGAGED PROPERTIES; SATISFACTION
AND DISCHARGE OF INDENTURE

SECTION 4.1 Release.

Upon the release of any Mortgaged Property from the lien of the Mortgage or any portion of the other Collateral from the lien and security interest of this Indenture, the Mortgage or any other Security Document in accordance with the relevant provisions hereof and thereof, the Trustee and the Servicer (if applicable) shall execute such instruments as may be reasonably requested and presented by the Issuer to effect and/or acknowledge such release which shall be at the expense of the Issuer. The above-referenced instruments may include, at the Issuer's election, (i) one or more amendments and/or restatements of the Mortgage, the Mortgage Notes, the Assignment of Leases and/or any other Security Document (in each case, without any representation or warranty by or recourse to the Trustee or the Servicer) as may be appropriate to separate the liens created thereby against the Mortgaged Property to be released (as used herein, the "Release Property") from the liens encumbering the remaining Mortgaged Properties and, thereafter, one or more assignments of the resulting Security Documents relating to the Release Property to any designee or nominee of the Issuer and the Property Owners and (ii) such uniform commercial code financing statements, each in customary form and as may be mutually agreed upon by the Issuer and the Trustee; provided, however, that neither the Trustee nor the Servicer shall be required to take any action or execute any instruments pursuant to the foregoing unless such entity is satisfied, in its reasonable judgment, that such action or instrument will not compromise in any way the validity or enforceability of the lien of any Security Document with respect to any of the Mortgaged Properties that are not Release Property. Concurrently with any release transaction contemplated hereby or by the Mortgage, the Trustee and Servicer shall return to the Issuer the duplicate originals of any amendment or restatement of any collateral agreement to which it is a party which relates solely to the Release Property and in which the Trustee or Servicer, as applicable, will no longer have any interest after such release.

SECTION 4.2 Satisfaction and Discharge of Indenture.

This Indenture shall cease to be of further effect (except as to any surviving rights of transfer or exchange of Notes herein expressly provided for and except in the case of clause (1)(b) below, for the rights of the Holders of the Notes hereunder to receive payment of the principal of and interest on the Notes, and any other rights of the Holders of the Notes hereunder with respect to amounts deposited with the Trustee), and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture and release of the Collateral to the Issuer, when

(1) either

(a) all Notes theretofore authenticated and delivered (other than (i) Notes that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 3.9 and (ii) Notes for which payment money has theretofore been deposited in trust or segregated and held in trust by the Trustee and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 6.15) have been delivered to the Trustee for cancellation; or

(b) all such Notes not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Maturity Date within one (1) year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer,

and, in the case of (i), (ii) or (iii) above, the Issuer has deposited or caused to be deposited with or delivered to the Trustee as trust funds in trust for these purposes Cash and Eligible Investments with Collateral Value sufficient, without consideration of any reinvestment of interest therefrom, to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Trustee for cancellation, for principal and any interest to the date of such deposit (in the case of Notes that have become due and payable) or to the Maturity Date or Redemption Date, as the case may be; provided, however, that, in the case of (ii) or (iii) above with respect to Notes that are not yet due and payable, the Issuer shall direct by Issuer Order how any Cash received pursuant to this Section 4.2 will be invested and no satisfaction and discharge will be permitted unless the Issuer delivers to the Trustee an Opinion of Counsel addressed to the Issuer and the Trustee from counsel experienced in federal income tax matters to the effect that, based on such stipulations of the Issuer, any action taken pursuant to this Section 4.2 will not be treated as an exchange pursuant to Section 1001 of the Code; provided, further, however, that such Opinion of Counsel shall not be required if both the satisfaction and discharge of this Indenture, on the one hand, and the Maturity Date or Redemption Date of the Notes, on the other hand, will occur in the same calendar year;

(2) the Issuer has paid or caused to be paid all other sums payable hereunder and under the other Security Documents by the Issuer to the Trustee, and each of the Holders; and

(3) the Issuer has delivered to the Trustee an Officer's Certificate stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the foregoing, but subject to the provisions of Section 1.12 and Section 1.14 hereof, the Issuer's obligations under this Indenture and in respect of the Notes shall survive the discharge of this Indenture if and to the extent that any payment of any amount paid by the Issuer to the Trustee or any Holder is avoided as a preferential transfer or otherwise rescinded or required to

be restored under applicable law. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Issuer, the Servicer, the Special Servicer or the Holders or Directing Holders, as applicable, to satisfy indemnification obligations under any provision of this Indenture, and the obligation of the Trustee to the Holders of Notes under Section 6.15 hereof shall survive.

SECTION 4.3 Defeasance of Notes.

(a) In connection with the prepayment in full by the Property Owners of the then outstanding aggregate principal balance of the Mortgage Notes prior to the date that is ninety (90) days prior to the Scheduled Maturity Date (other than pursuant to Section 15, 16 or 45 of the Mortgage), provided no Event of Default shall have occurred and remains uncured, and in order to obtain a release of the Lien of the Mortgage encumbering all of the Mortgaged Properties (a "Total Defeasance") the Issuer shall provide (or cause the Property Owners to provide) the following:

(i) to the Servicer, at least fifteen (15) days prior written notice specifying a date (the "Defeasance Date") on which the Issuer shall have satisfied the conditions in this Section 4.3(a) and on which it shall effect the defeasance; provided, however, that the Issuer shall provide to the Servicer a non-binding notice of the Issuer's intent to defease the Notes at least 30 days prior to the projected date of defeasance;

(ii) on or prior to the Defeasance Date the Issuer shall pay into the Collection Account (A) all accrued and unpaid interest on the principal balance of the Notes (other than any previously defeased Notes) to and including the Defeasance Date (or, if the Defeasance Date is not a Payment Date, to but excluding the next succeeding Payment Date) and (B) all other sums then due under the Notes, this Indenture and the other Indenture Security Documents;

(iii) The Issuer shall deposit the Total Defeasance Collateral into the Defeasance Collateral Account and otherwise comply with the provisions of Sections 4.3(c) and 4.3(d) hereof;

(iv) The Issuer shall execute and deliver to the Trustee a Security Agreement in respect of the Defeasance Collateral Account and the Total Defeasance Collateral;

(v) The Issuer shall deliver to the Trustee an opinion of counsel for the Issuer that would be satisfactory to a prudent lender (with customary exceptions and assumptions) opining that (A) the Trustee has a legal and valid perfected first priority security interest in the Defeasance Collateral Account and the Total Defeasance Collateral, (B) the defeasance does not constitute an exchange pursuant to Section 1001 of the Code, (C) a defeasance pursuant to this Section 4.3(a) will not adversely effect the status of the Notes as indebtedness for federal income tax purposes, (D) delivery of the Total Defeasance Collateral and the grant of a security interest therein to the Trustee shall not constitute an avoidable preference under Section 547 of the Bankruptcy Code or applicable state law (counsel may rely on the fact that the appraised values of the Mortgaged Properties being released are equal to or greater than the value of the Total Defeasance Collateral) and (E) if there is a Separate Issuer, a non-consolidation opinion with respect to the Separate Issuer;

(vi) Issuer shall deliver to the Trustee a Rating Agency Confirmation with respect to the Total Defeasance;

(vii) The Issuer shall deliver an Officer's Certificate certifying that the requirements set forth in this Section 4.3(a) have been satisfied;

(viii) The Issuer shall deliver to the Trustee and the Servicer a certificate of the Issuer's nationally recognized independent certified public accountant (which certificate may be conclusively relied upon by the Trustee and the Servicer absent manifest error) certifying that the Total Defeasance Collateral will have a Collateral Value and will generate monthly amounts equal to or greater than the Scheduled Defeasance Payments; and

(ix) The Issuer shall pay all costs and expenses of the Trustee and the Servicer incurred in connection with the defeasance, including their reasonable attorneys' fees and expenses and Rating Agency fees and expenses.

If the requirements of this Section 4.3(a) have been satisfied, all of the Mortgaged Properties shall be released from the Lien of the Mortgage and any other Security Documents, the Total Defeasance Collateral, pledged pursuant to the Security Agreement, shall be the sole source of collateral securing the Notes, and the Issuer shall be released from its obligations under the Notes and the other Security Documents (except with respect to obligations that specifically survive the repayment of the Loan) upon the assumption of the Issuer's obligations by a Separate Issuer. In connection with the release of the Liens, the Issuer shall submit to the Servicer, not less than fifteen (15) days prior to the Defeasance Date, a release of Lien (and related Security Documents) for execution by the Trustee. Such release shall be in a form appropriate in each jurisdiction in which a Mortgaged Property is located and that would be satisfactory to a prudent lender. In addition, the Issuer shall provide all other documentation the Servicer reasonably requires to be delivered by the Issuer or the Property Owners in connection with such release together with an Officer's Certificate certifying that such documentation (i) is in compliance with all Legal Requirements, and (ii) will effect such release in accordance with the terms of this Agreement. The Issuer shall pay all costs, taxes and expenses associated with the release of the Lien of the Mortgage, including the Servicer's and Trustee's reasonable attorneys' fees.

(b) In connection with the prepayment by the Property Owners of a portion of the then outstanding principal balance of the Mortgage Notes prior to the date that is ninety (90) days prior to the Scheduled Maturity Date (other than pursuant to Section 15, 16 or 45 of the Mortgage), provided no Event of Default shall have occurred and remain uncured (unless the release of the Release Property will cure such Event of Default), and in order to obtain a release of the Lien of the Mortgage encumbering one or more (but not all) Mortgaged Properties (a "Partial Defeasance") the Issuer shall provide (or cause the Property Owners to provide) the following:

(i) to the Servicer, fifteen (15) days prior written notice specifying (A) a date (the "Partial Defeasance Date") on which the Issuer shall have satisfied the conditions in this Section 4.3(b) and shall effect the defeasance; provided, however, that the Issuer shall provide to the Servicer

a non-binding notice of the Issuer's intent to defease the Notes at least 30 days prior to the projected date of defeasance and (B) the Mortgaged Property or Properties proposed to be released from the Lien of the Mortgage (individually a "Release Property" and collectively the "Released Properties");

(ii) on or prior to the Partial Defeasance Date the Issuer shall pay into the Collection Account (A) all accrued and unpaid interest on the principal balance of the portion of the Notes to be defeased to and including the Partial Defeasance Date (or if the Partial Defeasance Date is not a Payment Date to but excluding the next succeeding Payment Date) and (B) all other sums then due under the Notes, this Indenture, and the other Indenture Security Documents;

(iii) the Issuer shall deposit the Partial Defeasance Collateral into the Defeasance Collateral Account and otherwise comply with the provisions of Sections 4.3(c) and 4.3(d);

(iv) the Issuer shall execute and deliver to the Trustee a Security Agreement in respect of the Defeasance Collateral Account and the Partial Defeasance Collateral;

(v) Immediately after giving effect to the release of the Lien of the Mortgages encumbering the Release Property or Properties the Debt Service Coverage Ratio is not less than the greater of (A) the Debt Service Coverage Ratio as of the most recent Debt Service Coverage Ratio Calculation Date immediately preceding such release, and (B) 1.56:1;

(vi) the Issuer shall have delivered to the Servicer and the Rating Agencies shall have received from the Issuer with respect to the matters referred to in clause (v), (A) statements of the Net Cash Flow and Debt Service (both on a consolidated basis and separately for the Release Property or Properties) for the applicable measuring period, (B) based on the foregoing statements of Net Cash Flow and Debt Service, calculations of the Debt Service Coverage Ratio after giving effect to the proposed release and (C) a calculation of the Debt Service Coverage Ratio referred to in such clause (v), accompanied by an Officer's Certificate stating that such statements, calculations and information are true, correct and complete in all material respects;

(vii) the Issuer shall deliver to the Trustee an opinion of counsel for Issuer that would be reasonably satisfactory to a prudent lender (with customary exceptions and assumptions) opining, among other things, that (A) the Trustee has a legal and valid perfected security interest in the Defeasance Collateral Account and the Partial Defeasance Collateral, (B) the defeasance does not constitute an exchange pursuant to Section 1001 of the Code (C) a defeasance pursuant to this Section 4.3(b) will not adversely effect the status of the Notes as indebtedness for federal income tax purposes, (D) delivery of the Partial Defeasance Collateral and the grant of a security interest therein to the Trustee shall not constitute an avoidable preference under Section 547 of the Bankruptcy Code or applicable state law (counsel may rely on the fact that the appraised values of the Release Properties are equal to or greater than the value of the Partial Defeasance Collateral) and (E) if there is a Separate Issuer, a non-consolidation opinion with respect to the Separate Issuer;

(viii) the Issuer shall deliver to the Trustee a Rating Agency Confirmation with respect to the Partial Defeasance;

(ix) the Issuer shall deliver to the Trustee and the Servicer a certificate of the Issuer's nationally recognized independent certified public accountants (which certificate may be conclusively relied upon by the Trustee and the Servicer absent manifest error) certifying that the Partial Defeasance Collateral will have a Collateral Value and will generate monthly amounts equal to or greater than the Scheduled Defeasance Payments;

(x) the Issuer shall deliver to the Servicer an Officer's Certificate certifying that the requirements set forth in this Section 4.3(b) have been satisfied; and

(xi) the Issuer shall pay all costs and expenses of the Trustee and the Servicer incurred in connection with the defeasance, including their reasonable attorneys' fees and expenses and Rating Agency expenses.

If the Issuer has elected to make a Partial Defeasance and the requirements of this Section 4.3(b) have been satisfied, the Release Property or Release Properties shall be released from the Lien of their Mortgage. The Issuer shall be released from its obligations under the Loan (except with respect to obligations that specifically survive the repayment of the Loan) upon the assumption of such obligations by a Separate Issuer. In connection with the release of the Lien, the Issuer shall submit to the Servicer, not less than fifteen (15) days prior to the Partial Defeasance Date, a release of Lien (and related Security Documents) for execution by the Trustee. Such release shall be in a form appropriate in the jurisdiction in which such Property is located and that would be satisfactory to a prudent lender. In addition, the Issuer shall provide all other documentation the Servicer reasonably requires to be delivered by the Issuer in connection with such release, together with an Officer's Certificate certifying that such documentation (i) is in compliance with all Legal Requirements, and (ii) will effect such releases in accordance with the terms of this Agreement. The Issuer shall pay all costs, taxes and expenses associated with the release of the Lien of the Mortgage, including the Trustee's and the Servicer's reasonable attorneys' fees. The Issuer shall cause title to the Mortgaged Property so released from the Lien of the Mortgage to be transferred to and held by a Person other than a Property Owner or shall cause the relevant Property Owner to no longer be owned by the Issuer.

In connection with a Partial Defeasance (the "Current Defeasance"), the Principal Installment Amounts shall be split into two separate schedules and Exhibit H shall be so revised. One schedule will be based on the principal amount of the Notes that are being Partially Defeased (the "Defeased Amortization Schedule") and the other schedule will be based on the principal amount of the undefeased portion of the Notes (the "Undefeased Amortization Schedule"). In connection with any subsequent Partial Defeasance, the Undefeased Amortization Schedule shall be split in the manner described below. The Principal Installment Amounts set forth on the Defeased Amortization Schedule shall equal the original Principal Installment Amounts set forth on Exhibit H (or if a prior defeasance has occurred, the Principal Installment Amounts on the current Undefeased Amortization Schedule) multiplied by a fraction, the numerator of which is the aggregate principal amount of Notes being defeased in the Current Defeasance (if any) and the denominator of which is \$61,746,707.91 minus the aggregate principal amount that have been defeased prior to the Current Defeasance (but excluding any Notes that are to be defeased in connection with the Current

Defeasance). The Principal Installment Amounts set forth on the Undeferred Amortization Schedule shall equal the original Principal Installment Amounts set forth on Exhibit H (or, if a prior defeasance has occurred, the Principal Installment Amounts on the current Undeferred Amortization Schedule) multiplied by a fraction, the numerator of which is \$61,746,707.91 minus the aggregate principal amount of Notes that have been defeased (after giving effect to the Current Defeasance), and the denominator of which is \$61,746,707.91 minus the aggregate principal amount of Notes that have been defeased prior to the Current Defeasance (but excluding any Notes that are to be defeased in connection with the Current Defeasance). The Payment Date for the Principal Installment Amounts shall not be revised pursuant to this paragraph. In calculating the Scheduled Defeasance Payments for a Partial Defeasance, scheduled amortization will be based upon the Defeased Amortization Schedule created in connection with such Partial Defeasance.

Any Partial Defeasance of the Notes shall be applied in the following order of priority: first, to the Class A-1 Notes until the Class A-1 Notes have been defeased or redeemed in full; second to the Class A-2 Notes until the Class A-2 Notes have been defeased or redeemed in full; third to the Class B Notes until the Class B Notes have been defeased or redeemed in full; fourth to the Class C Notes until the Class C Notes have been defeased or redeemed in full; fifth to the Class D Notes until the Class D Notes have been defeased or redeemed in full; sixth to the Class E Notes until the Class E Notes have been defeased or redeemed in full; and seventh to the Class F Notes until the Class F Notes have been defeased or redeemed in full. In calculating the Scheduled Defeasance Payments for a Partial Defeasance interest payments will be based on the Security Interest Rate for the Class of Note to which the Partial Defeasance is applied.

(c) On or before the date on which the Issuer delivers the Total Defeasance Collateral or Partial Defeasance Collateral, the Issuer or a Separate Issuer shall open at any Eligible Institution the defeasance collateral account (the "Defeasance Collateral Account") which shall at all times be an Eligible Account. The Defeasance Collateral Account shall contain only (i) Total Defeasance Collateral or Partial Defeasance Collateral, as applicable, and (ii) cash from interest and principal paid on the Total Defeasance Collateral or Partial Defeasance Collateral. All cash from interest and principal payments paid on the Total Defeasance Collateral or Partial Defeasance Collateral shall be paid over to the Collection Account two Business Days immediately preceding each Payment Date for deposit into the Payment Account on the Business Day immediately preceding each Payment Date and applied first to accrued and unpaid interest and then to principal with respect to the defeased portion of the Notes. Any cash from interest and principal paid on the Total Defeasance Collateral or Partial Defeasance Collateral not needed to pay accrued and unpaid interest or principal (or Trustee or Servicer fees) shall be retained in the Defeasance Collateral Account as additional collateral for the Loan. The Issuer shall cause the Eligible Institution at which the Total Defeasance Collateral and Partial Defeasance Collateral are deposited to enter an agreement with the Issuer and Trustee, satisfactory to the Trustee in its sole discretion, pursuant to which such Eligible Institution shall agree to hold and distribute the Total Defeasance Collateral or Partial Defeasance Collateral, as applicable, in accordance with this Indenture. The Issuer or the Separate Issuer, as applicable, shall be the owner of the Defeasance Collateral Account and shall report all income accrued on the Total Defeasance Collateral and Partial Defeasance Collateral for federal, state and local income tax purposes in its income tax return. The Issuer shall prepay all costs and expenses

associated with opening and maintain the Defeasance Collateral Account. Neither the Trustee nor the Servicer shall in any way be liable by reason of any insufficiency in the Defeasance Collateral Account.

(d) In connection with a Total Defeasance or Partial Defeasance under this Section 4.3, the Issuer may establish or designate a successor entity (the "Separate Issuer") which shall be a single purpose bankruptcy remote entity that is not directly or indirectly owned by the Issuer, provided, however, the Separate Issuer may be directly or indirectly owned by Vornado and/or VRLP. The Issuer may transfer and assign all obligations, rights and duties under and to the defeased portion of the Notes, together with the Total Defeasance Collateral or the Partial Defeasance Collateral, as applicable, to such Separate Issuer. Such Separate Issuer shall assume the obligations under the defeased portion of the Notes and the Security Agreement and the Issuer shall be relieved of its obligations under such documents. The Issuer shall pay \$1,000 to any such Separate Issuer as consideration for assuming the obligations under the defeased portion of the Notes and the Security Agreement.

SECTION 4.4 Application of Trust Money.

Subject to Section 4.6, the Trustee shall hold in trust Cash or Eligible Investments deposited with it pursuant to Section 4.2 or Section 4.3 of this Indenture, as the case may be, and shall apply the deposited Cash and the money from Eligible Investments in accordance with this Indenture to the payment either directly or through any Paying Agent as the Trustee may determine, to Persons entitled thereto, of principal of and interest on the Notes.

SECTION 4.5 Repayment to Issuer.

Subject to the other provisions of this Indenture and any other applicable Security Documents, the Trustee shall promptly pay to the Issuer upon written request any excess money held by it in the Payment Account or any other account established by the Trustee in furtherance of its rights or obligations under this Indenture of any other Security Document (exclusive of money to be held by the Trustee pursuant to Section 6.15) at any time and thereupon shall be relieved from all liability with respect to such money.

SECTION 4.6 Reinstatement.

If the Trustee is unable to apply any Cash or Eligible Investments in accordance with Section 4.2 or Section 4.3 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 4.2 or Section 4.3 until such time as the Trustee has received the final order or decree of such court or governmental authority permitting it to apply all such Cash or Eligible Investments in accordance with Section 4.2 or Section 4.3, as applicable; provided that, if the Issuer has made any payment of principal of or interest on any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated

to the rights of the Holders of the Notes to receive such payment from the Cash or Eligible Investment held by the Trustee.

ARTICLE V

REMEDIES

SECTION 5.1 Events of Default.

"Event of Default", wherever used herein with respect to Notes, means the occurrence of any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) a default in the regularly scheduled payment of any principal or interest required to be paid to the Trustee (or the Servicer on behalf of the Trustee) for the benefit of the Holders of any of the Notes (including the Certificate Trustee as holder of the Class A-1 and Class A-2 Notes) by 11:00 a.m., New York time, on the second Business Day immediately preceding any Payment Date or failure by the Issuer to make deposits into the Collection Account for further deposit into the Reserve Accounts as required under the Cash Management Agreement or the Indenture; or

(2) a default in the payment of the principal of any Note at maturity (whether, at the Maturity Date, by acceleration, call for redemption or otherwise); or

(3) a default in the performance of any material covenant, or breach of any material representation or warranty, of the Issuer in this Indenture or in any certificate delivered pursuant to this Indenture (other than a material covenant, representation or warranty a default in whose performance or whose breach is elsewhere in this Section 5.1 specifically dealt with), and continuance of such default or breach for a period of thirty (30) days after there has been given, by registered or certified mail, to the Issuer by the Trustee (or the Servicer on the Trustee's behalf) a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Indenture; provided that in the case of any such failure that is susceptible of cure but that cannot with diligence be cured within such thirty (30) day period, if the Issuer shall have promptly commenced to cure the same within such thirty (30) day period (as shall be evidenced by an Officer's Certificate of the Issuer delivered to the Trustee and the Servicer) and shall thereafter prosecute the curing thereof with diligence, the period within which such failure may be cured shall be extended for such further period as shall be reasonably necessary for the curing thereof, although such extended period shall not exceed 180 days; or

(4) the entry by a court having jurisdiction over the Issuer of (A) a decree or order for relief in respect of the Issuer in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization, rehabilitation or other similar law or (B) a decree or order adjudging the Issuer a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, rehabilitation, arrangement, adjustment or composition of or in respect of the Issuer

under any applicable federal or state bankruptcy, insolvency, reorganization, rehabilitation or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer or of any substantial part of its property, or ordering the winding up or liquidation of its affairs and such decree or order remains undismissed for a period of 60 days; or

(5) the commencement by the Issuer of a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Issuer to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state bankruptcy or similar law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Issuer or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of action by the Issuer in furtherance of any such action; or

(6) an "Event of Default" as defined in the Mortgage or in any of the other Security Documents shall have occurred and be continuing beyond any applicable grace period.

SECTION 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then in every such case the Special Servicer may to the extent consistent with the Servicing Standards (subject to the rights of the Directing Holders set forth in Section 5.12(a)) and at the direction of the Holders of not less than 66-2/3% in aggregate principal amount of the Outstanding Notes (subject to the rights of the Directing Holders set forth in Section 5.12(a)) shall, by a notice in writing to the Issuer and the Trustee, declare the sum of (i) the principal amount of all Outstanding Notes and Mortgage Notes and (ii) any other amounts, including but not limited to, accrued interest payable to the Holders under the Notes, to the extent such amounts are permitted by law to be paid, to be due and payable immediately, and upon any such declaration such amounts shall become immediately due and payable.

At any time after such an automatic acceleration or a declaration of acceleration of the Notes and Mortgage Notes has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee or the Servicer as hereinafter provided in this Article, and subject to (i) the rights of the Directing Holders set forth in Section 5.12(a) and (ii) the Servicer's and Special Servicer's obligation to act in accordance with the Servicing Standards, the Holders of not less than 66-2/3% in aggregate principal amount of the Outstanding Notes by written notice to the Issuer, the Trustee, the Servicer and the Special Servicer, may rescind and annul such declaration and its consequences if

(1) the Issuer has paid or caused to be deposited with the Trustee (or the Servicer or Special Servicer on the Trustee's behalf) a sum sufficient to pay:

(a) all interest due and payable on all Outstanding Notes,

(b) the principal of any Outstanding Notes that have become due, if any, otherwise than by such declaration of acceleration, and interest and all other amounts due thereon at the rate or rates or in the amount prescribed therefor in such Notes,

(c) all sums Advanced (with interest thereon at the Advance Interest Rate) or paid by the Trustee, the Fiscal Agent, the Special Servicer or the Servicer hereunder and by the Certificate Trustee under the Declaration of Trust and the reasonable compensation, expenses, Advances (with interest thereon at the Advance Interest Rate) and disbursements of the Trustee, the Fiscal Agent, the Certificate Trustee, the Special Servicer and the Servicer and its agents and counsel, and

(d) any other amounts then due and payable under the Indenture or any other Indenture Security Document (other than principal that became due solely as a consequence of such acceleration);

and

(2) all Events of Default, other than the non-payment of the principal of the Outstanding Notes which has become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.13 and all "Events of Default" under the Mortgage, other than the non-payment of the principal of the Mortgage Notes which has become due solely by a declaration of acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

If the Issuer fails to make a payment when due, and then delivers to the Trustee funds sufficient to make all payments current, absent acceleration, and the Servicer, the Special Servicer or the Trustee on behalf of the Holders agrees in writing to accept such payment and to rescind the declaration of an Event of Default or acceleration, or Holders of not less than 66-2/3% in aggregate principal amount of the Outstanding Notes, prior to an acceleration, agree to rescind the declaration of an Event of Default, in either case, the Holders shall also be deemed to waive the right to claim that the failure to make the payment when due was an Event of Default and is continuing.

SECTION 5.3 Collection of Indebtedness and Suits for Enforcement by Servicer.

If the Issuer fails to pay all amounts due upon an acceleration under Section 5.2 forthwith upon demand, the Special Servicer (on behalf of the Trustee) may (subject to the rights of the Directing Holders set forth in Section 5.12(a) and in accordance with the Servicing Standards) institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may take any action or remedy available under the Uniform Commercial Code and, subject to the provisions of this Agreement, may enforce the same against the Issuer and collect the monies adjudged or decreed to be payable in the manner provided

by law out of the Collateral and pursuant to the Security Documents, wherever situated, or may institute such non-judicial proceedings in lieu of judicial proceedings as are then permitted by applicable law, and may take such actions through a mortgage trustee if necessary or advisable under applicable law.

If an Event of Default with respect to the Notes occurs and is continuing, subject to the provisions of this Agreement, the Special Servicer (subject to the rights of the Directing Holders set forth in Section 5.12(a)) may in its discretion (or, if any outstanding Advance is a Nonrecoverable Advance, shall) proceed to protect and enforce its rights, the rights of the Trustee and the rights of the Holders of the Notes by such appropriate judicial proceedings as the Special Servicer shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 5.4 Special Servicer May File Proofs of Claim.

In the case of pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, rehabilitation, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer, or the property of the Issuer or its creditors, the Special Servicer (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Special Servicer shall have made any demand on the Issuer for the payment of overdue principal or interest) shall be entitled and empowered, to the extent not prohibited by applicable law, by intervention in such proceeding or otherwise to,

(i) file and prove a claim for the whole amount of the principal of and any interest on the Notes owing and unpaid and all other sums owing and unpaid under the Notes, the Mortgage Notes, the Mortgage, this Indenture, or any other Security Document, if any, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Special Servicer, the Servicer and the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Special Servicer, Servicer or the Trustee and their respective agents and counsel), except as a result of its or their negligence or bad faith, and of the Holders allowed in such judicial proceeding, and

(ii) collect and receive any monies, notes or other property payable or deliverable on any such claims and to distribute the same in accordance with this Indenture;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Special Servicer (or the Trustee at the direction of the Special Servicer) and, in the event that the Special Servicer, or the Trustee, as applicable, shall consent to the making of such payments directly to the Holders, to pay to the Special Servicer, on behalf of the Trustee, any amount due it (or the Trustee) for the reasonable compensation, expenses, Advances (with interest thereon at the Advance Interest Rate) and disbursements of the Servicer, the Special Servicer (or the Trustee), its agents and counsel, and any other amounts due the Trustee hereunder.

Nothing contained in this Article V shall be interpreted as limiting the right or responsibility of the Servicer and Special Servicer to take any actions on behalf of the Trustee in furtherance or fulfillment of the Servicer's or Special Servicer's responsibility to service the Loan and the Mortgage Loan as set out in Article VII. In addition, nothing herein contained shall be deemed to limit each Holder's right to file and prove its claim with respect to Notes held by it and to collect and receive any award in any such proceeding, or to authorize the Servicer and Special Servicer to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, rehabilitation, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Servicer and Special Servicer to vote in respect of the claim of any Holder in any such proceeding.

SECTION 5.5 Servicer May Enforce Claims Without Possession of Notes.

All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Servicer or Special Servicer on behalf of the Trustee (or the Trustee at the direction of the Servicer or Special Servicer if the nature of such action so requires), without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Servicer or Special Servicer on behalf of the Trustee (or the Trustee at the direction of the Servicer or Special Servicer if the nature of such action so requires) shall be brought in the Trustee's name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Servicer or Special Servicer (and the Trustee, if applicable), its agents and counsel, be for the ratable benefit of the Holders of the Notes, if any, in respect of which such judgment has been recovered.

SECTION 5.6 Application of Money Collected.

Upon the occurrence and during the continuance of an Event of Default, money collected by the Servicer, the Special Servicer or the Trustee hereunder (including, without limitation, all money remitted by the Servicer or the Special Servicer to the Trustee for deposit into the Payment Account pursuant to Section 7.6 hereof but excluding all proceeds from any Total Defeasance Collateral or Partial Defeasance Collateral) shall be applied in the following order, at the date or dates fixed by the Trustee (it being the intent that payments of accrued interest and Principal Installment Amounts shall occur not later than each Payment Date, if funds are available therefor) and, in case of the distribution of such money on account of the principal of or interest on, the Notes, upon presentation of the Notes (to the extent not held in global form), and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(i) to the extent not paid from the Fee Reserve Account, to the payment of all amounts due the Trustee under this Indenture, the Certificate Trustee under the Declaration of Trust, the Servicer under this Indenture and each Paying Agent, under its fee agreements (including reasonable amounts payable in respect of the Trustee's, the Special Servicer's or the Servicer's agents and counsel fees and expenses, but excluding repayment of Advances, which are covered by item (ii) below);

(ii) to the extent not paid from the Fee Reserve Account, to the payment (first to the Fiscal Agent, second to the Trustee, third to the Servicer and fourth to the Special Servicer) of Advances made (and any accrued and unpaid interest thereon at the Advance Interest Rate) and (if not already covered by item (i) above) other liabilities owed to them or any of them under this Indenture (including, without limitation, indemnification payment obligations of the Issuer under Section 6.1 and Section 7.21) and the other Security Documents, the Certificate Trustee under the Declaration of Trust (including, without limitation, payment of any indemnification obligations), the cost and expenses of any foreclosure proceedings and any other enforcement proceedings (including, without limitation, reasonable counsel fees and disbursements, advertising costs and expenses, Impositions, and receivers' and trustee's fees and commissions in connection therewith);

(iii) to the payment of accrued interest (excluding Default Premium) and principal then due and payable in the following order of priority:

- (A) first, to the Holders of the Class A-1 and Class A-2 Notes, pro rata, in respect of interest until such interest is paid in full;
- (B) second, to the Holders of the Class A-1 and Class A-2 Notes, pro rata, in respect of principal until such principal has been paid in full;
- (C) third, to the Holders of the Class B Notes in respect of interest until such interest is paid in full;
- (D) fourth, to the Holders of the Class B Notes in respect of principal until such principal has been paid in full;
- (E) fifth, to the Holders of the Class C Notes in respect of interest until such interest is paid in full;
- (F) sixth, to the Holders of the Class C Notes in respect of principal until such principal has been paid in full;
- (G) seventh, to the Holders of the Class D Notes in respect of interest, until such interest is paid in full;
- (H) eighth, to the Holders of the Class D Notes in respect of principal until such principal has been paid in full;
- (I) ninth, to the Holders of the Class E Notes in respect of interest, until such interest is paid in full;
- (J) tenth, to the Holders of the Class E Notes in respect of principal until such principal has been paid in full;

(K) eleventh, to the Holders of the Class F Notes in respect of interest until such interest is paid in full; and

(L) twelfth, to the Holders of the Class F Notes in respect of principal until such principal is paid in full;

(iv) fourth, if and only if the principal amount of and all accrued but unpaid interest (other than Default Premium) on the Notes has been repaid in full to the payment of any Make-Whole Amounts due and payable on any Notes in the order of priority described above in paragraph (iii) with respect to payments of principal;

(v) fifth, if and only if the principal amount of, all Make-Whole Amounts, if any, on, and all accrued but unpaid interest (other than Default Premium) on, the Notes has been paid in full, to the payment of Default Premium due and payable on any Notes in the order of priority described above in paragraph (iii) with respect to payments of interest; and

(vi) sixth, to the payment of the remainder, if any, to the Servicer or Special Servicer for deposit into the Deposit Account to be applied pursuant to the Cash Management Agreement.

Notwithstanding the foregoing, principal and interest will be payable with respect to any Note or portion of a Note that has been defeased pursuant to the terms of this Indenture, only from the proceeds of the U.S. Government Securities deposited with the trustee in connection with such defeasance and only in the amounts that were originally scheduled to be paid on each Payment Date to and including the Scheduled Maturity Date. In addition, Trustee Fees, Servicer Fees and Rating Surveillance Charges shall be paid from the proceeds of such US Government Securities to the extent contemplated at the time such U.S. Government Securities were deposited with the Trustee.

For purposes of Section 10.4 and clauses (iii) through (vi) of this Section 5.6, amounts withheld on account of taxes from money collected by the Trustee, the Servicer or the Special Servicer as a result of the identity, the jurisdiction of organization, residence or citizenship or any other characteristic of a Holder or beneficial owner of any Note shall be treated as having been distributed by the Trustee to such Holder or to the Holder through which such beneficial owner holds such Note, or to any successor to any such Holder.

Payment of the Outstanding Notes of any Class shall be on a pro rata basis and shall be based, with respect to interest, on the relative proportions of the accrued interest on any Note of such Class to the aggregate amount of accrued interest on all Outstanding Notes of such Class and, with respect to principal, on the relative proportions of the unpaid principal amount of any Outstanding Notes of such Class to the aggregate unpaid principal amount of all Outstanding Notes of such Class and, with respect to Make-Whole Amounts or Default Premium, on the relative proportions of the amount of Make-Whole Amounts or Default Premium due and payable on any Note of such Class to the aggregate amount of Make-Whole Amounts or Default Premium due and payable on all Outstanding Notes of such Class.

SECTION 5.7 Limitation on Suits.

No Holder of any Note shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, any Note or any other Security Document, or for the appointment of a receiver or trustee, or for any other remedy hereunder or thereunder, unless:

(1) such Holder has previously given written notice to the Trustee, the Servicer or Special Servicer of a continuing Event of Default;

(2) the Directing Holders or the Holders of not less than 66-2/3% in aggregate principal amount of the Outstanding Notes have made written request to the Special Servicer to institute proceedings in respect of such Event of Default in the name of the Trustee as Trustee; provided, however, that the Special Servicer shall not be required to institute such proceedings at the direction of such Holders that would cause it to violate the Servicing Standards;

(3) such Holder or Holders have offered to the Servicer and Special Servicer reasonable indemnity or security against any potential losses, expenses and liabilities to be incurred in connection with such request;

(4) the Special Servicer for sixty (60) days after its receipt of such notice, request and offer of indemnity or security has failed to institute any such proceeding;

(5) no direction inconsistent with such written request has been given to the Special Servicer during such sixty (60) day period by the Directing Holders or the Holders of 66-2/3% in aggregate principal amount of the Outstanding Notes; and

(6) an Event of Default shall have occurred and be continuing;

it being understood and intended that, except to the extent provided in Section 5.12(a), no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders. The Holders may exercise their rights under this Section 5.7 independently without being subject to Section 1.3.

SECTION 5.8 Unconditional Right of Holders to Receive Principal and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Note shall have the right, which is absolute and unconditional, to receive payment of the principal of and interest on such Note at the Scheduled Maturity Date expressed in such Note (or in the case of redemption, to receive payment of the principal of and interest on such Note, on the Redemption Date) and such rights shall not be impaired without the consent of such Holder.

SECTION 5.9 Restoration of Rights and Remedies.

If the Special Servicer, the Servicer (or the Trustee at the request of the Special Servicer) or, subject to Section 5.7, any Holder has instituted any proceeding to enforce any right or remedy under this Indenture or under any other Security Document and such proceeding has been discontinued, waived, rescinded, or abandoned for any reason, or has been determined adversely to the Trustee, the Special Servicer, the Servicer or to such Holder, then and in every such case, subject to any determination in such proceeding, the Issuer, the Trustee, the Special Servicer, the Servicer and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee, the Holders, the Special Servicer, the Servicer and the Issuer shall continue as though no such proceeding had been instituted.

SECTION 5.10 Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in Section 3.9, no right or remedy herein conferred upon or reserved to the Trustee, the Servicer, the Special Servicer or to the Holders of Notes is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.11 Delay or Omission Not Waiver.

No delay or omission of the Trustee, the Servicer, the Special Servicer or any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Indenture or by any of the Security Documents or by law to the Trustee, the Servicer, the Special Servicer or to the Holders may be exercised from time to time, and as often as may be deemed expedient, to the extent permitted by applicable law, by the Trustee, the Servicer, the Special Servicer or by the Holders entitled to exercise such remedies, as the case may be.

SECTION 5.12 Control by Holders.

(a) Subject to matters described herein which require the consent of 100% of the Holders of the Notes, prior to the Scheduled Maturity Date, during the continuance of an Event of Default, Holders of Notes evidencing the majority of the principal amount of the Notes of the most subordinate Class of Notes then Outstanding or, if the principal amount of such Class is less than 25% of the original aggregate principal amount of such Class, the next most subordinate Class of Notes (the "Directing Holders"), will have the right to direct the time, place and method of conducting any proceeding available to the Special Servicer; provided, however, that any such direction shall not conflict with applicable law or the Security Documents or cause the Special Servicer to violate the

Servicing Standards. Following an Event of Default which has occurred and is continuing prior to the Maturity Date, the Special Servicer shall prepare a plan of action with respect to such Event of Default and shall give notice thereof to the Trustee, which will forward copies through to each Holder of such Class of Notes and of any material change therein (other than a material change at the written direction of the Directing Holders as contemplated below). Unless within 10 days after such notice is given the Directing Holders have objected thereto in writing, the Special Servicer shall follow its original or modified, as the case may be, planned course of action. If the Directing Holders have objected in writing within such 10-day period, such holders shall have an additional 10 days to provide the Special Servicer with an alternative plan of action. In the event that within such second 10-day period the Directing Holders have provided the Special Servicer with such alternative plan of action, the Special Servicer shall follow such alternative plan of action, unless the Special Servicer has determined that such alternative plan of action conflicts with applicable law or the Security Documents or is contrary to the Servicing Standards, in which case the Special Servicer will follow its original planned course of action. If no such alternative plan is provided in such second 10-day period, the Special Servicer shall proceed with its original plan of action. In addition, notwithstanding the foregoing, the Special Servicer may take action prior to the lapse of either such 10-day period if it determines, in accordance with the Servicing Standards, that such action is required by the Servicing Standards in order to avoid a material adverse effect on the Holders or is in the nature of an emergency, and shall have no liability to the Issuer, any Property Owner, any party or any Holder for taking any such action that meets the foregoing standards. In addition, the Special Servicer will have no liability and shall be held harmless by the Directing Holders for any action taken pursuant to a planned course of action directed by the Directing Holders which is in contradiction to the Special Servicer's original plan of action, provided such action is in accordance with the Servicing Standards. Notwithstanding any other provision of this Indenture to the contrary, any rights of less than 100% of the Holders hereunder to consent to or direct any action or inaction (except for the consent of Holders required pursuant to Section 9.2(b)) shall be subject to the rights of the Directing Holders and the Special Servicer pursuant to this Section 5.12(a).

(b) Subject to the rights of the Directing Holders set forth in Section 5.12(a) and any matters under the Indenture requiring the consent of Holders of 100% of the aggregate principal amount of Outstanding Notes, the Holders of not less than 66-2/3% in aggregate principal amount of the Outstanding Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Special Servicer; provided that any such direction shall not be in conflict with any rule of law or with this Indenture or any Security Document or cause the Special Servicer to violate the Servicing Standards and that the Trustee or the Special Servicer may take any other action deemed proper by the Trustee or the Special Servicer, as applicable, which is not inconsistent with such direction or expressly prohibited hereunder so long as such action is consistent with the Servicing Standards.

(c) Notwithstanding anything herein to the contrary, if in connection with any Event of Default the Special Servicer has recommended the commencement of foreclosure or any proceedings or actions which relate to the realization against any of the Mortgaged Properties, or the Special Servicer has recommended the sale or liquidation of any Foreclosed Property, and, in either case, the requisite Holders have disapproved or have not approved such action pursuant to this Indenture, the

Special Servicer shall nevertheless be required to commence such foreclosure proceedings or actions and sell or liquidate such Foreclosed Property, as the case may be, in accordance with the Servicing Standards, upon but only upon a determination by the Servicer, the Special Servicer or the Trustee that any previously made and unreimbursed Advances with interest thereon constitute Nonrecoverable Advances.

(d) The Directing Holders will have the right to terminate the Special Servicer upon obtaining a Rating Agency Confirmation.

SECTION 5.13 Waiver of Past Defaults.

Subject to the Servicer's and Special Servicer's obligation to act in accordance with the Servicing Standards and subject to Section 5.12(c), the Holders of not less than 66-2/3% in aggregate principal amount of the Outstanding Notes may on behalf of the Holders of all the Notes waive any past Event of Default hereunder and its consequences, except an Event of Default:

(1) in the payment of principal of or interest on any Note or any Mortgage Note, which shall require the waiver by the Holders of 100% in aggregate principal amount of the Outstanding Notes directly affected thereby;

(2) in respect of a covenant or provision hereof or under the Mortgage which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Note affected thereby;

(3) a default depriving the Trustee of a lien on any part of the Collateral;

(4) a default depriving the Trustee, the Servicer or the Special Servicer of any fees, reimbursement or indemnification to which it is entitled, for which a waiver will require the consent of the Trustee, the Servicer or the Special Servicer, as applicable which consent may be withheld in the sole discretion of the Trustee, the Servicer or the Special Servicer, as applicable; or

(5) that is an Event of Default occurring on the Scheduled Maturity Date.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 5.14 Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Note by its acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture or any other Security Document, or in any suit against the Trustee or the Servicer or Special Servicer for any action taken, suffered or omitted by the Trustee or the Servicer or Special Servicer, the filing by any party litigant in such suit of an

undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Issuer, or to any suit instituted by the Trustee, or to any suit instituted by the Servicer or Special Servicer, or to any suit instituted by any Holder, or group of Holders, holding in the aggregate at least 25% in aggregate principal amount of Outstanding Notes, or to any suit instituted by any Holder of any Note for the enforcement of the payment of the principal of or interest on any Note on or after the Maturity Date (or, in the case of redemption, on or after the Redemption Date).

ARTICLE VI

THE TRUSTEE

SECTION 6.1 Certain Duties and Responsibilities.

(a) The duties, responsibilities and liabilities of the Trustee in respect of the Security Documents and the other duties and liabilities of the Trustee under this Indenture shall be as follows:

(1) The Trustee (and the Servicer or Special Servicer on its behalf) shall have the full power and authority to do all things not inconsistent with the provisions of this Indenture or any other Security Document that it may deem advisable in order to enforce the provisions hereof or thereof or to take any action with respect to a default or an Event of Default hereunder or thereunder, or to institute, appear in or defend any suit or other proceeding with respect hereto or thereto, or to protect the interests of the Holders; provided, however, that notwithstanding the foregoing or any other provisions of this Indenture to the contrary, the Loan and the Mortgage Loan shall be serviced by the Servicer or the Special Servicer and the powers vested in the Servicer and Special Servicer hereunder shall not be exercised by the Trustee except as expressly set forth herein. Neither the Trustee nor any of its directors, officers, shareholders, agents or employees (each, a "Trustee Indemnified Party" and, collectively, the "Trustee Indemnified Parties") shall be answerable to or accountable for, except for its or their own bad faith, willful misconduct or negligence, and the Issuer agrees to indemnify and save harmless the Trustee Indemnified Parties from, any costs, expenses, liabilities and damages that any of them may incur or sustain, in good faith and without willful misconduct or negligence, in the exercise and performance of the Trustee's powers and duties hereunder, including the cost and expense of defending themselves against any claim or liability in connection with the exercise or performance thereof; provided, however, that if it is found that any such claim or liability has resulted from the bad faith, willful misconduct or negligence of any Trustee Indemnified Party in the performance of its duties hereunder, such Trustee Indemnified Party shall repay such portion of the reimbursed amounts that is attributable to expenses incurred in relation to that portion of its acts or omissions that is the subject of such finding. If any Trustee Indemnified Party is entitled to receive indemnification hereunder with respect to any such action or proceeding brought by a third party, the Issuer shall be entitled to assume the defense of any such action or proceeding with counsel.

reasonably satisfactory to such Trustee Indemnified Party who shall not, except with the consent of such Trustee Indemnified Party, be counsel to the Issuer or any Affiliate thereof. Upon assumption by the Issuer of the defense of any such action or proceeding, such Trustee Indemnified Party shall have the right to participate in such action or proceeding and to retain its own separate counsel, but the Issuer shall not be liable for any legal fees or expenses of such a separate counsel subsequently incurred by such Trustee Indemnified Party in connection with the defense thereof unless (i) the Issuer has agreed to pay such fees and expenses or (ii) counsel provided by the Issuer pursuant to the foregoing is counsel to the Issuer and such Trustee Indemnified Party shall have been advised by such counsel that representation of such Trustee Indemnified Party by such counsel provided by the Issuer pursuant to the foregoing would be inappropriate due to actual or potential conflicting interests between the Issuer and such Trustee Indemnified Party, including situations in which there are one or more legal defenses available to such Trustee Indemnified Party that are different from or additional to those available to the Issuer; provided, however, that the Issuer shall not, in connection with any such action or proceeding, or separate but substantially similar action or proceeding arising out of the same general allegations, be liable for the fees and expenses of more than one separate firm of attorneys at any time, in addition to any local counsel, for any such Trustee Indemnified Party. The Issuer shall not consent to the terms of any compromise or settlement of any action defended by the Issuer in accordance with the foregoing without the prior consent of the Trustee Indemnified Party. The Issuer shall not be required to indemnify any Trustee Indemnified Party for any amount paid or payable by such Trustee Indemnified Party in settlement of any action, proceeding or investigation without the prior written consent of the Issuer, which consent shall not be unreasonably withheld. Promptly after receipt by any Trustee Indemnified Party of notice of its involvement (or the involvement of any of its affiliates or such affiliate's directors, officers, shareholders, agents or employees) in any action, proceeding or investigation, such Trustee Indemnified Party shall, if a claim for indemnification in respect thereof is to be made against the Issuer hereunder, notify the Issuer in writing of such involvement, but the failure of such Trustee Indemnified Party to provide such notice shall neither cause the forfeiture of the right to receive indemnity hereunder nor limit such right, except to the extent, if any, that the Issuer is prejudiced by the failure of the Trustee Indemnified Party to promptly give such notice. The Issuer's indemnification obligations under this Section 6.1(a)(1) shall survive payment of the Notes and any resignation, removal or replacement of the Trustee. The indemnification provided herein is limited in each case to actual damages and does not extend to consequential damages.

The Trustee shall be authorized to make, at the expense of the Issuer, all required refilings of any Security Document to preserve the liens created thereby to the extent not so done by the Issuer or the Servicer or Special Servicer as provided herein or therein, but shall have no obligation to take any action to protect, preserve or enforce any rights or interests in the Security Documents or towards the execution or enforcement of the trusts hereby or thereby created which, in its opinion, shall be likely to involve expense or liability to the Trustee, unless the Trustee shall have received an agreement satisfactory to the Trustee in its sole discretion to indemnify it against such liability and expense. The Trustee shall not be

required to ascertain or inquire as to the performance or observance of any of the covenants or agreements contained herein, or in any other Security Document or in any other instruments to be performed or observed by the Issuer or any other party to any Security Document (including, without limitation, the necessity or desirability under any applicable state law to re-record, re-register or re-file any Security Document). In accepting the trusts hereunder and under the Security Documents, the Trustee is acting solely as Trustee hereunder and not in its individual capacity and all Persons, other than the Issuer and the Holders, having any claim against the Trustee arising by reason hereof shall look only to the Collateral for payment or satisfaction thereof except as provided herein.

(2) The Trustee shall incur no liability in acting upon any signature, notice, request, consent, certificate, opinion, or other instrument reasonably believed by it to be genuine. In administering the trusts, the Trustee may exercise any of the powers hereof directly or through its agents or attorneys and may, at the expense of the Issuer, consult with counsel, accountants and other skilled Persons to be selected and employed by it, and the reasonable expenses thereof shall be paid by the Issuer, and the Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice of any such Person nor for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(3) The Trustee shall have no duty to make, arrange or ensure the completion of any recording, filing or registration of any Security Document, any instrument of further assurance, any instrument constituting part of any of the Mortgaged Properties, or any amendments or supplements to any of said instruments and the Trustee shall have no duty to make, arrange or ensure the completion of the payment of any fees, charges or taxes in connection therewith (and the Trustee may act with respect to the Security Documents and pay out deposited monies without regard thereto), or to give any notice thereof, or to make, arrange or ensure the completion of the payment of or be under any duty in respect of any tax, assessment or other governmental charge that may be levied or assessed on any of the Mortgaged Properties or any part thereof or against the Issuer. Notwithstanding the foregoing, the Trustee agrees that it will notify the Issuer in writing of any filings, fees, taxes or other payments required in connection with the satisfaction of the Issuer's obligations hereunder and under the other Security Documents known to any Responsible Officer of the Trustee assigned to its Corporate Trust Office and actively involved in the administration of the Loan.

(4) Whenever, in administering the trust, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may, in the absence of bad faith on the part of the Trustee, request and rely upon (unless other evidence in respect thereof be specifically prescribed herein or in any Security Document) an Officer's Certificate of the Issuer, and such Officer's Certificate shall be full warrant to the Trustee for any action taken, suffered or omitted by it on the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence

of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(5) Whenever, in administering the trust, the Trustee shall be permitted whether pursuant to the terms of this Indenture or any other Security Document, to determine to grant or withhold its consent to or waiver or approval of any matter described herein or therein or to take or omit to take any action or course of conduct permitted or required hereunder or thereunder, the Trustee shall be fully protected in making such determination based solely upon the written direction of the Servicer or Special Servicer or, absent such direction, (a) on the basis of the related submission required by this Indenture or by such other Security Document, as the case may be, or (b) if a standard for such determination is specified herein or therein, on the basis of its determination in good faith as to whether or not such standard has been satisfied, or (c) if no such standard is specified, on the basis of its determination in good faith as to (x) with respect to any act, omission or course of conduct, whether such act, omission or course of conduct is reasonable (which determination may be made solely on the basis of advice from professionals selected by the Trustee with reasonable care) and (y) with respect to the selection of any professional, whether the party proposing the engagement of such professional is motivated primarily by interests contrary to those of the Holders in making such proposal, provided, in each case, that the Trustee grants or withholds its consent or approval or takes any other action on a timely basis. The Trustee shall not be required to seek the individual consents or approvals of the Holders with respect to any such consent or approval unless the same shall be explicitly required by the terms of this Indenture or such other Security Document, as the case may be. Without limiting the generality of the foregoing, in the event the approval of the Trustee is requested by the Servicer or Special Servicer with respect to a settlement of an insurance claim pursuant to the Mortgage, the Trustee shall be fully protected in granting such approval based on directions from the Servicer or Special Servicer and the Servicer or Special Servicer shall be protected in providing such direction if the Servicer or Special Servicer has selected and retained, in accordance with the Servicing Standards, a qualified independent insurance adjuster who has advised the Servicer or Special Servicer that the proposed settlement is reasonable, and the Trustee determines in good faith, solely on the basis of such advice, that such settlement is reasonable. Notwithstanding anything to the contrary herein or in any of the other Security Documents, neither the Trustee (at the request of the Servicer or Special Servicer) nor the Servicer or Special Servicer on its behalf shall consent to any transfer of any of the Mortgaged Properties or any beneficial interest therein, any modification or waiver of the other Security Documents or the terms of this Indenture (other than modifications or waivers that may be made unilaterally (within the meaning of Prop. Treas. Reg. ss. 1.1001-3, or any successor provision) as provided herein or in the other Security Documents), any release of any property pledged pursuant to this Indenture or the other Security Documents, or any release of the Issuer from its obligations hereunder or under the other Security Documents (other than any actions expressly contemplated by this Indenture or the other Security Documents in connection with payments on the Notes (including any redemptions) or otherwise), unless the Issuer has obtained and delivered to the Trustee, the Servicer and the Special Servicer an Opinion of Counsel from counsel experienced in federal income tax

matters that such consent or modification, or waiver, as the case may be, will not be treated as an exchange of any Note for a newly issued obligation pursuant to Section 1001 of the Code and provided, further, that in the case of a transfer of any portion of any of the Mortgaged Properties without release of such transferred portion a further opinion shall be furnished to the Trustee to the effect that (i) such transfer shall not adversely affect the status of the Notes as debt for federal income tax purposes or (ii) result in the creation of a "taxable mortgage pool" within the meaning of Section 7701 of the Code.

(6) The Trustee shall have no obligation to see to the payment or discharge of any liens (other than the liens of the Security Documents, and then only to the extent therein provided), or to see to the application of any payment of the principal of or interest on any Note or Mortgage Note secured thereby or to the delivery or transfer to any Person of any property released from any such lien, or to give notice to or make demand upon any mortgagor, mortgagee, trustor, beneficiary or other Person for the delivery or transfer of any such property.

(7) The Trustee shall not be concerned with or accountable to any Person for the use or application of any deposited monies that shall be released or withdrawn in accordance with the provisions hereof or of any other Security Document or of any property or securities or the proceeds thereof that shall be released from the lien hereof or thereof in accordance with the provisions hereof or thereof and the Trustee shall have no liability for the acts of other parties hereto that are not in accordance with the provisions hereof.

(8) The Trustee shall not be charged with knowledge of any Event of Default hereunder or under any other Security Document (except default in the payment of monies to the Trustee that the Issuer is required to pay or cause to be paid to the Trustee on or before a specified date and except default in the delivery of any certificate, opinion or other document expressly required to be delivered to the Trustee by any provision hereof or any Security Document) or any condition which after notice and/or the passage of time would constitute an Event of Default or any other fact, circumstance or event the occurrence of which would require the Trustee to give any notice or otherwise take any action (any such Event of Default, condition, circumstance or other event, an "Event"), unless either (i) a Responsible Officer of the Trustee assigned to its Corporate Trust Office shall have actual knowledge of such Event or (ii) written notice of such Event shall have been given to and received by the Trustee, by the Issuer, the Servicer, the Special Servicer or any Holder or Holders of at least 25% in aggregate principal amount of the Notes then Outstanding.

(9) The Trustee shall not be responsible for any act or omission of the Servicer or Special Servicer.

(b) Except during the continuance of an Event of Default with respect to the Notes, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(c) In the absence of actual knowledge of a Responsible Officer to the contrary or bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

(d) In case an Event of Default known to the Trustee with respect to the Notes has occurred and is continuing, the Trustee shall exercise (subject, in all cases, to the rights and powers vested in the Servicer and Special Servicer pursuant to this Indenture), with respect to the Notes, such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use under the circumstances in the conduct of his own affairs.

(e) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this Subsection (e) shall not be construed to limit the effect of Subsections (a) or (b) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved by a court of competent jurisdiction that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and without negligence in accordance with the direction of the Holders of not less than 66-2/3% in aggregate principal amount of the Outstanding Notes (or 50% with respect to actions taken pursuant to Section 7.7(b) hereof), as applicable, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Notes or the Security Documents.

SECTION 6.2 Money Held in Trust.

Accounts established by the Trustee hereunder shall be subject to regulations regarding fiduciary funds on deposit substantially similar to those described in 12 C.F.R. ss. 9.10(b). Money held by the Trustee hereunder shall be held in trust for the purposes for which it was paid, and shall be segregated from any other monies held by the Trustee, and may be deposited by the Trustee, under such general conditions as may be prescribed by law, in the trust department of the Trustee. All such moneys shall be held in Eligible Accounts. The Trustee shall be under no liability for interest on any money received by it hereunder except as provided in this Indenture, the Cash Management Agreement or as otherwise agreed with the Issuer. Within a reasonable time after the end of each calendar year or portion thereof during the term of the Notes, the Trustee shall cause the depository

for any accounts referred to in this Article to deliver to the Issuer, the Servicer and the Trustee and, upon request, to the Holder of any Note a statement of any amounts received or disbursed by the Trustee in respect of the Collateral during such calendar year or portion thereof.

SECTION 6.3 Notice of Defaults.

The Trustee, promptly after a Responsible Officer of the Trustee acquires actual knowledge of the occurrence of an Event of Default or any event that with notice or lapse of time or both would become an Event of Default, shall notify all Holders of then-Outstanding Notes (pursuant to the procedures as set forth in Section 1.6), the Rating Agencies, the Servicer, the Special Servicer and the Issuer of any such Event of Default or other event, unless all such defaults or potential defaults known to the Trustee shall have been cured before the giving of such notice or unless, with respect to an Event of Default, the same is waived by the Trustee pursuant to Section 6.1.

SECTION 6.4 Certain Rights of Trustee.

Subject to the provisions of Section 6.1:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Issuer referred to herein shall be sufficiently evidenced by the Issuer Request or the Issuer Order and any resolution of the Issuer's Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting to take any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(d) the Trustee may consult with counsel and the written advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to expend its own funds or to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction,

consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer personally or by agent or attorney (any such examination to be made upon reasonable advance notice and at reasonable times, except that if an Event of Default has occurred and is continuing such examination shall be permitted at such times, with or without notice, as the Trustee may select in its sole discretion); and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys.

SECTION 6.5 Compensation and Reimbursement.

The Issuer agrees:

(a) to pay to the Trustee the Trustee Fee and such other amounts due from time to time pursuant to this Indenture;

(b) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in carrying out its duties and responsibilities under this Indenture or under the other Security Documents, including, without limitation, the reasonable compensation, expenses and disbursements of its agents and counsel and any expenses incurred in connection with the transfer or reassignment by the Trustee to a successor trustee of any Security Document pursuant to Section 6.11, except any such expense, disbursement or advance as may be attributable to the Trustee's negligence, willful misconduct or bad faith;

(c) that the Trustee Indemnified Parties shall not be answerable to or accountable for, except in the case of their own bad faith, willful misconduct or negligence, and, the Issuer agrees to indemnify, consistent with the provisions set forth in Section 6.1 (a)(1) hereof, each of the Trustee Indemnified Parties for, and to hold them harmless against, any loss, liability, damage or expense that it may incur or sustain without negligence, willful misconduct, or bad faith on its part, arising out of or in connection with the exercise and performance of the Trustee's powers and duties hereunder and the acceptance or administration of the trust or trusts hereunder, under the Mortgage or under any other instrument included in the Collateral, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of the Trustee's powers or duties hereunder. The indemnification obligation of the Issuer under this Section 6.5(c) shall survive payment of the Notes and any resignation, removal or replacement of the Trustee; and

(d) the expenses and the compensation for the services rendered by the Trustee or the Servicer after an Event of Default as specified in Section 5.1(4) or Section 5.1(5) hereof in connection herewith are intended to constitute expenses of administration under any bankruptcy proceeding; provided that this sentence shall not affect the lien described in the preceding sentence.

The Trustee shall not institute any proceeding seeking the enforcement of such lien against the Collateral unless (i) such proceeding is in connection with a proceeding in accordance with Article V hereof for enforcement of the lien of this Indenture for the benefit of the Holders after the occurrence of an Event of Default (other than an Event of Default due solely to a breach of this Section 6.5) and a resulting declaration of acceleration of Maturity of such Notes that has not been rescinded and annulled, or (ii) such proceeding does not result in or cause a sale or other disposition of such Collateral.

SECTION 6.6 Confidentiality.

Unless an Event of Default has occurred and is continuing, the Holders (each in their individual capacities only) shall not have any right to obtain any information relating to the Mortgaged Properties, including information regarding lease rents, any rent rolls or copies of any leases, except as expressly provided for herein. Each of the Holders, the Trustee, the Special Servicer, and the Servicer agree to keep confidential, and to cause their respective directors, officers, employees, agents, attorneys, accountants, financial advisors and other representatives to keep confidential, all leases, lease abstracts, rent rolls, financial statements, appraisals and other financial information, including information relating to lease terms and identities of tenants, furnished to, or obtained by, the Holders, the Trustee, the Special Servicer or the Servicer hereunder (the "Confidential Information") and to use reasonable efforts, if such material is not marked "Proprietary" or "Confidential", and to use special efforts, if such material is so marked, to not, without the prior written consent of the Issuer, disclose such Confidential Information in whole or in part in any manner whatsoever; provided, however, that the Trustee shall be permitted to fulfill its responsibilities under Section 6.17 hereof and the Trustee, the Special Servicer, the Servicer and the Holders, and their representatives shall be permitted to disclose Confidential Information if (i) required by law (or regulations thereunder) or (ii) such disclosure is necessary for either the Trustee, the Special Servicer or the Servicer to perform its duties hereunder or (iii) an Event of Default shall have occurred and be continuing and such disclosure is made in connection with the enforcement of the provisions of the Notes, this Indenture or any other Security Document or (iv) such disclosure is appropriate in working with its regulators (or those of its corporate parent), to such regulators. This Section shall not apply to any provisions of the Confidential Information that are or become generally available to the public or to information in or incorporated by reference in offering memoranda prepared in connection with the sale of the Notes. The Servicer, the Special Servicer and the Trustee may furnish at the expense of the Issuer any Confidential Information to a Rating Agency on request of such Rating Agency and such Rating Agency may reasonably disclose such information in connection with its initial rating or its ongoing rating surveillance of the Securities.

SECTION 6.7 Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a trust company, a national banking association or a banking corporation, in each case organized and doing business under the laws of the United States of America, any state thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers (i) having a long-term unsecured debt rating not less than AA (or its equivalent) (without regard to any '+' - '-' or numerical designation) by each of the

Rating Agencies (or if not rated by any Rating Agency, subject to Rating Agency Confirmation) (unless a Fiscal Agent has been appointed hereunder which has such rating), (ii) a combined capital and surplus of at least \$50,000,000, and subject to supervision or examination by federal or state authority and (iii) the appointment of which has been subject to Rating Agency Confirmation. If such corporation or national banking association publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation or national banking association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article and in the last paragraph of Section 3.6.

SECTION 6.8 Representations and Warranties of the Trustee.

The Trustee hereby represents and warrants to the other parties hereto that, as of the Closing Date:

(i) the Trustee has been duly organized and is validly existing under the laws of the United States of America and is qualified under the laws of the jurisdiction in which the Mortgaged Properties are located to the extent necessary to perform its obligations in accordance with the terms of this Indenture except to the extent that the laws of any state in which a Mortgaged Property is located may require the appointment of a co-trustee for the enforcement of its rights with respect to the Mortgaged Properties;

(ii) the execution and delivery of this Indenture and the other Security Documents to which it is a party by the Trustee have been duly authorized by all necessary corporate action on the part of the Trustee; the Trustee is duly authorized under applicable law, its articles of incorporation and its by-laws to authenticate the Notes, to accept the delivery of the Collateral and to perform its obligations under this Indenture and each of the other Security Documents to which it is a party, and all corporate action necessary or required therefor has been duly and effectively taken or obtained; none of the execution, delivery and performance of this Indenture, or the consummation of the transactions herein contemplated, nor the compliance with the provisions hereof, will conflict with or result in a breach of, or constitute a default under (A) the terms of any agreement or instrument to which the Trustee is a party or by which it is bound; (B) the certificate of incorporation or bylaws of the Trustee; or (C) to the Trustee's knowledge, the provisions of any law, governmental rule, regulation, judgment, decree or order binding on the Trustee or its properties; neither the Trustee nor any of its Affiliates is a party to, bound by, or in breach of or in violation of any material indenture or other agreement or instrument, or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it, which materially and adversely affects or to the knowledge of the Trustee may in the future materially and adversely affect (X) the ability of the Trustee to perform its obligations under this Indenture or (Y) the business, operations, financial condition, properties or assets of the Trustee;

(iii) the execution and delivery by the Trustee of this Indenture and the consummation of the transactions contemplated hereby (with the benefit of the provisions hereof) do not require any consent, approval, authorization, order, registration or qualification of or with any court or any regulatory authority or other governmental agency or body, except such as has been obtained and is in full force and effect;

(iv) this Indenture has been duly executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties hereto, constitutes a valid and legally binding obligation of the Trustee enforceable against it in accordance with its terms, subject to (A) applicable bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar laws of general applicability relating to or affecting the rights and remedies of creditors generally and (B) the application of principles of equity (regardless of whether considered and applied in a proceeding in equity or at law);

(v) there are no actions, suits or proceedings pending or, to the Trustee's knowledge, threatened against the Trustee, before or by any court, administrative agency, arbitrator or governmental body (A) with respect to any of the transactions contemplated by this Indenture or (B) with respect to any other matter which could, if determined adversely to the Trustee, materially and adversely affect it or its business, assets, operations or condition, financial or otherwise, or adversely affect its ability to perform its obligations under this Indenture; and

(vi) the Trustee is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default might have consequences that would materially and adversely affect the condition (financial or otherwise) or operations of the Trustee or its properties or might have consequences that would materially and adversely affect its performance hereunder.

Within thirty (30) days of the earlier of discovery by the Trustee or receipt of notice by the Trustee of the breach of any representation or warranty of the Trustee set forth in this Section 6.8, the Trustee shall cure such breach in all material respects.

SECTION 6.9 Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee 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 Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, and shall be deemed to have assumed all of the liabilities and obligations of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto (other than such Person). In case any Notes shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion, consolidation or succession to such authenticating Trustee may

adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Trustee had itself authenticated such Notes.

SECTION 6.10 Resignation and Removal; Appointment of Successor.

(a) The Trustee may resign at any time by giving written notice thereof to the Servicer, the Special Servicer, the Issuer and each Rating Agency. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 6.11.

(b) If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to the Trustee within thirty (30) days after the giving of a notice of resignation as contemplated in clause (a) above, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time with respect to the Notes by the Holders of a majority of principal amount of the Outstanding Notes and notice of such action by such Holders shall be delivered to the Trustee, the Issuer, the Servicer, the Special Servicer and each Rating Agency. subject to the receipt of a Rating Agency Confirmation.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 6.6 or shall fail to comply with Section 6.12 after written request for compliance by the Issuer or any Holder who has been a bona fide Holder for at least six (6) months, or

(2) the Trustee shall cease to be eligible under Section 6.7, or the representations in Section 6.8 shall prove to be untrue, and the Trustee shall fail to resign after written request therefor by the Issuer or any such Holder referred to in clause (1) above, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (i) the Issuer, the Servicer or Holders of a majority of the Notes may remove the Trustee with respect to the Notes, or (ii) subject to Section 5.14, any Holder of a Note may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to the Notes and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Notes, the Issuer shall promptly

appoint a successor Trustee or Trustees satisfying the requirements of Section 6.7 with respect to the Notes and shall comply with the applicable requirements of Section 6.11. If, within fifteen (15) days after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall not have been appointed by the Issuer or, if appointed, shall not have accepted such appointment in accordance with the applicable requirements of Section 6.11, then a successor Trustee shall be appointed by of the Servicer or the Act of the Holders of not less than 51% in aggregate principal amount of the Outstanding Notes delivered to the Issuer and the retiring Trustee, and the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 6.11, become the successor Trustee with respect to the Notes. Upon such resignation, removal, incapacity or other vacancy, the Trustee shall forward all documents relating to the Notes to the successor Trustee at the address provided by the Issuer.

If, within sixty (60) days after such resignation, removal or incapability, or the occurrence of such vacancy, no successor Trustee shall have been so appointed and accepted appointment in the manner required by Section 6.11, any bona fide Holder may, on behalf of such Holder and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Issuer or the Servicer, as applicable, shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by giving notice of such event to each of the Holders, the Servicer, the Special Servicer and the Rating Agencies in accordance with Sections 1.5 and 1.6. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

(g) The resignation or removal of the Trustee shall automatically result in the removal of the Fiscal Agent from its obligations hereunder as of such date of registration or removal.

SECTION 6.11 Acceptance of Appointment by Successor.

In case of the appointment hereunder of a successor Trustee, the successor Trustee so appointed shall execute, acknowledge and deliver to the Issuer, the Servicer, the Special Servicer and to the retiring Trustee an instrument accepting such appointment and assuming the responsibilities of the Trustee hereunder, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, shall take such action as may be necessary to provide for the appropriate interest in the Collateral to be vested in such successor Trustee, and shall execute and deliver any amendments to the Security Documents necessary in connection therewith, but shall not be responsible for the recording of such documents and instruments as may be necessary to give effect to the foregoing (which responsibility shall be borne by the successor Trustee). In the event that the retiring Trustee is removed without cause, any costs

of transfer shall be paid by the party removing the retiring Trustee. The retiring Trustee shall pay any costs of transfer to a successor Trustee in the event the retiring Trustee is removed for cause.

Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in this Section.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 6.12 Conflicting Interests.

If the Trustee has or shall acquire any conflicting interest (as defined in Section 310 of the Trust Indenture Act of 1939, as amended, applied as if this Indenture were an Indenture to be qualified under such Act), such Trustee shall, within ninety (90) days after ascertaining that it has such conflicting interest and if the default (as defined in Section 310 of such Act) has not been cured or duly waived or otherwise eliminated before the end of such ninety-day period, either eliminate such conflicting interest or resign, such resignation to become effective upon the appointment of a successor Trustee and such successor's acceptance of such appointment, and the Issuer shall take prompt steps to have a successor appointed in the manner provided in Section 6.10 hereof.

SECTION 6.13 Self Dealing.

The Trustee may purchase Eligible Investments through the Trustee, in its individual capacity, and through its Affiliates, and such Persons may retain any charges or commissions customarily imposed for such purchases.

SECTION 6.14 Investments.

The Trustee shall invest any amounts held in the Payment Account (to the extent required pursuant to Section 3.5) and any other account maintained by the Trustee pursuant to this Indenture, pending their application to the purposes herein provided, in one or more of the following investments (the "Eligible Investments") as directed by the Issuer (so long as no Event of Default shall have occurred and be continuing) or, in the absence of any such direction, in the investments described in clause (viii) below:

(i) (A) obligations of, or obligations fully guaranteed as to payment of principal and interest by, the United States or any agency or instrumentality thereof provided such obligations are backed by the full faith and credit of the United States of America including, without limitation, obligations of: the U.S. Treasury (all direct or fully guaranteed obligations), the Farmers Home Administration (certificate of beneficial ownership), the General Services Administration (participation certificates), the U.S. Maritime Administration (guaranteed Title XI financing), the Small Business Administration (guaranteed participation certificates and guaranteed pool certificates), the U.S. Department of Housing and Urban Development (local authority bonds) and the Washington

Metropolitan Area Transit Authority (guaranteed transit bonds); provided, however, that the investments described in this clause (A) must have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (C) such investments must not be subject to liquidation prior to their maturity;

(ii) Federal Housing Administration debentures;

(iii) obligations of the following United States government sponsored agencies: Federal Home Loan Mortgage Corp. (debt obligations), the Farm Credit System (consolidated systemwide bonds and notes), the Federal Home Loan Banks (consolidated debt obligations), Fannie Mae (debt obligations), the Student Loan Marketing Association (debt obligations), the Financing Corp. (debt obligations), and the Resolution Funding Corp. (debt obligations); provided, however, that the investments described in this clause (A) must have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (C) such investments must not be subject to liquidation prior to their maturity;

(iv) federal funds, unsecured certificates of deposit, time deposits, bankers' acceptances and repurchase agreements with maturities of not more than 365 days of any bank, the short-term obligations of which at all times are rated P-1 by Moody's and D-1+ by DCR (or, if not so rated by one or more of the Rating Agencies then an equivalent rating by two NRSROs (which may include one or more of the Rating Agencies)); provided, however, that the investments described in this clause (A) must have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (C) such investments must not be subject to liquidation prior to their maturity;

(v) fully Federal Deposit Insurance Corporation-insured demand and time deposits in, or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, the short-term obligations of which at all times are rated in the highest short-term rating category by each Rating Agency (or, if not so rated by one or more of the Rating Agencies, then an equivalent rating by two NRSROs (which may include one or more of the Rating Agencies)); provided, however, that the investments described in this clause (A) must have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (C) such investments must not be subject to liquidation prior to their maturity;

(vi) debt obligations with maturities of not more than 365 days and at all times rated Aaa by Moody's and AAA by DCR (or, if not so rated by one or more of the Rating Agencies then an equivalent rating by two NRSROs (which may include one or more of the Rating Agencies)) in its

highest long-term unsecured rating category; provided, however, that the investments described in this clause (A) must have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (C) such investments must not be subject to liquidation prior to their maturity;

(vii) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) with maturities of not more than 365 days and that at all times is rated P-1 by Moody's and D-1+ by DCR (or, if not so rated by one or more of the Rating Agencies then an equivalent rating by two NRSROs (which may include one or more of the Rating Agencies)) in its highest short-term unsecured debt rating; provided, however, that the investments described in this clause (A) must have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (C) such investments must not be subject to liquidation prior to their maturity;

(viii) units of taxable money market funds or mutual funds, which funds are regulated investment companies, seek to maintain a constant net asset value per share, which funds have the highest rating available from each Rating Agency (or, if not so rated by one or more of the Rating Agencies, then an equivalent rating by two NRSROs (which may include one or more of the Rating Agencies)) for money market funds or mutual funds; and

(ix) any other security, obligation or investment which has been approved as a Permitted Investment in writing by (a) Trustee and (b) each Rating Agency, as evidenced by a Rating Agency Confirmation;

provided, however, that (1) no obligation or security shall be a Permitted Investment if (A) such obligation or security evidences a right to receive only interest payments or (B) the right to receive principal and interest payments on such obligation or security is derived from an underlying investment that provides a yield to maturity in excess of 120% of the yield to maturity at par of such underlying investment, and (2) no investment described herein may be purchased at a price greater than par if such investment may be prepaid or called at a price less than its purchase price prior to maturity.

SECTION 6.15 Unclaimed Funds.

At the expiration of two (2) years following the date of Maturity of the Notes issued hereunder, any monies deposited in the Holdover Account for such Notes then remaining on deposit and unclaimed by the lawful owner thereof shall be paid to the Issuer (or in accordance with any directions previously given to the Trustee by the Issuer) and the Person entitled to receive such monies thereafter shall look only to the Issuer for payment thereof as an unsecured general creditor (without regard to any limitation on recourse contained herein or in the Notes or any other Security Document), and all liability of the Trustee with respect to such trust money shall thereupon cease;

provided that the Trustee, before being required to make any such repayment, may, at the expense of the Issuer, cause to be published at least once but not more than three times in any Authorized Newspaper (if the Notes were, as of the Trustee's receipt of such payment, listed on a securities exchange) and in two newspapers in the English language customarily published on each Business Day and of general circulation, one in New York, New York and the other in London, England, a notice to the effect that said monies remain unclaimed and have not been applied for the purpose for which they were deposited, and that after a date specified therein, which shall be not less than thirty (30) days after the date of first publication of said notice, any unclaimed balance of said monies then remaining in the hands of the Trustee will be paid to the Issuer upon its written directions. Any successor to the Issuer through merger, consolidation or otherwise or any recipient of substantially all the assets of the Issuer in a liquidation of the Issuer shall remain liable for the amount of any unclaimed balance paid to the Issuer pursuant to this paragraph.

SECTION 6.16 Illegal Acts.

No provision of this Indenture or any amendment or supplement hereto shall be deemed to impose any duty or obligation on the Trustee to do any act in the performance of its duties hereunder or to exercise any right, power, duty or obligation conferred or imposed on it, which under any present or future law shall be unlawful, or which shall be beyond the corporate powers, authorization or qualification of the Trustee.

SECTION 6.17 Communications to be Sent to the Rating Agencies, Holders and the Initial Purchaser.

(a) The Trustee shall send to each Rating Agency (with copies to the Issuer and the Servicer to the extent not already in the possession of the following) copies of each supplement, notice, certificate, request, demand, report and financial statement sent by it or received by it pursuant to or in connection with this Indenture, the other Security Documents or the Mortgaged Properties, and any other quarterly or annual materials in the Trustee's possession, relating to the Notes or the obligations of the Issuer hereunder and under the Security Documents and requested by the Rating Agency in accordance with their monitoring activities. The Trustee shall also provide to each Rating Agency copies of the documents delivered to it by the Property Owners pursuant to Section 18 of the Mortgage and copies of Payment Date Statements to the Initial Purchasers and to any Holder (or beneficial owner of Notes) requesting delivery of all or part of such information in writing, upon receipt by the Trustee, in the case of any Holder (or beneficial owner of Notes), of a certificate from the requesting Holder (or beneficial owner of Notes) in substantially the form set forth in Exhibit C, it being understood that the Trustee shall be entitled to conclusively rely upon the accuracy of the information provided to it in such certificate.

The Trustee shall provide access to the information available on the Payment Date Statement through the Trustee's ASAP System, or such other mechanism that the Trustee may have in place from time to time including through the Trustees's dial-up bulletin board service in each case, with the use of an assigned log-on i.d. password. The Trustee may (at its discretion and with the consent of the Issuer) make the information that is available on its ASAP System also available via the

Internet site of the trustee at "http://www.lnbabs.com" (which will be accessible to Holders (or any beneficial owner of Notes) and the Rating Agencies using an assigned log-on i.d. and password) or by such other means as the Trustee may have in place from time to time.

(b) The Trustee shall (in each case, with copies to the Rating Agencies)

(i) send to the Issuer, within five (5) days after the date on which any installment of interest or principal on the Notes becomes due and payable hereunder and is not paid, a written demand for payment thereof;

(ii) send to the Issuer, within five (5) days after any amount other than principal or interest becomes due and payable hereunder as notified by the Servicer or Special Servicer and is not paid, a written demand for payment of such amount;

(iii) send to the Issuer, within five (5) Business Days after a Responsible Officer of the Trustee acquires actual knowledge that any mechanic's or other lien (other than Permitted Exceptions) shall have been filed against the Mortgaged Property or any part thereof, a written demand that the Issuer cause the Property Owners to bond or otherwise satisfy such lien unless the Servicer shall have already delivered such notice and demand to the Issuer; and

(iv) send to the Issuer, within seven (7) Business Days after a Responsible Officer of the Trustee acquires actual knowledge of (A) any failure of the Issuer or any Property Owner to perform or comply with any of the terms of this Indenture, the Mortgage or any other Security Document, or (B) any breach, in any material respect, of a representation or warranty made by the Issuer or any Property Owner in this Indenture or the Mortgage, respectively, written notice of such default, failure or breach and demand for cure in accordance with the Indenture.

(c) The Trustee may attach a notice to any document to be delivered by it under clause (a) above disclaiming any responsibility for the contents thereof.

SECTION 6.18 Separate Trustees and Co-trustees.

(a) If at any time the Trustee reasonably shall deem it necessary for the purpose of meeting any legal requirements applicable to it in the performance of its duties hereunder (including any legal requirements of any jurisdiction in which any of the Collateral is located), the Trustee shall have the power to, and shall, execute and deliver any and all instruments necessary to appoint one or more Persons to act as separate trustees or co-trustees hereunder, jointly with the Trustee, of any of the Collateral, including any of the Mortgaged Properties, to the extent applicable, subject to this Indenture, and any such Persons shall be such separate trustee or co-trustee, with such powers and duties consistent with this Indenture and the other Security Documents as shall be specified in the instrument appointing such Person but without thereby releasing the Trustee from any of its duties hereunder. If the Trustee shall request the Issuer so to do, the Issuer shall join with the Trustee in

the execution of such instrument, but the Trustee shall have the power to make such appointment without making such request. All fees and expenses of any separate trustee or co-trustee shall be paid by the Issuer.

(b) Every separate trustee and co-trustee shall, to the extent not prohibited by law, be subject to the following terms and conditions:

(1) the rights, powers, duties and obligations conferred or imposed upon such separate or co-trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate or co-trustee jointly, as shall be provided in the appointing instrument, except to the extent that under any law of any jurisdiction in which any particular act is to be performed any nonresident trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such separate trustee or co-trustee; provided, however, that in the event of a conflict between the instructions or directions of the Trustee and any separate or co-trustee, the directions of the Trustee shall govern;

(2) all powers, duties, obligations and rights conferred upon the Trustee, in respect of the custody of all cash and other securities to be deposited with or otherwise held by the Trustee hereunder shall be exercised solely by the Trustee;

(3) the Trustee may at any time by written instrument accept the resignation of or remove any such separate trustee or co-trustee, and, upon the request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to make effective such resignation or removal, but the Trustee shall have the power to accept such resignation or to make such removal without making such request. A successor to a separate trustee or co-trustee so resigning or removed may be appointed in the manner otherwise provided herein; and

(4) the co-trustee shall resign immediately upon the resignation or removal of the Trustee and the acceptance of appointment of a successor Trustee hereunder.

(c) Such separate trustee or co-trustee, upon acceptance of such trust, shall be vested with the estates or property specified in such instrument, jointly with the Trustee and the Trustee shall take such action as may be necessary to provide for the appropriate interest in the Collateral, including the Mortgaged Properties, to be vested in such separate trustee or co-trustee, the execution and delivery of any amendments to the Security Documents necessary in connection therewith, and the recording of such documents and instruments as may be necessary to give effect to the foregoing. Any separate trustee or co-trustee may, at any time, by written instrument constitute the Trustee, his agent or attorney-in-fact with full power and authority, to the extent permitted by law, to do all acts and things and exercise all discretion authorized or permitted by him, for and on behalf of him and in his name. If any separate trustee or co-trustee shall be dissolved, become incapable of acting, resign, be removed or die, all the estates, property, rights, powers, trusts, duties and obligations of said separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee, without

the appointment of a successor to said separate trustee or co-trustee, until the appointment of a successor to said separate trustee or co-trustee is necessary as provided in this Indenture. The appointment of a co-trustee shall in no way release the Trustee from any of its duties or responsibilities hereunder.

(d) Any notice, request or other writing, by or on behalf of any Holder, delivered to the Trustee shall be deemed to have been delivered to all separate trustees and co-trustees.

SECTION 6.19 [Intentionally Omitted].

SECTION 6.20 Withholding and Information Reporting.

The Trustee agrees with the Issuer that the Trustee will comply with all applicable United States federal income tax withholding and any IRS Form 1099 interest reporting requirement.

ARTICLE VII

THE SERVICER AND SPECIAL SERVICER

SECTION 7.1 Servicer to Act as Servicer; Special Servicer to Act as Special Servicer.

Each of the Servicer and the Special Servicer, is an independent contract servicer and shall service and administer the Loan and the Mortgage Loan solely on behalf of, and in the best interests of (as determined by the Servicer or Special Servicer in its reasonable judgment) and for the benefit of the Holders in accordance with applicable law the terms of this Indenture and the other Security Documents and the following Standards (the "Servicing Standards"):

(i) (a) in the same manner in which and with the same care, skill, prudence and diligence with which the Servicer or Special Servicer services and administers similar mortgage loans for other third-party portfolios, giving due consideration to customary and usual standards of practice of prudent institutional commercial mortgage lenders servicing their own mortgage loans and to the maximization of the net present value of the Loan and the Mortgage Loan or (b) with the care, skill, prudence and diligence the Servicer or Special Servicer uses for mortgage loans which it owns and which are substantially the same as the Loan and the Mortgage Loan, giving due consideration to the maximization of the net present value of the Loan and the Mortgage Loan, whichever is higher; (ii) with a view to the timely collection of all scheduled payments of principal and interest under the Loan and the Mortgage Loan or, if an Event of Default shall occur and be continuing and if, in the good faith and reasonable judgment of the Servicer or Special Servicer, no satisfactory arrangements can be made for the collection of the delinquent payments, the maximization of the recovery on the Loan and the Mortgage Loan to the Holders of the Notes (as a collective whole) on a net present value basis; and (iii) without regard to (A) any relationship that the Servicer or Special Servicer or any affiliate thereof may have with the Issuer or any Property Owner; (B) the ownership of any Security by the Servicer or Special Servicer or

their affiliates; (C) the Servicer's or Special Servicer's, as applicable, obligation to make Advances; (D) the right of the Servicer or Special Servicer to receive reimbursement of costs, or the sufficiency of any compensation payable to it under the Indenture or with respect to any particular transaction; or (E) the Servicer's or Special Servicer's ownership, servicing or management for others of any other mortgage loans or mortgaged property.

Subject to the above-described Servicing Standards and the terms of this Indenture and of the other Security Documents, the Servicer and Special Servicer shall have full power and authority to do or cause to be done any and all things in connection with such servicing and administration which it may deem necessary or desirable. The Servicer and Special Servicer shall service and administer the Loan and the Mortgage Loan in accordance with applicable state and federal law. At the written request of the Servicer or Special Servicer, accompanied by the form of powers or other documents being requested and a certificate that such power of attorney or document is necessary or appropriate to enable the Servicer or Special Servicer to carry out its servicing and administrative duties hereunder, the Trustee shall furnish to the Servicer or Special Servicer, as applicable, any powers of attorney and other documents and the Trustee shall not be held responsible for any acts by the Servicer or Special Servicer in its uses of any such powers of attorney or other documents. Notwithstanding anything contained herein to the contrary, neither the Servicer, the Special Servicer nor the Issuer shall, without the Trustee's written consent, (i) initiate any action, suit or proceeding solely under the Trustee's name without indicating Servicer's or Special Servicer's, as applicable, representative capacity or (ii) take any action with the intent to cause, and which actually does cause, the Trustee to be registered to do business in any state. Where the terms of the Mortgage or any other Security Document provide that the consent or approval of the Mortgagee is required, then (unless otherwise provided therein) such consent or approval shall be granted or withheld by the Servicer or Special Servicer, as applicable on behalf of the Mortgagee in accordance with the Servicing Standards.

SECTION 7.2 Sub-Servicing Agreements.

Each of the Servicer or Special Servicer, at its own expense without a right of reimbursement from the Issuer under this Indenture, may enter into sub-servicing agreements with sub-servicers for the servicing and administration of the Mortgaged Properties, provided that, (i) the Issuer shall have consented in writing to the appointment of such sub-servicer (which consent shall not be unreasonably withheld), unless (x) such sub-servicer is a wholly owned subsidiary of the Servicer or Special Servicer, as applicable, or (y) the Servicer or Special Servicer, as applicable, has determined, in good faith, that the appointment of such sub-servicer is necessary for the purpose of meeting any legal requirements applicable to it in the performance of its duties hereunder (including any legal requirements of any jurisdiction in which any of the Collateral is located), (ii) any such sub-servicing agreement (x) will be upon such terms and conditions as are not inconsistent with this Indenture and as the Servicer or Special Servicer, as applicable and the sub-servicer have agreed, and (y) shall provide that in the event the Servicer or Special Servicer, as applicable has been removed as the Servicer or Special Servicer, as applicable hereunder, the Trustee or any successor Servicer or Special Servicer, as applicable appointed pursuant hereto shall have the right to terminate such sub-servicing agreement without cost or penalty on not more than five days' written notice to the sub-servicer, and (iii) no sub-servicer retained by the Servicer or Special Servicer shall grant any modification, waiver,

or amendment to the Security Documents without the written approval of the Servicer or Special Servicer, as applicable. References in this Indenture to actions taken or to be taken, and limitations on actions permitted to be taken, by the Servicer or Special Servicer in servicing the Loan and the Mortgage Loan include actions taken or to be taken by a sub-servicer on behalf of the Servicer or Special Servicer, as applicable. Each sub-servicer shall be (i) authorized to transact business in the applicable state(s), if, and to the extent, required by applicable law to enable the sub-servicer to perform its obligations hereunder and under the applicable sub-servicing agreement, and (ii) qualified to service mortgage loans comparable to the Loan and the Mortgage Loan. For purposes of this Indenture, the Servicer or Special Servicer shall be deemed to have received any amount when the sub-servicer receives such amount and actions taken by the sub-servicer shall be deemed to be actions of the Servicer or Special Servicer, as applicable. The Servicer or Special Servicer, as applicable shall notify the Trustee and the Issuer in writing promptly upon the appointment of any sub-servicer and promptly furnish the Trustee and the Issuer with a copy of the sub-servicing agreement. Each of the Servicer and the Special Servicer is permitted to utilize agents and attorneys as is consistent with the Servicing Standards in performing certain of its obligations under this Indenture and the other Security Documents, each of which will be an expense of the Issuer, payable from the Deposit Account or paid and reimbursed as a Property Protection Advance. Obligations of the Servicer or Special Servicer which are an expense of the Issuer pursuant to the preceding sentence include, but are not limited to, enforcement of the Mortgage and administration of releases, assumptions, modifications, substitutions, defeasance of the Notes, bankruptcy claims and similar matters.

Notwithstanding any sub-servicing agreement the use of other agents and attorneys, any of the provisions of this Indenture relating to agreements or arrangements between the Servicer or Special Servicer, as applicable and a sub-servicer or reference to actions taken through a sub-servicer other agents or attorneys or otherwise, the Servicer or Special Servicer, as applicable shall remain obligated and liable to the Trustee and the Holders for the servicing and administering of the Loan and the Mortgage Loan in accordance with the provisions of Section 7.1 without diminution of such obligation or liability by virtue of such sub-servicing agreement or arrangements or by virtue of indemnification from a sub-servicer and to the same extent and under the same terms and conditions as if the Servicer or Special Servicer alone were servicing and administering the Loan and the Mortgage Loan.

SECTION 7.3 Certain Duties and Responsibilities.

Until the principal and interest on each Note is paid in full, the Servicer (or Special Servicer during the occurrence and continuance of a Loan Event) shall proceed diligently to collect all payments called for under the terms and provisions of the Security Documents, including payments from the Property Owner's Insurance Proceeds and Taking Proceeds, and in doing so the Servicer (or Special Servicer during the occurrence and continuance of a Loan Event) shall follow such collection procedures as are in accordance with the Servicing Standards. The foregoing responsibilities shall include, without limitation, making, at the expense of the Issuer, timely filings of any Uniform Commercial Code continuation statements and any refilings of any Security Document as necessary to preserve the liens created thereby to the extent not so done by the Issuer or the Property Owners as provided herein or in the other Security Documents. The Servicer and

Special Servicer each agree that it will notify the Issuer and the Trustee (with a copy to the Servicer in the case of the Special Servicer) in writing of any filings, fees, taxes or other similar payments required in connection with the satisfaction of the obligations of the Issuer or the Property Owners under this Indenture and the other Security Documents known to any officer or employee of the Servicer or Special Servicer actively involved in the administration of the Loan or the Mortgage Loan. Upon an acceleration of the Notes pursuant to Section 5.2, subject to the rights of the Directing Holders set forth in Section 5.12(a) the Special Servicer may, unless the Event of Default preceding such acceleration is an Event of Default occurring on the Maturity Date, in which case the Special Servicer shall, initiate foreclosure proceedings with respect to the Indenture Collateral and immediately thereafter with respect to the Mortgaged Properties and the other Mortgage Collateral; provided, however, that the Special Servicer will not convert ownership of any Mortgaged Property to the Trustee or its nominee on behalf of the Holders unless and until the Special Servicer has complied with the terms of this Indenture.

Subject to the rights of the Directing Holders described in Section 5.12(a), if prior to the Maturity Date an Event of Default has occurred and is continuing or an Event of Default is reasonably foreseeable and the Special Servicer determines in accordance with the Servicing Standards that a modification, waiver or amendment of the terms of any Security Document either (i) is reasonably likely to produce a greater recovery on a present value basis than liquidation of Indenture Collateral, the Mortgaged Properties and the other Mortgage Collateral or (ii) would not reasonably be likely to adversely affect the timely receipt of payments under the Security Documents, then the Special Servicer may, but is not required to, agree to a modification, waiver, or amendment of any of the terms of the Security Documents; provided, however, notwithstanding the foregoing, that (1) the action cannot reasonably be expected to result in an increase in the ratio of (A) the then-outstanding aggregate principal balance of the Notes divided by (B) the most recent appraised value of the Mortgaged Properties (net of any prior liens); (2) the action cannot reasonably be expected to result in a decrease in the Debt Service Coverage Ratio; (3) the action complies with all applicable legal requirements, including without limitation, all zoning, environmental and building laws, ordinances, and regulations and any condition, easement, right-of-way, covenant or restriction of record applicable to the Mortgaged Properties; (4) to the extent any additional criteria are specified in the Security Documents for consent to a specific action, such criteria have been satisfied in all material respects; (5) the consent to such action is otherwise consistent with the Servicing Standards and (6) such action does not impair the rights or increase the obligations of the Trustee, the Servicer or the Special Servicer; provided, any such modification will be made in compliance with the terms of this Indenture and any other applicable Security Document.

Subject to the rights of the Directing Holders described in Section 5.12(a) and subject to the terms of this Indenture, the Servicer may (or Special Servicer, as the case may be) enter into or grant the following modifications, waivers or amendments of any Security Document without the consent of any Holder of the Notes: (i) waivers of minor covenant defaults (other than financial covenants), including late financial statements; (ii) releases of unimproved non-material parcels of any Mortgaged Property, provided that each such release parcel constitutes a tax lot separate from the remainder of the Mortgaged Properties and such release will not cause the applicable Mortgaged Property to violate any law, anchor lease or other obligation of the Issuer; (iii) grants of easements that do not

materially adversely affect the use, operation or value of any Mortgaged Property or the obligation of the Issuer or the Property Owners to pay the Loan and the Mortgage Loan, respectively; and (iv) any other modifications, waivers or amendments which the Servicer (or Special Servicer, as the case maybe) determines, in accordance with the Servicing Standards, are of a routine nature and which are made in accordance with the Servicing Standards; provided that the Servicer (or Special Servicer, as the case maybe) has determined that (x) any such modification, waiver or amendment described in this sentence would not in any way affect a payment term of any Note or Mortgage Note, and (y) agreeing to such modification, waiver or amendment would be consistent with the Servicing Standards.

SECTION 7.4 Payment of Impositions, Etc.

The Servicer shall maintain accurate records with respect to the Mortgaged Properties reflecting the status of Impositions and other similar items that are or may become a lien thereon and the status of insurance premiums payable in respect of any of the insurance policies required to be maintained by the Property Owners (in their capacity as Mortgagor) under Article 13 of the Mortgage. Except to the extent the same are paid directly by the Servicer from sums on deposit in the Tax Escrow Account pursuant to the Cash Management Agreement, the Issuer shall supply to the Servicer evidence of the payment of such amounts at least ten (10) Business Days prior to the applicable penalty or termination dates. To the extent the Servicer has obtained notice of any Impositions (that have or may become a lien on any Mortgaged Property) that have not been paid from sums on deposit in such Reserve Account or otherwise by the Property Owners on or before the related Due Date and the applicable Property Owner is not contesting such items pursuant to Article 12 of the Mortgage, the Servicer shall obtain all bills for the payment of such items (including renewal premiums) and shall instruct the applicable Property Owner in writing to effect payment thereof prior to the applicable penalty or termination date, provided that failure of the Servicer to provide such instruction shall in no way limit the obligation of the applicable Property Owner to timely pay such Impositions nor shall it be a condition for the Servicer to make an advance from its own funds as set forth below. If evidence of such payment is required but not promptly received by the Servicer, the Servicer shall Advance from its own funds (without having any obligation to give any prior notice to the Issuer or the applicable Property Owner but subject to the Servicer's determination that such Advance will not, if made, constitute a Nonrecoverable Advance) amounts payable with respect to all such items related to the Mortgaged Properties when the same shall become due and payable, unless the Servicer reasonably anticipates (in accordance with the Servicing Standards) that such items will be paid by the Property Owner on or before the same shall become due and payable, in which case the Servicer shall use its best efforts consistent with the Servicing Standards to confirm whether such items have been paid and shall advance such times on the earlier of (i) the date that is five business days following receipt by the Servicer of confirmation that such items have not been paid by or on behalf of the Property Owner and (ii) 30 days after the same shall become due and payable, which advance shall constitute a Property Protection Advance. The Servicer shall not be obligated to advance from its own funds any amounts required to cure, or pay any other amounts due by reason of, any failure of any Mortgaged Property to comply with any applicable Legal Requirements (as defined in the Mortgage), including any Environmental Law (as defined in the Mortgage), or to investigate, test, monitor, contain, clean up or remedy an

environmental condition present at any Mortgaged Property, except to the extent provided in Section 7.7.

SECTION 7.5 Maintenance of Insurance and Errors and Omissions and Fidelity Coverage.

(a) The Servicer shall, in accordance with the Servicing Standards, use its best efforts to cause the Property Owners to maintain for each Mortgaged Property all insurance required by the terms of the Mortgage in the amounts, with the terms and provisions, and from the insurers set forth therein. If the Property Owners fail to maintain the insurance policies required by the Mortgage, the Servicer shall, in accordance with the Servicing Standards, obtain (subject to provisions of this Indenture concerning Nonrecoverable Advances) such required insurance policies (which may be through the Servicer's master force-placed insurance policy), which policies shall be issued by insurance companies which (i) meet the ratings requirements set forth in the Mortgage or (ii) are subject to a Rating Agency Confirmation, to the extent available and to the extent the Trustee, as assignee of the Mortgagee, has an insurable interest (as determined by the Servicer in accordance with the Servicing Standards). The cost (including any deductible relating to such insurance) of such required insurance policies (or, in the case of the Servicer's master force-placed policy, the incremental cost (including any related deductible) of such insurance related to the specific Mortgaged Property) shall be paid by the Servicer as a Property Protection Advance. In carrying out the foregoing, the Servicer shall monitor the Property Owners' compliance with the requirements of Article 13 of the Mortgage and shall advise the Property Owners and the Issuer of any instance where the Servicer believes that the Property Owners are no longer in compliance with Article 13 of the Mortgage. The Special Servicer shall also cause to be maintained on each Mortgaged Property after it becomes a Foreclosed Property all such insurance, to the extent the same is then available at commercially reasonable rates and maintaining such insurance would be in the interest of the Holders in accordance with the Servicing Standards. The cost of any such insurance with respect to a Foreclosed Property will be payable out of amounts on deposit in the REO Property Account or will be advanced absent (in the case of an Advance) a determination of non-recoverability pursuant to Section 7.17, by the Servicer at the request of the Special Servicer as a Property Protection Advance. Pursuant to Section 7.6, any amounts collected by the Servicer or Special Servicer under any such policies (other than amounts to be applied to the restoration or repair of a Mortgaged Property or property so acquired or amounts released to the applicable Property Owner in accordance with the terms of the Mortgage, the Cash Management Agreement or the Servicing Standards) shall be deposited in accordance with the Cash Management Agreement in the applicable Reserve Account, subject to withdrawal pursuant to Section 7.6. Any costs (including third party costs as described in Section 7.2) incurred by the Servicer or Special Servicer pursuant to this Section shall be reimbursable to the Servicer or Special Servicer pursuant to Section 7.6. Nothing in this Section shall be deemed to require the Servicer or Special Servicer to make a Nonrecoverable Advance.

(b) The Servicer and Special Servicer shall obtain and maintain at its own expense, and keep in full force and effect throughout the term of this Indenture, a blanket fidelity bond and an errors and omissions insurance policy, with the Trustee named as certificateholder or loss payee, as applicable, from a provider that is rated at least Aa2 by Moody's or AA by DCR (or if not so rated in such category by the applicable Rating Agency, then an equivalent rating by one additional

NRSRO) or is subject to a Rating Agency Confirmation and covering the Servicer's and Special Servicer's officers and employees in connection with its activities under this Indenture. The amount of coverage shall be such as is commercially reasonable given the Servicer's and Special Servicer's role hereunder and at least equal to the coverage that is required by applicable governmental authorities having regulatory power over the Servicer and Special Servicer. If no such coverage amounts are imposed by such regulatory authorities, the amount of coverage shall be at least equal to the coverage that would be required by FNMA or FHLMC with respect to the Servicer or Special Servicer if the Servicer or Special Servicer were servicing and administering the Loan and the Mortgage Loan for FNMA or FHLMC. In the event that any such bond or policy ceases to be in effect, the Servicer or Special Servicer shall obtain a comparable replacement bond or policy. Coverage of the Servicer or Special Servicer under a policy or bond obtained by an Affiliate of the Servicer or Special Servicer and providing the coverage and continuing for the term required by this Section 7.5 shall satisfy the requirements of this Section 7.5.

No provision of this Section 7.5 requiring such fidelity bond and errors and omissions insurance shall diminish or relieve the Servicer or Special Servicer from its duties and obligations as set forth in this Indenture. Promptly following the Closing Date, the Servicer or Special Servicer shall deliver or cause to be delivered to the Trustee a certificate of insurance from the surety, insurer or insurance broker. The Servicer shall promptly provide notice to the Trustee and each Rating Agency of any cancellation, termination, expiration, reduction in amount of, or material change (other than an increase) in, coverage under any such fidelity bond or policy of errors and omissions insurance.

(c) The Servicer shall approve adjustments and settlements of insurance claims relating to the Mortgaged Properties in accordance with the terms of the Security Documents.

SECTION 7.6 Application of Funds in Reserve Accounts in Event of Default.

(a) Upon the occurrence and continuation of an Event of Default, the Special Servicer shall deposit, or cause to be deposited, in the applicable REO Property Account within one (1) Business Day after receipt all revenues received from any Foreclosed Property and all other amounts received by the Special Servicer or Servicer with respect to the Security Documents and the Mortgaged Properties. Amounts so deposited in the REO Property Accounts shall be remitted to the Collection Account in accordance with and to the extent required by the Cash Management Agreement.

(b) [Intentionally Omitted.]

(c) Money held by the Servicer hereunder shall be held in trust for the purposes for which it was paid, and shall be segregated from any other monies held by the Servicer, and may be deposited by the Servicer or Special Servicer under such general conditions as may be prescribed by law.

(d) Payments made with funds obtained by the Special Servicer by liquidating any part of the Collateral shall not constitute a cure of a failure by the Issuer to make a payment for purposes of

Section 5.1 hereof unless the Event of Default relating thereto is waived in accordance with Section 5.13.

SECTION 7.7 Realization upon Mortgaged Property.

(a) Within 60 days following the occurrence of an Appraisal Reduction Event, the Special Servicer shall use its best efforts to obtain an Updated Appraisal of the Mortgaged Properties, the cost of which shall be a Property Protection Advance; provided, however that the Special Servicer shall not obtain such Updated Appraisal for any Mortgaged Property with respect to which there exists an appraisal that is less than twelve months old. The Special Servicer shall calculate the Appraisal Reduction Amount upon the later of 30 days after the occurrence of an Appraisal Reduction Event, if no Updated Appraisal is required under Section 7.7(a), or promptly upon, but in no event more than 30 days after, receipt of an Updated Appraisal. In addition, if the Servicer or Special Servicer is required to make a material Advance not anticipated at the time the Appraisal Reduction Amount was last determined, the Appraisal Reduction Amount shall be determined immediately after the Servicer or Special Servicer makes such Advance.

Annual updates of such Updated Appraisal will be obtained during the continuance of an Appraisal Reduction Event. Each time an Updated Appraisal is obtained, the Appraisal Reduction Amount shall be recalculated by the Special Servicer based upon such Updated Appraisal. Promptly following any calculation or recalculation of an Appraisal Reduction Amount, the Special Servicer shall notify the Servicer in writing of the amount of such Appraisal Reduction Amount.

(b) Upon the occurrence and during the continuance of an Event of Default and acceleration of the maturity of the Notes pursuant to Section 5.2 (subject to the rights of Directing Holders pursuant to Section 5.12(a)) (i) the Special Servicer may or (ii) if the Issuer fails to pay the principal of and interest on any Notes on the Maturity Date, the Special Servicer shall (A) exercise the remedies available under Article V hereof, and under the Security Documents, including foreclosing on all or some of the Indenture Collateral, the Mortgaged Properties and the other Mortgage Collateral, to the extent determined appropriate by the Special Servicer in accordance with the Servicing Standards and (B) the Special Servicer shall deliver such notices as may be required by any Leases to the parties entitled thereto. Except in the case of rescission of acceleration in accordance with Article V, to the extent the Special Servicer has determined to foreclose all or some of the Mortgaged Properties the Special Servicer shall liquidate such Mortgaged Properties and other Collateral and transfer the payments to the REO Property Account for disbursement pursuant to the Cash Management Agreement. In addition, upon the occurrence and during the continuance of an Event of Default, or an event which with the giving of notice or the passage of time would become an Event of Default, the Special Servicer may obtain advice from Persons with expertise in the field of distressed real estate, bankruptcy or other relevant fields the cost of which shall constitute a Property Protection Advance. Notwithstanding the foregoing, the Special Servicer shall promptly commence foreclosure following the Maturity Date unless prior to that time the term of the Loan and the Mortgage Loan has been extended with approval of the requisite Holders as described in Section 7.3. Within sixty (60) days after the occurrence and during the continuance of an Event of Default and acceleration of the Loan, the Special Servicer shall prepare, or cause to be prepared, a liquidation

plan for the Collateral and shall deliver a copy of such plan to the Trustee for distribution to each Holder. Nothing in such plan shall conflict with or alter in any way any of the obligations of the parties to this Indenture. Such liquidation plan shall be deemed approved by the Holders unless, within sixty (60) days after its delivery, Holders of more than 50% in aggregate principal amount of the Notes then Outstanding object by writings filed with the Trustee to such liquidation plan. If Holders of more than 50% (but less than 100%) in aggregate principal amount of the Notes then Outstanding have objected in writing within such 60-day period, subject to Section 7.7(c), the Special Servicer may take action pursuant to such liquidation plan if it has determined such action to be consistent with the Servicing Standards. If Holders of 100% in aggregate principal amount of the Notes then Outstanding have objected in writing within such 60-day period, the Special Servicer shall not take action in accordance with such liquidation plan subject, however, to its right to propose a new liquidation plan to Holders for approval in accordance with the foregoing procedure. In connection with such foreclosure or other conversion, the Special Servicer shall follow such practices and procedures as it shall deem necessary or advisable and as shall be consistent with the Servicing Standards. At the time the Special Servicer on behalf of the Trustee for the benefit of the Holders takes possession of a Mortgaged Property by foreclosure or otherwise, the Special Servicer may, but shall have no obligation whatsoever to, pay the cost of any capital improvements to the Mortgaged Property if the Special Servicer determines that such expenditures are advisable to protect or, if permitted by Section 33 of the Mortgage, enhance the value of such Mortgaged Property and are in the best interests of the Holders, and any such payment by the Special Servicer shall constitute a Property Protection Advance hereunder. The foregoing is subject to the condition that the Special Servicer shall not be required to expend its own funds to restore any property damaged by an Uninsured Cause.

(c) Notwithstanding Section 7.7(b), the Special Servicer shall not, on behalf of the Trustee, obtain title to any Mortgaged Property as a result or in lieu of foreclosure or otherwise, and shall not otherwise acquire possession of, or take other action with respect to, such Mortgaged Property, if as a result of any such action, the Special Servicer or the Trustee would be considered to hold title to, be a "mortgagee-in-possession" of, or be an "owner" or "operator" of such Mortgaged Property within the meaning of CERCLA or any applicable comparable federal, state or local law, or a "discharger" or "responsible party" thereunder unless the Special Servicer has also previously determined, based on an environmental report prepared at the direction of the Special Servicer by a Person having the qualifications set forth in Section 7.7(d) (a copy of which report shall have been delivered to the Trustee), that such Mortgaged Property does not contain any condition identified in Section 501.04 (or any successor provision) of Part II of the Fannie Mae Multifamily Guide, or that, if any such condition exists, taking such actions as are necessary to bring such Mortgaged Property into compliance with applicable Environmental Laws, or taking such actions as are necessary to contain, clean-up, remove or remediate Hazardous Substances affecting such Mortgaged Property is reasonably likely to produce a greater recovery on a present value basis than not taking such actions.

Subject to the rights of Directing Holders pursuant to Section 5.12(a), if the Special Servicer has so determined based on satisfaction of the criteria in this Section 7.7(c) that it would be in the best economic interest of the Holders to take any such actions and foreclose or otherwise acquire

possession of such Mortgaged Property and is otherwise consistent with the Servicing Standards, the Special Servicer shall notify the Trustee in writing setting forth in reasonable detail the reasons for its determination, and the Trustee, in turn, shall send a copy of the related environmental report and notification to the Holders notifying them of their right to object to such proposed action. Such proposed action shall be taken unless the Trustee (i) shall have received and delivered to the Special Servicer, within thirty (30) days after such notification from the Special Servicer, written instructions from the Holders of not less than 66-2/3% in aggregate principal amount of the Outstanding Notes directing it not to take such action; provided, however, that the Special Servicer shall not be required to take any action or refrain from taking any action that would cause it to violate the Servicing Standards; or (ii) has given the Special Servicer similar written instructions based upon the Trustee's reasonable opinion that there would be a likelihood of the Trustee's individual liability resulting from such action against which it would not be indemnified hereunder.

(d) Any environmental report contemplated by Section 7.7(c) shall be prepared by any Independent Person who regularly conducts environmental site assessments for purchasers of comparable properties, as determined by the Special Servicer in a manner consistent with the Servicing Standards. The cost of preparation of any environmental site assessment shall qualify as and be reimbursed as a Property Protection Advance.

(e) If the Special Servicer determines, pursuant to Section 7.7(c), that taking such actions as are necessary to bring a Mortgaged Property into compliance with applicable Environmental Laws, or taking such actions with respect to the containment, clean-up, removal or remediation of Hazardous Substances affecting such Mortgaged Property, is not reasonably likely to produce a greater recovery on a present value basis than not taking such actions, the Special Servicer shall notify the Trustee in writing setting forth in reasonable detail the reasons for its determination and any action which it determines to take, and the Trustee, in turn, shall send a copy of such notification to the Holders notifying them of their right to give contrary direction. The Special Servicer shall take such alternative action as it deems to be in the best economic interests of the Holders, consistent with the Servicing Standards including, without limitation, releasing the lien of the Mortgage with respect to such Mortgaged Property, unless the Trustee has received and delivered to the Special Servicer within thirty (30) days after such notification from the Special Servicer, contrary directions from the Holders of not less than 66-2/3% in aggregate principal amount of the Outstanding Notes; provided, however; that the Special Servicer shall not be required to take any action or refrain from taking any action that would cause it to violate the Servicing Standards unless so directed by Holders of not less than 100% in aggregate principal amount of Outstanding Notes. Neither the Trustee nor the Special Servicer shall be obligated to take any action, or refrain from taking any action at the direction of Holders pursuant to this Section 7.7(e) unless the Holders offer to the Trustee or the Special Servicer, as the case may be, security or indemnification satisfactory to the Trustee or the Special Servicer against the costs, expenses and liabilities that may be incurred with respect to such actions or inaction.

(f) In connection with any Letter of Credit delivered to the Trustee pursuant to the terms of the Cash Management Agreement, if such Letter of Credit is not renewed or replaced with another Letter of Credit prior to the date that is 20 days prior to its expiration, Trustee (or Servicer on behalf

of Trustee) shall be entitled to draw upon the full amount of such Letter of Credit. Funds drawn upon any Letter of Credit shall be deposited in the related Reserve Account for administration in accordance with the Cash Management Agreement.

SECTION 7.8 Trustee to Cooperate: Release of Original Security Documents.

From time to time and as appropriate for the servicing or foreclosure of the Loan, the Mortgage Loan, the Mortgaged Properties and the other Mortgage Collateral, the Trustee shall, upon written request of the Servicer or Special Servicer and delivery to the Trustee of a trust receipt in the form of Exhibit E hereto, release or cause to be released originals of any Security Documents being held by it to the Servicer or Special Servicer and shall execute such documents furnished to it as shall, according to an Officer's Certificate of the Servicer, be necessary to the prosecution of any such proceedings. The Servicer or Special Servicer shall promptly return such items to the Trustee (or the Custodian) when the need therefor by the Servicer or Special Servicer no longer exists.

SECTION 7.9 Title and Management of Foreclosed Property.

(a) In the event that title to any Mortgaged Property is acquired by the Special Servicer for the benefit of the Holders in foreclosure or by deed-in-lieu of foreclosure or otherwise, the deed or certificate of sale shall be taken in the name of the Trustee, or its nominee, on behalf of the Holders or as otherwise contemplated pursuant to Section 6.18. The Special Servicer, on behalf of the Holders, shall sell any Foreclosed Property as expeditiously as possible in accordance with the provisions of Section 7.10. Subject to Section 7.9(d), the Special Servicer shall retain the entity or entities that were acting as the Property Manager with respect to the Mortgaged Properties immediately prior to the Event of Default, or such other property managers as the Special Servicer shall deem appropriate (the "Manager"), to provide property management services at each of the Foreclosed Properties. In connection with such management, the property manager selected by the Special Servicer shall be entitled to the related Management Fees from the Collateral, and such fees shall be payable in accordance with Section 7.9.

(b) The Special Servicer and the Manager shall segregate and hold all funds collected and received in connection with the operation of any Foreclosed Property separate and apart from their own funds and general assets and shall deposit all such funds collected and received in connection with the operation of any Foreclosed Property in the REO Property Account to be applied in accordance with the Cash Management Agreement.

(c) The Special Servicer shall have full power and authority, subject only to the specific requirements and prohibitions of this Indenture and Servicing Standards, to do any and all things in connection with the Foreclosed Property for the benefit of the Holders on such terms and for such period as the Special Servicer deems to be in the best interests of the Holders and as consistent with the Servicing Standards. In connection therewith, the Special Servicer shall require the Manager to deposit or cause to be deposited within one (1) Business Day after receipt in the REO Property Account all revenues received with respect to all Foreclosed Properties. To the extent such funds are available therefor pursuant to the Cash Management Agreement, the Special Servicer shall

withdraw from the REO Property Account funds necessary for the proper operation, management and maintenance of the Foreclosed Property, including, but not limited to:

- (i) all insurance premiums due and payable in respect of the Foreclosed Properties;
- (ii) all Impositions in respect of the Foreclosed Properties that could result or have resulted in the imposition of a lien thereon;
- (iii) all amounts that are due and payable under any Ground Lease, any Leases or operating agreements affecting the Foreclosed Properties; and
- (iv) all costs and expenses necessary to preserve the Foreclosed Properties including, but not limited to payment of Management Fees to the related Manager.

To the extent that funds on deposit in the Collection Account or any applicable Reserve Account are insufficient for the purposes set forth in clauses (i) through (iv) above, the Special Servicer shall make a Property Protection Advance, subject to the limitations set forth in Section 7.17.

(d) The Special Servicer, in the name of the Trustee on behalf of the Holders, shall contract with any Manager for the operation and management of the Foreclosed Properties, provided that no such contract shall impose individual liability on the Trustee, the Special Servicer or the Holders; and provided, further, that:

- (i) the terms and conditions of any such contract shall not be inconsistent herewith (including those set forth in the definition of Management Fee);
- (ii) any such contract shall require, or shall be administered to require, that the Manager (A) pay from revenues of all Foreclosed Properties all costs and expenses incurred in connection with the operation and management of the Foreclosed Properties, and (B) remit all related revenues, net of such costs and expenses, to the Special Servicer for deposit to the REO Property Account as soon as practicable but in no event later than the Business Day immediately following receipt;
- (iii) none of the provisions of this Section 7.9 relating to any such contract or to actions taken by any such Manager shall be deemed to relieve the Special Servicer of any of its duties and obligations to the Trustee on behalf of the Holders with respect to the asset management of the Foreclosed Properties; and
- (iv) such Manager and such contract shall be subject to Rating Agency Confirmation.

The Special Servicer in the name of the Trustee on behalf of the Holders shall be entitled to enter into any agreement with any Manager related to its duties and obligations hereunder for indemnification of the Special Servicer by such Manager, and nothing in this Indenture shall be deemed to limit or modify such indemnification. The Special Servicer agrees to monitor

the performance of the Manager and to enforce the obligations of the Manager on behalf of the Trustee in accordance with the Servicing Standards. Expenses incurred by the Special Servicer in connection herewith shall be paid and reimbursed as Property Protection Advances. The Special Servicer shall not serve as Manager, but shall be obligated with respect to any management contact with the Manager to monitor and enforce the Manager's obligations thereunder to the same extent as if the Special Servicer alone were performing all duties and obligations in connection with the operation and management of the Foreclosed Property.

SECTION 7.10 Sale of Foreclosed Property.

(a) Promptly after the acquisition of a Foreclosed Property by the Special Servicer in the name of and on behalf of the Trustee, the Special Servicer shall on behalf of the Trustee obtain a full narrative appraisal of such Foreclosed Property from an appraiser (unless there exists and is available to the Special Servicer a full narrative appraisal of such Mortgaged Property performed within the last twelve (12) months and the Special Servicer is not aware of any circumstance that would materially and adversely affect the value of such Mortgaged Property as set forth in such appraisal), the cost of which shall be paid and reimbursed as a Property Protection Advance in order to determine the fair market value of such Foreclosed Property and shall provide copies of such appraisal to the Trustee and the Issuer. The Special Servicer may offer to sell to any Person one or more of the Foreclosed Properties, if and when the Special Servicer determines, consistent with the Servicing Standards, that such a sale would be in the best economic interests of the Holders. The Special Servicer shall give the Trustee not less than five (5) days' prior written notice of its intention to sell any Foreclosed Property and shall accept the highest cash offer received from any Person (which Person shall certify in its offer as to whether it is an Interested Person) for the Foreclosed Property that at least equals the sum of (i) the Allocated Amount for such Foreclosed Property, plus (ii) all unpaid interest accrued on Notes (based on the weighted average interest rate of the Notes) representing a principal amount equal to the Allocated Amount (or in the event of the sale of more than one Foreclosed Property, the aggregate amount of the Allocated Amounts of all such Foreclosed Properties) from time to time through the date of sale, plus (iii) all amounts owed to the Servicer, the Special Servicer and the Trustee hereunder and the Manager with respect to such Foreclosed Property, and all reasonably estimated Liquidation Expenses. In the absence of any such offer, the Special Servicer shall accept the highest cash offer received from any Person that is not less than the fair market value of the Foreclosed Property as set forth in the most recent full narrative appraisal (prepared by a Qualified Appraiser) of such Foreclosed Property. In the absence of any such offer, the Special Servicer shall offer the Foreclosed Property for sale to any Person other than an Interested Person, in a commercially reasonable manner for a period of not less than ten (10) days nor more than such period as shall be determined by the Special Servicer in accordance with the Servicing Standards, and shall accept the highest cash offer received therefor in excess of the highest cash offer previously submitted. If no such offer is received, any Interested Person may submit an offer for no less than the sum of (i) the Allocated Amount of such Foreclosed Property, plus (ii) all unpaid interest accrued on the Notes (based on the weighted average interest rate of the Notes) representing a principal amount equal to the Allocated Amount (or in the event of the sale of more than one Foreclosed Property, the aggregate amount of the Allocated Amounts of all such Foreclosed

Properties) and (iii) all other amounts due under the Security Documents, and the Special Servicer shall accept the highest outstanding cash offer, regardless of from whom received and regardless of its amount. No Interested Person shall be obligated to submit an offer to purchase any Foreclosed Property, and notwithstanding anything to the contrary herein, neither the Trustee in its individual capacity nor any of its Affiliates may offer to purchase or purchase any Foreclosed Property.

(b) Subject to the provisions of Section 7.9, the Special Servicer shall act on behalf of the Trustee for the benefit of the Holders in negotiating and taking any other action necessary or appropriate in connection with the sale of the Foreclosed Properties, including the collection of all amounts payable in connection therewith. Any sale of a Foreclosed Property shall be without warranty by, or recourse to, the Trustee, the Issuer, the Servicer, the Special Servicer, the Holders or any other Person (except for such warranties of title and condition as may be customary under the circumstances of any such sale) and, if consummated in accordance with the provisions of this Section 7.10, neither the Trustee, the Issuer, the Servicer nor the Special Servicer shall have any liability to any Holder with respect to the purchase price thereof accepted by the Special Servicer or the Trustee.

(c) The proceeds of any sale effected pursuant to Section 7.10(a), after deduction of the expenses incurred in connection therewith, shall be deposited in the REO Property Account in accordance with Section 7.6.

SECTION 7.11 Servicing Compensation.

(a) The Servicer shall be entitled to receive as servicing compensation its Servicing Fee, and after the occurrence of a Loan Event and while such Loan Event is continuing, the Special Servicer shall be entitled to receive as servicing compensation its Special Servicing Fee. In addition, each of the Servicer and Special Servicer shall be entitled to reimbursement for all other costs or expenses incurred directly by it in the performance of its duties hereunder other than: (i) fees and expenses of any sub-servicer unless such expenses, if incurred by the Servicer or Special Servicer, would be reimbursable to the Servicer or Special Servicer; (ii) the cost of any fidelity bond or errors and omissions policy required by Section 7.5(b); (iii) overhead expenses of the Servicer and Special Servicer including but not limited to those which may properly be allocable under the Servicer's or Special Servicer's accounting system or otherwise to the Servicer's or Special Servicer's activities under this Indenture or the income derived by it hereunder including the costs to Servicer or Special Servicer associated with employees of the Servicer or Special Servicer performing services in connection with the obligations of the Servicer or Special Servicer hereunder; and (iv) costs and expenses arising from the negligence or willful misconduct of the Servicer or Special Servicer. If a Loan Event ceases following resolution of such Loan Event by a written agreement negotiated by the Special Servicer, the Special Servicer shall

be entitled to a Work-Out Fee, provided, however, that the Work-Out Fee payable to the Special Servicer under this Indenture shall not exceed \$250,000 per occurrence; provided, further, that in the event of a Loan Event pursuant to clause (i) or (ii) of the definition of Loan Event that the Special Servicer has resolved by a written agreement negotiated by it and that it would have earned a Workout Fee but solely for the passage of time after such written agreement had been entered into and is then terminated pursuant to the terms of this Indenture prior to the cessation of such Loan Event, whether or not for cause, such terminated Special Servicer shall be entitled to receive such Workout Fee after its termination and the successor Special Servicer shall have no rights with respect to such Workout Fee. In addition, the Servicer shall be entitled to receive from the related Property Owner as additional servicing compensation an assumption fee in the amount of \$5,000 in connection with the administration of each transfer and assumption pursuant to Sections 19.1 or 19.2 of the Mortgage. In addition, the Special Servicer shall be entitled to receive a Liquidation Fee with respect to each Liquidated Mortgaged Property as to which the Special Servicer receives Net Liquidation Proceeds. The Liquidation Fee will be payable from the related Net Liquidation Proceeds.

(b) No transfer, sale, pledge or other disposition of the Servicer's or Special Servicer's right to receive all or any portion of the fees payable to the Servicer or Special Servicer hereunder shall be made, and any such attempted transfer, sale, pledge or other disposition shall be void, unless such transfer is made to a successor servicer in connection with the assumption by such successor servicer of the duties hereunder pursuant to Section 7.22 or 7.27(a) and all (and not a portion) such fees are transferred to such successor servicer from and after the date of transfer (subject to Section 7.11(a)).

SECTION 7.12 Reports to the Trustee; Statements to the Issuer.

(a) After an Event of Default, the Servicer and Special Servicer shall (i) furnish to the Trustee or its designee the originals of all agreements entered into by the Servicer or Special Servicer, as applicable in the name of the Trustee pursuant to this Indenture, (ii) advise the Trustee in writing of any event or circumstance materially affecting the Mortgaged Properties or the interests of the Holders therein coming to the attention of any Servicing Officer of the Servicer or Special Servicer in connection or as a result of the fulfillment by the Servicer or Special Servicer, as applicable of its obligations under this Indenture, and (iii) furnish, and cause any Manager to furnish, to the Trustee or its designee such other reports with respect to the Mortgaged Properties, their condition, tenants, and the income resulting therefrom as the Trustee or its designee may reasonably request in writing.

(b) On or before 11:00 a.m. (New York time) one Business Day (or two Business Days with respect to the scheduled principal and interest due on the Notes on the related Due Date) prior to each Payment Date the Servicer shall deliver to the Issuer and the Trustee a statement setting forth the information required to be set forth in the Payment Date Statements (other than the information described in items (a), (b), (e), (f) and (m) of the definition thereof), which statement shall be based on information available as of the close of business on the Business Day immediately preceding such date of delivery; provided, however, that the Servicer's obligation to deliver to the Trustee the information set forth in items (j), (k), (l), (o), (q) and (r) of the definition of Payment Date Statement shall not begin until the Business Day preceding the Payment Date which occurs on or after the 90th day following the Closing Date.

(c) The Trustee shall promptly furnish to each Rating Agency copies of each document or communication furnished to it by the Servicer and/or the Special Servicer pursuant to this Section 7.12.

SECTION 7.13 Annual Statement as to Compliance.

Each of the Servicer and the Special Servicer shall deliver to the Trustee and the Issuer on April 30 of each year (or if such day is not a Business Day, on the next succeeding Business Day), beginning April 30, 2001, an officer's certificate stating as to each signor thereof, (a) that a review of the activities of the Servicer or Special Servicer, as applicable during the preceding calendar year (or since the Closing Date in the case of the first such officer's certificate) and of performance under this Indenture has been made under such officer's supervision and (b) that to the best of such officer's knowledge, based on such review, the Servicer or Special Servicer, as applicable, has fulfilled all of its obligations under this Indenture in all material respects throughout such period, or if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof. Copies of such statements shall be provided by the Servicer to each Rating Agency.

SECTION 7.14 Annual Independent Public Accountants' Servicing Report.

On April 30 of each year (or if such day is not a Business Day, on the next succeeding Business Day), beginning April 30, 2001, each of the Servicer and the Special Servicer, at their respective expense, shall cause a firm of independent public accountants that is a member of the American Institute of Certified Public Accountants to furnish a statement to the Trustee, and each Rating Agency to the effect that such firm has examined such documents and records as it deemed necessary and appropriate relating to the Servicer's or Special Servicer, as applicable servicing of the Mortgage Loan under the Indenture or the servicing of mortgage loans similar to the Mortgage Loan under substantially similar agreements for the preceding calendar year (or since the Closing Date in the case of the first such statement) and that, on the basis of such examination conducted substantially in compliance with generally accepted auditing standards and the Uniform Single Attestation Program for Mortgage Bankers, such firm is of the opinion that the Servicer and Special Servicer, as applicable, complied with the minimum servicing standards identified in the Uniform Single Attestation Program for Mortgage Bankers in all material respects, except for such significant exceptions or errors in records that, in the opinion of such firm, generally accepted auditing standards and the Uniform Single Attestation Program for Mortgage Bankers requires it to report, in which case such exceptions shall be set forth in such statement. Copies of such statement provided to the Trustee by the Servicer or Special Servicer, as applicable shall be provided by the Trustee to any Holder upon request.

SECTION 7.15 Access to Certain Documentation Regarding the Loan.

Upon reasonable advance notice, the Servicer or Special Servicer, as applicable shall provide reasonable access during its normal business hours at its offices (i) to the Trustee and any Rating Agency to any information in its possession relating to its servicing of the Loan or the Mortgage Loan and (ii) subject to the confidentiality restrictions of Section 6.6 and delivery by it of a certificate in the form of Exhibit C hereto to each Holder which is a savings and loan association, bank or insurance company, to certain reports and to information and documentation regarding the Loan or the Mortgage Loan sufficient to permit such Holder, the Office of Thrift Supervision, the FDIC, the

supervisory agents and the examiners of any such entity to comply with applicable regulations of the Office of Thrift Supervision or other regulatory authorities with respect to investment in the Notes.

The Servicer or Special Servicer, as applicable shall provide any inquiring savings and loan association, bank or insurance company desiring to purchase a Note, or a beneficial ownership interest therein, or any Rating Agency at the reasonable request of such association, bank or insurance company or such Rating Agency, to the extent reasonably available to the Servicer or Special Servicer, as applicable, specific information as requested; provided that, the institution (other than a Rating Agency) making such request delivers a Certificate in the form of Exhibit C and agrees to pay the reasonable fees and out-of-pocket expenses incurred by the Servicer or Special Servicer, as applicable in connection therewith.

SECTION 7.16 Inspections.

The Servicer (or after the occurrence and during the continuance of a Loan Event or with respect to a Foreclosed Property, the Special Servicer) shall, at its expense, inspect or cause to be inspected each Mortgaged Property at least once each calendar year and furnish to the Trustee upon its request a written report in electronic or hard copy format of the results of any inspection required hereunder. If the Issuer fails to pay any sums due under any Note on or before its due date and such failure is not remedied within five days, or if an inspection is otherwise warranted in accordance with the Servicing Standards, the Servicer or Special Servicer, as applicable shall inspect the Mortgaged Properties (or such of them as the Servicer or Special Servicer, as applicable deems appropriate) within 30 days of the relevant event (or as soon thereafter as is practicable). The cost of inspecting the Mortgaged Properties more than once per year shall be paid by the Issuer upon written request by the Servicer or Special Servicer, as applicable, therefor explaining in reasonable detail the basis for such costs (and if not paid by the Issuer, such cost shall be reimbursable as a Property Protection Advance). If an Event of Default shall have occurred and be continuing, the costs of inspecting the Mortgaged Properties more than once per year shall constitute Property Protection Advances and shall be payable in accordance with Section 5.6 to the extent not otherwise paid pursuant to the Cash Management Agreement.

SECTION 7.17 Advances.

(a) On or before each Servicer Advance Date, the Servicer shall make the P&I Advance by depositing in the Payment Account the amount of interest (at the Security Interest Rate) on the Notes and the Principal Installment Amount that is due from the Issuer with respect to the next Payment Date and was delinquent as of 11:00 a.m. (New York time) on such Servicer Advance Date to the extent required under this Section 7.17. If the Servicer fails to make such required P&I Advance on such date in accordance with the terms of this Indenture, which failure shall constitute a Servicer Default (subject to the cure period provided in Section 7.22), the Trustee, (or the Fiscal Agent, if applicable) shall deposit into the Payment Account such P&I Advance amount on the Payment Date; provided that the Trustee (or the Fiscal Agent, if applicable) shall be required to make a P&I Advance only to the extent that the Trustee (or the Fiscal Agent, if applicable) has determined that such P&I Advance, together with interest thereon at the Advance Interest Rate, would not

constitute a Nonrecoverable Advance; and provided further with respect to any Payment Date, the amount of any P&I Advance otherwise required under this Indenture shall be reduced, after the occurrence and upon the continuance of an Appraisal Reduction Event and after determination of the Appraisal Reduction Amount, to an amount equal to the product of (i) the amount required to be advanced by the Servicer without giving effect to the related Appraisal Reduction Amount and (ii) a fraction, the numerator of which is the principal balance of the Loan as of the first day of the Interest Period relating to such Payment Date less any such Appraisal Reduction Amounts and the denominator of which is the principal balance of the Loan as of such date. Such determination by the Trustee shall be made on the same basis that the Servicer would make such determination in Section 7.17(d) hereof. All Property Protection Advances shall be made by the Servicer and, to the extent provided for in this Indenture, after the occurrence and during the continuance of a Loan Event, the Special Servicer in a timely manner as necessary and in accordance with the Servicing Standards to the extent required under this Section 7.17. Notwithstanding anything to the contrary contained in this Indenture, if the Special Servicer (i) is required under any other provision of this Indenture to direct or request the Servicer to make a Property Protection Advance or (ii) is otherwise aware a reasonable period in advance that it is reasonably likely that the Special Servicer will incur a cost or expense that will, when incurred, constitute a Property Protection Advance, the Special Servicer shall (in the case of clause (i), and shall use reasonable efforts to (in the case of clause (ii)), request that the Servicer make such Advance, such request to be made in writing and in a timely manner that does not materially and adversely affect the interests of any Holder and at least five Business Days prior to the date on which failure to make such Advance would constitute a Servicer Default pursuant to Section 7.24; provided, however, that the Special Servicer shall have an obligation to make any Emergency Advance; and provided, further, that the Special Servicer shall make any Advance that it fails to timely request the Servicer to make. The Servicer shall have the obligation to make any such Property Protection Advance that it is requested by the Special Servicer to make within five Business Days of the Servicer's receipt of such request and such information and documents as are reasonably necessary for the Servicer to make such Property Protection Advance. Subject to the foregoing, the Special Servicer shall be relieved of any obligations with respect to a Property Protection Advance that it timely requests the Servicer to make (regardless of whether or not the Servicer shall make such Advance), other than an Emergency Advance. With respect to Property Protection Advances, the Servicer shall notify the Trustee, and the Special Servicer shall notify the Servicer and the Trustee, in writing promptly upon, and in any event within one Business Day after, becoming aware that it will be unable to make any Property Protection Advance required to be made pursuant to the terms hereof, shall set forth in such notice the amount of such Property Protection Advance, the Person to whom it will be paid, and the circumstances and purpose of such Property Protection Advance, and shall set forth therein information and instructions for the payment of such Property Protection Advance, and, on the date specified in such notice for the payment of such Property Protection Advance, or, if the date for payment has passed or if no such date is specified, then within five Business Days following such notice, the Trustee (or with respect to a Property Protection Advance required to be made by the Special Servicer, the Servicer, and if the Servicer fails, the Trustee) shall pay the amount of such Property Protection Advance in accordance with such information and instructions; provided that the Servicer or Trustee (or the Fiscal Agent, if applicable) shall be required to make a Property Protection Advance only to the extent that the Servicer or Trustee (or the Fiscal Agent, if applicable) has determined that such Property Protection Advance,

together with interest thereon at the Advance Interest Rate, would not constitute a Nonrecoverable Advance if made. The Servicer will not be required to make Advances of any principal payable on the Notes (other than Principal Installment Amounts) or of any interest in excess of the applicable Security Interest Rate owed by the Issuer on any Class of the Notes.

(b) It is understood that the obligation of the Servicer, the Special Servicer and the Trustee to make such Advances is mandatory, subject to the limitations set forth in this Indenture, and shall continue to apply after any modification of the Security Documents pursuant to Section 7.3 hereof, beyond the Maturity Date if a payment default shall have occurred on such date, notwithstanding any other provision of this Indenture, other than the requirement of recoverability, and beyond the insolvency of the Issuer (or any successor Issuer), and shall continue, subject to the determination of recoverability until the earliest of (i) the payment in full of all amounts due under the Notes and the Security Documents and (ii) the date on which all of the Mortgaged Properties become Liquidated Mortgaged Properties; provided, however, that the obligations of the Servicer, the Special Servicer and the Trustee to make Advances hereunder are limited to providing a liquidity facility with respect to the Loan and making certain advances with respect to the preservation of the Mortgaged Properties as expressly set forth in this Indenture and do not constitute insurance or any similar credit enhancement with respect to the Loan or the Notes and in no event shall the Servicer, the Special Servicer and the Trustee be required to advance any Nonrecoverable Advance.

(c) Interest on each Advance made by the Servicer, the Special Servicer or the Trustee will compound annually and accrue for each day that such Advance is outstanding at a rate of interest equal to the Prime Rate as reported from time to time in the Money Rates Section of the Wall Street Journal (the "Advance Interest Rate") as most recently available for such day on the basis of a year of 360 days and the actual number of days elapsed during the period such Advance is outstanding. The Servicer, the Special Servicer, the Fiscal Agent or the Trustee will be entitled to recover interest payable on Advances as set forth in Section 5.6, to the extent not otherwise recovered or reimbursed pursuant to the Cash Management Agreement.

(d) Notwithstanding anything herein to the contrary, the Servicer, the Special Servicer and the Trustee, as applicable, shall be obligated to make an Advance only to the extent that the Servicer, the Special Servicer and the Trustee, as applicable, has determined that such Advance, together with interest thereon at the Advance Interest Rate, would not constitute a Nonrecoverable Advance if made. The Servicer, the Special Servicer and the Trustee is not obligated to advance or pay (i) any principal due on the Notes (other than Principal Installment Amounts, as adjusted in Section 7.17(a)), (ii) any amounts required to cure a failure of any Mortgaged Property to comply with any law, including any applicable Environmental Law, or to investigate (except in connection with the foreclosure or acquisition of a Mortgaged Property as contemplated by Section 7.7(c)), test, monitor, contain, cleanup or remedy an environmental condition present at a Mortgaged Property, (iii) Uninsured Causes, (iv) the cost of any capital improvements to any Mortgaged Property other than those necessary to prevent an immediate or material loss to the Holders' interests in the Mortgaged Properties, (v) any interest on the Notes in excess of the applicable Security Interest Rate owed by the Issuer on any Class of the Notes, or (vi) any other payments not specified in this Indenture.

(e) The determination by the Servicer, the Special Servicer and the Trustee (or the Fiscal Agent) that it has made a Nonrecoverable Advance or that any proposed Advance, if made, would constitute a Nonrecoverable Advance, shall be evidenced by a certificate of a Servicing Officer (in the case of the Servicer or the Special Servicer) as a Responsible Officer (in the case of the trustee), delivered on or before the related Servicer Advance Date in the case of a P&I Advance or before the fifth Business Day after determination that an Advance would be a Nonrecoverable Advance in the case of any other Advance, to the Servicer (in the case of the Special Servicer), Trustee and the Issuer (in the case of the Servicer or Special Servicer) or the Servicer and the Issuer (in the case of the Trustee), and detailing the reasons for such determination, which in each case shall be accompanied by copies of any engineers' reports, environmental surveys, other third party reports or other information relevant thereto that were used by the Servicer, Special Servicer or Trustee (or the Fiscal Agent) to support its determination that any Advance would be non-recoverable. The costs of any such reports, surveys or other information used by the Servicer, Special Servicer or the Trustee (or the Fiscal Agent) in making the determination that an Advance is or would be a Nonrecoverable Advance shall be an expense of the Holders or shall constitute a Property Protection Advance if paid by the Servicer, Special Servicer or the Trustee from its own funds. The Trustee and the Fiscal Agent shall be entitled to conclusively rely upon any determination by the Servicer or Special Servicer that any advance if made would be a Non-Recoverable Advance.

(f) All Advances shall be repaid in the order in which originally advanced, and Advances owed to any prior Servicer, Special Servicer or Trustee shall be repaid in full, with interest, prior to the repayment of Advances made by the successor Servicer, Special Servicer or Trustee; provided, however, that if the Trustee (or the Fiscal Agent) has made an Advance, it shall be repaid in full, with interest, prior to the repayment of any Advance made by any other Servicer or Special Servicer. Any Advance made by the Fiscal Agent on behalf of the Trustee will not constitute a default of the Trustee hereunder.

SECTION 7.18 Appointment of Special Servicer.

(a) Midland Loan Services, Inc. is hereby appointed as the initial Special Servicer to service the Loan and Mortgage Loan after the occurrence and during the continuance of a Loan Event.

(b) The appointment of any such successor special servicer, shall not relieve the Servicer or the Trustee of their respective obligations to make Advances as set forth herein; provided, however, neither the Servicer nor the Trustee shall be liable for any actions or any inaction of such successor special servicer. Any termination fee payable to a terminated Special Servicer by the Directing Holders (and it is acknowledged that there is no such fee payable in the event of a termination of Midland Loan Services, Inc. as Special Servicer or in the event of a termination for breach of this Agreement) shall be paid by the Holders so terminating the Special Servicer.

(c) No termination of the Special Servicer and appointment of a successor special servicer shall be effective until the successor special servicer has assumed all of its responsibilities, duties and liabilities hereunder pursuant to a writing satisfactory to the Trustee and each Rating Agency, as

evidence in writing, and the Trustee has received a Rating Agency Confirmation. Any successor special servicer shall make the representations and warranties provided for in Section 7.28 mutatis mutandis.

SECTION 7.19 Transfer of Servicing Between Servicer and Special Servicer, Record Keeping.

(a) Upon the occurrence of a Loan Event, the Servicer shall promptly give notice thereof to the Special Servicer and the Trustee and shall use its reasonable best efforts to provide the Special Servicer with all information, documents (but excluding the original documents constituting the Security Documents) and records (including records stored electronically on computer tapes, magnetic discs and the like) relating to the Loan and the Mortgage Loan either in the Servicer's or any of its directors', officer', employees', affiliates' or agents' possession or control or otherwise available to the Servicer without undue burden or expense, and reasonably requested by the Special Servicer to enable it to assume its duties hereunder with respect thereto without acting through a sub-servicer. The Servicer shall use its reasonable best efforts to comply with the preceding sentence within five Business Days of the date of the occurrence of a Loan Event and in any event shall continue to act as Servicer and administrator of the Loan and the Mortgage Loan until the Special Servicer has commenced the servicing of the Loan and the Mortgage Loan, which shall occur upon the receipt by the Special Servicer of the information, documents and records referred to in the preceding sentence. After the occurrence of a Loan Event, the Servicer shall instruct the Property Owners to continue to remit all payments in respect of the Mortgage Loan to the Servicer. The Servicer or Special Servicer, as applicable, may agree that, notwithstanding the preceding sentence, after the occurrence of a Loan Event, the Servicer shall instruct the Property Owners to remit all payments in respect of the Mortgage Loan to the Special Servicer, provided that the payee in respect of such payments shall remain the Servicer. The Special Servicer shall remit to the Servicer any such payments received by it pursuant to the preceding sentence within one Business Day of receipt. The Servicer shall forward any notices it would otherwise send to the Property Owners or the Issuer to the Special Servicer who shall send such notice to the Property Owners or the Issuer.

Upon determining that a Loan Event is no longer continuing, the Special Servicer shall immediately give notice thereof to the Servicer and the Trustee, and upon giving such notice, the Special Servicer's obligation to service the Loan and the Mortgage Loan shall terminate and the obligations of the Servicer to service and administer the Loan and the Mortgage Loan shall resume. In addition, if the Property Owners have been instructed, pursuant to the last sentence of the preceding paragraph, to make payments to the Special Servicer, upon such determination, the Special Servicer shall instruct the Property Owners to remit all payments in respect of such directly to the Servicer.

(b) The Special Servicer shall provide to the Trustee originals of documents (to the extent such documents are in the possession of the Special Servicer) and copies of any additional documents related to the Loan or the Mortgage Loan information, including correspondence with the Issuer and the Property Owners, and the Special Servicer shall promptly provide copies of all of the foregoing

to the Servicer as well as copies of any analysis or internal review prepared by or for the benefit of the Special Servicer.

(c) After the occurrence and during the continuance of a Loan Event, and not later than 11:00 a.m. New York time on the Business Day preceding each date on which the Servicer is required to furnish a report under Section 7.12 to the Trustee, the Special Servicer shall deliver to the Servicer, with a copy to the Trustee, a written statement describing, (i) the amount of all payments on account of interest received on the Loan and Mortgage Loan, the amount of all payments on account of principal, on the Loan and Mortgage Loan, the amount of Net Insurance Proceeds and Net Liquidation Proceeds received with respect to the Loan and Mortgage Loan and (ii) such additional information relating to the Loan and Mortgage Loan as the Servicer or Trustee reasonably requests to enable it to perform its duties under this Agreement including but not limited to files and reports in formats approved by the Commercial Mortgage Securities Association or any successor organization which are customarily delivered by special servicers in commercial mortgage- backed securitization transactions.

(d) Notwithstanding the provisions of the preceding subsection (c), the Servicer shall maintain ongoing payment records with respect to the Loan and Mortgage Loan and shall provide the Special Servicer with any information reasonably required by a the Special Servicer to perform its duties under this Agreement. The Special Servicer shall provide the Servicer with any information reasonably required by the Servicer to perform its duties under this Agreement.

(e) The Servicer shall maintain all records with respect to the Loan and Mortgage Loan if the Mortgage Loan or the Loan is defeased and/or prepaid.

SECTION 7.20 Rights of the Issuer with Respect to the Servicer.

The Servicer and Special Servicer shall afford the Issuer or any Rating Agency, upon reasonable notice, during normal business hours access to all records regarding payments made with respect to the Loan and the Notes and with respect to any Advances made by the Servicer or the Special Servicer, including those in electronic form, maintained by the Servicer or Special Servicer as required hereunder and access to Servicing Officers of the Servicer or Special Servicer responsible for such records. Upon request, the Servicer or Special Servicer shall furnish the Issuer or any Rating Agency with the most recent publicly available financial statements of Servicer (or its corporate parent) or Special Servicer (or its corporate parent). The Issuer shall not have any responsibility or liability for any action or failure to act by the Servicer or Special Servicer and is not obligated to supervise the performance of the Servicer or Special Servicer under this Indenture or otherwise.

SECTION 7.21 Limitation on the Liability of the Servicer and Others.

(a) None of the Servicer, the Special Servicer, nor any of their respective directors, officers, employees, Affiliates or agents shall be under any liability to the Trustee or the Holders for any action taken or for refraining from the taking of any action in good faith pursuant to this Indenture, or for errors in judgment; provided, however, that this provision shall not protect the

Servicer, the Special Servicer or any such other Person against any breach of warranties or representations made herein by the Servicer or Special Servicer, as applicable, or any liability which would otherwise be imposed by reason of willful misconduct, bad faith or negligence in the performance of the Servicer's or Special Servicer's, as applicable duties or by reason of negligent disregard of the Servicer's or Special Servicer's, as applicable, obligations and duties hereunder. The Servicer, the Special Servicer and any of their respective directors, officers, employees, Affiliates or agents may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person respecting any matters arising hereunder. The Servicer, the Special Servicer, and any of their respective directors, officers, employees or agents (each, a "Servicer Indemnified Party" and, collectively, the "Servicer Indemnified Parties") shall be indemnified by the Issuer and held harmless against any loss, liability, claim, demand or expense relating to this Indenture, the Loan, the Mortgage Loan, the Mortgaged Properties, or the Security Documents, other than any loss, liability or expense incurred by reason of willful misconduct, bad faith or negligence in the performance by the Servicer or Special Servicer, as applicable, of its duties hereunder or by reason of negligent disregard of the Servicer or Special Servicer, as applicable, of its obligations and duties hereunder; provided, however, that if it is found that any such claim or liability has resulted from the bad faith, willful misconduct or negligence of the Servicer or Special Servicer, as applicable, in the performance by the Servicer or Special Servicer, as applicable, of its duties hereunder, such Servicer Indemnified Party shall repay such portion of the reimbursed amounts that is attributable to expenses incurred in relation to its act or omission which is the subject of such finding. If any Servicer Indemnified Party is entitled to receive indemnification hereunder with respect to any such action or proceeding brought by a third party, the Issuer shall be entitled to assume the defense of any such action or proceeding with counsel reasonably satisfactory to such Servicer Indemnified Party who shall not, except with the consent of such Servicer Indemnified Party, be counsel to the Issuer. Upon assumption by the Issuer of the defense of any such action or proceeding, such Servicer Indemnified Party shall have the right to participate in such action or proceeding and to retain its own counsel, but the Issuer shall not be liable for any legal fees or expenses subsequently incurred by such Servicer Indemnified Party in connection with the defense thereof unless (i) the Issuer has agreed to pay such fees and expenses or (ii) counsel provided by the Issuer pursuant to the foregoing is counsel to the Issuer and such Servicer Indemnified Party shall have been advised by such counsel that representation of such Servicer Indemnified Party by such counsel provided by the Issuer pursuant to the foregoing would be inappropriate due to actual or potential conflicting interests between the Issuer and such Servicer Indemnified Party, including situations in which there are one or more legal defenses available to such Servicer Indemnified Party that are different from or additional to those available to the Issuer; provided, however, that the Issuer shall not, in connection with any such action or proceeding, or separate but substantially similar actions or proceedings arising out of the same general allegations, be liable for the fees and expenses of more than one separate firm of attorneys at any time, in addition to any local counsel, for all such Servicer Indemnified Parties. No Issuer shall consent to the terms of any compromise or settlement of any action defended by the Issuer in accordance with the foregoing without the prior consent of the Servicer Indemnified Party. No Issuer shall be required to indemnify any Servicer Indemnified Party for any amount paid or payable by such Servicer Indemnified Party in settlement of any action, proceeding or investigation without the prior written consent of the Issuer, which consent shall not be unreasonably withheld. Promptly after receipt by any Servicer Indemnified Party of notice of its involvement (or the involvement of any of

its affiliates or such affiliate's directors, officers, shareholders, agents or employees) in any action, proceeding or investigation, such Servicer Indemnified Party shall, if a claim for indemnification in respect thereof is to be made against the Issuer hereunder, notify the Issuer in writing of such involvement, but the failure of such Servicer Indemnified Party to provide such notice shall neither cause the forfeiture of the right to receive indemnity hereunder nor limit such right, except to the extent, if any, that the Issuer is prejudiced by the failure of the Servicer Indemnified Party to promptly give such notice. This indemnity shall survive termination or resignation of the Servicer or Special Servicer or termination of the Indenture.

Neither the Servicer nor the Special Servicer shall be under any obligation to appear in, prosecute or defend any legal action which is not incidental to its duties under this Indenture or which in the Servicer's or Special Servicer's opinion may involve it in any expense or liability; provided, however, that, subject to the rights of the Directing Holders set forth in Section 5.12(a), the Servicer or Special Servicer may, in its discretion, undertake any such action which it may deem necessary or desirable in respect of this Indenture and the rights and duties of the parties hereto and the interests of the Holders hereunder. In such event, the legal expenses and costs of such action and any liability resulting therefrom shall be expenses, costs and liabilities of the Issuer payable from the Collateral. The indemnification provided herein is limited in each case to actual damages and does not extend to consequential damages.

(b) Each of the Servicer and the Special Servicer agrees, with respect to its actions and omissions and those of its agents (but, not with respect to the actions or omissions of any other Person), to indemnify the Trustee and the Holders and hold them harmless against any and all claims, losses, penalties, fines, forfeitures, reasonable legal fees and related costs, judgments, and any other costs, liabilities, fees and expenses (including reasonable attorneys' fees) that the Trustee and/or the Holders may sustain in connection with this Indenture related to the willful misconduct, bad faith and/or negligence by the Servicer or Special Servicer, in the performance of duties by the Servicer or Special Servicer hereunder or by reason of negligent disregard of obligations and duties by the Servicer or Special Servicer, as the case may be, except that neither the Servicer nor the Special Servicer shall be liable for losses (i) that arise from events occurring or conditions existing prior to the date of this Indenture; (ii) which were known to the Trustee but not disclosed to the Servicer or Special Servicer and as to which an employee or agent of the Servicer or Special Servicer performing the duties of the Servicer or Special Servicer hereunder did not otherwise have knowledge, unless such failure to have such knowledge resulted from such Person's negligence, bad faith or misconduct; (iii) which are caused by Servicer's or Special Servicer's inability to perform because of the unavailability of funds in the Deposit Account or the Collection Account or any Reserve Accounts or because any Advance would be a Nonrecoverable Advance; or (iv) which are caused by any action or inaction taken by the Servicer or Special Servicer in accordance with the express recommendation or at the direction of Trustee or due to the negligence, bad faith or misconduct of the Trustee; provided, that such indemnity is limited to actual damages and shall not cover consequential damages. The Trustee shall immediately notify the Servicer or Special Servicer, as applicable, if a claim is made with respect to this Indenture or the Loan entitling the Trustee or the Holders to indemnification hereunder, whereupon the Servicer or Special Servicer, as applicable, shall assume the defense of any such claim (with counsel reasonably satisfactory to the Trustee) and pay all expenses in connection

therewith, including counsel fees, and promptly pay, discharge and satisfy any judgment or decree which may be entered against it or them in respect of such claim. Any failure to so notify the Servicer or Special Servicer shall not affect any rights the Trustee or the Holders may have to indemnification under this Indenture or otherwise except to the extent the Servicer or Special Servicer is prejudiced by such failure. Such indemnity obligation shall survive the termination of the Trustee and the Servicer or Special Servicer hereunder and the termination of this Indenture. Neither the Servicer nor the Special Servicer shall be required to indemnify the Trustee and the Holders for any amount paid or payable by either of them in settlement of any action, proceeding or investigation without the prior written consent of the Servicer or Special Servicer, as applicable, which consent shall not be unreasonably withheld.

SECTION 7.22 Servicer and Special Servicer Not to Resign; Termination of Servicer by Holders.

(a) Subject to the provisions of Section 7.23, neither the Servicer nor the Special Servicer shall resign from its obligations and duties hereby imposed on it, except (a) upon determination that its duties hereunder are no longer permissible under applicable law or are in material conflict with applicable law, or (b) upon thirty (30) days notice to the Trustee provided, that upon appointment of a successor servicer meeting the qualifications described in this Section 7.22(a) and Section 7.27 is appointed. Any determination permitting the resignation of the Servicer or Special Servicer upon a determination that its duties hereunder are no longer permissible under applicable law or are in material conflict with applicable law must be evidenced by an Opinion of Counsel to such effect obtained by the Servicer or Special Servicer (at the Servicer's or Special Servicer's expense) and delivered to the Trustee and the Issuer. No resignation by the Servicer or Special Servicer under this Indenture shall become effective until the Trustee, in accordance with Section 7.27 hereof, or a successor Servicer or Special Servicer shall have assumed the Servicer's or Special Servicer's responsibilities and obligations. Any such successor Servicer or Special Servicer shall satisfy the requirements set forth in the fourth sentence of Section 7.27(a) (other than clause (iii) of such section). The Servicer or Special Servicer may assign its rights and delegate its duties hereunder to a directly or indirectly wholly owned subsidiary of the Servicer or Special Servicer provided such assignment is consented to in writing by the Trustee (which consent shall not be unreasonably withheld).

(b) Upon the occurrence and continuance of a Servicer Default, the Trustee may, and on the written request of the Holders of Notes evidencing, in the aggregate, no less than 25% of the Outstanding aggregate principal amount of the Notes, shall, terminate the Servicer or Special Servicer, as applicable, under this Indenture and replace the Servicer or Special Servicer, as applicable, with a successor servicer having the qualifications set forth in Section 7.27; provided, however, that such replacement shall not terminate any rights (including rights to any amounts owed to the Servicer or Special Servicer under this Indenture or any other Security Documents) and obligations accrued prior to such replacement and provided, further, that the Holders shall not be entitled to terminate the Servicer or Special Servicer under this Section 7.22(b) unless the successor servicer or successor special servicer reimburses the Servicer or Special Servicer, as applicable, for all outstanding unreimbursed Advances made by the Servicer or Special Servicer and interest thereon,

whereupon such successor servicer or successor special servicer shall be entitled to reimbursement of such Advances from the Collateral pursuant to this Indenture to the same extent as the prior Servicer or Special Servicer would have otherwise been entitled. In connection with any termination and replacement of the Servicer or Special Servicer, the Trustee shall make such arrangements for the compensation of the successor servicer or successor special servicer as it shall deem reasonable and, if such compensation is in excess of the compensation being paid the Servicer or Special Servicer hereunder, such compensation shall be approved by the Holders of no less than 66-2/3% of the Outstanding aggregate principal amount of the Notes and, if no Event of Default has occurred and is continuing, the Issuer; provided that if the Holders select a successor Servicer or successor Special Servicer the Holders will also be responsible for negotiating the compensation to be paid to such successor Servicer or successor Special Servicer in accordance with the foregoing.

SECTION 7.23 Merger or Consolidation of the Servicer.

The Servicer and the Special Servicer shall each keep in full effect its existence and rights as a corporation or other entity, as the case may be, under the laws of the jurisdiction of its organization, and shall obtain and preserve its qualification to do business as a foreign corporation in each jurisdiction in which such qualification is or shall be necessary and shall be in compliance with the laws of the State of New York and each such other State to the extent necessary to perform its duties under this Indenture.

Any Person into which the Servicer or Special Servicer may be merged or consolidated, or any Person resulting from any merger or consolidation to which the Servicer or Special Servicer shall be a party, or any Person succeeding to substantially all business of the Servicer or Special Servicer (which may be limited to the commercial mortgage servicing business of the Servicer or Special Servicer), shall be a permitted successor of the Servicer or Special Servicer, as the case may be, hereunder and shall be deemed to have assumed all of the liabilities and obligations of the Servicer or Special Servicer, as applicable, hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto (other than such Person), anything herein to the contrary notwithstanding; so long as (i) the successor or surviving Person to the Servicer or Special Servicer shall agree in writing to service the Loan and the Mortgage Loan in accordance with this Indenture and (ii) such successor has been affirmed by Rating Agency Confirmation.

SECTION 7.24 Servicer Default.

"Servicer Default," wherever used herein, means any one of the following events (whatever the reason for such Servicer Default and whether it is voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) :

(i) any failure by the Servicer or Special Servicer to remit to the Trustee when due any Advance or to remit to any other Person or entity to which it is payable any other payment required to be so made or remitted by it under the terms of this Indenture or the Cash Management Agreement which, with respect to remittances or Advances to the Trustee

or to the Payment Account, are not cured by 11:00 a.m. on the related Payment Date or Maturity Date, as applicable, provided, however, that in the event the Servicer or Special Servicer fails to make any such remittance or Advance required to be made by the Servicer or the Special Servicer to the Payment Account on the Business Day immediately preceding the Payment Date or, as applicable, on the Business Day immediately preceding the Maturity Date, the Servicer or the Special Servicer shall pay to the Trustee for the account of the Trustee interest on any amount not timely remitted at the Prime Rate from and including the first Business Day prior to the Payment Date or the Maturity Date, as applicable, to but not including the date such remittance is actually made; or

(ii) any failure by the Servicer or Special Servicer to observe or perform in any material respect any other of the Servicer's or Special Servicer's covenants or agreements contained in this Indenture or the Cash Management Agreement, which failure shall continue unremedied for a period of thirty (30) days after the date on which written notice of such failure shall have been given to the Servicer or Special Servicer by the Trustee; provided that in the case of any such failure that is susceptible to cure, but that cannot with diligence be cured within such 30-day period, if the Servicer or Special Servicer will have promptly commenced to cure the same within such 30-day period and thereafter (as evidenced by a certificate of a Servicing Officer), prosecutes the curing thereof with diligence, the period within which such failure may be cured will be extended for such further period as will be reasonably necessary for the curing thereof, such period not to exceed an additional 30 days; or

(iii) a representation or warranty of the Servicer or Special Servicer set forth in this Indenture or the Cash Management Agreement shall prove to be incorrect as of the time made in any respect that materially and adversely affects the interests of the Holders, and the circumstances or condition in respect of which such representation or warranty was incorrect shall not have been eliminated or cured within thirty (30) days after the date on which written notice thereof shall have been given to the Servicer or Special Servicer by the Trustee; provided that in the case of any such failure that is susceptible to cure, but that cannot with diligence be cured within such 30-day period, if the Servicer or Special Servicer will have promptly commenced to cure the same within such 30-day period (as evidenced by a certificate of a Servicing Officer) and thereafter prosecutes the curing thereof with diligence, the period within which such failure may be cured will be extended for such further period as will be reasonably necessary for the curing thereof, such period not to exceed an additional 30 days; or

(iv) the entry of a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator, receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings against the Servicer or Special Servicer, or for the winding-up or liquidation of the Servicer's or Special Servicer's affairs, and such decree or order remains unstayed and in effect for a period of sixty (60) days; or

(v) the consent by the Servicer or Special Servicer to the appointment of a conservator or receiver or liquidator or liquidating committee in any insolvency, readjustment of debt, marshaling of assets and liabilities, voluntary liquidation or similar proceedings of or relating to the Servicer or Special Servicer or of or relating to all or substantially all of its property; or

(vi) Moody's places the ratings of any Class of the Securities on a "watch" status in contemplation of a ratings downgrade or withdrawal (or Moody's has downgraded or withdrawn any Class of Securities), citing servicing concerns with respect to the Servicer or the Special Servicer, as applicable, as the sole or a contributing factor in such rating action and the Servicer or the Special Servicer, as applicable, shall not have resolved all such matters to the satisfaction of Moody's within sixty (60) days (or such longer time period as may be agreed in writing by Moody's) after such placement on "watch" status; or;

(vii) the Trustee receives notice from DCR that failure to remove the Servicer or the Special Servicer will result in the downgrade or withdrawal of the ratings of any Class of the Securities by DCR and the Servicer or Special Servicer, as applicable, shall not have resolved such matter to the satisfaction of DCR within 60 days (or such longer period as may be granted by DCR) after such notice.

Subject to Section 7.22(b), if (A) a Servicer Default due to any action or inaction of the Servicer or Special Servicer shall occur, (B) any of the representations or warranties of Servicer or Special Servicer are breached in any material respect and, as a result thereof, a Servicer Default occurs, or (C) the Servicer or Special Servicer fails to carry out any other of its obligations under this Indenture or the Cash Management Agreement and, as a result thereof, a Servicer Default occurs or (D) a Servicer Default occurs under clause (vi) or (vii) above, then, and in each and every such case, so long as such Servicer Default shall not have been remedied, the Trustee either (i) may, or (ii) in the event of Servicer Default under (D) above or, upon the written direction of the Holders of Notes evidencing, in the aggregate, not less than 25% of the Outstanding principal amount of the Notes, shall terminate all of the rights and obligations of the Servicer or Special Servicer, as applicable hereunder other than rights (including rights to any amounts owed to it under this Indenture or any other Security Documents) and obligations accrued prior to such termination by notice in writing to the Servicer or Special Servicer (with a copy to each Rating Agency).

If a Responsible Officer of the Trustee shall obtain knowledge of any Servicer Default hereunder, the Trustee shall immediately notify the Servicer or Special Servicer, as applicable, of the occurrence of such Servicer Default. Upon the occurrence and continuation of any Servicer Default hereunder known to a Responsible Officer of the Trustee, the Trustee shall give each Rating Agency and the Issuer written notice of the occurrence thereof. Within ten (10) days after a Responsible Officer of the Trustee obtains actual knowledge of the occurrence of any Servicer Default, the Trustee shall transmit by mail to all Holders notice of such Servicer Default, unless such Servicer Default shall have been cured or waived.

On or after the receipt by the Servicer or Special Servicer, as applicable, of written notice of termination, all authority, power and obligations of the Servicer or Special Servicer, as applicable, under this Indenture (other than its capacity, if any, as a Holder) shall pass to and be vested in the Trustee in its capacity as successor Servicer or Special Servicer, as applicable, hereunder pursuant to and under this Section including, without limitation, the obligation to make Advances hereunder pursuant to Section 7.17. The Servicer and Special Servicer agree to provide to the Trustee promptly (and in any event no later than five Business Days subsequent to such notice) all documents and records, including those in electronic form, requested by it to enable it to assume the Servicer's or Special Servicer's, as applicable, obligations hereunder, and to cooperate with the Trustee in effecting the termination of the Servicer's or Special Servicer's, as applicable, responsibilities and rights hereunder, including, without limitation, the transfer within one Business Day to the Trustee or its duly appointed agent or any successor appointed by it for administration by it of all cash and other securities then held in the Deposit Account, the Collection Account or any of the Reserve Accounts maintained pursuant to the Cash Management Agreement and any other cash received by the Servicer or Special Servicer under the Loan or the Security Documents and which shall at the time have been or should have been credited by the Servicer or Special Servicer to the Payment Account or thereafter received with respect to the Loan (provided, however, that notwithstanding anything to the contrary in this Section, the Servicer and Special Servicer shall continue to be entitled to receive all amounts accrued or owing to it under this Indenture and the other Security Documents on or prior to the date of such termination, whether in respect of Advances or otherwise in accordance with the terms hereof). All reasonable costs and expenses (including attorneys' fees) incurred by the Trustee, the Issuer or the Holders in connection with the appointment of a successor Servicer or Special Servicer, including, but not limited to, transferring originals of the Security Documents to the successor Servicer or Special Servicer and, if applicable, amending this Indenture to reflect such succession as Servicer or Special Servicer pursuant to this Section shall be paid by the predecessor Servicer or Special Servicer upon presentation of reasonable documentation of such costs and expenses to the Trustee; provided, however that all such costs and expenses shall be paid by the Directing Holders in the event that the Special Servicer is terminated pursuant to Section 5.12(d) and no Servicer Event of Default has occurred or is continuing. If not paid by the predecessor Servicer or Special Servicer within sixty (60) days after the request therefor, such costs and expenses shall be advanced by the Issuer, who shall then be entitled to reimbursement therefor from the predecessor Servicer, predecessor Special Servicer or Directing Holders as applicable.

SECTION 7.25 Remedies of Trustee.

During the continuance of any Servicer Default and so long as such Servicer Default shall not have been remedied, the Trustee, in addition to the rights specified in Section 7.22 and/or 7.24 and elsewhere in this Indenture, shall have the right, in its own name as trustee of an express trust, to take all actions now or hereafter existing at law, in equity or by statute to enforce its rights and remedies and to protect the interests, and enforce the rights and remedies, of the Holders (including the institution and prosecution of all judicial, administrative and other proceedings and the filing of proofs of claim, debt and other papers in connection therewith). Except as otherwise expressly provided in this Indenture, no remedy provided for by this Indenture shall be exclusive of any other remedy, and each and every remedy shall be cumulative and in addition to any other remedy and no delay or

omission to exercise any right or remedy shall impair any such right or remedy or shall be deemed to be a waiver of any Servicer Default.

SECTION 7.26 Directions by Holders and Duties of Trustee During Servicer Default.

During the continuance of any Servicer Default, Holders of Notes evidencing, in the aggregate, not less than a majority of the Outstanding principal of the Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture; provided, however, that the Trustee shall be under no obligation to pursue any such remedy, or to exercise any of the trusts or powers vested in it by this Indenture (including, without limitation, (i) the conducting or defending of any administrative action or litigation hereunder or in relation hereto, and (ii) the terminating of the Servicer or Special Servicer or any successor Servicer or Special Servicer from its rights and duties as Servicer or Special Servicer hereunder) at the request, order or direction of any of the Holders, unless such Holders shall have offered the Trustee security or indemnification satisfactory to the Trustee against the costs, expenses and liabilities which may be incurred therein or thereby and, provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee determines that the action or proceeding so directed may not lawfully be taken (such determination to be evidenced by an Opinion of Counsel obtained by the Trustee and delivered to the Holders of the Notes making such direction, with a copy to the Servicer or Special Servicer and the Issuer; the cost of such Opinion of Counsel to be payable by the Issuer in accordance with Section 6.5), if the Trustee in good faith determines that the action or proceeding so directed would involve it in personal liability or be unjustly prejudicial to the non-assenting Holders or if the Trustee determines that the action or proceeding is not consistent with the Servicing Standards.

SECTION 7.27 Trustee to Act; Appointment of Successor.

(a) On and after the time the Servicer or Special Servicer receives a notice of termination pursuant to Section 5.12(d) or Section 7.24 or the Trustee receives the resignation of the Servicer or Special Servicer in accordance with Section 7.22(a) (unless a successor is appointed pursuant to Section 7.22), the Trustee shall be the successor in all respects to the Servicer or Special Servicer, as the case may be, in its capacity as Servicer or Special Servicer, as the case may be, under this Indenture and the transactions set forth or provided for herein and shall have all the rights and powers and be subject to all the responsibilities, duties and liabilities relating thereto placed on the Servicer or Special Servicer, as the case may be, accruing after such termination; provided, however, that the Trustee shall not succeed to the duties and responsibilities of the Servicer or Special Servicer unless it shall be an "approved" servicer as determined by each Rating Agency; and provided, further, however, that any failure to perform such duties or responsibilities caused by the Servicer's or Special Servicer's, as the case may be, failure to comply with Section 7.22 shall not be considered a default by the Trustee hereunder. In its capacity as such successor, the Trustee shall have the same limitation of liability herein granted to the Servicer or Special Servicer, as the case may be. As compensation therefor, the Trustee shall be entitled to such compensation as the Servicer or Special Servicer, as the case may be, would have been entitled to hereunder if no such notice of termination or resignation had been given (other than amounts due under this Indenture or the other Security Documents prior

to the date of such termination), including, without limitation, the fees payable hereunder. Notwithstanding anything contained herein, the Trustee may, if it shall be unwilling to so act, or shall, if it is not an "approved" servicer as determined by each Rating Agency or is unable to so act, appoint, any established financial institution or mortgage servicing institution which, (i) shall be affirmed pursuant to a Rating Agency Confirmation by each of the Rating Agencies, (ii) has a net worth of not less than \$15,000,000 and (iii) if no declaration of acceleration of the Loan has occurred, has been consented to in writing by the Issuer, such consent not to be unreasonably withheld (as such consent right to terminate after the expiration of 30 days after request therefore from the Trustee), as the successor to the Servicer or Special Servicer, as the case may be, hereunder in the assumption of all or any part of the responsibilities, duties or liabilities of the Servicer or Special Servicer, as the case may be, hereunder; provided, however, that until such appointment and assumption, the Trustee will continue to perform the servicing obligations pursuant to this Indenture to the extent set forth above. In connection with any such appointment and assumption, the Trustee may make such arrangements for the compensation of such successor as it and such successor shall agree; provided, however, that no such compensation shall be in excess of that permitted the Servicer or Special Servicer, as the case may be, hereunder unless approved by the Issuer and the Holders of no less than 66-2/3% of the Notes and subject to receipt of Rating Agency Confirmation. In the event that no successor Servicer or Special Servicer has been appointed as provided above, the Trustee shall solicit, by public announcement, bids from commercial finance institutions, banks and mortgage servicing institutions meeting the qualifications set forth above. Within sixty (60) days after any such public announcement, the Trustee shall negotiate and effect the sale, transfer and assignment of the servicing rights and responsibilities hereunder to the qualified party submitting the highest satisfactory bid. The Trustee shall deduct all costs and expenses of any public announcement and of any sale, transfer and assignment of the servicing rights and responsibilities hereunder from any sum received by the Trustee from the successor to the Servicer or Special Servicer in respect of such sale, transfer and assignment. After such deductions, the remainder of such sum shall be paid by the Trustee to the Servicer or Special Servicer, as the case may be, at the time of such sale, transfer and assignment to the Servicer's or Special Servicer's, as the case may be, successor, net of any amounts due from the Servicer or Special Servicer, as the case may be, hereunder, which shall be deposited in the Payment Account. If no successor servicer or special servicer shall have been so appointed and have accepted appointment within sixty (60) days after the Trustee receives the resignation of the Servicer or Special Servicer in accordance with Section 7.22, the Trustee may petition any court of competent jurisdiction for the appointment of a successor servicer or special servicer in accordance with the procedures and terms set forth above. The Trustee, the Issuer, the Servicer, the Special Servicer and such successor shall take such action, consistent with this Indenture, as shall be necessary to effectuate any such succession. Neither the Trustee nor any successor Servicer or Special Servicer shall be deemed to be in default of any of its obligations under this Section if and to the extent that such default arises from failure of the Servicer or Special Servicer to timely provide all applicable books, records and other documents necessary to effectuate the sale, transfer or assignment of servicing rights to the Trustee or a successor Servicer or Special Servicer in accordance with this Section.

(b) Any successor, including the Trustee, to the Servicer or Special Servicer hereunder shall during the term of its service as servicer maintain in force (i) a policy or policies of insurance

covering errors and omissions in the performance of its obligations as mortgage servicer hereunder, and (ii) a fidelity bond in respect of its officers, employees and agents to the same extent that the Servicer or Special Servicer is required pursuant to Section 7.5(b).

(c) Notwithstanding any other provision of this Indenture, no Person (other than the Trustee) shall be appointed as a successor Servicer or Special Servicer unless a Rating Agency Confirmation is obtained.

SECTION 7.28 Notification to Holders.

(a) Upon any termination of the Servicer or Special Servicer or appointment of a successor to the Servicer or Special Servicer, in each case as provided herein, the Trustee shall as soon as practicable give written notice thereof to each Rating Agency, to the Issuer and to each of the Holders at its addresses appearing in the Register.

(b) Any notification to Holders required pursuant to Section 7.24 or Section 7.22 shall advise the Holders of their rights hereunder.

SECTION 7.29 Waiver of Past Events of Default.

Either the Trustee or the Holders of Notes evidencing, in the aggregate, not less than 66-2/3% of the Outstanding Principal of the Notes may, on behalf of all Holders of Notes, waive any Servicer Default hereunder and its consequences; provided, that in the absence of written instructions from all Holders the Trustee shall not waive any Servicer Default (i) consisting of the failure to remit or deposit any interest on the Notes as required by it hereunder, or the failure of the Servicer or Special Servicer to make any Advance as required hereunder, or (ii) in respect of a covenant or provision hereunder that under Article IX hereof cannot be modified or amended without the consent of each Holder or (iii) as described in subsections (vi) or (vii) of Section 7.24 hereof. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Indenture. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 7.30 Representations and Warranties.

Each of the Servicer and the Special Servicer hereby represents and warrants to the other parties hereto that as of the Closing Date:

(i) it has been duly organized and is validly existing under the laws of the State of Delaware and is in compliance with and in good standing as a corporation under the laws of each State in which any Mortgaged Property is located to the extent necessary to perform its obligations in accordance with the terms of this Indenture, except where the failure to so qualify or comply would not materially adversely affect the ability of the Servicer or Special Servicer, as applicable, to perform its obligations hereunder in accordance with the terms of this Indenture;

(ii) the execution and delivery of this Indenture by it have been duly authorized by all necessary action on the part of the Servicer or Special Servicer, as the case may be; it is duly authorized under applicable law and its organizational documents to perform its obligations under this Indenture and all action necessary or required therefor has been duly and effectively taken or obtained; none of the execution, delivery or performance of this Indenture, or the consummation of the transactions herein contemplated, or the compliance with the provisions hereof, in each case by the Servicer or Special Servicer, as the case may be, will conflict with or result in a breach of or constitute a default under (A) the terms of any material agreement or instrument to which it is a party or by which it is bound; (B) the organizational documents of the Servicer or Special Servicer, as the case may be; or (C) to its knowledge, the provisions of any law, governmental rule, regulation, judgment, decree or order binding on the Servicer or Special Servicer or its properties, as the case may be, which conflict, breach or default in the case of clause (A) or clause (C) materially and adversely affects (X) the ability of the Servicer or Special Servicer, as the case may be, to perform its obligations under this Indenture or (Y) the operations or financial condition of the Servicer or Special Servicer, as the case may be;

(iii) No consent, approval, authorization or order of, or registration or qualification with any court or any regulatory authority or other governmental agency or body is required for the execution, delivery and performance by Servicer or Special Servicer of this Indenture, except such as has been obtained prior to the Closing Date and is in full force and effect;

(iv) this Indenture has been duly executed and delivered by it and, assuming due authorization, execution and delivery by the other parties hereto, constitutes a valid, legal and binding obligation of the Servicer or Special Servicer, as the case may be, enforceable against it in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or other laws of general applicability relating to or affecting the rights and remedies of creditors generally or by general principles of equity (regardless of whether such enforceability is considered and applied in a proceeding in equity or at law);

(v) there are no actions, suits or proceedings pending or, to its knowledge, threatened against it, before or by any court, administrative agency, arbitrator or governmental body (A) with respect to any of the transactions contemplated by this Indenture or (B) with respect to any other matter which, either in any one instance or in the aggregate, would result in any material adverse change in the business, operations or financial condition of it or would materially impair its ability to perform its obligations under this Indenture;

(vi) it is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default could reasonably have consequences that would materially and adversely affect its business, operations or financial condition or could reasonably have consequences that would materially and adversely affect its ability to perform its obligations hereunder; and

(vii) it has obtained as of the Closing Date the insurance required to be maintained by it pursuant to Section 7.5(b).

ARTICLE VIII

THE ISSUER

SECTION 8.1 Reports by the Issuer.

The Issuer shall, at the expense of the Issuer, promptly deliver to the Trustee with copies to the Servicer and Special Servicer, for distribution by the Trustee to each Rating Agency and, where applicable under Section 6.17, the Initial Purchasers, Holders and owners of beneficial interests in the Notes, copies of all reports and statements to be prepared hereunder and under the Mortgage including, without limitation, the Rule 144A Information as required under Section 3.14.

SECTION 8.2 Representations, Warranties and Covenants of the Issuer.

(a) The Issuer hereby represents and warrants to the other parties hereto that as of the Closing Date:

(i) the Issuer is a limited liability company duly formed, validly existing and in good standing under the laws of the jurisdiction in which it was formed, with full limited liability company power and authority to own the Indenture Collateral, to carry on its business relating to the Indenture Collateral as presently conducted and to enter into and perform its obligations under the Notes, this Indenture and the other Security Documents to which it is a party;

(ii) the execution and delivery of the Notes, this Indenture and the other Security Documents to which it is a party by the Issuer have been duly authorized by all necessary limited liability company action on the part of the Issuer; neither the execution, delivery and performance of the Notes, this Indenture and the other Security Documents to which it is a party, nor the consummation of the transactions herein or therein contemplated, nor the compliance with the provisions hereof or thereof by the Issuer, will conflict with or result in a breach of, or constitute a default under (A) the terms of any material agreement or instrument to which the Issuer is a party or by which it is bound; (B) the limited liability company agreement of the Issuer; or (C) to the knowledge of the Issuer, the provisions of any law, governmental rule, regulation, judgment, decree or order binding on the Issuer; none of the Issuer or any of its Affiliates is a party to, bound by, or in breach of or in violation of any indenture or other agreement or instrument, or subject to or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it, which, in any such case, would reasonably be expected to have a material adverse effect on the Issuer's ability to perform its obligations under this Indenture or the other Security Documents to which it is a party;

(iii) to the Issuer's knowledge, no consent, approval, authorization, order, registration or qualification of or with any court or any regulatory authority or other governmental agency or body required for the execution, delivery and performance by the Issuer of its obligations under the Notes, this Indenture or the other Security Documents, except such as has been obtained and is in full force and effect;

(iv) each of the Notes, this Indenture and each of the other Security Documents have been duly executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties hereto or thereto, as applicable, constitutes a valid and legally binding obligation of the Issuer enforceable against it in accordance with its terms, except as such enforcement may be limited by bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the rights of creditors generally, and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(v) there are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against the Issuer, before or by any court or other governmental body (A) with respect to any of the transactions contemplated by this Indenture or any other Security Document or (B) with respect to any other matter which could, if determined adversely to the Issuer, materially and adversely affect its ability to perform its obligations under the Notes, this Indenture and the other Security Documents to which it is a party.

(vi) The Issuer, on the date hereof and prior to the assignment of the Mortgage Notes and Mortgage Loan to the Trustee, is the sole owner and holder of the Mortgage Notes and has all right, title and interest in and to the Mortgage Collateral as mortgagee, in each case free and clear of any liens, pledges, charges, participation interests and security interests of any nature.

(b) The Issuer represents, warrants and covenants to the other parties hereto that since the date of its formation it has been and will continue to be a Single Purpose Entity (as defined in the Mortgage) and has and will continue to comply with the separateness covenants attached hereto as Exhibit G.

Commencing upon the earlier of discovery by the Issuer or receipt of notice by the Issuer of a breach of any representation or warranty set forth in this Section 8.2, the Issuer shall diligently cure such breach in all material respects.

ARTICLE IX

SUPPLEMENTAL INDENTURES; AMENDMENTS

SECTION 9.1 Supplemental Indentures or Amendments Without Consent of Holders.

Without the consent of any Holders, the Issuer, when authorized by its members, the Servicer, the Special Servicer (it being understood that the Servicer's and Special Servicer's signature shall not be required for any such supplement or amendment unless the supplement or amendment restricts, changes or impairs the rights of the Servicer or Special Servicer hereunder or under any of the Security Documents or adds to or changes the liability or obligations of the Servicer or Special Servicer hereunder or under any of the Security Documents in any respect) and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, or one or more amendments hereto or to the Notes, and the Issuer and the Trustee may enter into any amendments to the Security Documents (other than the Mortgage, the amendment of which is governed by Article 55 thereof), in form satisfactory to the Trustee and the Servicer and Special Servicer (it being understood that the Servicer's and Special Servicer's signature shall not be required for any such supplement or amendment unless the supplement or amendment restricts, changes or impairs the rights of the Servicer or Special Servicer hereunder under any of the Security Documents or adds to or changes the liability or obligations of the Servicer or Special Servicer hereunder or under any of the Security Documents in any respect), for any of the following purposes:

(1) to add to the covenants of the Issuer for the benefit of the Holders of the Notes or to surrender any right or power herein conferred upon the Issuer; or

(2) to add any additional Events of Default or Servicer Default; or

(3) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee or successor Servicer or Special Servicer; or

(4) to correct any typographical error, to cure any ambiguity, or to cure, correct or supplement any defective or inconsistent provision herein, in the Notes, or in any Security Document, or to conform any such provision to the description thereof in the Offering Memorandum provided such action shall not adversely affect the interests of the Holders of the Notes; or

(5) to convey, transfer, assign, mortgage or pledge any property to the Trustee so long as the interests of the holders of the Securities would not be adversely affected; or

(6) to correct any manifestly incorrect description, or amplify the description, of any property subject to the lien of this Indenture or the other Security Documents; or

(7) to modify this Indenture as required or made necessary by any change in applicable law, so long as the interests of the holders of the Securities would not be adversely affected.

Any supplemental indenture relating to matters described in clauses (1) through (3) and (4) above shall be subject to Rating Agency Confirmation.

SECTION 9.2 Supplemental Indentures or Amendments With Consent of Holders.

(a) With the consent of the Holders of not less than 66-2/3% in aggregate principal amount of the Outstanding Notes, the Issuer, when authorized by its members, the Servicer, the Special Servicer (it being understood that the Servicer's and Special Servicer's signature shall not be required for any such supplement or amendment unless the supplement or amendment restricts, changes or impairs the rights of the Servicer or Special Servicer hereunder or under any of the Security Documents or adds to or changes the liability or obligations of the Servicer or Special Servicer hereunder or under any of the Security Documents in any respect) and the Trustee may enter into an indenture or indentures supplemental hereto or one or more amendments hereto for the purpose of adding to any provisions of or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of the Notes under this Indenture and the Issuer and the Trustee may enter into any amendments to the Security Documents (other than the Mortgage, the amendment of which is governed by Article 55 thereof); provided, however, that no such supplemental indenture or amendment shall, without the consent of the Holder of each Outstanding Note adversely affected thereby,

(1) change the Maturity Date of, the principal of, or the due date or amount of any interest on, any Note, or reduce the principal amount thereof or the rate of interest thereon or change the coin or currency in which any Note or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Maturity Date thereof (or, in the case of redemption, on or after the Redemption Date) except as set forth below in Section 9.2(b), or

(2) reduce the percentage in principal amount of the Outstanding Notes, the consent of whose Holders is required for any supplemental indenture, or the consent of whose Holders is required for any waiver of compliance with certain provisions of this Indenture or for any other reason under this Indenture or reduce the requirements of Section 13.4 for quorum or voting except as set forth below in Section 9.2(b), or

(3) change any obligation of the Issuer to maintain an office or agency in the places and for the purposes specified in Section 10.2, or

(4) modify any of the provisions of this Section or Section 5.13, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Note affected thereby, or

(5) except as otherwise expressly provided in this Indenture or in the Mortgage, deprive any Holder of the benefit of a first priority security interest in the Mortgaged Properties, or

(6) modify the provisions of this Indenture relating to payments on the Securities except as set forth below in Section 9.2(b);

(7) release from the lien of the Indenture all or any part of the Indenture Collateral except as described in this Indenture or the Mortgage;

(8) modify the Servicing Standards; or

(9) authorize the Trustee to agree to delay the timing of, or reduce the payments to be made on, the Notes except as described herein.

(b) Notwithstanding the foregoing provisions of Section 9.2(a), if (A) there exists an Event of Default or an Event of Default is reasonably foreseeable and (B) the Special Servicer has obtained the consent of the Holders of not less than 66 2/3% of the aggregate principal amount of the Directing Holders, the Special Servicer may forgive any payment of principal or interest on the Notes or significantly accelerate or defer payment of principal or interest thereon, subject however to each of the following limitations, conditions and restrictions: (i) no reduction in the interest rate or reduction or delay of any interest payment or forgiveness of interest may result in a shortfall of interest to any class of Notes other than the Directing Holders unless the Holders of 66 2/3% of the Outstanding aggregate principal amount of such Class of Notes consents thereto; (ii) the Special Servicer may only agree to reductions of principal and/or interest and/or delay payments of principal for periods lasting no more than twelve consecutive months and for no more than two such periods, provided, that no such agreement by the Special Servicer shall permit the delay of any principal payment to a date later than March 15, 2012 and (iii) the amount of principal forgiven may not exceed 100% of the Class principal balance of the Directing Holders less any shortfalls of interest (other than those with respect to the Directing Holders) and Appraisal Reduction Amounts then outstanding unless Holders of not less than 66 2/3% in aggregate Outstanding principal amount of each affected Class of Notes consents thereto.

(c) In connection with the execution of any such supplemental indenture or amendment, the Issuer shall obtain and deliver to the Trustee an Opinion of Counsel from counsel experienced in federal income tax matters that the execution of such supplemental indenture will not result in the Notes being treated as having been exchanged for new notes pursuant to Section 1001 of the Code, provided that no such Opinion of Counsel shall be required if such Opinion of Counsel cannot be obtained and that fact is disclosed to the Holder of each Outstanding Note whose consent is required hereunder. It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof. No such supplement or amendment of this Indenture or the Notes shall be permitted to the extent that such amendment would cause an outstanding Advance to be a Nonrecoverable Advance.

SECTION 9.3 Delivery of Supplements.

Promptly after the execution by the Issuer and the Trustee of any supplemental indenture pursuant to the provisions of Section 9.1 or Section 9.2, the Issuer shall mail, first class postage prepaid, a notice to each Holder at the address for such Holder set forth in the Register setting forth in general terms the substance of such supplemental indenture or amendment. Any failure of the Issuer to mail such a notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture. The Trustee also shall mail, first class postage prepaid, a conformed copy of such supplement to each Rating Agency. Any failure of the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.4 Opinion of Counsel.

If the Trustee determines in the exercise of its good faith judgment that it has doubt as to whether a proposed amendment or supplement to this Indenture is permitted under the terms of Section 9.1 or 9.2 above, the Trustee may require, as a condition to its executing any such amendment or supplement, that the Issuer deliver, at no expense to the Trustee, an Opinion of Counsel confirming that the amendment or supplement in question is permitted under the relevant Section of this Article IX, it being understood that the Trustee does not have any affirmative obligation to request such an opinion.

ARTICLE X

COVENANTS; WARRANTIES

SECTION 10.1 Payment of Principal and Interest.

The Issuer covenants and agrees for the benefit of the Holders of the Notes that it will duly and punctually pay the principal of, and interest on, the Notes and any fees due and payable in accordance with the terms of the Notes and this Indenture.

SECTION 10.2 Maintenance of Office or Agency.

The Issuer will maintain or cause to be maintained an office or agency in the continental United States where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Issuer hereby appoints the Trustee as its agent to receive such respective notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies outside the United States where the Notes may be presented or surrendered for any or all such purposes and

may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Issuer of its obligation to maintain an office or agency in accordance with the requirements set forth in the preceding paragraph. The Issuer will give prompt written notice to the Trustee and prompt notice to the Holders, in accordance with the provisions of Section 1.6, of any such designation or rescission and of any change in the location of such office or agency.

SECTION 10.3 Paying Agents; Transfer Agent; Money for Note Payments to be Held in Trust.

The Trustee hereby appoints (on behalf of the Issuer) itself, at its Corporate Trust Office, as Paying Agent, Transfer Agent and listing agent in connection with the Notes. The foregoing appointments may be rescinded at any time by the Trustee giving notice thereof to the Issuer. There may be more than one Paying Agent and Transfer Agent for the Notes at any time, and the Paying Agent and the Transfer Agent may be the same person. All payments made by the Trustee in its capacity as a Paying Agent, will be made by wire transfer to such account as a Holder shall designate by written instructions to be received by the Trustee no less than five (5) Business Days prior to the applicable Regular Record Date).

The Trustee will cause any Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of and interest on the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of the occurrence and continuance of any Event of Default by the Issuer (or any other obligor upon the Notes) in the making of any payment of principal of or interest on the Notes; and

(3) at any time during the continuance of any such Event of Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

SECTION 10.4 Withholding.

In respect of the Notes held by United States Aliens, at least ten (10) days prior to the first date of payment of interest on such Notes and at least ten (10) days prior to each Payment Date thereafter, the Issuer will furnish the Trustee and each other Paying Agent with a certificate of an Authorized Person instructing the Trustee and each other Paying Agent whether such payment of principal of or any interest on such Notes shall be made without deduction or withholding for or on account of any tax, assessment or other governmental charge. If any such deduction or withholding

shall be required, then such certificate shall specify, by country, the amount, if any, required to be withheld on such payment to Holders of such Notes.

SECTION 10.5 Entity Existence.

The Issuer represents and agrees that it will do or cause to be done all things necessary and within its control to preserve and keep in full force and effect the existence, rights (contractual and statutory) and franchises of the Issuer. The Issuer represents that neither it nor any Property Owner is in default in the payment of any taxes levied or assessed against any of the Mortgaged Properties under any applicable statute, rule, order or regulation of any governmental authority, under the Notes, this Indenture or any of the other Security Documents to which the Issuer is a party or under any other agreement to which the Issuer is a party or by which the Issuer or any of the Mortgaged Properties is bound.

SECTION 10.6 Payment of Taxes and Other Claims.

The Issuer agrees, in its independent capacity, that it will pay or discharge or cause to be paid or discharged (including by application of amounts on deposit in the Tax Escrow Account), before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Mortgaged Properties or upon the income or profits of the Issuer or the Property Owners derived from such Mortgaged Properties, as shown to be due on the tax returns filed by the Issuer or the Property Owners and (2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the Mortgaged Property, except any such taxes, assessments, governmental charges or claims which the Issuer or the Property Owners is in good faith contesting in appropriate proceedings in accordance with Article 12 of the Mortgage.

SECTION 10.7 Maintenance of Lien and Recording.

(a) The Issuer will maintain and preserve the security interest created by this Indenture (in Section 3.1(c)) and each other Security Document to which it is a party (except in connection with a release thereof permitted hereby or thereby) so long as any Note is Outstanding.

(b) The Issuer will, forthwith after the execution and delivery of this Indenture and thereafter from time to time, cause the Mortgage and any continuation statement or, upon the reasonable request of the Trustee or the Servicer, any additional financing statement or similar instrument relating to the Mortgage or to any property intended to be subject to the lien thereof 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 fully to protect and perfect the validity thereof or the lien thereof purported to be created upon the property subject thereto and the Issuer will take such actions with respect to the interest and rights of the Trustee in the Collateral as are necessary or reasonably requested by the Trustee or the Servicer to preserve the interest and rights of the Trustee therein. The Issuer will pay or cause to be paid all document, recording, stamp and similar taxes and fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of the Mortgage and of any instrument of further assurance, and all taxes (except

income taxes and franchise taxes of parties other than the Issuer), duties and charges arising out of or incurred in connection with the execution and delivery of such instruments; provided, however, that the Issuer shall not be required to pay or discharge or cause to be paid or discharged any lien or encumbrance affecting the Collateral to the extent such lien or encumbrance is being contested in good faith by appropriate proceedings in accordance with and as permitted by the provisions of Article 12 of the Mortgage. The Issuer will at all times or will cause the Property Owners to preserve, warrant and defend the Trustee's title and right in and to the property included in the Collateral against the claims of all Persons claiming by or through the Issuer or any Property Owner, subject to the Permitted Exceptions.

SECTION 10.8 Performance and Enforcement.

(a) The Issuer will faithfully observe and perform, or cause to be observed and performed, all its covenants, agreements, conditions and requirements contained in the Security Documents in accordance with the terms thereof and will maintain the validity and effectiveness of such instruments and the pledge thereof to the Trustee. The Issuer will not take any action, nor permit any action to be taken, that will release any party to such instruments from any of its obligations or liabilities thereunder, or will result in the termination, modification or amendment, or will impair the validity, of any such instruments, except as expressly provided for herein and therein. The Issuer will give the Trustee and the Servicer written notice of any default by any party to any of such instruments promptly after it becomes known to the Issuer.

(b) Subject to the provisions of the Leases and the Mortgage in the event of a casualty or condemnation resulting in the payment of any proceeds, such proceeds shall be held in trust and applied in accordance with provisions of the Mortgage, the Servicer shall hold such Proceeds as part of the Collateral in an Eligible Account (the "Casualty Account"), in the name of the Servicer as agent for the Trustee, shall invest the funds in the Casualty Account in the manner described in the Cash Management Agreement and shall disburse or apply such Proceeds in accordance with the provisions of Article 15 of the Mortgage.

(c) The Issuer agrees to undertake any reasonable action necessary to maintain ratings of each Class of the Notes by each of the Rating Agencies (including the payment all Rating Surveillance Charges).

SECTION 10.9 Negative Covenants.

The Issuer agrees that it will not incur, create or assume any indebtedness other than the Notes and as otherwise expressly permitted by the provisions of this Indenture and the other Security Documents.

SECTION 10.10 Statement as to Compliance.

The Issuer will deliver to the Servicer and the Trustee, within one hundred and twenty (120) days after the end of each fiscal year, an Officer's Certificate, stating that in the course of the

performance by the signer of such Officer's Certificate of his or her present duties as an officer or authorized signatory of the Issuer such signer would normally obtain knowledge or have made due inquiry as to the existence of any condition or event which constitutes an Event of Default or would constitute an Event of Default after notice or lapse of time or both and that to the best of the signer's knowledge, based on such review, (a) the Issuer has fulfilled all its obligations under this Indenture in all material respects throughout such year, or, if there has been a default in the fulfillment of any such obligation in any material respect, specifying each such default known to such signer and the nature and status thereof, and (b) no event has occurred and is continuing which is, or after notice or lapse of time or both would become, an Event of Default, or, if such an event has occurred and is continuing, specifying each such event known to such signer and the nature and status thereof.

SECTION 10.11 Notices to the Rating Agencies.

The Servicer shall provide written notice to each of the Rating Agencies of (i) any Event of Default, (ii) any merger, consolidation or sale of substantially all of the assets of the Issuer, and (iii) any amendments to or modifications of this Indenture, in each case to the extent the Servicer has actual knowledge thereof, and the Servicer, upon receipt, shall provide copies (in electronic or hard copy format) to each Rating Agency of all compliance reports delivered pursuant to Section 10.10 hereof and upon request all certificates, financial statements and reports delivered by the Property Owners pursuant to Article 18 of the Mortgage and any other information reasonably requested by the Rating Agencies which the Servicer has in its possession or may obtain without unreasonable expense.

SECTION 10.12 Resale of Certain Securities.

During the period beginning on the Closing Date and ending on the date that is two years from the Closing Date, the Issuer will not, and will not permit any of its "affiliates" (as defined under Rule 144 under the Securities Act or any successor provision thereto) to, resell any Notes which constitute "restricted securities" under Rule 144 that have been reacquired by any of them.

ARTICLE XI

REDEMPTION OF NOTES

SECTION 11.1 Applicability of Article.

(a) All principal, accrued and unpaid interest and other amounts, if any, in respect of the Notes shall be paid in full upon the Maturity Date of the Notes. Upon receipt by the Trustee of amounts corresponding to all principal and accrued and unpaid interest and other amounts owing on the Notes and any other Security Documents upon the Maturity Date, the Trustee shall deposit such monies into the Payment Account and apply such monies as provided in Section 3.5.

(b) The Notes shall be subject to redemption as set forth in writing to the Trustee:

(i) on any Payment Date or any other date fixed for redemption in accordance with this Article XI occurring on or after the Payment Date occurring in December 2009, at the option of the Issuer, in whole or in part, as provided in Section 11.1(c) below; or

(ii) on any Payment Date or any other date fixed for redemption in accordance with this Article XI, in whole or in part, as provided in Section 11.1(d) below;

provided, that in each such case no Notes may be redeemed hereunder unless and until all other amounts then due and payable to the Trustee, the Servicer and Special Servicer under this Indenture and the other Security Documents have been paid in full.

(c) In the event the Issuer (by notice to the Trustee in accordance with Section 11.2) elects to redeem Notes (other than pursuant to Section 11.1(d)), the Trustee shall give notice to the Holders of the Notes (with a copy given to each Rating Agency), which notice shall be given not less than fifteen (15) days prior to the date fixed for redemption, that Notes (in an aggregate principal amount specified in the notice to the Trustee by the Issuer pursuant to Section 11.2) shall be redeemed on such date. Such Notes shall be redeemed at a price equal to 100% of their outstanding principal amount, together with interest and all other amounts owing on the Notes accrued to the date fixed for redemption; provided, however, that if the Issuer requests release of any Mortgaged Property, Notes in the principal amount equal to 125% of the Allocated Amount applicable to such Mortgaged Property shall be redeemed together with interest thereon and any other amounts owing on the Notes accrued to the date fixed for redemption.

(d) In the event that (i) following the occurrence of a casualty or taking affecting a Mortgaged Property, the Property Owners are required or elect pursuant to the terms of the Mortgage to prepay the Mortgage Notes in whole or in part, as are required or permitted under Article 15 of the Mortgage, the Issuer shall redeem an equivalent aggregate principal amount of Notes at a redemption price equal to 100% of their principal amount, together with interest and all other amounts owing on the principal amount of the Notes so redeemed accrued to the date of redemption, in accordance with this Indenture, on the first Payment Date on which the Issuer is able to do so after complying with the notice provisions of this Article XI or (ii) after the date hereof, any law of any State in which a Mortgaged Property is located is passed changing in any way the laws for the taxation of mortgages or debts secured by mortgages for state or local purposes or the manner of the collection of any such taxes, and imposing a tax, either directly or indirectly, on the Mortgage or any of the Mortgage Notes or the Notes (other than a tax that may arise in connection with the ownership or transfer of the Mortgage Notes or the Notes) and resulting in an increase in the taxes or other charges imposed on or incurred by the Holders by reason of such change in law, the Trustee may, at its option, upon sixty (60) days' notice, declare the Notes to be due and payable; provided, however, that the Trustee shall not make such declaration if, notwithstanding said law, (A)(x) the Issuer or the Property Owners may lawfully pay such taxes on behalf of the Holders or (y) the Issuer or the Property Owners and the Trustee may lawfully, and do, enter into an enforceable agreement obligating the Issuer or the Property Owners to pay the Trustee, for the benefit of the Holders, an amount equal to any increase in taxation or charges imposed on or incurred by such Holders by reason of such change in law (which agreement shall thereupon become part of this Indenture), and

(B) the Issuer or the Property Owners do in fact pay such taxes or such increases in taxation or charges, as applicable; provided, however, that this clause (d)(ii) shall not apply to any taxes that may arise in connection with the ownership or transfer of the Mortgage Notes or the Notes or that may be imposed upon the income of the Holders.

SECTION 11.2 Election to Redeem; Notice to Trustee.

Any redemption of Notes issued hereunder pursuant to Section 11.1(c) or (d) shall be preceded by the delivery to the Trustee (with a copy to the Servicer as required by Section 1.5) by the Issuer of an Officer's Certificate, at least thirty (30) days prior to the Redemption Date fixed by the Issuer (unless a shorter period shall be reasonably satisfactory to the Trustee and Servicer) (i) stating that the Issuer is entitled or required to effect such redemption, (ii) setting forth in reasonable detail the circumstances giving rise to such redemption, (iii) stating the aggregate principal amount of the Notes to be redeemed, (iv) with respect to the redemption of Notes to be effected pursuant to Section 11.1(c) attaching the written notice of the Issuer referred to in Section 11.1(c) and (v) specifying the Redemption Date applicable thereto.

SECTION 11.3 Selection by Trustee of Notes to be Redeemed.

(a) In all cases, Notes shall be redeemed only in integral multiples of U.S. \$100,000 and increments of \$100,000 (or such smaller amount as remains outstanding at such time) for amounts in excess thereof from funds available for such redemption.

(b) The Trustee will allocate redemption proceeds in the following order of priority: first, to redeem any Outstanding Class A-1 Notes until redeemed or defeased in full, then to redeem any Outstanding Class A-2 Notes until redeemed or defeased in full, then to redeem any Outstanding Class B Notes until redeemed or defeased in full, then to redeem any Outstanding Class C Notes until redeemed or defeased in full, then to redeem any Outstanding Class D Notes until redeemed or defeased in full, then to redeem any Outstanding Class E Notes until redeemed or defeased in full and then to redeem any Outstanding Class F Notes until redeemed or defeased in full, provided that during the continuance of an Event of Default, redemption proceeds will be applied to the Class A-1 and Class A-2 Notes, pro rata. In each such instance, the Trustee shall promptly notify the Issuer in writing of the Notes selected for redemption and, in the case of any Notes selected for partial redemption, the principal amount thereof to be redeemed.

(c) For purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Notes shall relate, in the case of any Notes redeemed or to be redeemed only in part, to the portion of the principal amount of such Notes which has been or is to be redeemed.

SECTION 11.4 Notice of Redemption.

Notice of redemption shall be given by the Trustee in the manner provided in Section 1.6 to the Holders of the Notes to be redeemed, not later than fifteen (15) days prior to the Redemption Date.

All notices of redemption shall state:

(1) the Redemption Date (which date may either be a Payment Date or such other Business Day provided that if the Redemption Date is a date other than on Payment Date, the Redemption Price shall include interest on the Notes to be redeemed through but excluding the next succeeding Payment Date),

(2) if less than all the Outstanding Notes are to be redeemed, which Notes are to be redeemed and the aggregate principal amount of the Notes to be redeemed,

(3) the Redemption Price,

(4) that on the Redemption Date the Redemption Price will become due and payable upon each Note to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date, and

(5) with respect to Notes other than those in global form, the place or places where such Notes maturing after the Redemption Date are to be surrendered for payment of the Redemption Price.

SECTION 11.5 Deposit of Redemption Price.

On or before 11:00 a.m. on the date which is two Business Days prior to a Redemption Date, the Issuer shall deposit with the Servicer for application to the Collection Account an amount of Cash sufficient to pay the Redemption Price of all the Notes which are to be redeemed on such Redemption Date and on or before 3:00 p.m. on the date which is one Business Day prior to such Redemption Date, the Servicer shall remit such amounts to the Trustee for application to the Payment Account.

SECTION 11.6 Notes Payable on Redemption Date.

If notice of redemption shall have been given as aforesaid, the Notes subject to redemption shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Notes shall cease to bear interest. Upon surrender of any such Note for redemption in accordance with said notice, such Note shall be paid by the Issuer at the Redemption Price; provided, however, that principal and interest on the Notes which have a Maturity Date on or prior to the Redemption Date shall be payable to the Holders of such Notes, or one or more Predecessor Notes, as of the close of business on the relevant Record Dates according to their terms and the provisions of this Indenture.

If any Note called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Note.

SECTION 11.7 Notes Redeemed in Part.

Any Note which is to be redeemed only in part shall be surrendered at a place of payment therefor (with, if the Issuer or the Trustee so requires, due endorsement by, or written instrument of transfer in form satisfactory to the Issuer or the Trustee duly executed by, the Holder thereof or an attorney for the Holder duly authorized in writing), and the Issuer shall execute, and the Trustee shall authenticate and deliver to the Holder of such Note without service charge, a new Note or Notes, of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Notes so surrendered.

In the event of a redemption of the Notes in part, the Issuer shall not be required (i) to register the transfer of or to exchange any Note during a period beginning at the opening of business fifteen (15) days before, and continuing until, the date notice is given identifying the Notes to be redeemed, or (ii) to register the transfer or exchange of any Note, or portion thereof, called for redemption, or (iii) to exchange any Note called for redemption, except for a Note of like aggregate principal amount which is simultaneously surrendered for redemption.

ARTICLE XII

[INTENTIONALLY OMITTED]

ARTICLE XIII

MEETINGS OF HOLDERS OF NOTES

SECTION 13.1 Purposes for Which Meetings May Be Called.

A meeting of Holders of Notes may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Notes as required by Section 1.3(e).

SECTION 13.2 Call, Notice and Place of Meetings.

(a) The Trustee may at any time call a meeting of Holders of Notes for any purpose specified in Section 13.1, to be held at such time and at such place in the Borough of Manhattan, The City of New York, as the Trustee shall determine. Notice of every meeting of Holders of Notes, setting forth the time and place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given by the Trustee to each Holder of Notes and the Issuer, in the manner

provided in Sections 1.5 and 1.6, not less than 10 nor more than 180 days prior to the date fixed for the meeting.

(b) In case at any time the Issuer or the Holders of at least 10% in principal amount of the Outstanding Notes shall have requested the Trustee to call a meeting of the Holders of Notes for any purpose specified in Section 13.1, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the first publication of the notice of such meeting within 10 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Issuer or the Holders of Notes in the amount above specified, as the case may be, may determine the time and the place in the Borough of Manhattan, The City of New York, for such meeting and may call such meeting for such purposes by giving notice thereof as provided in subsection (a) of this Section.

SECTION 13.3 Persons Entitled to Vote at Meetings.

To be entitled to vote at any meeting of Holders a Person shall (a) be a Holder of one or more Notes or (b) be a Person appointed by an instrument in writing as proxy by a Holder of one or more Notes. The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Issuer and its legal and financial advisers. Notwithstanding the foregoing, the Issuer, the Property Owners and any of their affiliates are not entitled to vote any Notes of which they may be the Holders.

SECTION 13.4 Quorum; Action.

The Persons entitled to vote a majority in principal amount of the Outstanding Notes shall constitute a quorum for a meeting of Holders of Notes; provided, however, that if any action is to be taken at such meeting with respect to a consent or waiver that this Indenture expressly provides may be given by Holders of not less than 66-2/3% in principal amount of the Outstanding Notes, the Persons entitled to vote 66-2/3% in principal amount of the Outstanding Notes shall constitute a quorum. In the absence of a quorum within 60 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Notes, be dissolved. In any other case the meeting may be adjourned for a period of not less than ten (10) days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than ten (10) days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 13.2, except that such notice need be given only once not less than five (5) days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of an adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Notes that shall constitute a quorum.

Except as limited by the proviso to the first paragraph of Section 9.2, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may

be adopted by the affirmative vote of the Holders of a majority in principal amount of the Outstanding Notes entitled to vote thereon; provided, however, that, except as limited by the proviso to the first paragraph of Section 9.2, any resolution with respect to any consent or waiver that this Indenture expressly provides may be given by the Holders of not less than 66-2/3% in principal amount of the Outstanding Notes may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid only by the affirmative vote of the Holders of 66-2/3% in principal amount of the Outstanding Notes; and provided, further, that, except as limited by the proviso to the first paragraph of Section 9.2, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Notes may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Notes.

Any resolution passed or decision taken at any meeting of Holders of Notes duly held in accordance with this Section shall be binding on all the Holders of such Notes, whether or not present or represented at the meeting.

Notwithstanding any provision of this Indenture or any other Security Document to the contrary, Servicer shall not be required to take any action or refrain from taking any action hereunder or thereunder at the direction of the Holders that would cause it to violate the Servicing Standards.

SECTION 13.5 Determination of Voting Rights; Conduct and Adjournment of Meetings.

(a) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Notes in regard to proof of the holding of Notes and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 1.3 or other proof.

(b) The Trustee shall, by an instrument in writing, appoint a chairman of the meeting, unless the meeting shall have been called by the Issuer or by Holders of Notes as provided in Section 13.2(b), in which case the Issuer or the Holders of Notes calling the meeting, as the case may be, shall in like manner appoint a chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in principal amount of the Outstanding Notes represented at the meeting.

(c) At any meeting each Holder of a Note or proxy shall be entitled to one vote for each \$1,000 principal amount of the Outstanding Notes held or represented by such Holder; provided, however, that no vote shall be cast or counted at any meeting in respect of any Note challenged as

not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Note or of a proxy.

(d) Any meeting of Holders of Notes duly called pursuant to Section 13.2 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in principal amount of the Outstanding Notes represented at the meeting; and the meeting may be held as so adjourned without further notice.

SECTION 13.6 Counting Votes and Recording Action of Meetings.

The vote upon any resolution submitted to any meeting of Holders of Notes shall be by written ballots on which shall be subscribed the signatures of the Holders of Notes or their representatives by proxy and the principal amounts and serial numbers of the Outstanding Notes held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Holders of Notes shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more Persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 13.2 and, if applicable, Section 13.4. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to the Issuer, and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

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

VORNADO FINANCE L.L.C.,
a Delaware limited liability company

By: /s/ Irwin Goldberg

Name: Irwin Goldberg
Title: Authorized Signatory

LASALLE BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Michael Evans

Name: Michael B. Evans
Title: Senior Vice President

ABN AMRO BANK N.V., as Fiscal Agent

By: /s/ Cynthia Reis

Name: Cynthia Reis
Title: First Vice President

By: /s/ Barbara A. Wolf

Name: Barbara A. Wolf
Title: Vice President

MIDLAND LOAN SERVICES, INC., as Servicer

By: /s/ Lawrence D. Ashley

Name: Lawrence D. Ashley
Title: Senior Vice President

MIDLAND LOAN SERVICES, INC.,
as Special Servicer

By: /s/ Lawrence D. Ashley

Name: Lawrence D. Ashley
Title: Senior Vice President

[FORM OF NOTE]

THIS NOTE REPRESENTS A NON-RECOURSE OBLIGATION OF THE ISSUER SECURED BY AND PAYABLE SOLELY FROM THE COLLATERAL (AS DEFINED IN THE INDENTURE (AS DEFINED HEREIN)). THIS NOTE DOES NOT REPRESENT AN OBLIGATION OF OR INTEREST IN THE TRUSTEE, THE FISCAL AGENT, THE SERVICER, THE SPECIAL SERVICER, THE INITIAL PURCHASERS OR ANY OF THEIR RESPECTIVE AFFILIATES. THE NOTES ARE NOT INSURED OR GUARANTEED BY ANY GOVERNMENTAL AGENCY OR INSTRUMENTALITY OR BY THE ISSUER, THE TRUSTEE, THE FISCAL AGENT, THE SERVICER, THE SPECIAL SERVICER, THE INITIAL PURCHASERS, OR ANY OF THEIR RESPECTIVE AFFILIATES.

[UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE REFERRED TO HEREIN. THIS GLOBAL NOTE MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A NOTE REGISTERED IN THE NAME OF ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THE INDENTURE. BENEFICIAL INTERESTS IN THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE INDENTURE.](1)

[THE NOTES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, EXCEPT (A) BY THE INITIAL INVESTOR (I) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) IN AN OFFSHORE TRANSACTION COMPLYING

WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (B) BY SUBSEQUENT INVESTORS, AS SET FORTH IN (A) ABOVE AND, IN ADDITION, TO AN INSTITUTIONAL ACCREDITED INVESTOR AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D OR AN ENTITY IN WHICH EACH OF THE EQUITY OWNERS IS AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE (C) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES.

THIS NOTE WILL NOT BE ACCEPTED FOR REGISTRATION OF TRANSFER UNLESS THE REGISTRAR OR TRANSFER AGENT IS SATISFIED THAT THE RESTRICTIONS ON TRANSFER SET FORTH ABOVE HAVE BEEN COMPLIED WITH, ALL AS PROVIDED IN THE INDENTURE.](2)

[THIS NOTE WILL NOT BE ACCEPTED IN EXCHANGE FOR A BENEFICIAL INTEREST IN A GLOBAL NOTE UNLESS THE HOLDER OF THIS NOTE, SUBSEQUENT TO SUCH EXCHANGE, WILL HOLD A MINIMUM AGGREGATE BENEFICIAL INTEREST IN SUCH GLOBAL NOTE OF AT LEAST TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000).]

[THIS NOTE IS A REGULATION S TEMPORARY GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE REFERRED TO HEREIN. INTERESTS IN THIS REGULATION S TEMPORARY GLOBAL NOTE MAY NOT BE OFFERED OR SOLD TO A U.S. PERSON OR FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON PRIOR TO THE EXPIRATION OF THE REGULATION S DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN THE INDENTURE), AND NO TRANSFER OR EXCHANGE OF AN INTEREST IN THIS REGULATION S TEMPORARY GLOBAL NOTE MAY BE MADE FOR AN INTEREST IN A RESTRICTED GLOBAL NOTE OR IN AN UNRESTRICTED GLOBAL NOTE UNTIL AFTER THE LATER OF THE DATE OF TERMINATION OF THE REGULATION S DISTRIBUTION COMPLIANCE PERIOD AND THE DATE ON WHICH THE OWNER SECURITIES CERTIFICATION AND THE DEPOSITARY SECURITIES CERTIFICATION RELATING TO SUCH INTEREST HAVE BEEN PROVIDED IN ACCORDANCE WITH THE TERMS OF THE INDENTURE, TO THE EFFECT THAT THE BENEFICIAL OWNER OR OWNERS OF SUCH INTEREST ARE NOT U.S. PERSONS.](3)

VORNADO FINANCE L.L.C.
 Class [](4) Commercial Mortgage-Backed Notes,
 Series 2000-VN0, due March 15, 2010

Security Interest Rate: No.:

First Payment Date: Scheduled Maturity Date: March 15, 2010

Original principal balance of all Initial principal balance of this
 Class [](4) Notes: Class [](4) Note:

[CUSIP] [CINS]: ISIN:

Common Code:

Vornado Finance L.L.C. (herein called the "Issuer"), for value received, hereby promises to pay in lawful currency of the United States of America to _____(5), or registered assigns, the principal sum of _____ Million Dollars (U.S.\$____,000,000) as provided in the Indenture, and to pay interest thereon in arrears on the 15th day of each month, commencing 15, 2000 (each an "Payment Date"), from the date hereof until the Maturity Date; provided, however, that if any Payment Date is not a Business Day, the Payment Date shall be the next succeeding Business Day, without additional interest. The interest payable on this Note for the period from the date of issuance to, but not including, the Maturity Date shall be the Security Interest Rate (as defined in the Indenture) for the Class [](4) Notes. On each Payment Date commencing with the Payment Date on , 2000, the Issuer shall pay the Principal Installment Amount (as defined in the Indenture) due on such Payment Date with respect to all of the Notes, subject to adjustment pursuant to Section 3.11(a)(ii) of the Indenture. Pursuant to the Indenture, all payments of Principal Installment Amounts shall be applied by the Trustee first, to the Class A-1 Notes until the Class A-1 Notes have been repaid in full; second to the Class A-2 Notes until the Class A-2 Notes have been repaid in full; third to the Class B Notes until the Class B Notes have been repaid in full; fourth to the Class C Notes until the Class C Notes have been repaid in full; fifth to the Class D Notes until the Class D Notes have been repaid in full; sixth to the Class E Notes until the Class E Notes have been repaid in full; and seventh to the Class F Notes until the Class F Notes have been repaid in full, provided, however, that during the continuance of an Event of Default, payments of Principal Installment Amounts will be paid on the Class A-1 and Class A-2 Notes pro rata.

The interest and Principal Installment Amounts so payable, and punctually paid or duly provided for, on any Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such Payment Date, which shall be the Business Day immediately prior to the related Payment Date. Interest shall be calculated on the basis of a 360-day year and the actual number of days elapsed during each Interest Period (as defined in the Indenture). On the Maturity

Date, the Issuer shall pay in full all of the remaining obligations of the Issuer under this Note, the Indenture and the other Security Documents to which the Issuer is a party.

If, (i) prior to the Maturity Date, for any reason, interest or scheduled principal amortization on any Note is not paid or provided for on or prior to 11:00 a.m. (New York time) on the date which is two (2) Business Days prior to the Payment Date on which such interest or scheduled principal amortization is due, (ii) on the date that is two Business Days prior to the Maturity Date, the principal of any Note is not repaid or provided for (including by deposit in the Collection Account) by the Issuer on or prior to 11:00 a.m. (New York time) on such date or (iii) on the date that is two Business Days prior to any Redemption Date, the principal of all Notes to be redeemed on such Redemption Date is not repaid or provided for (including by deposit in the Collection Account) by the Issuer on or prior to 11:00 a.m. (New York time) on such date, the Issuer will be required to pay Default Premium as set forth in Section 3.11(d) of the Indenture. Such Default Premium shall be distributed in the manner and priority set forth in the Indenture.

If any principal or interest due under this Note is not paid by the Issuer two (2) Business Days prior to the Payment Date on which it would otherwise be due as set forth in the immediately preceding paragraph, the Issuer shall pay a late payment charge in an amount equal to the lesser of 3% of such unpaid sum or the maximum amount permitted by applicable law.

All such late payment charges shall be retained by the Servicer as additional compensation.

At the Maturity Date, the Trustee shall pay the principal amount of the Note, and any unpaid interest thereon in immediately available funds from funds in the Payment Account as promptly as possible after presentation to the Trustee of such Note but shall initiate such payment no later than 3:00 p.m. (New York time) on the day of such presentation, provided that such presentation has been made no later than 11:00 a.m. (New York time). If presentation is made after 11:00 a.m. (New York time) on any day, such presentation shall be deemed to have been made not later than 11:00 a.m. (New York time) on the immediately succeeding Business Day.

If an Event of Default occurs and is continuing, then in every such case the Servicer may to the extent consistent with the Servicing Standards (subject to the rights of the Directing Holders set forth in Section 5.12(a) of the Indenture) and at the direction of the Holders of not less than 66-2/3% in aggregate principal amount of the Outstanding Notes (subject to the rights of the Directing Holders set forth in Section 5.12(a) of the Indenture) shall, by a notice in writing to the Issuer and the Trustee, declare the sum of (i) the principal amount of all Outstanding Notes and (ii) any other amounts, including but not limited to, accrued interest payable to the Holders under the Notes, to the extent such amounts are permitted by law to be paid, to be due and payable immediately, and upon any such declaration such amounts shall become immediately due and payable.

This Note is one of a duly authorized issue of securities of the Issuer (herein called the "Notes") designated as specified in the title hereof, issued and to be issued in accordance with the Indenture and Servicing Agreement, dated as of March 1, 2000 (herein called the "Indenture"),

among the Issuer, LaSalle Bank National Association, as Trustee (herein called the "Trustee", which term includes any successors and any separate or co-trustee under the Indenture), ABN AMRO Bank N.V., as Fiscal Agent, Midland Loan Services, Inc., as Special Servicer and Midland Loan Services, Inc., as Servicer, copies of which Indenture are on file and available for inspection at the corporate trust office of the Trustee in Chicago, Illinois. Reference is hereby made to the Indenture and all indentures supplemental thereto for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Issuer, the Trustee, the Principal Paying Agent, the Fiscal Agent, the Special Servicer, the Servicer and the Holders of Notes. All capitalized terms used but not defined herein shall have the meanings specified in the Indenture.

The Holder of this Note may receive distributions only in the manner and subject to the priorities as provided in the Indenture.

The Notes shall be subject to redemption as set forth in writing to the Trustee on any Payment Date or any other date fixed for redemption in accordance with Article XI of the Indenture, in whole or in part, as provided in Sections 11.1(b), 11.1(c) and 11.1(d) of the Indenture; provided, that in each such case no Notes may be redeemed thereunder unless and until all other amounts then due and payable to the Trustee, the Special Servicer and the Servicer under the Indenture and the other Security Documents have been paid in full.

Notice of redemption of any Notes will be given no later than fifteen (15) days prior to the proposed Redemption Date for such Notes. Such notice shall specify, among other things, the Redemption Date, the Redemption Price and (if less than all Notes are to be redeemed) the principal amount of the Notes to be redeemed.

In the event that this Note is redeemed in part only, a New Note for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

As more fully described in the Indenture, this Note is secured by the Indenture Collateral. The Indenture constitutes a security agreement under the Uniform Commercial Code as in effect in the states where the Payment Account, the Collection Account, the Holdover Account and any other similar account established by the Trustee or the Servicer in furtherance of its rights or responsibilities under the Indenture or any other Security Document are located (with respect to the liens and security interests granted in Section 3.1(c) of the Indenture). Upon the occurrence of any Event of Default, and in addition to any other rights available under the Indenture, the Security Documents or any other instruments included in the Collateral or otherwise available at law or in equity, the Trustee shall have all rights and remedies of a secured party under the Uniform Commercial Code to enforce the assignments and security interests contained in the Indenture and, in addition, shall have the right, subject to compliance with any mandatory requirements of applicable law, to sell at public or private sale or apply, as appropriate, all monies or other property then on deposit in the Payment Account, the Collection Account, the Holdover Account and any other similar account established by the Trustee or the Servicer in furtherance of its rights or responsibilities under the Indenture or any other Security Document and any other rights and other interests assigned or pledged hereby in accordance with the terms of the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof or the modification of the rights and obligations of the Issuer and the rights of the Holders of the Notes under the Indenture at any time by the Issuer, the Special Servicer, the Servicer and the Trustee with the consent of the Holders of not less than 66-2/3% in aggregate principal amount of the Notes at the time Outstanding. The Indenture also contains provisions permitting, subject to the rights of Directing Holders, the Holders of specified percentages in aggregate principal amount of the Notes at the time Outstanding, on behalf of the Holders of all the Notes, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consents or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

As provided in the Indenture and subject to the limitations therein set forth, the transfer of this Note is registrable in the Register, upon surrender of this Note for registration of transfer at the Corporate Trust Office, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar duly executed by, the Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more New Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

[Insert if Class A-1 or Class A-2 Note] This Note may not be exchanged for Notes in bearer form. The Class A Notes issued are issuable only in fully registered form, without coupons, in authorized denominations of \$25,000 and integral multiples of \$1 in excess thereof, other than Notes issued to Institutional Accredited Investors, which shall be in denominations of \$250,000 and integral multiples of \$1 in excess thereof.

[Insert if Class B, Class C, Class D or Class E] This Note may not be exchanged for Notes in bearer form. The Class A Notes issued are issuable only in fully registered form, without coupons, in authorized denominations of \$50,000 and integral multiples of \$1 in excess thereof, other than Notes issued to Institutional Accredited Investors, which shall be in denominations of \$250,000 and integral multiples of \$1 in excess thereof.

[Insert if Class F Note] This Note may not be exchanged for Notes in bearer form. The Class A Notes issued are issuable only in fully registered form, without coupons, in authorized denominations of \$100,000 and integral multiples of \$1 in excess thereof, other than Notes issued to Institutional Accredited Investors, which shall be in denominations of \$250,000 and integral multiples of \$1 in excess thereof.

Prior to due presentation of this Note for registration of transfer, the Issuer, the Servicer, the Trustee and any agent of the Issuer, the Servicer or the Trustee may treat the Person in whose name this Note is registered as the owner hereof, for all purposes, whether or not this Note be overdue, and none of the Issuer, the Servicer, the Trustee or any such agent shall be affected by notice to the contrary.

The agreements contained herein shall remain in full force and effect notwithstanding any changes in the members or other equity owners of, or the officers and directors relating to, the Issuer, and the term "Issuer" as used herein, shall include any alternate or successor Person.

The Issuer and all others who may become liable for the payment of all or any part of the amounts due under this Note do hereby severally waive presentment and demand for payment, notice of dishonor, protest, notice of protest and non-payment and all other notices of any kind, except those expressly required under the Indenture and the other Security Documents. No notice to or demand on the Issuer or any other Person shall be deemed to be a waiver of the obligation of the Issuer or the Servicer to take further action without notice or demand as permitted in this Note, the Indenture and the other Security Documents.

It is not intended that, and none of the terms and conditions of the Indenture or the other Security Documents shall ever be construed to create a contract whereby, the Issuer or any guarantor, endorser or other party now or hereafter becoming liable for payment of this Note shall be required to pay interest on this Note at a rate in excess of the maximum interest that may be lawfully charged under applicable law. If the Notes or any other Security Document would otherwise be usurious under applicable law, the terms of Article 50 of the Mortgage shall govern as if the Notes were the Mortgage Notes.

The representations, undertakings, covenants and agreements of the Issuer contained in the Indenture are those of the Issuer only and not of the Trustee, the Special Servicer or the Servicer and neither the Trustee, the Special Servicer nor the Servicer will have any liability with respect thereto.

As provided in Section 1.14 of the Indenture, this Note is a non-recourse obligation of the Issuer secured only by the Collateral and payable only from the Collateral. The provisions of Section 1.14 of the Indenture are hereby incorporated by reference, as if set forth in full herein.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[The remainder of this page was intentionally left blank]

IN WITNESS WHEREOF, the undersigned have caused this instrument to be duly executed.

Dated: _____, _____

VORNADO FINANCE L.L.C.,
a Delaware limited liability company

By: _____
Name:
Title: Authorized Signatory

This Note is one of the Notes referred to in the above-mentioned Indenture.

LASALLE BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Name:
Title:

- (1) Insert if the Note is a Global Note.
- (2) Insert if the Note is a Restricted Note.
- (3) Insert if the Note is a Regulation S Temporary Global Note.
- (4) Insert the applicable letter and number designation for the Class of Note of which this is a part.
- (5) Insert "Cede & Co." if the Note is a Global Note.

REPAYMENT OF PRINCIPAL, IF ANY, AND
TRANSFERS AFFECTING THE NOTE
(Initial Principal Balance on _____, ____: \$_____)

Amount of Repayment or Transfer to or From Another Note	Date of Repayment or Transfer	Balance After Repayment or Transfer	Notation Made By:
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(Add Additional Sheets As Necessary)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned ("Assignor(s)") hereby sell(s),
assign(s) and transfer(s) unto _____

(please print or typewrite name(s) and address(es), including postal zip code(s)
of assignee(s)) ("Assignee(s)") the entire principal amount represented by the
within Class [] Note and hereby authorizes) the registration of transfer of
such interest to Assignee(s) on the Register for the Notes.

I (we) further direct the Registrar to issue a new Class [] Note of
the entire principal amount represented by the within Class [] Note to the
above-named Assignee(s) and to deliver such Class [] Note to the following
address:

Date:

Signature by or on behalf of
Assignor(s)

Taxpayer Identification Number

[FORM OF CERTIFICATION TO BE GIVEN BY HOLDERS OF
BENEFICIAL INTEREST IN A REGULATION S
TEMPORARY GLOBAL NOTE]

OWNER SECURITIES CERTIFICATION

VORNADO FINANCE L.L.C.

Class [](1) Commercial Mortgage-Backed Notes,
Series 2000-VN0, due March 15, 2010

CUSIP No. _____

Reference is hereby made to the Indenture and Servicing Agreement, dated as [March 1], 2000 (the "Indenture") among Vornado Finance L.L.C., as Issuer, LaSalle Bank National Association, as Trustee, ABN AMRO Bank N.V., as Fiscal Agent, Midland Loan Services, Inc., as Special Servicer and Midland Loan Services, Inc., as Servicer. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This is to certify that, as of the date hereof, U.S.\$_____ principal amount of the above-captioned Notes are beneficially owned by non-U.S. person(s). As used in this paragraph, the term "U.S. person" has the meaning given to it by Regulation S under the Securities Act of 1933, as amended.

We undertake to advise you promptly by tested telex or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the Notes held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

We understand that this certificate is required in connection with certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate to any interested party in such proceedings. This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and the Initial Purchasers.

Dated: _____, ____

By: _____
As, or as agent for, the beneficial
owner(s) of the Notes to which this
certificate relates.

(1) Insert the letter and number designation of applicable Class.

[FORM OF CERTIFICATION TO BE GIVEN
BY THE EUROCLEAR OPERATOR OR
CLEARSTREAM BANKING, societe anonyme, LUXEMBOURG]

DEPOSITARY SECURITIES CERTIFICATION

VORNADO FINANCE L.L.C.
Class [](1) Commercial Mortgage-Backed Notes,
Series 2000-VN0, due March 15, 2010

CUSIP No. _____

Reference is hereby made to the Indenture and Servicing Agreement, dated as of [March 1], 2000 (the "Indenture") among Vornado Finance L.L.C., as Issuer, LaSalle Bank National Association, as Trustee, ABN AMRO Bank N.V., as Fiscal Agent, Midland Loan Services, Inc., as Special Servicer and Midland Loan Services, Inc., as Servicer. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This is to certify that, with respect to U.S.\$_____ principal amount of the above-captioned Notes, except as set forth below, we have received in writing, by tested telex or by electronic transmission, from member organizations appearing in our records as persons being entitled to a portion of the principal amount of Notes set forth above (our "Member Organizations"), certifications with respect to such portion, substantially to the effect set forth in the Indenture.

We further certify (i) that we are not making available herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) any portion of the Regulation S Temporary Global Note (as defined in the Indenture) excepted in such certifications and (ii) that as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certification is or would be relevant, we irrevocably authorize you to produce this certification to any interested party in such proceedings. This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and the Initial Purchasers.

Dated: _____, ____

Yours faithfully,

[MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Brussels office, as operator of the Euroclear System]

or

[Clearstream Banking, societe anonyme, Luxembourg]

By _____

(1) Insert the letter and number designation of the applicable Class.

B-2-2

[FORM OF CERTIFICATION TO BE GIVEN BY
 TRANSFEREE OF BENEFICIAL INTEREST IN A
 REGULATION S TEMPORARY GLOBAL NOTE]

TRANSFEREE SECURITIES CERTIFICATION

VORNADO FINANCE L.L.C.

Class [](1) Commercial Mortgage-Backed Notes,
 Series 2000-VN0, due March 15, 2010

CUSIP No. _____

Reference is hereby made to the Indenture and Servicing Agreement, dated as of [March 1], 2000 (the "Indenture") among Vornado Finance L.L.C., as Issuer, LaSalle Bank National Association, as Trustee, ABN AMRO Bank N.V., as Fiscal Agent, Midland Loan Services, Inc., as Special Servicer and Midland Loan Services, Inc., as Servicer. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

For purpose of acquiring a beneficial interest in the Class [](1) Regulation S Temporary Global Note, the undersigned certifies that it is not a U.S. Person as defined by Regulation S under the Securities Act of 1933, as amended.

We undertake to advise you promptly by tested telex or electronic transmission on or prior to the date on which you intend to submit your certification relating to the Notes held by you in which we intend to acquire a beneficial interest in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

We understand that this certificate is required in connection with certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate to any interested party in such proceeding. This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and the Initial Purchasers.

Dated: _____

By: _____

As, or as agent for, the beneficial
 transferee of the Notes to which
 this certificate relates.

(1) Insert the letter and number designation of the applicable Class.

FORM OF CERTIFICATION FOR TRANSFER
 OR EXCHANGE OF CLASS [](1) DEFINITIVE NOTE TO CLASS [](1) [RESTRICTED](2)
 [RESTRICTED GLOBAL](2) [UNRESTRICTED](3)(4) [UNRESTRICTED GLOBAL](3)(4)
 [REGULATION S TEMPORARY GLOBAL](3) NOTE
 (Transfers and exchanges pursuant to Section 3.8(c)
 of the Indenture)

LaSalle Bank National Association,
 as Trustee

Attention: Asset-Backed Securities Trust Services Group: Vornado Finance
 Commercial Mortgage-Backed Securities, Series 2000-VNO

Re: VORNADO FINANCE L.L.C. Class [](1) Commercial Mortgage-Backed
 Notes, Series 2000-VNO, due March 15, 2010, CUSIP No. _____

Reference is hereby made to the Indenture and Servicing Agreement, dated as [March 1], 2000 (the "Indenture"), among Vornado Finance L.L.C., as Issuer, LaSalle Bank National Association, as Trustee, ABN AMRO Bank N.V., as Fiscal Agent, Midland Loan Services Inc., as Special Servicer and Midland Loan Services, Inc., as Servicer. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to U.S.\$ _____ principal amount of Restricted Notes held in definitive form (CUSIP No. by [insert name of transferor] (the "Transferor"). The Transferor has requested an exchange or transfer of such Notes.

In connection with such request and in respect of such Notes, the Transferor does hereby certify that (i) such Notes are owned by the Transferor and are being exchanged without transfer or (ii) such transfer has been effected pursuant to and in accordance with (a) Rule 903 or Rule 904 under the Securities Act of 1933, as amended (the "Act"), (b) Rule 144 under the Act or (c) Rule 144A under the Act, and accordingly the Transferor does hereby further certify that

[(A) the offer of the Notes was not made to a person in the United States;

(B) either:

(i) at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed that the transferee was outside the United States, or

(ii) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting

on its behalf knows that the transaction was prearranged with a buyer in the United States;

(C) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or 904(b) of Regulation S, as applicable; and

(D) the transaction is not part of a plan or scheme to evade the registration requirements of the Act.](4) (5) [the Notes have been transferred in a transaction permitted by Rule 144](3) [the transfer has been effected pursuant to Rule 144A under the Act, the transfer has been effected pursuant to and in accordance with Rule 144A under the Act and, accordingly, the Transferor does hereby further certify that the Notes are being transferred to a Person that the Transferor reasonably believes is purchasing the Notes for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States.](2)

We understand that this certificate is required in connection with certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate to any interested party in such proceeding. This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and the Initial Purchasers.

Dated: _____

[Insert Name of Transferor]

By: _____

Name:

Title:

- (1) Insert the letter and number designation of the applicable Class.
- (2) Use for transfers of Restricted Note for Restricted Note or interest in Restricted Global Note.
- (3) Use for transfers of Restricted Note for Unrestricted Note or interest in Unrestricted Global Note.
- (4) Use for transfers of Restricted Note pursuant to Rule 903 or Rule 904 after termination of Regulation S Restricted Period.

- (5) Use for transfers of Restricted Note pursuant to Rule 903 or Rule 904 prior to termination of Regulation S Restricted Period.

B-4-3

FORM OF CERTIFICATION FOR TRANSFER OR
 EXCHANGE OF CLASS [](1) RESTRICTED GLOBAL
 NOTE TO CLASS [](1) REGULATION S TEMPORARY GLOBAL
 NOTE (Exchanges or transfers pursuant to Section 3.8(d)(iii)
 of the Indenture)

LaSalle Bank National Association
 as Trustee

Attention: Asset-Backed Securities Trust Services Group: Vornado Finance
 Commercial Mortgage-Backed Securities, Series 2000-VNO

Re: VORNADO FINANCE L.L.C. Class [](1) Commercial Mortgage-Backed
 Notes, Series 2000-C1, due March 15, 2010, CUSIP No. _____

Reference is hereby made to the Indenture and Servicing Agreement, dated as [March 1], 2000 (the "Indenture"), among Vornado Finance L.L.C., as Issuer, LaSalle Bank National Association, as Trustee, ABN AMRO Bank N.V., as Fiscal Agent, Midland Loan Services Inc., as Special Servicer and Midland Loan Services, Inc., as Servicer. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to U.S.\$_____ principal amount of Notes which are held in the form of the Class [](1) Restricted Global Note (CUSIP No. _____) with the Depository in the name of [insert name of transferor] (the "Transferor"). The Transferor has requested an exchange or transfer of such beneficial interest for an interest in the Class [](1) Regulation S Temporary Global Note (CUSIP No. _____) to be held with the Depository in the name of [Euroclear] [Clearstream Banking, societe anoyne, Luxembourg].

In connection with such request and in respect of such Notes, the Transferor does hereby certify that such exchange or transfer has been effected in accordance with the transfer restrictions set forth in the Notes and pursuant to and in accordance with Regulation S under the Securities Act of 1933, as amended (the "Securities Act"), and accordingly the Transferor does hereby certify that:

(1) the offer of the Notes was not made to a person in the United States;

[(2) at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed that the transferee was outside the United States;](2)

[(2) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting on its behalf knows that the transaction was pre-arranged with a buyer in the United States;](2)

(3) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or 904(b) of Regulation S, as applicable; and

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

We understand that this certificate is required in connection with certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate to any interested party in such proceeding. This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and the Initial Purchasers.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____

- (1) Insert the letter and number designation of the applicable Class.
- (2) Insert one of these two provisions, which come from the definition of "offshore transaction" in Regulation S.

FORM OF CERTIFICATION FOR TRANSFER OR EXCHANGE OF
 CLASS [](1) RESTRICTED GLOBAL NOTE TO
 CLASS [](1) UNRESTRICTED GLOBAL NOTE

(Exchanges or transfers pursuant to Section 3.8(d)(iv) of the Indenture)

LaSalle Bank National Association,
 as Trustee

Attention: Asset-Backed Securities Trust Services Group: Vornado Finance
 Commercial Mortgage-Backed Securities, Series 2000-VNO

Re: VORNADO FINANCE L.L.C. Class [](1) Commercial Mortgage-Backed
 Notes, Series 2000-VNO, due March 15, 2010, CUSIP No. _____

Reference is hereby made to the Indenture and Servicing Agreement, dated as [March 1], 2000 (the "Indenture"), among Vornado Finance L.L.C., as Issuer, LaSalle Bank National Association, as Trustee, ABN AMRO Bank N.V., as Fiscal Agent, Midland Loan Services Inc., as Special Servicer and Midland Loan Services, Inc., as Servicer. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to U.S.\$_____ principal amount of Notes which are held in the form of the Class [](1) Restricted Global Note (CUSIP No. _____) with the Depository in the name of [insert name of transferor] (the "Transferor"). The Transferor has requested an exchange or transfer of such beneficial interest for an interest in the Class [](1) Unrestricted Global Note (CUSIP No. _____).

In connection with such request, and in respect of such Notes, the Transferor does hereby certify that such exchange or transfer has been effected in accordance with the transfer restrictions set forth in the Notes and, (i) with respect to transfers made in reliance on Regulation S under the Securities Act of 1933, as amended (the "Securities Act"), the Transferor does hereby certify that:

(1) the offer of the Notes was not made to a person in the United States;

[(2) at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed that the transferee was outside the United States;](2).

[(2) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting on its behalf knows that the transaction was pre-arranged with a buyer in the United States;](2)

(3) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or 904(b) of Regulation S, as applicable; and

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act;

and (ii) with respect to transfers made in reliance on Rule 144 under the Securities Act, the Transferor does hereby certify that the Notes are being transferred in a transaction permitted by Rule 144 under the Securities Act.

We understand that this certificate is required in connection with certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate to any interested party in such proceeding. This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and the Initial Purchasers.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____

- (1) Insert the letter and number designation of the applicable Class.
- (2) Insert one of these two provisions, which come from the definition of "offshore transactions" in Regulation S.

FORM OF INSTRUCTION FOR EXCHANGE

EXCHANGE INSTRUCTIONS

VORNADO FINANCE L.L.C. Class [](5) Commercial Mortgage-Backed Notes, Series 2000-VN0, due March 15, 2010

Pursuant to Section 3.8(d)(vii)(2) of the Indenture and Servicing Agreement, dated as of [March 1], 2000 (the "Indenture"), among Vornado Finance L.L.C., as Issuer, La Salle Bank National Association, as Trustee, ABN AMRO Bank N.V., as Fiscal Agent, Midland Loan Services, Inc., as Special Servicer and Midland Loan Services, Inc., as Servicer, [Name of Initial Purchasers] hereby requests that US\$_____ aggregate principal amount of the above-captioned Notes held by you for our account in the Class [](1) Regulation S Temporary Global Note (CUSIP No. - _____) (as defined in the Indenture) be exchanged for one or more Class [](1) Restricted [Global] - Notes [(CUSIP No. _____)] in the denominations and registered in the names of the holders requested as set forth below:

Denominations	Registered Name
_____	_____
_____	_____
_____	_____
_____	_____

Dated: _____ [Name of Initial Purchasers]

By: _____

- (1) Insert the letter and number designation of the applicable Class.
- (2) For use prior to the exchange of a Regulation S Temporary Global Note for one or more Restricted Notes.

FORM OF CERTIFICATION REQUESTING DOCUMENTATION
PURSUANT TO INDENTURE SECTION 6.17 AND 7.15

[LaSalle Bank National Association,
as Trustee]
[Midland Loan Services, Inc.],
[as Servicer] [as Special Servicer]

Attention: Asset-Backed Securities Trust Services Group: Vornado Finance
Commercial Mortgage-Backed Securities, Series 2000-VNO

Reference is hereby made to the Indenture and Servicing Agreement, dated as [March 1], 2000 (the "Indenture"), among Vornado Finance L.L.C., as Issuer, LaSalle Bank National Association, as Trustee, ABN AMRO Bank N.V., as Fiscal Agent, Midland Loan Services Inc., as Special Servicer and Midland Loan Services, Inc., as Servicer. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

The undersigned hereby requests, pursuant to Section 6.17 [or Section 7.15] of the Indenture, that copies of [the documents described in Section 18.2 and Subsection 18.3(c) of the Mortgage] [or specify documents if not all documents described in Sections 18.2 / 18.3(c) of the Mortgage are required] [information identified in Section 7.15 of the Indenture] be delivered to the undersigned at [insert address]. The undersigned hereby confirms that it (i) is a Holder or a beneficial owner of Notes, (ii) is requesting such information solely for the purpose of evaluating its investment in the Notes or selling its interest in the Notes, and (iii) acknowledges its responsibility to maintain the confidentiality of such information as required by Section 6.6 of the Indenture. The undersigned further agrees to pay your reasonable fees and out-of-pocket expenses therefor.

We understand that this certificate is required in connection with certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate to any interested party in such proceeding. This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and the Initial Purchasers.

[Name of Holder or beneficial owner of
Notes]

By: _____
Name:
Title:

Dated: _____

LIST OF AUTHORIZED PERSONS

Steven Roth
Michael Fascitelli
Joseph Macnow
Irwin Goldberg

D-1

REQUEST FOR RELEASE OF DOCUMENTS

The undersigned [Servicer] [Special Servicer] hereby acknowledges that it has received on behalf of LaSalle Bank National Association, as Trustee for the Holders of Notes issued pursuant to that certain Indenture and Servicing Agreement, dated as of [March 1], 2000 (the "Indenture"), among Vornado Finance L.L.C., as Issuer, LaSalle Bank National Association, as Trustee, ABN AMRO Bank N.V., as Fiscal Agent, Midland Loan Services, Inc., as Special Servicer and Midland Loan Services, Inc., as Servicer, the documents referred to below (the "Documents"). All capitalized terms not otherwise defined in this Request for Release of Documents shall have the meanings given them in the Indenture.

[Identify documents]

The undersigned [Servicer] [Special Servicer] hereby acknowledges and agrees as follows:

(1) The [Servicer] [Special Servicer] will hold and retain possession of the Documents in trust for the benefit of the Trustee, solely for the purposes provided in the Indenture.

(2) The [Servicer] [Special Servicer] will not cause or permit the Documents to become subject to, or encumbered by, any claims, liens, security interests, charges, writs of attachment or other impositions, nor shall the Servicer assert or seek to assert any claims or rights of set-off to or against the Documents or any proceeds thereof.

(3) The [Servicer] [Special Servicer] shall return the Documents to the Custodian when the need therefor no longer exists, unless the Loan has been liquidated and the proceeds thereof have been remitted to the Collection Account as expressly provided in the Indenture.

(4) The Documents and any proceeds thereof, including any proceeds of proceeds, coming into the possession or control of the Servicer at all times shall be earmarked for the account of the Trustee and the [Servicer] [Special Servicer] shall keep the Documents and any proceeds separate and distinct from all other property in the [Servicer's] [Special Servicer's] possession.

as [Servicer] [Special Servicer]

By: _____
Name:
Title:

Dated: _____, 20__

FORM OF INVESTMENT REPRESENTATION LETTER
(INSTITUTIONAL ACCREDITED INVESTOR CERTIFICATES)

LaSalle Bank National Association, as Trustee

Re: Asset-Backed Securities Trust Series Group-- Vornado Finance
L.L.C. Commercial Mortgage-Backed Securities, Series 2000-VNO

Ladies and Gentlemen:

This letter is delivered in connection with the purchase by the undersigned (the "Purchaser") of \$[] aggregate [principal amount] of Securities referenced above (the "Purchased Securities"). Terms used but not defined herein shall have the meanings ascribed thereto in the Indenture and Servicing Agreement dated as of [March 1], 2000 (the "Indenture"), by and among Vornado Finance L.L.C., as Issuer, LaSalle Bank National Association, as Indenture Trustee, ABN AMRO Bank N.V., as Fiscal Agent, Midland Loan Services, Inc., as Special Servicer and Midland Loan Services, Inc., as Servicer and those certain Declarations of Trust each dated as of [March 1], 2000 (collectively, the "Declaration of Trust") each by and between Vornado Finance L.L.C., as Issuer, and LaSalle Bank National Association, as Certificate Trustee.

In connection with such purchase, the undersigned hereby confirms that:

1. We are an institutional "accredited investor" (an entity meeting the requirements of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act")) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Purchased Securities, and we are able to bear the economic risk of our investment. We are acquiring the Purchased Securities purchased by us for our own account. We are not acquiring the Purchased Securities with a view to distribution thereof (within the meaning of the Securities Act) or with any present intention of offering or selling any of the Purchased Securities provided that the disposition of our property shall remain at all times within our control.

2. The Purchaser has reviewed the final Offering Memorandum dated , 2000, relating to the Purchased Securities (the "Offering Memorandum") and the _____ agreements and other materials referred to therein and has had the opportunity to ask

questions and receive answers concerning the terms and conditions of the transactions contemplated by the Offering Memorandum. The Purchaser understands that the Purchased Securities will be delivered to it in certificated, registered form only and that they will bear legends to the effect set forth below and in the Offering Memorandum under "Notice to Investors."

3. The Purchaser acknowledges that the Purchased Securities have not been registered or qualified under the Securities Act or the securities laws of any state or any other jurisdiction. The Purchaser agrees that the Purchased Securities may not be reoffered, resold, pledged or otherwise transferred except (A)

(i) to a person whom it reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act in a transaction meeting the requirements of Rule 144A, (ii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available), (iii) to an institutional "accredited investor" within the meaning of Rule 501(a) (1), (2), (3), or (7) under the Securities Act or (iv) in an offshore transaction complying with Rule 903 or 904 of Regulation S and (B) in each case, in accordance with any applicable federal securities laws and any applicable securities laws of any state of the United States or any other jurisdiction.

4. The Purchaser hereby undertakes to be bound by the terms and conditions of the Indenture and/or Declaration of Trust, as applicable, in its capacity as an owner of the Purchased Securities in all respects as if it were a signatory thereto. This undertaking is made for the benefit of the Issuer, the Certificate Registrar, the Certificate Trustee and all holders of the Securities present and future.

5. The Purchaser will not sell or otherwise transfer any portion of the Purchased Securities, except in compliance with the [Indenture] [Declaration of Trust] (including the provisions thereof requiring delivery of an investment representation letter and such other certifications, opinions of counsel or other information as the [Certificate Registrar] [Certificate Trustee] shall require to confirm that such sale or transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act) and in compliance with the provisions hereof.

6. Check one of the following:

The Purchaser is a "U.S. Person" and it has attached hereto an Internal Revenue Service ("IRS") Form W-9 (or successor form).

The Purchaser is not a "U.S. Person" and under applicable law in effect on the date hereof, no taxes will be required to be withheld by the Trustee (or its agent) with respect to distributions to be made on the Purchased Securities. The Purchaser has attached hereto either (i) a duly executed IRS Form W-8 (or successor form), which identifies such Purchaser as the beneficial owner of the Purchased Securities and states that such Purchaser is not a U.S. Person or (ii) two duly executed copies

of IRS Form 4224 (or successor form), which identify such Purchaser as the beneficial owner of the Purchased Securities and state that interest and original issue discount on the Purchased Securities are, or are expected to be, effectively connected with a U.S. trade or business. The Purchaser agrees to provide to the Certificate Registrar updated IRS Forms W-8 or IRS Forms 4224, as the case may be, any applicable successor IRS forms, or such other certifications as the Certificate Registrar may reasonably request, on or before the date that any such IRS form or certification expires or becomes obsolete, or promptly after the occurrence of any event requiring a change in the most recent IRS form of certification furnished by it to the Certificate Registrar.

For this purpose, "U.S. Person" means a citizen or resident of the United States for U.S. federal income tax purposes, a corporation, partnership or other entity created or organized in or under the laws of the United States or any of its political subdivisions, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if (i) a U.S. court is able to exercise primary supervision over the trust administration and (ii) one or more U.S. persons have the authority to control all of the trust's substantial decisions.

Please make all payments due on the Purchased Securities: **

- (a) by wire transfer to the following account at a bank or entity in New York, New York, having appropriate facilities therefor:

Account number:

Institution:

- (b) by mailing a check to the following address:

We acknowledge that the addressees hereof, the Issuer, the Trustee and others will rely on our confirmations, acknowledgments and agreements set forth herein. THIS LETTER SHALL BE

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** Please select (a) or (b)

GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK
WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

Very truly yours,

[Name of Purchaser]

By: _____
Name: _____
Title: _____

Dated:

LIST OF PROPERTY OWNERS

1. Union VF L.L.C.
2. Totowa VF L.L.C.
3. Wayne VF L.L.C.
4. Hackensack VF L.L.C.
5. Hanover VF L.L.C.
6. Conrans VF L.L.C.
7. East Brunswick VF L.L.C.
8. Woodbridge VF L.L.C.
9. Bricktown VF L.L.C.
10. Jersey City VF L.L.C.
11. Middletown VF L.L.C.
12. Cherry Hill VF L.L.C.
13. Watchung VF L.L.C.
14. Morris Plains Holding VF L.L.C.
15. Morris Plains Leasing VF L.L.C.
16. Manalapan VF L.L.C.
17. Marlton VF L.L.C.
18. North Plainfield VF L.L.C.
19. Lawnside VF L.L.C.
20. Lodi VF L.L.C.
21. Lodi II VF L.L.C.
22. Bordentown VF L.L.C.
23. Bordentown II VF L.L.C.
24. Dover VF L.L.C.
25. Delran VF L.L.C.
26. North Bergen VF L.L.C.
27. Turnersville VF L.L.C.
28. Kearny Holding VF L.L.C.
29. Kearny Leasing VF L.L.C.
30. Montclair VF L.L.C.
31. Two Guys From Harrison Holding Company L.P.
32. Marple Holding Company L.P.
33. Philadelphia VF L.P.
34. Philadelphia Holding Company L.P.
35. Bensalem Holding Company L.P.
36. Upper Moreland Holding Company L.P.
37. York Holding Company L.P.
38. Bethlehem VF L.P.
39. Freeport VF L.L.C.
40. Amherst VF L.L.C.
41. Amherst II VF L.L.C.

- 42. New Hyde Park VF L.L.C.
- 43. Menands VF L.L.C.
- 44. Towson VF L.L.C.
- 45. Dundalk VF L.L.C.
- 46. Glen Burnie VF L.L.C.
- 47. Hagerstown VF L.L.C.
- 48. Springfield VF L.L.C.
- 49. Newington VF L.L.C.

Principal Installment Amounts

Payment Date Occurring In -----	Scheduled Principal Installment Amount -----	Payment Date Occurring In -----	Scheduled Principal Installment Amount -----
Mar-2000	0.00	Dec-2003	461,695.16
Apr-2000	350,638.21	Jan-2004	464,591.38
May-2000	352,837.77	Feb-2004	467,505.76
Jun-2000	355,051.12	Mar-2004	470,438.42
Jul-2000	357,278.35	Apr-2004	473,389.48
Aug-2000	359,519.56	May-2004	476,359.05
Sep-2000	361,774.83	Jun-2004	479,347.26
Oct-2000	364,044.24	Jul-2004	482,354.20
Nov-2000	366,327.89	Aug-2004	485,380.01
Dec-2000	368,625.87	Sep-2004	488,424.80
Jan-2001	370,938.26	Oct-2004	491,488.69
Feb-2001	373,265.15	Nov-2004	494,571.79
Mar-2001	375,606.64	Dec-2004	497,674.24
Apr-2001	377,962.82	Jan-2005	500,796.15
May-2001	380,333.78	Feb-2005	503,937.65
Jun-2001	382,719.62	Mar-2005	507,098.85
Jul-2001	385,120.42	Apr-2005	510,279.88
Aug-2001	387,536.28	May-2005	513,480.87
Sep-2001	389,967.29	Jun-2005	516,701.93
Oct-2001	392,413.56	Jul-2005	519,943.20
Nov-2001	394,875.17	Aug-2005	523,204.81
Dec-2001	397,352.22	Sep-2005	526,486.87
Jan-2002	399,844.81	Oct-2005	529,789.52
Feb-2002	402,353.04	Nov-2005	533,112.89
Mar-2002	404,877.00	Dec-2005	536,457.11
Apr-2002	407,416.79	Jan-2006	539,822.30
May-2002	409,972.52	Feb-2006	543,208.61
Jun-2002	412,544.28	Mar-2006	546,616.16
Jul-2002	415,132.17	Apr-2006	550,045.08
Aug-2002	417,736.29	May-2006	553,495.51
Sep-2002	420,356.75	Jun-2006	556,967.59
Oct-2002	422,993.65	Jul-2006	560,461.45
Nov-2002	425,647.09	Aug-2006	563,977.22
Dec-2002	428,317.17	Sep-2006	567,515.05
Jan-2003	431,004.00	Oct-2006	571,075.07
Feb-2003	433,707.69	Nov-2006	574,657.43
Mar-2003	436,428.34	Dec-2006	578,262.25
Apr-2003	439,166.06	Jan-2007	581,889.69
May-2003	441,920.94	Feb-2007	585,539.89
Jun-2003	444,693.11	Mar-2007	589,212.98
Jul-2003	447,482.67	Apr-2007	592,909.11
Aug-2003	450,289.73	May-2007	596,628.43
Sep-2003	453,114.40	Jun-2007	600,371.08
Oct-2003	455,956.79	Jul-2007	604,137.21
Nov-2003	458,817.00	Aug-2007	607,926.96

Payment Date Occurring In -----	Scheduled Principal Installment Amount -----
Sep-2007	611,740.49
Oct-2007	615,577.94
Nov-2007	619,439.46
Dec-2007	623,325.20
Jan-2008	627,235.32
Feb-2008	631,169.97
Mar-2008	635,129.29
Apr-2008	639,113.46
May-2008	643,122.62
Jun-2008	647,156.93
Jul-2008	651,216.54
Aug-2008	655,301.62
Sep-2008	659,412.33
Oct-2008	663,548.83
Nov-2008	667,711.27
Dec-2008	671,899.82
Jan-2009	676,114.65
Feb-2009	680,355.91
Mar-2009	684,623.79
Apr-2009	688,918.43
May-2009	693,240.02
Jun-2009	697,588.71
Jul-2009	701,964.69
Aug-2009	706,368.11
Sep-2009	710,799.16
Oct-2009	715,258.00
Nov-2009	719,744.81
Dec-2009	724,259.77
Jan-2010	728,803.06
Feb-2010	733,377.31
Mar-2010	438,253,292.09(1)

 (1) For the purposes of any recalculation of the Principal Installment Amounts or any scheduled payment of principal pursuant to the Indenture, this shall be deemed not to be part of Exhibit H.

Issuer Separateness Covenants

The Issuer agrees that it:

(1) shall not engage in any business unrelated to (i) the ownership of the direct and/or indirect interests in the Property Owners, (ii) acting as member or managing member of the Property Owners and Pennsylvania Holding LLC, (iii) acting as the member of the general partners of the Property Owners of the Mortgaged Properties located in Pennsylvania, (iv) owning the limited partner interests in Pennsylvania Holding LP (the entities referred to in (ii), (iii) and (iv) other than the Property Owners, the "Additional Entities"), (v) making the Mortgage Loan, (vi) issuing the Notes, (vii) owning Defeasance Collateral and (viii) otherwise dealing with the Property Owners, the members or general or limited partners of the Property Owners, the Mortgage Loan and the Securities;

(2) shall not own any assets other than those relating to its interest in the Property Owners and the Additional Entities;

(3) except as required by law, shall not, without the consent of each of its Special Members (as defined in the Limited Liability Company Agreement of the Issuer) (i) (and then only in a manner that does not violate the requirements of any of the Mortgage Security Documents and the Indenture) engage in, seek or consent to any dissolution, winding up, liquidation, consolidation, merger, asset sale, transfer of all or any portion of its assets, or amend its organizational or governing documents in any manner adverse to the Issuer's ability to satisfy the requirements of any of the Mortgage Security Documents and the Indenture that it be a special-purpose entity, or (ii) (and then only in a manner that does not violate the requirements of any of the Mortgage Security Documents and the Indenture) cause any of the Property Owners or the Additional Entities to engage in, seek or consent to any dissolution, winding up, liquidation, consolidation, merger, asset sale, transfer of all or any portion of the Property Owners' or the Additional Entities' assets, or amend the applicable organizational documents of the Property Owners or the Additional Entities in a manner adverse to such Property Owners' or the Additional Entities' ability to satisfy the requirements of any of the Mortgage Security Documents and the Indenture that such Property Owners or the Additional Entities be a special-purpose entity;

(4) shall at all times be a special-purpose entity and shall have at all times (except for the limited and temporary circumstances described in the its Limited Liability Company Agreement) at least two Special Members;

(5) shall (a) maintain its bank accounts separate from any other person or entity, other than the other Finance Entities (as defined in the Mortgage), (b) maintain its books and records separate from any other person and (c) otherwise ensure that its records and books reflect the separate existence of itself and its assets;

(6) shall separately identify and segregate its funds and assets from those of any other entity and shall not commingle its funds or assets with those of any other person or entity, other than the other Finance Entities;

(7) shall hold its assets in its own name;

(8) shall engage in transactions and conduct all business activities in its own name and present itself to the public as a company separate from any other person or entity, including Vornado L.P., the other Finance Entities or any Affiliate of any of the foregoing;

(9) shall maintain its financial statements, accounting records, and other entity documents separate from those of any other person or entity, except that the Issuer may be included in the consolidated financial statements of another Person where required by generally accepted accounting principals;

(10) shall pay its own liabilities out of its funds and assets as the same shall become due to the extent sufficient funds are available to it and shall not pay its debts and liabilities from the funds or assets of any other person or entity;

(11) shall not engage in any transaction with any Affiliate involving any intent to hinder, delay or defraud any person or entity;

(12) shall maintain an arm's-length relationship with, and shall not be or become operationally dependent on, any Affiliate;

(13) shall have no indebtedness, secured or unsecured, direct or indirect, absolute or contingent (including any guarantee obligations) other than indebtedness contemplated by or permitted under the Mortgage Security Documents and the Indenture;

(14) shall not assume or guaranty or become obligated for the debts of any other person or entity, and shall not hold out its credit as being available to satisfy the obligations of any other person or entity, except for the indebtedness contemplated by or permitted under the Mortgage Security Documents and the Indenture;

(15) shall not acquire obligations or securities of any of its members;

(16) shall fairly and reasonably allocate any shared expenses including, without limitation, rent for shared office space and shall use stationery, invoices and checks separate from those of any entity other than the other Finance Entities;

(17) except as contemplated by or permitted under the Mortgage Security Documents or the Indenture, shall not pledge its assets for the benefit of any other person or entity, other than the other Finance Entities;

(18) shall hold itself out and identify itself as a separate and distinct entity under its own name and not as a division or part of any other person or entity;

(19) shall not make loans or advances to any person or entity other than in accordance with the terms of the Mortgaged Security Documents or the Indenture;

(20) shall not identify any of its members, any subsidiary, the Manager or any Affiliate of the foregoing as a division or part of itself;

(21) shall not enter into, or be a party to, any transaction with any of its members or Affiliates except (i) in the ordinary course of its business and (ii) on terms which are intrinsically fair and are no less favorable to it than those terms which would be obtained in a comparable arm's-length transaction with an unrelated third party;

(22) shall correct any known misunderstanding regarding its separate existence and identity;

(23) without the prior written consent of each of the Special Members, (i) it shall not, and none of Vornado L.P. or any other person or entity on behalf of it shall, and (ii) it shall not cause, and none of Vornado L.P. or any other person or entity on behalf of it shall cause, any of the other Finance Entities to (a) file, or consent to the filing of, a bankruptcy, insolvency or reorganization petition or otherwise institute bankruptcy or insolvency proceedings or otherwise seek any relief under any laws relating to the relief from debts or the protection of debtors generally, (b) seek or consent to the institution of bankruptcy or insolvency proceedings against it or the appointment of a receiver, liquidator, conservator, assignee, trustee, sequestrator, custodian or any similar official for itself or all or any portion of its assets, (c) make or consent to any assignment for the benefit of its creditors (d) admit in writing its inability to pay its debts generally as they become due or (e) take any action in furtherance of any of the preceding actions;

(24) shall maintain a sufficient number of employees in light of its contemplated business operations and compensate its employees (if any) from its own funds for services provided to it;

(25) intends to maintain adequate capitalization in light of its contemplated business and operations and it shall not (and shall not permit Vornado L.P. or Vornado to) take any action that would cause the Issuer not to maintain adequate capitalization in light of the Issuer's contemplated business and operations;

(26) shall take all appropriate action necessary to maintain its existence as a limited liability company in good standing under the laws of the State of Delaware;

(27) shall strictly observe all organizational and procedural matters and formalities required by the its Limited Liability Company Agreement, and by applicable law, as the case may be, and shall keep accurate and proper books and records of account;

(28) shall at all times ensure that its funds will be clearly traceable at each step in any financial transaction and maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any other person or entity (except that its funds may be commingled with the funds of the other Finance Entities);

(29) shall ensure that decisions with respect to its business and daily operations will be duly authorized in accordance with the its Limited Liability Company Agreement;

(30) shall ensure that all decisions with respect to its business will be made by appointed representatives of its member, in accordance with its constitutive organizational and other legal documents;

(31) shall not permit itself to be dependent upon any subsidiary or Affiliate or any other entities to operate its business;

(32) shall have two Special Members who will, to the fullest extent permitted by law, consider only the interests of the Issuer, including, if the Issuer is insolvent, the Issuer's creditors, in acting or otherwise voting on the matters for which such Special Member's approval is required.

AGREEMENT

AGREEMENT, dated as of January 22, 2000, by and between VORNADO REALTY TRUST, a Maryland real estate investment trust (hereinafter referred to as "Employer") and MELVYN H. BLUM, an individual (hereinafter referred to as "Employee").

IN CONSIDERATION of the mutual covenants herein contained, and other good and valuable consideration, the parties hereto agree as follows:

1. Employment.

Employer hereby agrees to employ Employee, and Employee agrees to serve as Executive Vice President-Development of Employer and President of Employer's Development Division during the Period of Employment, as defined in Section 2.

2. Period of Employment.

The "Period of Employment" shall be the period commencing on January 24, 2000 and, subject to the provisions of this Agreement, ending on January 23, 2005; provided, that, commencing on January 24, 2004, and on each January 24 thereafter, the Period of Employment shall automatically be extended for one (1) additional year unless either party gives written notice not to extend this Agreement prior to three (3) months before such extension would be effectuated.

3. Duties During the Period of Employment.

Employee shall be in charge of Employer's development activities, supervise development employees, supervise joint ventures and supervise outside contractors and vendors. During the Period of Employment, Employee shall report directly to Messrs. Steven Roth and Michael Fascitelli. Subject to the supervisory powers of Messrs. Roth and Fascitelli, Employee shall have those powers and duties normally associated with the position of Executive Vice President-Development and such other powers and duties as may be prescribed by Messrs. Roth and Fascitelli, provided that such other powers and duties are consistent with Employees's position as Executive Vice President-Development.

Employee shall devote his full business time, attention and efforts to the affairs of Employer and its subsidiaries during the Period of Employment; provided, however, that Employee may engage in other activities, such as activities involving trade, charitable, educational, religious and similar types of organizations (all of which are hereby deemed to benefit Employer), speaking engagements, membership on the board of directors of non-profit organizations, and similar type activities to the extent that such other activities do not materially impair the performance of his duties under this Agreement, or inhibit or conflict in any material way with the business of Employer and its subsidiaries. In addition, Employee shall be permitted, to the extent such activities do not substantially interfere with the performance by Employee of his duties and responsibilities hereunder or violate Section 8 hereof, to serve as an officer, employee, trustee, director, shareholder and/or general partner of any entity (or any successor

thereto) that currently owns, directly or indirectly, any property or entity listed in Exhibit A attached hereto, provided that, for each such entity, Employee's activities are primarily related to such properties.

4. Cash Compensation.

Employer shall pay to Employee a salary ("Base Compensation") at an annual rate of no less than \$500,000.00, to be paid in equal biweekly installments. Increases in Base Compensation, if any, shall be determined by the Compensation Committee of the Board based on periodic reviews of Employee's performance conducted no less frequently than annually. If Employee's Base Compensation is increased by Employer, such increased compensation shall then constitute the Base Compensation for all purposes of this Agreement. Employee's Base Compensation shall not be reduced during the term of this Agreement.

5. Share Options; Restricted Stock.

(a) Employer shall grant Employee share options to purchase 250,000 shares of Employer's Common Shares of Beneficial Interest ("Stock") pursuant to the terms of Employer's 1993 Omnibus Share Plan (the "1993 Plan") at a purchase price per share equal to the fair market value of the Stock on the date the options are granted. Such options shall be granted on the first day of the Period of Employment, Employer shall take all necessary actions to ensure that such options qualify, to the extent permitted, as "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended. Such options shall be subject to the general terms of the 1993 Plan and the share option agreement thereunder. The share options shall become

exercisable at a rate of 33-1/3% after the first anniversary of the date of grant, and an additional 33-1/3% on each of the second and third anniversaries of such date, provided Employee remains an employee of Employer on such respective dates. Employer will grant Employee share options with respect to not less than 100,000 shares in each of the Company's fiscal years during the Period of Employment beginning with the 2001 fiscal year.

(b) Employer shall grant Employee 148,148 shares of Stock pursuant to the terms of the 1993 Plan on the first day of the Period of Employment, subject to the vesting provisions of this paragraph. Dividends on all vested shares shall be paid to Employee on a current basis. Such shares of stock shall vest at the rate of 20% on each of the first five anniversaries of the date of grant, provided that Employee remains an employee of Employer on such date.

Following the execution of this Agreement, Employer will look into establishing a "rabbi trust" for restricted stock (and the accompanying dividends at the Employee's option) granted to Employer's executives. In the event no such rabbi trust is established prior to the first anniversary of the date of grant of restricted stock under this paragraph (b), Employer will establish such a rabbi trust solely for the benefit of Employee.

6. Other Employee Benefits.

(a) Vacation and Sick Leave.

Employee shall be entitled to the normal and customary amount of paid vacation provided to Employer's senior executives, but in no event less than four (4)

weeks annually, beginning on the date hereof. In addition, Employee shall be entitled to the same sick leave and holidays provided to other executive employees of Employer of his level.

(b) Automobile.

Employer shall provide Employee with the use of an automobile of his choice of the same quality as that provided to other corporate officers of equal or similar position and pay all expenses incurred by Employee in connection with the business use of the automobile.

(c) Regular Reimbursed Business Expenses.

Employer shall reimburse Employee for all expenses and disbursements reasonably incurred by Employee in the performance of his duties during the Period of Employment, and such other facilities or services as Employer and Employee may, from time to time, agree are reimbursable.

(d) Employee Benefit Plans or Arrangements.

In addition to the cash compensation provided for in Section 4 hereof and the share options and restricted stock provided in Section 5 hereof, Employee, subject to meeting eligibility provisions and to the provisions of this Agreement, shall be entitled to participate in all employee benefits plans of Employer, as presently in effect or as they may be modified or added to by Employer from time to time, including, without limitation, plans providing retirement benefits, medical insurance, life insurance, disability insurance, and accidental death or dismemberment insurance. Without limiting the foregoing, Employee shall be entitled to (i) tax preparation and financial planning

assistance of \$15,000 per calendar year, (ii) upon approval by an insurance carrier, a \$3 million five-year renewal term life insurance policy or at Employee's election other life insurance with a comparable cost to Employer and (iii) an Employer-provided medical examination on an annual basis at a medical clinic selected by Employee and reasonably satisfactory to Employer's Chief Executive Officer or President.

(e) Executive Compensation Plans.

Employee, subject to meeting the eligibility provisions thereunder, shall be entitled to participate in Employer's executive compensation plans, as presently in effect or as they may be modified or added to by Employer from time to time, including, without limitation, annual bonus plans, long-term incentive plans, deferred compensation plans and share option and other stock based plans.

(f) Services Furnished.

During the Period of Employment, Employer shall furnish Employee with office space in New York City, stenographic and secretarial assistance and such other facilities and services appropriate to his position and reasonable resources necessary to carry out his responsibilities.

(g) Loan.

During the Period of Employment, Employer will make one or more loans to Executive in the aggregate amount of up to \$2,000,000. Each of such loans shall be on a revolving principal basis subject to the following terms and conditions:

- (i) each loan must be in an amount of at least \$400,000;
- (ii) each loan shall be full recourse to Employee;

(iii) the principal amount of each loan shall be due and payable upon the earlier of (x) five years from the date of the loan, (y) 30 days of the date of Employer's termination of employment for any reason (other than for Cause), or (z) a termination of employment for Cause.

(iv) each loan shall be subject to interest at the applicable Federal rate under, Section 1274(d) of the Internal Revenue Code of 1986, as amended, on the date the loan is made;

(v) Employee shall not be required to pledge or otherwise hypothecate or encumber any of Employee's personal assets in connection with such loan; and

(vi) the agreements evidencing such loans shall contain such additional terms and conditions as are mutually acceptable to Employer and Employee.

(h) Relocation Expenditures.

Upon presentation of reasonable documentation, Employer shall reimburse Employee for relocation expenses which, after provision for the net amount of all income taxes payable by Employee with respect to the receipt of such amounts (taking into account any moving expense or other deductions available to Employee) shall include but not be limited to reasonable moving expenses, temporary living expenses and real estate commissions. Notwithstanding the foregoing, the total amount payable by Employer to Employee under this Section shall not exceed \$150,000.

7. Termination and Termination Benefits.

The termination of Employee's employment during the Period of Employment by Employee or Employer shall not be treated as a breach of this agreement.

(a) Termination by the Employer Without Cause.

The Employer may terminate the Period of Employment and Employee's employment hereunder without "Cause" upon written notice to Employee. For purposes of this Section 7(a), a termination of the Period of Employment by the Employer without Cause shall include any termination by the Employer (other than a termination for Cause as defined in Section 7(b) below).

(b) Termination by the Employer for Cause.

Subject to the following paragraph, the Employer may terminate the Period of Employment and Employee's employment hereunder for "Cause" upon written notice to Employee. For purposes of this Section 7(b), a termination for Cause shall only mean a termination as a result of (i) Employee's willful misconduct with regard to Employer or to any entity in control of, controlled by or under common control with the Employer (an "Affiliate"), including, but not limited to, any preferred stock subsidiary of the Employer, that is materially economically injurious to Employer, (ii) Employee's conviction of, or plea of guilty or nolo contendere to, a felony (other than a traffic violation) or (iii) Employee's willful and continued failure to use reasonable business efforts to attempt to substantially perform his duties hereunder (other than such failure resulting from Employee's incapacity due to a physical or mental illness or subsequent to the issuance of a notice of termination by Employee for Good Reason) after demand for substantial performance is delivered by Employer in writing that specifically identifies the manner in which Employer believes Employee has not used reasonable business efforts to attempt to substantially perform his duties.

For purposes of this Section 7(b), in addition to the other legal requirements to be "willful", no act, or failure to act, by Employee shall be considered "willful" unless committed in bad faith and without a reasonable belief that the act or omission was in the best interests of Employer. In addition, no action or inaction shall give rise to a right of Employer to terminate this Agreement and Employee's employment hereunder for Cause pursuant to the preceding paragraph unless and until Employer has delivered to Employee a copy of a resolution duly adopted by a majority of the Board at a meeting of the Board called and held for such purpose after reasonable (but in no event less than thirty (30) days) notice to Employee and an opportunity for Employee, together with his counsel, to be heard before the Board, finding that in the good faith opinion of the Board, Employee was guilty of any conduct set forth in the preceding paragraph and specifying the particulars thereof in detail. This Section 7(b) shall not prevent Employee from challenging in any court of competent jurisdiction the Board's determination that Cause exists or that Employee has failed to cure any act (or failure to act) that purportedly formed the basis for the Board's determination.

(c) Termination by Employer Due to Disability.

If, due to illness, physical or mental disability, or other incapacity, Employee is substantially unable, for one hundred and eighty (180) consecutive days, to perform his duties hereunder, Employer may terminate the Period of Employment and his Employment hereunder upon at least thirty (30) days' prior written notice to Employee given after one hundred eighty (180) days, and provided Employee does not

return to the substantial performance of his duties on a full-time basis within such thirty (30) day period.

(d) Termination by Employee With Good Reason.

Subject to the following paragraph, Employee may terminate the Period of Employment and his employment hereunder for "Good Reason" upon written notice to Employer. For purposes of this Section 7(d), a termination for Good Reason shall mean a termination as a result of (unless otherwise consented to in writing by Employee) (i) the failure to appoint Employee to the positions set forth in Section 1, the alteration of the duties, responsibilities and authority of Employee as set forth in Section 1 in a manner that is materially and adversely inconsistent with such duties, and responsibilities or authority or a change to Employee's position or title; (ii) a failure by Employer to pay when due any compensation to Employee or to substantially provide any benefit to Employee; (iii) the relocation of Employer's principal executive offices to a location other than the New York metropolitan area or relocation of Employee's own office location from that of the principal executive offices; (iv) any purported termination of Employee's employment for Cause which is not effected pursuant to the procedures of Section 7(b) (and for purposes of this Agreement, no such purported termination shall be effective); (v) Employer's material breach of any material term contained in this Agreement; (vi) a Change in Control (as defined below), or (vii) any requirement that Employee report to anyone other than the President of Employer or the Chief Executive Officer of Employer. Employee's right to terminate his employment hereunder for Good Reason shall not be affected by his incapacity due to physical or mental illness.

For purposes of this Section 7(d), no action or inaction shall give rise to the right of Employee to terminate the Period of Employment and Employee's employment hereunder for Good Reason unless a written notice is given by Employee to the Employer within one hundred twenty (120) days after Employee has actual knowledge of the occurrence of the event giving rise to Employee's right to terminate pursuant to this Section 7(d), and such event has not been cured within thirty (30) days after such notice. Employee's continued employment during the one hundred and twenty (120) day period referred to above in this Section 7(d), shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

For purposes of this Section 7(d), "Change in Control" shall mean the occurrence of any one of the following:

(i) individuals who, as of January 24, 2000, constitute the Board (the "Incumbent Trustees") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a trustee subsequent to January 24, 2000 whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Trustees then on the Board (either by a specific vote or by approval of the proxy statement of Employer in which such person is named as a nominee for trustee, without objection to such nomination) shall be an Incumbent Trustee, provided, however, that no individual initially elected or nominated as a trustee of Employer as a result of an actual or threatened election contest with respect to trustees or as a result of any other

actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Trustee;

(ii) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes, after January 24, 2000, a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Employer representing 30% or more of the combined voting power of Employer's then outstanding securities eligible to vote for the election of the Board (the "Employer's Voting Securities"), provided, however, that an event described in this paragraph (ii) shall not be deemed to be Change in Control if any of the following becomes such a beneficial owner: (A) Employer or any majority-owned subsidiary (provided, that this exclusion applies solely to the ownership levels of Employer or the majority-owned subsidiary), (B) any tax-qualified, broad-based employee benefit plan sponsored or maintained by Employer or any majority-owned subsidiary, (C) any underwriter temporarily holding securities pursuant to an offering of such securities, (D) any person pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii)), (E) Employee or any group of persons including Employee (or any entity controlled by Employee or any group of persons including Employee) or (F) (i) any of the partners (as of January 1, 1998) in Interstate Properties ("Interstate") including immediate family members and family trusts or family-only partnerships and any charitable foundations of such partners (the "Interstate Partners"), (ii) any entities the majority of the voting interests of which are beneficially owned by the Interstate Partners, or (iii) any "group"

(as described in Rule 13d-5(b)(i) under the Exchange Act) including the Interstate Partners, provided, that the Interstate Partners beneficially own a majority of Employer's Voting Securities beneficially owned by such group (the persons in (i), (ii) and (iii) shall be individually and collectively referred to herein as "Interstate Holders");

(iii) the consummation of a merger, consolidation, share exchange or similar form of transaction involving Employer or any of its Subsidiaries, or the sale or other disposition of all or substantially all of Employer's assets (a "Business Transaction"), unless immediately following such Business Transaction (y) more than fifty percent (50%) of the total voting power of the entity resulting from such Business Transaction or the entity acquiring Employer's assets of the Operating Partnership in such Business Transaction (the "Surviving Corporation") is beneficially owned, directly or indirectly, by the Interstate Holders or Employer's shareholders immediately prior to any such Business Transaction, and (z) no person (other than the persons set forth in clauses (A), (B), (C), or (F) of paragraph (ii) above or any tax-qualified, broad-based employee benefit plan of the Surviving Corporation or its Affiliates) beneficially owns, directly or indirectly, 30% or more of the total voting power of the Surviving Corporation (a "Non- Qualifying Transaction"); or

(iv) Board approval of a liquidation or dissolution of Employer, unless the voting common equity interests of an ongoing entity (other than a liquidating trust) are beneficially owned, directly or indirectly, by Employer's shareholders in substantially the same proportions as such shareholders owned Employer's outstanding voting

common equity interests immediately prior to such liquidation and such ongoing entity assumes all existing obligations of Employer under this Agreement and any equity grant.

(e) Termination by Employee Other Than Pursuant to Section 7(d).

Employee may terminate this Agreement and Employee's employment hereunder at any time, for any reason upon ninety (90) days' prior written notice to Employer. All share options and restricted stock which have previously vested in accordance with the provisions of Section 5 shall be deemed to be owned by the Employee upon such termination.

(f) Death Benefit.

Notwithstanding any other provision of this Agreement, the Period of Employment shall terminate on the date of Employee's death. In such event, (i) Employee's estate shall be paid the amount specified in Section 7(g)(i) below and one (1) times Employee's annual rate of Base Salary and (ii) Employer shall provide Employee's spouse and dependents with welfare benefits as provided in Section 7(g)(ii) for one (1) year from the date of death.

(g) Termination Compensation.

Upon the termination of the Period of Employment and Employee's employment hereunder, Employer shall provide Employee with the payments and benefits set forth below. Employee acknowledges and agrees that the payments and benefits set forth in this Section and elsewhere herein and in other written grants and agreements constitute liquidated damages for termination of his employment hereunder (including any nonextension of the Period of Employment).

(i) Upon a termination of the Period of Employment and Employee's employment hereunder, Employee shall be entitled to promptly receive (A) his Base Compensation through the effective date of termination, (B) if such termination is other than pursuant to Section 7(b) hereof, any annual earned bonus for any completed fiscal year, (C) if such termination is pursuant to Sections 7(a), 7(c) or 7(d) hereof, a pro rata share of Employee's annual target bonus for the fiscal year of termination, (D) the benefits, fringes and perquisites, including without limitation accrued vacation (provided that if the termination is pursuant to Section 7(b) or 7(e) hereof, only such payment of accrued vacation as is required by law or Employer's vacation policy), provided pursuant to Section 6 hereof up to the effective date of such termination and (E) any other amount due Employee under any other program or plan of Employer.

(ii) In the event of a termination of the Period of Employment and Employee's employment pursuant to Section 7(a) or 7(d) hereof, Employee shall be fully vested in the share options and restricted stock referred to in Section 5 hereof. In addition, if such termination occurs on or after the fourth anniversary of the commencement of the Period of Employment, Employee shall also be entitled to (A) receive an amount (the "Severance Amount") equal to the sum of (x) three times Employee's annualized Base Compensation (as in effect on the date of such termination or, if greater, immediately prior to the Good Reason event, if any, based on which the termination of employment occurs) and (y) three times Employee's Bonus Severance Amount (as defined herein). The "Bonus Severance Amount" shall mean an amount equal to the average of all annual bonuses earned by the Employee from Employer in the

two (2) fiscal years ending immediately prior to Employee's termination; (the Severance Amount shall be payable in a lump sum within thirty (30) days of such termination). In the event of a termination pursuant to Section 7(a) or 7(d) hereof on or after the fourth anniversary of the commencement of the Period of Employment, Employee (his spouse and his dependents, if applicable) shall also be entitled to continue to participate in the medical, dental, hospitalization and life insurance programs existing on the date of termination (or any replacement plans for any such plans) with regard to senior executive officers of a similar level (or their cash equivalents, and, if Employer provides a cash payment in lieu of such benefits, it shall be calculated on a grossed-up tax basis as if Employee had remained an employee) for three (3) years from the date of termination; provided, that Employee shall be obligated to make all employee contributions required to receive such benefits under Employer's programs and that such continued benefits shall terminate on the date or dates Employee receives equivalent coverage and benefits, without waiting period or pre-existing conditions limitations, under the plans and programs of a subsequent employer (such coverage and benefits to be determined on a coverage-by-coverage or benefit-by-benefit, basis). Employee shall not be entitled to any compensation or benefits pursuant to this Section 7(g)(ii) if his employment hereunder is terminated pursuant to Section 7(b) or as a result of Employee's voluntary termination pursuant to Section 7(e).

(h) No Mitigation.

All amounts due hereunder shall be paid without any obligation to mitigate and such amounts shall not be reduced by or offset by any other amounts earned by Employee or any claims of Employer.

8. Non-Competition and Non-Disclosure.

In consideration of the benefits to be provided to Employee hereunder, Employee covenants that he will not, without the consent in writing of Employer, (a) during the Period of Employment and the twelve (12) month period following his termination of employment for any reason other than pursuant to Section 7(c) hereof, Employee will not engage in any business otherwise competitive with that of Employer or any of its subsidiaries in the States of New Jersey, New York, Pennsylvania, Maryland, Massachusetts and Connecticut; and (b) upon termination of the Period of Employment for any reason whatsoever, Employee will not for a period of one year thereafter, (i) solicit any employees of Employer or its subsidiaries to leave their employment, or (ii) copy, remove from Employer or its subsidiaries, disclose or make any use of, any client list, confidential business information with respect to clients, material relating to the practices or procedures of Employer or its subsidiaries, or any other proprietary information. Notwithstanding the foregoing, this Section shall not apply to (i) Employee's activities with respect to any property listed in Exhibit A attached hereto, provided that such activities are reasonably necessary to avoid a breach of Employee's or the general partner's fiduciary or other duty to the owner or other owners of such property (Employee agrees that the activities prohibited by clause (b)(i) of the preceding sentence

are not reasonably necessary to avoid a breach of such duties), (ii) the acquisition, operation, development, management, leasing or disposition of any property by any entity in which Employee owns or acquires an equity interest as a minority passive investor (including, but not limited to as a limited partner or a non-operating member of a limited liability company, but not including as a general partner) having no managerial or similar role with respect to such property, or (iii) the ownership of less than one (1%) percent of any publicly traded corporation, whether or not such corporation is in competition with the Employer, provided that if Employee wishes to trade shares of a publicly traded real estate company, he shall obtain the Employer's prior approval.

Employee acknowledges that the restrictions, prohibitions and other provisions of this Section 8 are reasonable, fair and equitable in scope, terms and duration, are necessary to protect the legitimate business interests of the Employer and are a material inducement to the Employer to enter into this Agreement. It is the intention of the parties hereto that the restrictions contained in this paragraph be enforceable to the fullest extent permitted by applicable law. Therefore, to the extent any court of competent jurisdiction shall determine that any portion of the foregoing restrictions is excessive, such provision shall not be entirely void, but rather shall be limited or revised only to the extent necessary to make it enforceable. Should Employee engage in or perform, directly or indirectly, any of the acts prohibited by Section 8 hereof, it is agreed that the Employer shall be entitled to seek full injunctive relief, to be issued by any competent court of equity, enjoining and restraining Employee and each and every other person, firm, organization, association, or corporation concerned therein,

from the continuance of such violative acts. The foregoing remedy available to Employer shall not be deemed to limit or prevent the exercise by the Employer of any or all further rights and remedies which may be available to the Employer hereunder or at law or in equity.

9. Burden and Benefit.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, personal and legal representatives, successors and assigns. In the event of the death of Employee at or after his termination, any amounts due hereunder shall be paid to his estate unless he has designated a beneficiary.

10. Legal Fees and Expenses.

If any contest or dispute shall arise between Employer and Employee regarding any provision of this Agreement or any equity grant or other agreement or compensation arrangement specifically set forth or provided for herein, Employer shall reimburse Employee for all legal fees and expenses reasonably incurred by Employee in connection with such contest or dispute, but only if Employee is successful in respect of substantially all of the Employee's claims brought and pursued in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed) to the extent Employer receives reasonable written evidence of such fees and expenses.

11. Indemnification.

(a) General.

Employer agrees that if Employee is made a party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), arising out of Employee's services to Employer, Employee shall be indemnified and held harmless by Employer to the fullest extent authorized by Maryland law, as the same exists or may hereafter be amended, against all Expenses incurred or suffered by Employee in connection therewith, and such indemnification shall continue as to Employee even if Employee has ceased to be an officer or is no longer employed by Employer and shall inure to the benefit of his heirs, executors and administrators.

(b) Expenses.

As used in this Agreement, the term "Expenses" shall include, without limitation, damages, losses, judgments, liabilities, fines, penalties, excise taxes, settlements, and costs, attorneys' fees, accountants' fees, and disbursements and costs of attachment or similar bonds, investigations, and any expenses of establishing a right to indemnification under this Agreement.

(c) Enforcement.

If a claim or request under this Agreement is not paid by Employer or on its behalf, within thirty (30) days after a written claim or request has been received by Employer, Employee may at any time thereafter bring suit against Employer to recover the unpaid amount of the claim or request and if successful in whole or in part, Employee

shall be entitled to be paid also the expenses of prosecuting such suit. All obligations for indemnification hereunder shall be subject to, and paid in accordance with, applicable Maryland law.

(d) Partial Indemnification.

If Employee is entitled under any provision of this Agreement to indemnification by Employer for some or a portion of any Expenses, but not, however, for the total amount thereof, Employer shall nevertheless indemnify Employee for the portion of such Expenses to which Employee is entitled.

(e) Advances of Expenses.

Expenses incurred by Employee in connection with any Proceeding shall be paid by Employer in advance upon request of Employee that Employer pay such Expenses; but, only in the event that Employee shall have delivered in writing to Employer (i) an undertaking to reimburse Employer for Expenses with respect to which Employee is not entitled to indemnification and (ii) an affirmation of his good faith belief that the standard of conduct necessary for indemnification by Employer has been met.

(f) Notice of Claim.

Employee shall give to Employer notice of any claim made against him for which indemnification will or could be sought under this Agreement. In addition, Employee shall give Employer such information and cooperation as it may reasonably require and as shall be within Employee's power and at such times and places as are convenient for Employee.

(g) Defense of Claim.

With respect to any Proceeding as to which Employee notifies Employer of the commencement thereof:

(i) Employer will be entitled to participate therein at its own expense; and

(ii) Except as otherwise provided below, to the extent that it may wish, Employer will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Employee, which in Employer's sole discretion may be regular counsel to Employer and may be counsel to other officers and directors of Employer or any subsidiary. Employee also shall have the right to employ his own counsel in such action, suit or proceeding if he reasonably concludes that failure to do so would involve a conflict of interest between Employer and Employee, and under such circumstances the fees and expenses of such counsel shall be at the expense of Employer.

(iii) Employer shall not be liable to indemnify Employee under this Agreement for any amounts paid in settlement of any action or claim effected without his written consent. Employer shall not settle any action or claim in any manner which would impose any penalty or limitation on Employee without Employee's written consent. Neither Employer nor Employee will unreasonably withhold or delay their consent to any proposed settlement.

(h) Non-exclusivity.

The right to indemnification and the payment of expenses incurred in defending a Proceeding in advance of its final disposition conferred in this Section shall not be exclusive of any other right which Employee may have or hereafter may acquire under any statute, provision of the declaration of trust or certificate of incorporation or by-laws of Employer or any subsidiary, agreement, vote of shareholders or disinterested directors or trustees otherwise.

12. Governing Law.

This Agreement is governed by and is to be construed and enforced in accordance with the laws of the State of New York, without references to principles of conflict of laws. If under such law any portion of this Agreement is at any time deemed to be in conflict with any applicable statute, rule, regulation or ordinance, such portion shall be deemed to be modified or altered to conform thereto or, if that is not possible, to be omitted from this Agreement; and the invalidity of any such portion shall not affect the force, effect and validity of the remaining portion hereof.

13. Notices.

All notices under this Agreement shall be in writing and shall be deemed effective when delivered in person (in the Employer's case to its Secretary) or twenty-four (24) hours after deposit thereof in the U.S. mails, postage prepaid, for delivery as registered or certified mail -- addressed, in the case of Employee, to him at his residential address, and in the case of Employer, to its corporate headquarters, attention of the Secretary, or to such other address as Employee or Employer may designate in

writing at any time or from time to time to the other party. In lieu of notice by deposit in the U.S. mail, a party may give notice by telegram or telex.

14. Amendment.

No provisions of this Agreement may be amended, modified, or waived unless such amendment or modification is agreed to in writing signed by Employee and by a duly authorized officer of the Employer, and such waiver is set forth in writing and signed by the party to be charged. No waiver by either party hereto at any time of any breach by the other party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

15. Survival.

The respective obligations of, and benefits afforded to, Employee and Employer as provided in Sections 8 and 11 of this Agreement shall survive the termination of this Agreement.

16. No Conflict of Interest.

During the Period of Employment, Employee shall not directly, or indirectly render service, or undertake any employment or consulting agreement with another entity without the express written consent of the Board of Trustees of the Employer.

17. Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one of the same instrument.

18. Section Headings.

The section headings in this Agreement are for convenience of reference only, and they form no part of this Agreement and shall not affect its interpretation.

19. Miscellaneous.

This Agreement constitutes the entire understanding between Employer and Employee relating to employment of Employee by Employer and supersedes and cancels all prior written and oral agreements and understandings with respect to the subject matter of this Agreement. Any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and canceled.

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

VORNADO REALTY TRUST

By: /s/ Michael Fascitelli

Michael Fascitelli

/s/ Melvyn H. Blum

Melvyn H. Blum

Exhibit A

1. M. H. Blum Corporation.
2. Blum Interests, Inc.
3. Pre-existing corporations and partnerships in which Tishman Speyer or its affiliates were in control.

FIRST AMENDED AND RESTATED PROMISSORY NOTE

\$13,122,500.00

November 16, 1999
Saddle Brook, New Jersey

WHEREAS, Vornado Realty Trust (the "Company") is the holder of certain promissory notes, dated December 29, 1992, January 15, 1993, April 15, 1993, and June 16, 1993 (the "Existing Notes"), made by Steven Roth (the "Executive");

WHEREAS, the Company has agreed to make an additional loan to Executive over and above the principal balance of the Existing Notes;

WHEREAS, the Company and Executive desire to amend and restate the terms and conditions of the Existing Notes in their entirety, all in the manner hereinafter set forth and to replace the Existing Notes with this Note;

NOW THEREFORE, by Executive's execution and delivery, and the Company's acceptance of delivery from Executive, of this Note, this Note is deemed to amend and restate the Existing Notes in their entirety and the Existing Notes are hereby amended and restated in their entirety so that the terms, covenants, agreements, rights, obligations and conditions contained in this Note shall supersede and control the terms, covenants, agreements, rights, obligations and conditions of the Existing Notes, as follows:

1. DEFINITIONS

Capitalized terms used but not defined in this Note shall have the respective meanings assigned to such terms in the Stock Pledge Agreement and the Loan Documents, as such terms are defined below.

2. PROMISE TO PAY, INTEREST, MATURITY, PAYMENTS

FOR VALUE RECEIVED, Executive promises to pay to the order of the Company, at its office located at Park 80 West, Plaza Two, Saddle Brook, New Jersey 07662, or such other place as designated in writing by the holder hereof,

the aggregate principal sum of THIRTEEN MILLION ONE HUNDRED TWENTY-TWO THOUSAND FIVE HUNDRED (\$13,122,500.00) on January 1, 2006 ("Maturity"), with interest on the unpaid principal amount hereof from the date hereof until Maturity, payable quarterly in arrears on the 10th day following payment of the Company's regular quarterly dividend (or if no dividend is paid, at the end of the applicable calendar quarter), at a rate per annum equal to 4.49%. If the interest required to be paid under the terms of this Note shall at any time exceed the rate of interest which the Company is permitted by law to charge in the State of New Jersey, then the interest rate to be paid hereunder shall be the maximum rate permitted by law.

3. PREPAYMENT

This Note may prepaid in whole or in part at any time without penalty or premium.

4. COLLATERAL

This Note is secured by the Executive's Stock Pledge Agreement dated December 29, 1992 and such other security or supporting documents as are executed in conjunction with therewith (the "Loan Documents"). The Company or any subsequent holder of this Note is entitled to all the benefits provided for in the Loan Documents or referred to therein.

5. ENFORCEMENT EXPENSES

In the event Executive fails to pay any amounts due hereunder when due, and this Note is collected by legal proceedings (including proceedings in the probate or bankruptcy courts) Executive shall pay to the holder thereof, in addition to such amounts due, all costs of collection or enforcement, including reasonable attorneys fees and court costs which shall be added to the principal of, and be collectible as part of, this Note.

6. WAIVER OF PRESENTMENT, OFFSET, COUNTERCLAIMS, DEFENSES

Executive, on behalf of himself and his successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and nonpayment of this Note, and expressly agrees that this Note, or any payment hereunder, may be extended from time to

time and that the holder hereof may accept security for this Note or release security for this Note, all without in any way affecting the liability of Executive hereunder. In addition, Executive, on behalf of himself and his successors and assigns, hereby expressly acknowledges and agrees that he and they shall be unconditionally liable for the repayment of all amounts due hereunder and, without limiting the foregoing, Executive, on behalf of himself and his successors and assigns, hereby forever expressly waives any claim or right of offset and any similar claim or right, whether now existing or later acquired and whether granted by contract or by law, against any amounts otherwise due him or them.

7. EVENT OF DEFAULT

Failure by Executive to pay any sum due hereunder when due and payable which has not been cured by Executive within 30 days following actual receipt of written notice given by the Company, or the occurrence of an event of default under any of the Loan Documents, shall constitute an event of default under this Note and the Company may, at its sole option exercised by notice to Executive, declare the entire outstanding principal balance hereof, together with all unpaid interest accrued hereon, to be immediately due and payable in full. Upon the occurrence of an event of default, the Company may exercise all rights and remedies available to it under the Stock Pledge Agreement or otherwise.

8. HEADINGS

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

9. ENTIRE AGREEMENT

This Note, the Stock Pledge Agreement and the other Loan Documents constitute the entire agreement between the Company and Executive with respect to the subject matter hereof and all understandings, oral representations and agreements heretofore or simultaneously had among the parties with respect to the transaction governed by the Loan Documents are merged in, and are contained in, such documents and instruments.

10. GOVERNING LAW AND CONSENT TO JURISDICTION

THIS NOTE AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW JERSEY, WITHOUT REGARD TO THAT STATE'S RULES GOVERNING CONFLICTS OF LAWS. THE PARTIES HERETO HEREBY SUBMIT TO JURISDICTION AND TO LAYING VENUE IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY.

11. WAIVER OF JURY TRIAL

The parties hereby agree not to elect a trial by jury of any issue triable of right by jury, and waive any right to trial by jury fully to the extent that any such right shall now or hereinafter exist with regard to this Note, or any claim, counterclaim or other action arising in connection herewith or therewith. This waiver of right to trial by jury is given knowingly and voluntarily by each of the Company and Executive, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue. Each party is hereby authorized to file a copy of this paragraph in any proceeding as conclusive evidence of this waiver by the other party.

12. SEPARABILITY

In any case any provision herein shall be deemed to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have caused this Note to be duly executed as of the date written above.

STEVEN ROTH

VORNADO REALTY TRUST

/s/ Steven Roth

Steven Roth

By: /s/ Irwin Goldberg

Name: Irwin Goldberg
Title: Vice President, Chief Financial Officer

November 16, 1999

Steven Roth
c/o Vornado Realty Trust
Park 80 West, Plaza II
Saddle Brook, N.J. 07663

Dear Mr. Roth:

This is to confirm our agreement that during the time of your employment with Vornado Realty Trust (the "Company"), the Company hereby will disburse to you, upon your written request, one or more loans (the "Loans") in an aggregate amount up to FIFTEEN MILLION (\$15,000,000). Each of such loans shall be on a revolving principal basis subject to the following terms and conditions:

- a) each loan must be in an amount of at least FIVE HUNDRED THOUSAND (\$500,000);
- b) the loan shall be full recourse to you;
- c) The principal amount of each loan shall be due and payable upon the sixth anniversary of the loan's date of disbursement;
- d) each loan shall be subject to interest at the applicable Federal rate under Section 1274(d) of the Internal Revenue Code of 1986, as amended, on the date the loan is made;
- e) interest on each loan shall be payable quarterly as set forth under Section 2 of the First Amended and Restated Promissory Note dated November 16, 1999 (the "Amended and Restated Promissory Note") enclosed herewith;
- f) the agreements evidencing such loans shall contain such additional terms and conditions as are reasonably acceptable to you in good faith.

The Loans granted pursuant hereto will be secured in accordance with Section 4 of the Amended and Restated Promissory Note.

This letter, the Stock Pledge Agreement dated December 29, 1992, the Amended and Restated Promissory Note and the other security or supporting documents executed in conjunction therewith (collectively, the "Loan Documents"), constitute the entire agreement between you and the Company with respect to the subject matter hereof. You acknowledge that all understandings, oral representations and agreements had between you and the Company are merged and contained in the Loan Documents.

Kindly confirm your agreement to the terms of this letter and by signing the copy enclosed herewith and returning it to us.

Very truly yours,

VORNADO REALTY TRUST

By: /s/ Irwin Goldberg

Name: Irwin Goldberg
Title: Vice President,
Chief Financial
Officer

AGREED AND ACCEPTED:

/s/ Steven Roth

Steven Roth

VORNADO REALTY TRUST

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES AND COMBINED FIXED CHARGES AND
PREFERRED SHARE DIVIDEND
REQUIREMENTS

	DECEMBER 31,				
	1999	1998*	1997*	1996*	1995*
EARNINGS:					
Net income applicable to common shareholders	\$ 169,081	\$131,164	\$ 45,474	\$ 61,364	\$ 53,008
Minority interest not reflected in fixed charges below	14,428	3,732	--	--	--
Equity in income from certain partially owned entities in excess of distributions	(16,391)	(983)	(1,325)	(1,108)	2,389
Fixed Charges	227,459	152,217	66,397	17,214	17,333
Earnings	\$ 394,577	\$286,130	\$110,546	\$ 77,470	\$ 72,730
FIXED CHARGES:					
Interest and debt expense	\$ 141,683	\$114,686	\$ 42,888	\$ 16,726	\$ 16,426
Capitalized interest	7,012	1,410	--	--	442
Preferred stock dividends	33,438	21,690	15,549	--	--
Preferred unit distributions reflected in minority interest	40,570	12,452	7,293	--	--
1/3 of rent expense--interest factor	4,756	1,979	667	488	465
Total Fixed Charges	\$ 227,459	\$152,217	\$ 66,397	\$ 17,214	\$ 17,333
Ratio of Earnings to Fixed Charges	1.73	1.88	1.66	4.50	4.20
Rent Expense	\$ 14,268	\$ 5,937	\$ 2,001	\$ 1,465	\$ 1,395

* Restated to reflect equity in income from certain partially owned entities in excess of distributions and preferred unit distributions.

VORNADO REALTY TRUST
SUBSIDIARIES OF THE REGISTRANT

NAME OF SUBSIDIARY	STATE OF ORGANIZATION
14 West 64th Street Corp.	New York
150 East 58th Street L.L.C.	New York
1740 Broadway Associates L.P.	Delaware
20 Broad Lender L.L.C.	New York
201 East 66th Street Corp.	New York
201 East 66th Street L.L.C.	New York
314 West 40th Street L.L.C.	New York
330 Madison Company L.L.C.	New York
350 North Orleans L.L.C.	Delaware
40 East 14 Realty Associates L.L.C.	New York
40 Fulton Street L.L.C.	New York
401 Commercial Son, L.L.C.	Delaware
401 Commercial, L.P.	Delaware
401 General Partner, L.L.C.	Delaware
401 Hotel General Partner, L.L.C.	Delaware
401 Hotel, L.P.	Delaware
527 West Kinzie L.L.C.	Delaware
570 Lexington Associates, L.P.	New York
570 Lexington Company, L.P.	New York
689 5th Avenue L.L.C.	Delaware
715 Lexington Avenue LLC	New York
770 Broadway Company L.L.C.	New York
825 Seventh Avenue Holding L.L.C.	New York
866 U.N. Plaza Associates L.L.C.	New York
888 Seventh Avenue L.L.C.	New York
909 Third Avenue Assignee L.L.C.	New York
909 Third GP LLC	Delaware
909 Third Mortgage Holder LLC	Delaware
AmeriCold Corporation	Oregon
AmeriCold Logistics II L.L.C.	Delaware
AmeriCold Logistics L.L.C.	Delaware
AmeriCold Real Estate, L.P.	Delaware
AmeriCold Realty, Inc.	Delaware
Americold Services Corporation	Delaware
Amherst Holding L.L.C.	New York
Amherst Industries L.L.C.	New York
Arbor Property, L.P.	Delaware
Atlanta Parent, Inc.	Delaware
Atlantic City Holding L.L.C.	New Jersey
B&B Park Avenue L.P.	Delaware
BBE GP Corporation	Delaware
Bensalem Holding Company L.L.C.	Pennsylvania
Bensalem Holding Company L.P.	Pennsylvania
Bethlehem Holding Company L.L.C.	Pennsylvania
Bethlehem Holding Company L.P.	Pennsylvania

Bethlehem Properties Holding Company L.L.C.	Pennsylvania
Bethlehem Properties Holding Company L.P.	Pennsylvania
Bordentown Holding L.L.C.	New Jersey
Brentwood Development L.L.C.	New York
Bridgeland Warehouses L.L.C.	New Jersey
Camden Holding L.L.C.	New Jersey
Carmar Freezers Russellville, L.L.C.	Missouri
Carmar Group, Inc.	Missouri
Carmar Industries, L.L.C.	Missouri
Charles E. Smith Commercial Realty L.P.	Delaware
Chicopee Holding L.L.C.	Massachusetts
Clementon Holding L.L.C.	New Jersey
Cross Avenue Broadway Corporation	New York
Cumberland Holding L.L.C.	New Jersey
Darby Development Corp.	Florida
Delran Holding L.L.C.	New Jersey
Design Center Owner (D.C.) L.L.C.	Delaware
Dover Holding L.L.C.	New Jersey
DSAC L.L.C.	Texas
DUN L.L.C.	Maryland
Durham Leasing L.L.C.	New Jersey
EH L.L.C.	Maryland
Eleven Penn Plaza L.L.C.	New York
Evesham Holding L.L.C.	New Jersey
Fuller Madison LLC	New York
Gallery Market Holding Company L.L.C.	Pennsylvania
Gallery Market Holding Company L.P.	Pennsylvania
Gallery Market Properties Holding Company L.L.C.	Pennsylvania
Gallery Market Properties Holding Company L.P.	Pennsylvania
GBSPI L.L.C.	Maryland
Graybar Building L.L.C.	New York
Green Acres Mall, L.L.C.	Delaware
Greenwich Holding Corporation	New York
Hackbridge L.L.C.	New Jersey
Hanover Conran's Plaza L.L.C.	New Jersey
Hanover Holding L.L.C.	New Jersey
Hanover Industries L.L.C.	New Jersey
Hanover Leasing L.L.C.	New Jersey
Hanover Public Warehousing L.L.C.	New Jersey
Henrietta Holding L.L.C.	New York
HHC L.L.C.	Maryland
Jersey City Leasing L.L.C.	New Jersey
Kearny Holding L.L.C.	New Jersey
Kearny Leasing L.L.C.	New Jersey
Lancaster Leasing Company L.L.C.	Pennsylvania
Lancaster Leasing Company L.P.	Pennsylvania
Landthorp Enterprises L.L.C.	Delaware
Lawnside Holding L.L.C.	New Jersey
Lawnwhite Holding L.L.C.	New Jersey
Lewisville Centre L.P.	Texas
Lewisville TC L.L.C.	Texas
Littleton Holding L.L.C.	New Jersey
Lodi Industries L.L.C.	New Jersey
Lodi Leasing L.L.C.	New Jersey
M 330 Associates, L.P.	New York
M 393 Associates L.L.C.	New York

M/H Two Park Associates	New York
Manalapan Industries L.L.C.	New Jersey
Market Square Condominium LLC	Delaware
Market Square Furniture Plaza LLC	Delaware
Market Square Hamilton Center	Delaware
Market Square Hotel LLC	Delaware
Market Square L.L.C.	Illinois
Market Square Main Street LLC	Delaware
Marple Holding Company L.L.C.	Pennsylvania
Marple Holding Company L.P.	Pennsylvania
Mart Franchise Center, Inc.	Delaware
Mart Franchise Venture, L.L.C.	Delaware
Menands Holding L.L.C.	New York
Mendik Management Company Inc.	New York
Merchandise Mart Enterprises, Inc.	Delaware
Merchandise Mart L.L.C.	Delaware
Merchandise Mart Properties, Inc.	Delaware
Merchandise Mart Properties, Inc.	Illinois
Merchandise Mart Properties, Inc. (DE)	Delaware
Mesquite - Texas Crossing L.P.	Texas
Mesquite TC L.L.C.	Texas
Middletown Holding L.L.C.	New Jersey
Montclair Holding L.L.C.	New Jersey
Morris Plains Leasing L.L.C.	New Jersey
MRC Management L.L.C.	New York
National Furniture Mart (NC) LLC	Delaware
National Hydrant L.L.C.	New York
New Hanover L.L.C.	New Jersey
New Woodbridge L.L.C.	New Jersey
Newington Connecticut Holding L.L.C.	Connecticut
NFM Corp.	Delaware
NFM Partners LP	Delaware
Ninety Park Lender LLC	New York
Ninety Park Lender QRS, Inc.	Delaware
Ninety Park Manager LLC	New York
Ninety Park Option LLC	New York
Ninety Park Property LLC	New York
North Bergen Stores L.L.C.	New Jersey
North Plainfield Holding L.L.C.	New Jersey
Office Center Owner (D.C.) L.L.C.	Delaware
One Penn Plaza LLC	New York
Philadelphia Holding Company L.L.C.	Pennsylvania
Philadelphia Holding Company L.P.	Pennsylvania
Phillipsburg Holding L.L.C.	New Jersey
Pike Holding Company L.L.C.	Pennsylvania
Pike Holding Company L.P.	Pennsylvania
Portland Parent, Inc.	Delaware
Rahway Leasing L.L.C.	New Jersey
RF Operations LLC	
Rochester Holding L.L.C.	New York
Russia Fund, L.L.C.	Delaware
Skillman Abrams Crossing L.P.	Texas
South Capital L.L.C.	Delaware
Springfield Holding L.L.C.	Massachusetts
Star Universal L.L.C.	New Jersey
Stardial GP Corporation	Delaware

T.G. Hanover L.L.C.	New Jersey
T53 Condominium L.L.C.	New York
TGSI L.L.C.	Maryland
The Second Lawnside L.L.C.	New Jersey
The Second Rochester Holding L.L.C.	New York
Trees Acquisition Subsidiary, Inc.	Delaware
Turnersville Holding L.L.C.	New Jersey
Two Guys From Harrison Holding Co. L.P.	Pennsylvania
Two Guys From Harrison Holding Co. LLC	Pennsylvania
Two Guys From Harrison L.L.C.	New Jersey
Two Guys From Harrison N.Y. L.L.C.	New York
Two Guys From Harrison NY Inc.	New York
Two Guys Mass. L.L.C.	Massachusetts
Two Guys-Connecticut Holding L.L.C.	Connecticut
Two Park Company	New York
Two Penn Plaza REIT, Inc.	New York
Unado L.L.C.	New Jersey
Unifreeze Services Partnership	Delaware
Upper Moreland Holding Company L.L.C.	Pennsylvania
Upper Moreland Holding Company L.P.	Pennsylvania
URS Logistics, Inc.	Delaware
URS Real Estate, L.P.	Delaware
URS Realty, Inc.	Delaware
VC Carthage, L.L.C.	Delaware
VC Freezer Amarillo, L.P.	Delaware
VC Freezer Fremont. L.L.C.	Delaware
VC Freezer Garden City, L.L.C.	Delaware
VC Freezer Omaha Amarillo, L.L.C.	Delaware
VC Freezer Phoenix, L.L.C.	Delaware
VC Freezer Russelville, L.L.C.	Delaware
VC Freezer Sioux Falls, L.L.C.	Delaware
VC Freezer Springdale, L.L.C.	Delaware
VC Logistics, L.L.C.	Delaware
VC Missouri Holdings, L.L.C.	Delaware
VC Missouri Real Estate Holding, L.L.C.	Delaware
VC Omaha Holdings, L.L.C.	Delaware
VC Omaha Real Estate Holdings, L.L.C.	Delaware
VC Omaha Texas, L.L.C.	Delaware
VC Superior, L.L.C.	Delaware
VC Texas, L.P.	Delaware
VFC Connecticut Holding L.L.C.	Delaware
VFC Massachusetts Holding L.L.C.	Delaware
VFC New Jersey Holding L.L.C.	Delaware
VNK Corp	Massachusetts
VNO 63rd Street LLC	New York
Vornado - Westport L.L.C.	Connecticut
Vornado 1740 Broadway L.L.C.	New York
Vornado 330 West 34th Street L.L.C.	Delaware
Vornado 401 Commercial L.L.C.	New York
Vornado 401 Hotel II, Inc.	New York
Vornado 401 Hotel, Inc.	New York
Vornado 550/600 Mamaroneck L.P.	Delaware
Vornado 570 Lexington L.L.C.	New York
Vornado 63rd Street, Inc.	New York
Vornado 640 Fifth Avenue L.L.C.	New York
Vornado 90 Park Avenue L.L.C.	New York

Vornado 90 Park QRS, Inc.	New York
Vornado B&B L.L.C.	New York
Vornado Ballantrae Holdings, Inc.	Delaware
Vornado Caguas GP Inc.	Delaware
Vornado Caguas LLC	Delaware
Vornado Caguas LP	Delaware
Vornado CAPI L.L.C.	Delaware
Vornado Catalinas GP Inc.	Delaware
Vornado Catalinas LLC	Delaware
Vornado Catalinas LP	Delaware
Vornado CCA Gainesville, LLC	Delaware
Vornado Center Building L.L.C.	New York
Vornado CESCO Holdings L.L.C.	Delaware
Vornado CESCO II L.L.C.	Delaware
Vornado CESCO L.L.C.	Delaware
Vornado Crescent Atlanta Partnership	Delaware
Vornado Crescent Holding L.P.	Delaware
Vornado Crescent Logistics Operating Partnership	Delaware
Vornado Crescent Omaha Partnership	Delaware
Vornado Crescent Portland Partnership	Delaware
Vornado Communications L.L.C.	Delaware
Vornado Deer Park L.L.C.	New York
Vornado Finance Corporation	Delaware
Vornado Finance GP L.L.C.	Delaware
Vornado Finance L.P.	Delaware
Vornado Finance SPE, Inc.	Delaware
Vornado Fort Lee LLC	New Jersey
Vornado Green Acres Acquisition L.L.C.	Delaware
Vornado Green Acres Delaware L.L.C.	Delaware
Vornado Green Acres Funding L.L.C.	Delaware
Vornado Green Acres Holdings L.L.C.	Delaware
Vornado Green Acres SPE Managing Member, Inc.	Delaware
Vornado Investment Corporation	New York
Vornado Investments L.L.C.	Delaware
Vornado Lending L.L.C.	New Jersey
Vornado M 330 L.L.C.	New York
Vornado M 393 L.L.C.	New York
Vornado M 393 QRS, Inc.	New York
Vornado M/H L.L.C.	Delaware
Vornado Mamaroneck L.L.C.	Delaware
Vornado Management Corp.	New Jersey
Vornado Montehiedra Acquisition L.L.C.	Delaware
Vornado Montehiedra Acquisition L.P.	Delaware
Vornado Montehiedra Holding II L.P.	Delaware
Vornado Montehiedra Holding L.L.C.	Delaware
Vornado Montehiedra Holding L.P.	Delaware
Vornado Montehiedra Inc.	Delaware
Vornado Montehiedra OP L.L.C.	Delaware
Vornado Montehiedra OP L.P.	Delaware
Vornado New York RR One L.L.C.	New York
Vornado Newkirk L.L.C.	Massachusetts
Vornado NK Loan L.L.C.	Massachusetts
Vornado Omaha Holdings, Inc.	Delaware
Vornado Realty L.L.C.	Delaware
Vornado Realty L.P.	Delaware
Vornado RR Inc.	Delaware

Vornado RR Midtown L.L.C.	New York
Vornado RTR, Inc.	Delaware
Vornado SC Properties LLC	Delaware
Vornado Two Park Holdings L.L.C.	Delaware
Vornado Two Penn Plaza L.L.C.	New York
SVornado/Team Room L.L.C.	New York
VR LLC	Delaware
VR Retail Holdings LLC	New York
VRT Development Rights LLC	New York
VRT Massachusetts Holding L.L.C.	Delaware
VRT New Jersey Holding L.L.C.	Delaware
Washington Design Center L.L.C.	Delaware
Washington Office Center L.L.C.	Delaware
Watchung Holding L.L.C.	New Jersey
West Windsor Holding L.L.C.	New Jersey
Whitehorse Lawnside L.L.C.	New Jersey
York Holding Company L.L.C.	Pennsylvania
York Holding Company L.P.	Pennsylvania

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the following Registration Statements of our report dated March 7, 2000 appearing in this Annual Report on Form 10-K of Vornado Realty Trust for the year ended December 31, 1999:

Vornado Realty Trust:

Registration Statement No. 333-64015 on Form S-3
Amendment No. 1 to Registration Statement No. 333-50095 on Form S-3
Registration Statement No. 333-52573 on Form S-8
Registration Statement No. 333-29011 on Form S-8
Registration Statement No. 333-09159 on Form S-8
Registration Statement No. 333-76327 on Form S-3
Amendment No. 1 to Registration Statement No. 333-89667 on Form S-3
Registration Statement No. 333-81497 on Form S-8

Vornado Realty Trust and Vornado Realty L.P. (Joint Registration Statements):

Amendment No. 4 to Registration Statement No. 333-40787 on Form S-3
Amendment No. 4 to Registration Statement No. 333-29013 on Form S-3

DELOITTE & TOUCHE LLP

Parsippany, New Jersey
March 7, 2000

This schedule contains summary financial information extracted from the Company's audited financial statements for the year ended December 31, 1999 and is qualified in its entirety by reference to such financial statements.

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YEAR	DEC-31-1999	DEC-31-1999
		112,630
	106,503	
	49,719	
	36,408	
	0	
	0	3,921,507
	308,542	
	5,479,218	
	0	
		2,048,804
3,453		0
		478,585
5,479,218		1,573,330
		0
	696,958	
		0
	281,118	
	123,736	
	5,131	
	141,683	
	202,519	
	0	
202,519		
	0	
	0	
		0
	169,081	
	1.97	
	1.94	