

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) October 9, 2001

CEDAR INCOME FUND, LTD.

(Exact name of registrant as specified in charter)

Maryland	0-14510	42-1241468
----- (State or other Jurisdiction of Incorporation)	----- (Commission File Number)	----- (IRS Employer Identification No.)

44 South Bayles Avenue, Port Washington, New York	11050
----- (Address of principal executive offices)	----- (Zip Code)

Registrant's telephone number, including area code (516) 767-6492

(Former name or former address, if changed since last report)

Cedar Income Fund, Ltd.

Item 2. Acquisition or Disposition of Assets

As of October 9, 2001, pursuant to an Agreement of Sale dated as of May 16, 2001, Cedar Income Fund Partnership, L.P. (the "Operating Partnership") through a number of newly-created limited liability companies, in which the Operating Partnership, directly or indirectly, is the managing (or sole) member, purchased three shopping center properties and a certain land parcel from entities controlled, directly or indirectly by Bryant Development Corp. of Purchase, NY, for \$35,034,353 plus closing costs, adjustments, and reserves of approximately \$2.8 million.

The properties consist of the following:

1. Academy Plaza, Philadelphia, PA, a 154,836 s.f. community shopping center anchored by a 50,000 s.f. Acme Supermarket, at a contract purchase price of \$11,607,515;
2. Port Richmond Village, Philadelphia, PA, a 156,471 community shopping center anchored by a 40,000 s.f. Thriftway, at a contract purchase price of \$14,216,502;
3. Washington Centre Shoppes, Sewell, NJ, a 157,146 s.f. community shopping center anchored by a 66,046 s.f. Acme Supermarket, at a contract purchase price of \$8,960,336; and
4. 304 Greentree Road, Sewell, NJ, an approximate 34,500 s.f. development parcel, at a contract purchase price of \$250,000.

The three shopping center properties were appraised by Integra Realty Resources-Philadelphia, licensed general appraisers in Pennsylvania and New Jersey, at approximately \$13,300,000, \$14,900,000 and \$9,000,000, respectively. The Greentree Road parcel has not been separately appraised.

The properties were purchased subject to first mortgages of approximately \$10,715,000 on the Academy Plaza property, \$11,610,000 on the Port Richmond property and \$5,986,000 on the Washington Centre property. The balance of the purchase price was funded with approximately \$3,365,000 of the net proceeds of the sale of the Operating Partnership's interest in the Broadbent Business Center in Salt Lake City, Utah (completing a tax-deferred "like-kind exchange"

under Section 1031 of the Internal Revenue Code) and the net proceeds of a certain financing made available by SWH Funding Corp. of Hackensack, NJ ("SWH"), secured by a first mortgage in the amount of \$6 million on Southpoint Parkway Center, Jacksonville, FL ("Southpoint"), an office building of approximately 79,000 s.f. on 11.73 acres of land owned in fee by the Operating Partnership. The Southpoint property was unencumbered immediately prior to such financing. Approximately \$150,000 of monies required at closing was funded from operations.

The first mortgage loans which encumber the respective shopping center properties are at interest rates of 7.275% for the Academy Plaza property, 7.174% for the Port Richmond Village property and 7.53% for the Washington Centre Shoppes property and mature respectively on March 10, 2013, April 10, 2008 and November 11, 2007.

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The SWH financing arrangements involve a term of three years, maturing November 1, 2004, with a right to extend for two additional eighteen month periods upon payment of certain fees, and subject to certain additional minimum monthly and annual or "back-end" payments, and to certain additional participations in gain in value payable at the earliest of the repayment date, maturity or the date of sale of the (three) shopping center properties described above.

Payments to SWH pursuant to the financing arrangements shall be at a rate of 12.5% per annum on the outstanding balance.

There is a mandatory payment of \$4.5 million on or prior to the 12th month and an additional mandatory payment of \$300,000 on or prior to the 18th month. Further, amortization payments of \$10,000 are required during each of the first three months, \$20,000 for each of the 7th through the 12th months, \$45,833.33 for the 13th through the 24th month, and \$41,666.67 for the 25th through the 36th month.

An additional "equity fee" in an amount equal to the greater of \$350,000 or 10% of the gain in value of the properties as determined by appraisal is payable at maturity. Further, SWH shall be entitled to "exit fees" of \$120,000 if the entire principal is paid prior to October 2002, thereafter amounts accrue at 1/3% per month during the period October 2002 - November 2004; 1/2% per month during the extension period from November 2004 - November 2005; and 2/3% per month during the extension periods from November 2005 - November 2007.

The obligations of the Operating Partnership under the SWH financing agreement are guaranteed by the Company.

A wholly-owned subsidiary of SWH and the Operating Partnership have formed Cedar Center Holdings L.L.C. 3, which, in turn, is the sole member of each of the four limited liability companies which, indirectly through other limited liability companies, respectively, own each of the three shopping center properties acquired by the Operating Partnership. SWH has no interest in profits or assets of Cedar Center Holdings L.L.C. 3; however, SWH shall have the right, pursuant to the operating agreement of such LLC, to acquire operating control of the above mentioned three shopping center properties in the event of a default by the Operating Partnership or its affiliates.

As additional security for the SWH loan, the Operating Partnership has pledged to SWH Funding Corp., its rights to distributions from the Operating Partnership's 100% membership interest in Cedar Center Holdings L.L.C. 3. Under the pledge, SWH has no rights to such distributions unless and until an event of default occurs.

Property management for each of the three shopping center properties acquired by the Operating Partnership will be provided by Brentway Management LLC ("Brentway"), which will receive management, leasing and construction management fees. Management fees shall be at 4% of gross rental receipts; leasing and construction management fees shall be standard for the industry.

Cedar Income Fund, Ltd.

Brentway is owned by Leo S. Ullman and Brenda J. Walker. Mr. Ullman and Ms. Walker, officers and directors of the Company, are officers and directors of Brentway and of Cedar Bay Realty Advisors, Inc. Cedar Bay Realty Advisors, Inc., is wholly-owned by Mr. Ullman and receives certain advisory (asset management) fees from the Company.

The Operating Partnership intends to continue to operate the three shopping center properties as shopping centers.

The foregoing summary of the purchase, financing and funding transactions with respect to the acquisition by the Operating Partnership of the three shopping center properties, as described, is qualified in its entirety by reference to the Agreement of Sale between Washington Centre Shops, L.P., Port Richmond Associates, L.L.C., Academy Stores, L.P., and Greentree Road Land, Inc., as Seller, and Cedar Income Fund Partnership, L.P., as Purchaser, dated as of May 16, 2001, as amended, the Note and Mortgage Assumption Agreement for each of the respective shopping center properties, the promissory notes and mortgage

documents made by the original borrower with respect to each of the respective shopping center properties, the note, loan agreement and mortgage between the Operating Partnership and SWH with respect to the Southpoint property, and the Operating Agreement for Cedar Center Holdings, L.L.C. 3, and the Pledge and Security Agreement covering the pledge by the Operating Partnership to SWH, all of which are attached hereto as Exhibits.

Item 7. Financial Statements, Pro forma Financial Information and Exhibits

- (a) Financial statements of the properties acquired will be filed separately.
- (b) Pro forma financial information relative to the acquired properties will be filed separately.
- (c) Exhibits

The following exhibits are furnished with respect to the transaction described herein.

SIGNATURES

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

CEDAR INCOME FUND, LTD.

By: /s/ Leo S. Ullman

Leo S. Ullman
Chairman

Dated: October 24, 2001

Cedar Income Fund, Ltd.

8-K EXHIBIT INDEX

(10) Material contracts

Exhibit 10.1 - Agreement of Sale between Washington Centre Shops, L.P., Port Richmond Associates, LLC, Academy Stores, L.P. and Greentree Road Land, Inc., as Seller, and Cedar Income Fund Partnership, L.P., as Purchaser, dated as of May 16, 2001;

Exhibit 10.2 - Letter Agreement between Washington Centre Shops, L.P., Port Richmond Associates, LLC, Academy Stores, L.P. and Greentree Road Land, Inc., as Seller, and Cedar Income Fund Partnership, L.P., as Purchaser, dated July 12, 2001;

Exhibit 10.3 - First Amendment to Agreement of Sale between Washington Centre Shops, L.P., Port Richmond Associates, LLC, Academy Stores, L.P. and Greentree Road Land, Inc., as Seller, and Cedar Income Fund Partnership, L.P., as Purchaser, dated as of August 15, 2001;

Exhibit 10.4 - Letter Agreement between Washington Centre Shops, L.P., Port Richmond Associates, LLC, Academy Stores, L.P. and Greentree Road Land, Inc., as Seller, and Cedar Income Fund Partnership, L.P., as Purchaser, dated August 22, 2001;

Exhibit 10.5.a - Letter Agreement between Washington Centre Shops, L.P., Port Richmond Associates, LLC, Academy Stores, L.P. and Greentree Road Land, Inc., as Seller, and Cedar Income Fund Partnership, L.P., as Purchaser, dated September 20, 2001;

Exhibit 10.5.b - Acknowledgement to Letter Agreement described in Exhibit 10.5.a. from Pryor Cashman Sherman & Flynn LLP, signed by Cedar Bay Realty Advisors, Inc., dated September 21, 2001;

Exhibit 10.6 - Assumption of Note, Mortgage and Security Agreement and Other Loan Documents between Academy Store, L.P. as Transferor and Academy Plaza, L.L.C. 1 as Transferee, dated as of October 9, 2001;

Exhibit 10.7 - Mortgage and Security Agreement between Academy Store, L.P. as

Borrower and The Chase Manhattan Bank as Lender, dated as of February 12, 1998;

Exhibit 10.8 - Promissory Note between Academy Store, L.P. as Maker and The Chase Manhattan Bank as Lender, dated as of March 10, 1998;

Exhibit 10.9 - Note Modification Agreement between Academy Store, L.P. as Borrower and The Chase Manhattan Bank as Lender, dated January 5, 1999;

Exhibit 10.10 - Assignment, Assumption and Consent to Assumption between State Street Bank and Trust Company as Trustee for The Registered Holders of Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates Series 1998-1 as Noteholder, Port Richmond L.L.C. 1 as Assumptor, Cedar Income Fund Partnership, L.P. as Substitute Indemnitor, Port Richmond Associates LLC as Borrower and Andrew Hascoe as the Original Indemnitor dated as of October 9, 2001;

Exhibit 10.11 - Mortgage and Security Agreement between Port Richmond Associates LLC as Borrower and The Chase Manhattan Bank as Lender, dated as of April 2, 1998;

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Exhibit 10.12 - Promissory Note between Port Richmond Associates LLC as Borrower and The Chase Manhattan Bank as Lender, dated as of April 2, 1998;

Exhibit 10.13 - Note and Mortgage Assumption Agreement between Wells Fargo Bank Minnesota National Association, formerly known as Norwest Bank Minnesota, National Association, as Trustee for Credit Suisse First Boston Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates Series 1997-C2 as Lender, Washington Centre Shops, L.P. as Original Borrower and Washington Center L.L.C. 1 as New Borrower, dated as of October __, 2001;

Exhibit 10.14 - Mortgage, Assignment of Leases and Rents and Security Agreement between Washington Centre Shops, L.P. as Mortgagor and Credit Suisse First Boston Mortgage Capital LLC as Mortgagee, dated as of November 7, 1997;

Exhibit 10.15 - Mortgage Note between Washington Centre Shops, L.P. as Maker and Credit Suisse First Boston Mortgage Capital LLC as Lender, dated November 7, 1997;

Exhibit 10.16 - Loan Agreement by and between SWH Funding Corp. as Lender and Cedar Income Fund Partnership, L.P. as Borrower, dated as of October __, 2001;

Exhibit 10.17 - Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement between Cedar Income Fund Partnership, L.P. as Mortgagor and SWH Funding Corp. as Mortgagee, dated as of October __, 2001;

Exhibit 10.18 - Promissory Note by Cedar Income Fund Partnership, L.P. to SWH Funding Corp., dated as of October __, 2001;

Exhibit 10.19 - Pledge and Security Agreement between Cedar Income Fund Partnership, L.P. as Pledgor and SWH Funding Corp. as Lender, dated as of October __, 2001; and

Exhibit 10.20 - Guaranty made by Cedar Income Fund, Ltd. as Guarantor in favor of SWH Funding Corp. as Lender, dated as of October __, 2001.

(99) Additional exhibits

99.1 - Press Release regarding purchase of three shopping centers dated October 9, 2001.

AGREEMENT OF SALE

Between

WASHINGTON CENTRE SHOPS, L.P.,
PORT RICHMOND ASSOCIATES, LLC,
ACADEMY STORES, L.P. and
GREENTREE ROAD LAND, INC.,
as Seller,

and

CEDAR INCOME FUND PARTNERSHIP, L.P.,
as Purchaser.

DATED: AS OF MAY 16, 2001

PROPERTIES:

ACADEMY PLAZA, PHILADELPHIA, PENNSYLVANIA
PORT RICHMOND VILLAGE, PHILADELPHIA, PENNSYLVANIA
WASHINGTON CENTER, SEWELL, NEW JERSEY
304 GREENTREE ROAD, SEWELL, NEW JERSEY

AGREEMENT OF SALE

THIS AGREEMENT OF SALE (this "Agreement") is made and entered into as of this ___ day of May, 2001, by and between WASHINGTON CENTRE SHOPS, L.P. ("Washington Centre"), a Delaware limited partnership, PORT RICHMOND ASSOCIATES, LLC ("Port Richmond"), a New York limited liability company, ACADEMY STORES, L.P. ("Academy Stores"), a Delaware limited partnership, and GREENTREE ROAD LAND, INC. ("Greentree"), a Delaware corporation, each having an address at c/o Bryant Asset Management, 2900 Westchester Avenue, Purchase, New York 10577 (Washington Centre, Port Richmond, Academy Stores and Greentree being collectively and sometimes individually referred to as "Seller"), and CEDAR INCOME FUND PARTNERSHIP, L.P., a Delaware limited partnership, having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Purchaser").

WITNESSETH:

FOR AND IN CONSIDERATION of the mutual covenants and agreements herein contained, Ten (\$10.00) Dollars, and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

GENERAL

1.1 Agreement to Sell and Purchase. Seller hereby agrees to sell and convey to Purchaser, and Purchaser hereby agrees to purchase and accept from Seller, for the Purchase Price (as hereinafter defined) and upon and subject to the terms and conditions hereinafter set forth, all of the following described property (collectively, the "Property"):

(a) As to the property known as Academy Plaza:

(i) That certain tract or parcel of land (the "Academy Land") lying and being situated in the City of Philadelphia, Philadelphia County, Pennsylvania, and being more particularly described on Exhibit "A-1" attached hereto;

(ii) The shopping center buildings and other improvements situated on the Academy Land (the "Academy Improvements");

(iii) All of the rights of and appurtenances pertaining to the Academy Land and Academy Improvements, including all right, title and interest of Academy Stores in and to adjacent streets, alleys, strips or gores, easements and rights-of-way, reservation and privileges, and

utilities servicing the Academy Land and Academy Improvements excluding, however, all utility deposits held by utility companies or other suppliers of utilities or services to the Academy Land and Academy Improvements;

(iv) All of the interest of Academy Stores, if any, in all furniture, furnishings, fixtures, building materials, supplies, hardware, appliances, equipment,

machinery, warranties, guaranties, trademarks, tradenames, air rights, development rights and entitlements and other items of tangible and intangible personal property, if any, situated in the Improvements (collectively, the "Academy Personal Property");

(v) All of the interest of Academy Stores in all leases (collectively, the "Academy Tenant Leases") with tenants, if any, now or hereafter occupying space in the Academy Improvements, including all security deposits held by Academy Stores under the Academy Tenant Leases, together with interest thereon payable pursuant to the Academy Tenant Leases or at law, as of the Closing Date (as hereinafter defined) (a schedule of Academy Tenant Leases for the Property is attached hereto as Exhibit "B-1" and incorporated herein);

(vi) All of the interest of Academy Stores in all assignable maintenance, service and supply agreements and contracts affecting the Academy Improvements (collectively, the "Academy Service Contracts") (a schedule of all presently existing Academy Service Contracts is attached hereto as Exhibit "C-1" and incorporated herein) to the extent Purchaser desires to assume any thereof; and

(vii) All of the interest of Academy Stores in all assignable permits, licenses, certificates and approvals relating to the Academy Land and Academy Improvements (collectively, the "Academy Permits").

(b) As to the property known as Port Richmond Village:

(i) That certain tract or parcel of land (the "Port Richmond Land") lying and being situated in the City of Philadelphia, Philadelphia County, Pennsylvania, and being more particularly described on Exhibit "A-2" attached hereto;

(ii) The shopping center buildings and other improvements situated on the Port Richmond Land (the "Port Richmond Improvements");

(iii) All of the rights of and appurtenances pertaining to the Port Richmond Land and the Port Richmond Improvements, including all right, title and interest of Port Richmond in and to adjacent streets, alleys, strips or gores easements and rights-of-way, reservation and privileges, and utilities servicing the Port Richmond Land and Port Richmond Improvements excluding, however, all utility deposits held by utility companies or other suppliers of utilities or services to the Port Richmond Land and Port Richmond Improvements;

(iv) All of the interest of Port Richmond, if any, in all furniture, furnishings, fixtures, building materials, supplies, hardware, appliances, equipment, machinery, warranties, guaranties, trademarks, tradenames, air rights, development rights and entitlements and other items of tangible and intangible personal property, if any, situated in the Improvements (collectively, the "Port Richmond Personal Property");

(v) All of the interest of Port Richmond in all leases (collectively, the "Port Richmond Tenant Leases") with tenants, if any, now or hereafter occupying space in the Port Richmond Improvements, including all security deposits held by Port

Richmond under the Port Richmond Tenant Leases together with interest thereon payable pursuant to the Port Richmond Tenant Leases or at law as of the Closing Date (a schedule of Port Richmond Tenant Leases is attached hereto as Exhibit "B-2" and incorporated herein);

(vi) All of the interest of Port Richmond in all assignable maintenance, service and supply agreements and contracts affecting the Port Richmond Improvements (collectively, the "Port Richmond Service Contracts") (a schedule of all presently existing Port Richmond Service Contracts is attached hereto as Exhibit "C-2" and incorporated herein) to the extent Purchaser desires to assume any thereof; and

(vii) All of the interest of Port Richmond in all assignable

permits, licenses, certificates and approvals relating to the Port Richmond Land and Port Richmond Improvements (collectively, the "Port Richmond Permits").

(c) As to the property known as Washington Center:

(i) That certain tract or parcel of land (the "Washington Land") lying and being situated in the Town of Sewell, Gloucester County, New Jersey, and being more particularly described on Exhibit "A-3" attached hereto;

(ii) The shopping center buildings and other improvements situated on the Washington Center Land (the "Washington Improvements");

(iii) All of the rights of and appurtenances pertaining to the Washington Land and the Washington Improvements, including all right, title and interest of Washington in and to adjacent streets, alleys, strips or gores, easements and rights-of-way, reservation and privileges, and utilities servicing the Washington Land and Improvements excluding, however, all utility deposits held by utility companies or other suppliers of utilities or services to the Washington Land and Washington Improvements;

(iv) All of the interest of Washington, if any, in all furniture, furnishings, fixtures, building materials, supplies, hardware, appliances, equipment, machinery, warranties, guaranties, trademarks, tradenames, air rights, development rights and entitlements and other items of tangible and intangible personal property, if any, situated in the Improvements (collectively, the "Washington Personal Property");

(v) All of the interest of Washington in all leases (collectively, the "Washington Tenant Leases") with tenants, if any, now or hereafter occupying space in the Washington Improvements, including all security deposits held by Washington under the Washington Tenant Leases, together with interest thereon payable pursuant to the Washington Tenant Leases or at law, as of the Closing Date (a schedule of Tenant Leases is attached hereto as Exhibit "B-3" and incorporated herein);

(vi) All of the interest of Washington in all assignable maintenance, service and supply agreements and contracts affecting the Washington Improvements (collectively, the "Washington Service Contracts") (a schedule of all presently existing Washington Service Contracts is attached hereto as Exhibit "C-3" and incorporated

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herein) to the extent Purchaser desires to assume any thereof; and

(vii) All of the interest of Washington in all assignable permits, licenses, certificates and approvals relating to the Washington Land and Washington Improvements (collectively, the "Washington Permits").

(d) As to the property known as 304 Greentree Road:

(i) That certain tract or parcel of land (the "Greentree Land") lying and being situated in the Town of Sewell, Gloucester County, New Jersey, and being more particularly described on Exhibit "A-5" attached hereto.

(ii) The buildings and other improvements situated on the Greentree Land (the "Greentree Improvements");

(iii) All of the rights of and appurtenances pertaining to the Greentree Land and the Greentree Improvements, including all right, title and interest of Greentree in and to adjacent streets, alleys, strips or gores, easements and rights-of-way, reservation and privileges, and utilities servicing the Greentree Land and Greentree Improvements excluding, however, all utility deposits held by utility companies or other suppliers of utilities or services to the Greentree Land and Greentree Improvements; and

(iv) All of the interest of Greentree, if any, in all furniture, furnishings, fixtures, building materials, supplies, hardware, appliances, equipment, machinery, warranties, guaranties, trademarks, tradenames, air rights, development rights and entitlements and other items of tangible and intangible personal property, if any, situated in the Improvements (the "Greentree Personal Property").

Tenants under the Academy Tenant Leases, the Port Richmond Tenant Leases or the Washington Tenant Leases are hereinafter referred to,

collectively, as "Tenants" and individually as a "Tenant".

The Academy Personal Property, the Port Richmond Personal Property, the Washington Personal Property and the Greentree Personal Property are collectively referred to as the "Personal Property".

The Academy Tenant Leases, the Port Richmond Tenant Leases and the Washington Tenant Leases are collectively referred to as the "Tenant Leases".

The Academy Service Contracts, the Port Richmond Service Contracts and the Washington Service Contracts are collectively referred to as the "Service Contracts".

The Academy Permits, the Port Richmond Permits and the Washington Permits are collectively referred to as the "Permits".

Each of the aforementioned parcels of Land is sometimes hereinafter referred to as a "parcel".

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1.2 Purchase Price. The purchase price (the "Purchase Price") to be paid for the Property is Thirty Five Million Thirty Four Thousand Three Hundred Fifty Three and 00/100 (\$35,034,353.00) Dollars (the "Purchase Price"), the Purchase Price being allocated to the Property as set forth in Exhibit "D" annexed hereto, and payable at the Closing (as hereinafter defined), subject to prorations and adjustments pursuant to Sections 4.5 and 4.6 and Article V hereof, as follows:

(a) Deposit. (i) Upon the execution of this Agreement, Purchaser shall simultaneously deliver its check, subject to collection, payable to the order of Pryor Cashman Sherman & Flynn LLP ("Escrow Agent"), in the sum of Three Hundred Fifty Thousand and 00/100 (\$350,000.00) Dollars (the "Deposit"). The Deposit shall be kept in an interest bearing escrow account by Escrow Agent in accordance with the provisions of Article IX hereof, and shall either be applied toward the payment of the Purchase Price if the Closing occurs, or returned to Purchaser if Purchaser elects to terminate this Agreement pursuant to any right expressly granted to Purchaser by this Agreement or if Purchaser is otherwise entitled to the Deposit, or paid to Seller in the event of the failure by Purchaser to comply with any of Purchaser's obligations pursuant to this Agreement, subject to and in accordance with Section 9.2.

(b) A sum equal to the outstanding principal balance of the notes payable by Seller in connection with the financing which currently encumbers the Property (collectively, the "Notes") on the Closing Date will be paid by Purchaser by assuming the obligation to pay the Notes and by accepting conveyance of the Property subject to the existing mortgages described on Exhibit "E" annexed hereto (collectively, the "Existing Mortgages") and all other Loan Documents as defined below.

(c) The balance shall be payable in federal funds by wire transfer(s) (Seller shall furnish Purchaser with complete wire transfer instructions at least two (2) business days prior to the Closing).

(d) Seller agrees that it shall be responsible to use commercially reasonable efforts to obtain the consent of the holders of the Notes (collectively, the "Payees") for the assumption of the obligations of Seller under the Notes and for the conveyance of the Property from Seller to Purchaser (collectively, the "Assumptions"), subject to the Existing Mortgages and all other documents executed in connection with the Notes and Existing Mortgages (collectively, the "Loan Documents"). Seller agrees to contact the Payees to apply for the assumption of the Notes by Purchaser, and Purchaser agrees to cooperate with Seller and will provide Payees and Seller with any and all reasonable information requested by Payees necessary to accomplish same. Seller shall pay all application fees required by the Payees in connection with the Assumptions. Except for the aforementioned application fees and any assumption fees payable to the Payees in connection with the Assumptions, which Seller agrees to pay, Purchaser shall be responsible for the payment at Closing of any and all reasonable costs and expenses of Purchaser and Seller associated with the Assumptions (including legal fees and disbursements of the Payees' respective counsel); other costs and expenses reasonably incurred by either Seller or Purchaser in connection therewith; and all applicable tangible or documentary stamps in connection with the Assumptions.

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(e) It is understood and agreed that it will be a condition to the Closing that Purchaser (1) receive the written approval and consent of the Payees to the Assumptions; and (2) obtain written verification from the Payees that the payments under the Notes are current and that Seller is not in default under the Loan Documents beyond any applicable grace, notice and cure periods.

ARTICLE II

TITLE COMMITMENT AND SURVEY; INSPECTION BY PURCHASER

2.1 Title Commitment. Immediately following the execution and delivery of this Agreement by all parties hereto (the "Effective Date"), Purchaser shall order commitments for title insurance, including legible copies of all exceptions and ALTA/ASCM surveys for each parcel (the "Title Commitment") to be underwritten by a reputable title company selected by Purchaser (the "Title Company") and shall cause a copy thereof to be delivered to be simultaneously delivered to Seller's counsel. Purchaser agrees to take title to the Property subject to those exceptions set forth on Exhibit "F" annexed hereto and the standard printed title exceptions (collectively, the "Permitted Exceptions"), provided, however, that such standard printed exceptions shall not require Purchaser to take title subject to unrecorded easements of which Seller has knowledge or mechanics liens; and provided, further that Purchaser shall take title subject to (i) any facts an accurate survey of the parcels may reveal provided such facts do not render title uninsurable, (ii) the lien of real estate taxes not yet due and payable and (iii) rights of tenant as tenants only. In the event the Title Company shall report to Purchaser any objection to title other than the Permitted Exceptions which renders title uninsurable at standard rates, Purchaser shall notify Seller of any such objection ("Purchaser's Objection") no later than five (5) business days after receipt of each of the Title Commitments. Seller shall have the right, but not the obligation, to cure Purchaser's Objection, and Seller shall have the right to adjourn the Closing Date for up to thirty (30) days to cure Purchaser's objections. In the event Seller is unwilling or unable to cure Purchaser's Objection, Seller shall so notify Purchaser within ten (10) business days after receipt of Purchaser's notice (the "Seller's Response Period"), and within five (5) business days after receipt of Seller's notice (the "Purchaser's Response Period"), Purchaser shall either (i) accept title in its current condition without any adjustment in the Purchase Price in which event Purchaser's Objection shall be deemed to have been waived for all purposes, or (ii) terminate this Agreement by written notice to Seller and the Escrow Agent, in which event the Deposit shall be paid to Purchaser and this Agreement shall be of no further force and effect, except for those provisions expressly set forth herein to survive. If Seller fails to give Purchaser notice within Seller's Response Period that it will cure Purchaser's Objection as aforesaid, Seller shall be deemed to have elected not to cure Purchaser's Objection. If Purchaser fails to terminate this Agreement by written notice to Seller and the Escrow Agent within Purchaser's Response Period (or within five (5) business days after the date Seller shall be deemed to have elected not to cure Purchaser's Objection), Purchaser shall be deemed to have elected to accept title in its current condition without any adjustment in the Purchase Price, and Purchaser's Objection shall be deemed to have been waived for all purposes. In the event the Title Company should issue any revisions to the Title Commitments (including, but not limited to, updates of existing surveys), which revisions reveal for the first time any new encumbrance

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or other title defect affecting the Property first arising after May 1, 2001 and which was not previously identified on an earlier Title Commitment, the procedure set forth above with regard to Seller's Response Period, Purchaser's Response Period and Seller's right to adjourn the Closing Date shall again apply with respect to such new encumbrance, except that Purchaser shall be deemed to have waived its right to object to such new encumbrance unless Purchaser objects to Seller in writing within five (5) business days from the issuance of any such revision. Seller shall not, during the term of this Agreement, cause or allow any part of the Property to be conveyed or encumbered by acts of Seller. Notwithstanding the foregoing, Seller shall satisfy at or before Closing any monetary liens, judgments or encumbrances affecting the Property, except those arising under the Loan Documents, of a fixed or ascertainable amount first arising after the date hereof.

2.2 Review and Inspection by Purchaser.

(a) Subject to the provisions of Section 2.2(d), Purchaser shall have the right to inspect the Property, including environmental conditions, building conditions and such other financial, legal and physical audits, tests and investigations as Purchaser deems appropriate in its reasonable discretion, until 5:00 p.m. Eastern Standard Time on the date that is thirty (30) calendar days following the Effective Date (the "Inspection Period"). The costs and expenses of such inspections shall be borne solely by Purchaser, and shall be paid by Purchaser whether or not the Closing occurs. Any physical inspection of the Property shall be conducted by Purchaser on business days during normal business hours after no less than one (1) business day's prior written notice to Seller and in a manner not to disrupt the Tenants or Seller's business in any unreasonable manner. In addition, Purchaser covenants and agrees to restore any damage to the Property or any adjacent property caused by such physical inspections and shall indemnify, defend and save Seller harmless of and from any and all claims and/or liabilities which Seller may suffer or be subject to by reason of or in any manner relating to such inspections or entry on the Property including, without limitation, any claims by Tenants and/or invitees of the Property. To facilitate Purchaser's inspection and review, Seller agrees that on

or before the Effective Date, Seller shall at Seller's election, either (i) furnish to Purchaser or (ii) make available to Purchaser at a location (or locations) in New York City or Westchester County to be specified by Seller (in which case Purchaser may reproduce such information at Purchaser's sole cost and expense), the following information and documents, to the extent in Seller's possession or under its control:

(i) copies of Tenant Leases covering any part of the Property including any exhibits and amendments thereto, assignment or subleases thereof, and guaranties thereof, any Tenant financial information and historical delinquency and/or rent payment information;

(ii) copies of the 1999, 2000 and 2001 budgets and year-to-date operating statements for each of the parcels constituting the Property (other than with respect to the Greentree Land) including information on expense pass-through income from Tenants and calculations used therefor;

(iii) copies of the 1999 and 2000 property tax statements and 2001 assessed valuation, if available, for each of the parcels the Property;

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(iv) a current rent roll for each of the parcels constituting the Property (other than with respect to the Greentree Land) indicating all Tenants, spaces occupied and vacant (including the square footage thereof), Base Rent, escalations, "pass-throughs" (including, but not limited to, real estate taxes, utilities, insurance and/or operating expenses), rent adjustments (including, but not limited to, Consumer Price Index, or other adjustments), lease commencement and expiration dates, security and/or other deposits and any leasing commissions due on expansions/renewals and the amount thereof; provided, however, that Seller shall have the option of providing some of the foregoing data on separate schedules;

(v) copies of all Permits, warranties, equipment leases, service contracts and material agreements in effect for each of the parcels constituting the Property;

(vi) a list of the Personal Property owned by Seller and used in connection with the operation of each of the parcels constituting the Property;

(vii) copies of all building plans (including architectural and engineering) for each of the parcels constituting the Property (other than with respect to the Greentree Land);

(viii) environmental reports, ALTA/ASCM and other surveys, engineering or architectural reports, maintenance records and title insurance policies;

(ix) copies of utility bills for 1999 and 2000 for each of the parcels constituting the Property (other than with respect to the Greentree Land);

(x) copies of all Loan Documents;

(x) complete leasing files (including all correspondence with Tenants);

(x) appraisals;

(x) audited financial statements for each of the entities comprising Seller for the years 1998 and 1999; and

(x) sales results for all Tenants who report sales.

(b) In addition to the above, prior to the Closing, Seller agrees to use reasonable commercial efforts to obtain and provide to Purchaser estoppel certificates from one hundred percent (100%) of the Tenants of the Property substantially in the form attached hereto as Exhibit "G" or such other form as may be required under any Tenant Lease and dated no more than thirty (30) days prior to the original Closing Date (the "Tenant Estoppels"). Purchaser's obligation to close hereunder shall be conditioned upon the execution and delivery of a Tenant Estoppel from each of the Tenants listed on Exhibit "H" annexed hereto (collectively, the "Major Tenants"), and not less than seventy-five percent (75%) of the remaining Tenants (calculated based on total leased and occupied square footage), which Tenant Estoppels do not indicate that a Tenant or Tenants is/are (i) claiming that a material default exists by the "Landlord" under a Tenant Lease, (ii) claiming material rights not disclosed in the rent rolls and/or the Leases or (iii) claiming a material variance in the amounts payable under the Lease.

In the event Seller is unable to obtain such Tenant Estoppels from the Major Tenants and seventy-five percent (75%) of the remaining Tenants (calculated based on total leased and occupied square footage), and Purchaser does not waive the requirement of such Tenant Estoppels, Seller may, by written notice to Purchaser, elect to extend the Closing Date for a period not to exceed thirty (30) days, during which time Seller shall seek to obtain such Tenant Estoppels. Seller shall not be required to exercise any remedies it may have under any Tenant Leases, incur any obligations or spend any money to obtain any Tenant Estoppels. In the event that the required Tenant Estoppels have not been delivered by the extended Closing Date, Purchaser's sole and exclusive remedy will be to terminate this Agreement within five (5) business days of the extended Closing Date and receive back the Deposit or to waive the requirement for any further Tenant Estoppels.

(c) All information that may be provided by Seller to Purchaser or obtained by Purchaser relating to the Property in the course of its review shall be treated as confidential information by Purchaser. Seller makes and shall make no representations or warranties whatsoever regarding the accuracy of any information prepared or delivered to Purchaser by Seller or any third party in connection with this Agreement or the Property other than a representation to Purchaser that such information provided by Seller is true, complete and correct in all material respects to Seller's current actual knowledge without investigation or inquiry. As used herein, the phrase "to Seller's current actual knowledge" shall mean to the current actual knowledge of Denis Brauchle, Senior Vice President of Bryant Asset Management ("Seller's Representative"), without investigation or inquiry and shall include all written materials, including correspondence in the possession of Seller.

Except as otherwise expressly stated herein, such representations and warranties shall not survive the Closing of the transactions contemplated herein. In the event such representations and warranties shall prove incorrect prior to Closing, Purchaser's sole and exclusive remedy shall be to terminate this Agreement and receive the Deposit.

(d) Prior to any entry to perform any on-site testing, Purchaser shall give Seller written notice thereof including the identity of the company or persons who will perform such testing and the proposed scope of the testing. Seller shall approve or disapprove, which approval shall not be unreasonably withheld, the proposed testing within one (1) business day after receipt of such notice, unless such notice proposes invasive or intrusive testing, in which case Seller shall have three (3) business days after receipt of such notice to approve or disapprove such invasive or intrusive testing. If Purchaser or its agents, employees or contractors take any sample from the Property in connection with any approved testing, Purchaser shall provide to Seller a portion of such sample being tested to allow Seller, if it so chooses, to perform its own testing (Seller's approval of such testing being deemed a request for such samples). Seller or its representative may be present to observe any testing or other inspection performed on the Property. Upon the request of Seller, Purchaser shall promptly deliver to Seller copies of any reports relating to any testing of the Property performed by Purchaser or its agents, employees or contractors. Neither Purchaser nor its agents, employees or contractors shall contact any governmental authority, unless otherwise required by applicable law (provided Purchaser gives prior notice to Seller), or any Tenant or prospective tenant without first obtaining the prior written consent of Seller thereto (which consent shall not be unreasonably withheld or delayed), and Seller, at Seller's election, shall be entitled to have a

representative on any phone or other contact made by Purchaser and present at any meeting by Purchaser with a governmental authority, Tenant or prospective tenant.

(e) Purchaser shall maintain, and shall ensure that its agents and contractors maintain, public liability and property damage insurance with single occurrence coverage of at least One Million (\$1,000,000) Dollars and aggregate coverage of at least Two Million (\$2,000,000) Dollars, naming Seller and its property manager as additional insureds, to insure against all liability (including, without limitation, environmental liability) incurred by or caused by Purchaser and its agents, employees or contractors, arising out of any entry or inspections of the Property pursuant to the provisions thereof, and Purchaser shall provide Seller with evidence of such insurance coverage prior to any entry onto the Property by Purchaser, its employees, agents and/or contractors. Purchaser shall be solely responsible for the proper management and disposal, including, but not limited to, the execution of any necessary documentation, of any wastes created or extracted during Purchaser's investigation of the Property. The entry onto the Property and the performance of the inspections, testing or inquiries provided for in this Agreement by Purchaser, its agents, employees or contractors shall at all times be subject to the provisions of

(f) (i) If Purchaser's review of the income and expense records for the Property reveals that the net operating income for the Property for the calendar year 2000 in the aggregate is less than \$3,300,000.00, and as a result Purchaser is not prepared to purchase the Property, Buyer may, by written notice to both Seller and Escrow Agent received no later than 5 p.m. on the day which is the expiration of the Inspection Period, elect to terminate this Agreement. Purchaser acknowledges that in calculating such net operating income, the Notes to Operating Statements annexed hereto as Exhibit "NOI" shall be taken into consideration.

(ii) If Purchaser's environmental or structural inspections of the Property discloses the presence of any Hazardous Substances, Contaminants or Waste on a particular parcel or a structural defect to the improvements on a particular parcel, in either case the cost to remediate of which in accordance with the least stringent requirements of Environmental Laws (as hereinafter defined) or, in the case of a structural defect, the cost to repair of which in accordance with the least stringent requirements of applicable governmental regulations, as the case may be, will be in excess of Twenty-Five Thousand and 00/100 (\$25,000.00) Dollars in the aggregate for such parcel, then Purchaser shall have the right to terminate this Agreement by written notice to both Seller and Escrow Agent ("Purchaser's Termination Notice") received prior to 5 p.m. on the day which is the expiration of the Inspection Period (provided that such Termination Notice is accompanied by any environmental or engineering report issued in connection with its environmental and/or structural inspection and the written estimate of Purchaser's environmental and/or engineering consultant as aforesaid).

(iii) Upon Purchaser's termination of this Agreement set forth in (i) or (ii)

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above, the Deposit shall be paid by Escrow Agent to Purchaser, this Agreement shall terminate and become void and of no further force or effect, and Purchaser and Seller shall be released from any and all obligations herein with respect to such parcel except those that expressly survive such a termination. Notwithstanding the foregoing, within ten (10) business days after Seller's receipt of Purchaser's Termination Notice, Seller shall have the right to nullify Purchaser's Termination Notice by written notice to Purchaser indicating that Seller agrees to a reduction of the Purchase Price in an amount equal to the cost to remediate or repair in excess of Twenty-Five Thousand and 00/100 (\$25,000.00) Dollars (based upon the written estimate of Purchaser's environmental or engineering consultant as aforesaid), in which event this Agreement shall remain in full force and effect, the parties shall proceed to the Closing in accordance with the provisions hereof and Purchaser waives any right to claim any objections to the Property or a particular parcel and any matter related thereto with respect to this Section 2.2(f).

(iv) In the event that this Agreement is terminated for any reason, Purchaser shall immediately (i) return to Seller any and all information and documents that Purchaser has received from Seller regarding the Property, and (ii) except in the case of Seller's default, provide Seller with copies of any and all reports, documents or information that Purchaser has obtained from sources or parties other than Seller. In the event Purchaser fails to terminate this Agreement pursuant to this Section 2.2(f) prior to the expiration of the Inspection Period, Purchaser shall be deemed to have waived any objections to the Property and any matter related thereto with respect to this Section 2.2(f).

2.3 Cooperation. Seller will assist Purchaser in giving notice to applicable government agencies and in transferring or reissuing to Purchaser any permit, license, certificate, registration or other approval necessary to continue operations at the Property, or in obtaining for Purchaser any new permit, license, certificate, registration or approval required of, or reasonably desired by, Purchaser, all at no cost or expense to Seller.

2.4 Operation of Property before Closing. The Property shall be maintained in substantially the same condition as it is presently in, reasonable wear and tear, condemnation and casualty excepted, subject to the provisions of Article V. Seller shall operate the Property in the ordinary course of business

until the Closing. Notwithstanding the foregoing, without Purchaser's prior consent, which shall not be unreasonably withheld, conditioned or delayed, pending Closing: (i) Seller shall not modify, extend or amend any Service Contract or enter into any new Service Contracts which are not terminable without cause on thirty (30) days or less written notice or before Closing, and (ii) Seller shall not enter into any new Tenant Leases or renewals or modifications of Tenant Leases that it is not required to enter into pursuant to the terms of such Tenant Leases, or as may be required by law. With regard to any proposed new Tenant Leases, renewals or modifications of Tenant Leases, Purchaser shall indicate its consent or disapproval (stating the reason for such disapproval) within five (5) business days after the receipt of a copy of the proposed Lease, renewal agreement or modification agreement. Failure

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to respond in writing within said five (5) business days shall be deemed a consent. Seller shall not remove any of its personal property from any Property unless replaced by personal property of equal or greater value or utility. Seller shall maintain insurance on all Improvements for the full replacement value thereof.

2.5 ISRA. In the event that the transfer of those parcels located in the State of New Jersey (the "NJ Parcels") contemplated herein is not subject to the New Jersey Industrial Site Recovery Act, N.J.S.A. 13: 1k-6, et seq. ("ISRA"), Seller shall use commercially reasonable efforts to cause to be delivered the necessary documentation to the New Jersey Department of Environmental Protection ("DEP") in order to obtain a "non-applicability" letter referencing the proposed transfer, together with the affidavit for a determination of non-applicability referenced in the letter and all information, reports, studies and analyses submitted by Seller to DEP. In the event Seller is unable to obtain a non-applicability letter for the NJ Parcels by the Closing Date, provided Seller is able to obtain the consent of the Payees to such extension, the Closing Date shall be extended for up to sixty (60) days to allow Seller to obtain same. If Seller, after using commercially reasonable efforts, has been unable to obtain a non-applicability letter for the NJ Parcels by the expiration of the sixty (60) day extension period, or if the Payees do not consent to such extension, Purchaser shall have the right to terminate this Agreement and if this Agreement is terminated, the Deposit shall be returned to Purchaser and thereafter neither party shall have any further liability hereunder (except for matters stated herein which are specifically designated to survive termination of this Agreement).

In the event it is determined that the transfer of the NJ Parcels contemplated by this Agreement is subject to ISRA, Purchaser shall elect to: (i) either terminate this Agreement and receive back the Deposit; or (ii) extend the Closing Date for up to six (6) months in which event Seller shall use its commercially reasonable efforts to obtain the approval necessary from DEP for the transfer of title of the NJ Parcels hereunder; provided, however, that nothing herein shall be construed as requiring Seller to undertake any environmental testing or remediation on the NJ Parcels. If such approval has not been obtained within six (6) months from the original applicability determination by DEP, at the end of said extension period this Agreement shall be deemed null and void (except for matters stated herein which are specifically designated to survive termination of this Agreement) and the Deposit shall be returned to Purchaser.

2.6 Tax Certiorari. Seller shall provide Purchaser with a copy of any and all agreements that the Seller has with attorneys or consultants with respect to tax certiorari or similar proceedings for the current tax year. Seller agrees that it will not, without the prior written consent of Purchaser, which consent shall not be unreasonably withheld, delayed, conditioned or charged for, prior to the Closing Date, settle any proceeding or application for a reduction in the real estate tax assessment of the Premises for the current tax year.

ARTICLE III

REPRESENTATIONS AND WARRANTIES BY SELLER AND PURCHASER

3.1 Disclaimer of Seller. EXCEPT AS EXPRESSLY SET FORTH IN THIS

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AGREEMENT: (a) PURCHASER IS ACQUIRING THE PROPERTY "AS IS" WITH ALL FAULTS AND DEFECTS, AND PURCHASER ACKNOWLEDGES AND AGREES THAT SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, OR THE PRESENCE OR ABSENCE OF ANY POLLUTANT, HAZARDOUS WASTE, GAS OR SUBSTANCE OR SOLID WASTE ON, ABOUT OR ADJACENT TO THE PROPERTY; (B) THE INCOME TO BE DERIVED FROM THE PROPERTY; (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND

USES WHICH PURCHASER MAY INTEND TO CONDUCT THEREON; (D) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY GOVERNMENTAL AUTHORITY OR BODY HAVING JURISDICTION INCLUDING, WITHOUT LIMITATION, ALL APPLICABLE ENVIRONMENTAL OR ZONING LAWS; (E) THE HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY; OR (F) ANY OTHER MATTER RELATED TO OR CONCERNING THE PROPERTY; AND (b) PURCHASER SHALL NOT SEEK RECOURSE AGAINST SELLER ON ACCOUNT OF ANY LOSS, COST OR EXPENSE SUFFERED OR INCURRED BY PURCHASER WITH REGARD TO ANY OF THE MATTERS DESCRIBED IN CLAUSES (A) THROUGH (F) ABOVE.

3.2 Independent Verification by Purchaser. Purchaser acknowledges that, except as herein specified otherwise, Purchaser, having been given the reasonable opportunity to inspect the Property and all information relating thereto, is relying solely on its own investigation of the Property and all information relating thereto and not on any information provided or to be provided by or on behalf of Seller. Purchaser further acknowledges that no independent investigation or verification has been or will be made by Seller with respect to any information supplied by or on behalf of Seller concerning the Property, and Seller makes no representation as to the accuracy or completeness of such information (except as set forth in Section 2.2(c) hereof), it being intended by the parties that Purchaser shall verify the accuracy and completeness of such information itself. Purchaser acknowledges that the disclaimers, agreements and other statements set forth in this Article III are an integral portion of this Agreement and that Seller would not agree to sell the Property to Purchaser for the Purchase Price without the disclaimers, agreements and other statements set forth in this Article III.

3.3 Seller's Representations. Notwithstanding the foregoing, Seller hereby represents to Purchaser as follows:

(a) (i) Academy Stores L.P. is a limited partnership duly organized and validly existing under the laws of the State of Delaware and is and will be qualified in the Commonwealth of Pennsylvania to conduct business therein on the Closing Date; (ii) Port Richmond Associates, LLC is a New York limited liability company and is and will be qualified in the Commonwealth of Pennsylvania to conduct business therein on the Closing Date; (iii) Washington Centre Shops, L.P. is a limited partnership duly organized and validly existing under the laws of the State of Delaware and is and will be qualified in the State of New Jersey to

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conduct business therein on the Closing Date; and (iv) Greentree Road Land, Inc. is a Delaware corporation and is and will be qualified in the State of New Jersey to conduct business therein on the Closing Date.

(b) The execution and delivery of this Agreement and the performance by Seller of its obligations hereunder have been duly authorized by all requisite partnership, company or corporate action, as the case may be, and will not conflict with or result in a breach of any of the terms, conditions or provisions of the organizational documents of Seller, and will not conflict with or result in a breach of any law, regulation or order; or any agreement or instrument to which Seller is a party, by which Seller is bound or the Property is subject; and this Agreement and the documents delivered by Seller pursuant to this Agreement will each constitute the legal, valid and binding obligations of Seller, enforceable in accordance with their respective terms, covenants and conditions;

(c) There are no leases, licenses or other occupancy agreements with Seller or Seller's predecessor affecting any portion of the Property on the date hereof except for the Tenant Leases listed in the rent rolls annexed hereto as Exhibits "B-1" through "B-3" and made a part hereof. The Tenant Leases described in Exhibits "B-1" through "B-3" comprise all of the Tenant Leases presently existing and each is in full force and effect; no Tenant Lease has been modified or supplemented in any material respect except (if at all) as set forth on Exhibits "B-1" through "B-3"; to Seller's knowledge, the information set forth in Exhibits "B-1" through "B-3" is true, correct and complete in all material respects. To Seller's knowledge, there is no material default of either the landlord or any Tenant under any of the Tenant Leases, and Seller is not holding any security deposit on behalf of any Tenants, except as set forth on Exhibits "B-1" through "B-3". To Seller's knowledge, there are no persons or entities entitled to possession of the Property other than those listed on Exhibits "B-1" through "B-3". No Tenant has prepaid rent or any other charge under its Lease more than one (1) month in advance (and Seller shall not accept any such prepayment unless an adjustment therefor is made at the Closing);

(d) Seller has not received written notice from any governmental authority, mortgagee, Tenant or insurer (i) that either the Property or the use or operation thereof is currently in violation of any zoning, environmental or other land use or building regulations in any material respect, and to Seller's knowledge no such notice has been issued; or (ii) asserting that Seller is required to perform work at any parcel constituting the Property and to Seller's knowledge no such notice has been issued. If Seller receives such notice or a violation is issued or filed prior to Closing, Seller shall promptly notify

Purchaser;

(e) Seller has heretofore delivered to or made available to Purchaser true, correct and complete copies of the Service Contracts, all of which Service Contracts are in full force and effect and either (i) are terminable by Seller upon not more than thirty (30) days' prior written notice or (ii) unless Purchaser notifies Seller in writing otherwise, shall be terminated by Seller prior to the Closing Date;

(f) No portion of the Property is a "plan asset" within the meaning of that term under the U.S. Department of Labor's Regulations promulgated under the Employee Retirement and Income Security Act of 1974, as amended;

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(g) Except as set forth on Exhibit "3.3(g)" annexed hereto, there are no pending actions, suits, proceedings or investigations to which Seller is a party before any court or other governmental authority or which, to Seller's current actual knowledge, are threatened, which would, if adversely determined, have a material adverse impact on the Property or any portion thereof or the transactions contemplated hereby, other than as may be covered by insurance;

(h) All tenant fit-out work required to be performed by Seller, as landlord, under any Tenant Lease required to have been completed prior to the Closing Date shall have been completed, accepted by the Tenant under such Tenant Lease and paid for by Seller on or prior to the Closing Date. There is no tenant fit-out work required to be performed by the landlord under any Tenant Lease other than described in the preceding sentence or as set forth in the rent rolls delivered by Seller hereunder;

(i) Except as set forth on Exhibit "3.3(x)" annexed hereto, Seller has received no notice of any condemnation proceedings pending with regard to any part of the Property, and Seller has no knowledge of any proposed condemnation proceeding with regard to any portion of the Property.

(j) Seller has heretofore delivered to or made available to Purchaser true and correct copies of all the Loan Documents. Seller is current with all payments due and payable under the Notes. Seller is not in material default in the performance of its obligations under the Loan Documents beyond any applicable grace, notice and cure periods, and no written notice has been received from the Payees asserting that a default or breach exists under the Loan Documents which remains uncured and no such notice shall have been received and remain uncured on the Closing Date. As of the date of this Agreement, the principal balances due under the respective Notes are as set forth on Exhibit "E";

(k) All existing public improvements in, on and with respect to the Property are installed and have been fully paid for, and Seller has received no notice of any assessment for public improvements;

(l) Seller employs no on-site personnel at any part of the Property that Buyer would be required to hire or be otherwise responsible for after Closing;

(m) Except as set forth on Exhibit "B-1" through "B-4" hereto, there are no leasing commissions due or which may become due on account of any of the Tenant Leases, including the future extension or renewal thereof;

(n) Seller is not a "foreign person" within the meaning of Section 1445 of the United States Internal Revenue Code, as amended, or its regulations;

(o) No person, firm, corporation or entity other than Purchaser has any right or option to acquire the Premises or any portion thereof and no person, firm, corporation or entity other than Purchaser will obtain such right or option as a result of the execution of this Agreement; and

(p) To the best of Seller's knowledge, no guarantor(s) of any Lease has been

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released or discharged, voluntarily or involuntarily, or by operation of law, from any obligation under or in connection with any Lease or any transaction related thereto.

(q) With respect to the Academy Land and the Port Richmond Land (i) the existing use of such parcels is for a shopping center, (ii) the zoning classification of the Academy Land under the applicable zoning ordinance is ASC Area Shopping Center and that the zoning classification of the Port Richmond Land under the applicable zoning ordinance is G-2 Industrial, (iii) the zoning classification authorizes the use now being made of the Academy Land and the

Port Richmond Land and the use, location and construction of the buildings, structures and improvements as presently used, located and constructed thereon, and (iv) such present use and building construction and location do not violate the zoning of any applicable subdivision ordinance.

3.4 Purchaser's Representations. Purchaser hereby represents and warrants to Seller as follows:

(a) Purchaser is a limited partnership duly organized and validly existing under the laws of the State of Delaware, and is or will be qualified under the laws of the State of New Jersey or Commonwealth of Pennsylvania, as required for the particular parcel, to conduct business therein on the Closing Date;

(b) The execution and delivery of this Agreement and the performance by Purchaser of its obligations hereunder have been duly authorized by all requisite company action and will not conflict with or result in a breach of any of the terms, conditions or provisions of the organizational documents of Purchaser, and will not conflict with or result in a breach of any law, regulation or order; or any agreement or instrument to which Purchaser is a party, by which Purchaser is bound or the Property is subject; and this Agreement and the documents delivered by Purchaser pursuant to this Agreement, will each constitute the legal, valid and binding obligations of Purchaser, enforceable in accordance with their respective terms, covenants and conditions. Purchaser has the financial ability to execute and deliver this Agreement and all documents now or hereafter to be executed by it pursuant to this Agreement (collectively, "Purchaser's Documents"), to consummate the transactions contemplated hereby, and to perform its obligations hereunder and under Purchaser's Documents;

(c) This Agreement and Purchaser's Documents do not and will not contravene any provision of the partnership agreement or certificate of formation of Purchaser, any judgment, order, decree, writ or injunction issued against Purchaser, or any provision of any laws applicable to Purchaser. The consummation of the transactions contemplated hereby will not result in a breach or constitute a default or event of default by Purchaser under any agreement to which Purchaser or any of its assets are subject or bound and will not result in a violation of any laws applicable to Purchaser; and

(d) There are no pending actions, suits, proceedings or investigations to which Purchaser is a party before any court or other governmental authority which could, if adversely determined, have a material adverse impact on the transactions contemplated hereby.

3.5 Survival of Provisions.

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(a) Acceptance by Purchaser of the Deeds at the Closing shall constitute an acknowledgment by Purchaser of full performance by Seller of all of Seller's obligations under this Agreement, except for the obligations of Seller which are expressly provided in this Agreement to survive the Closing.

(b) Any of Purchaser's obligations under this Agreement that are expressly provided in this Agreement to survive the Closing or that shall require performance or observance after the Closing Date shall survive the Closing and delivery of the Deeds, notwithstanding any presumption to the contrary.

(c) Notwithstanding any provision to the contrary set forth in this Agreement, none of Seller's representations and/or warranties shall survive the Closing, except that the representations and/or warranties of Seller expressly set forth in Section 3.3 of this Agreement shall survive the Closing under this Agreement for a period of six (6) months (the "Survival Period"); provided, however, that (y) such representations and/or warranties are, and are intended to be, given as of the Effective Date and repeated as of the Closing Date (subject to any changes with respect to (A) the Tenant Leases to the extent permitted herein and/or (B) Exhibits "B-1" through "B-4") and (z) the representations and/or warranties of Seller set forth in this Agreement with respect to the Tenant Leases for which a Tenant Estoppel Certificate is delivered shall not survive the Closing (or, if a Tenant Estoppel Certificate shall be delivered after the Closing, Seller's representation and/or warranties with respect to such Tenant Lease shall not survive delivery of such Tenant Estoppel Certificate but only to the extent such specific representation or warranty is substantially confirmed by the terms of such Estoppel Certificate).

If Purchaser actually determines prior to the Closing Date that any of the representations and/or warranties of Seller were not true when given and Purchaser's damages for all such breaches collectively aggregate more than Fifty Thousand and 00/100 (\$50,000.00) Dollars, Purchaser's sole right and remedy shall be to terminate this Agreement by giving to Seller written notice of such termination within ten (10) business days after Purchaser actually learns of the breach of such representation and/or warranties (but in no event later than the Closing Date). If Purchaser fails to give such written termination notice to

Seller within such time period, Purchaser shall be deemed to have waived any right or remedy (including, without limitation, any right under this Agreement to terminate this Agreement) by reason of such breach.

Seller shall have no liability to Purchaser by reason of a breach or default of any of Seller's representations and/or warranties unless Purchaser shall have given to Seller written notice ("Warranty Notice") of such breach or default within the Survival Period, and shall have given to Seller an opportunity to cure any such breach or default within a reasonable period of time after Purchaser's Warranty Notice. No claim for breach of any representation and or warranty of Seller shall be actionable or payable unless the valid claims for all such breaches collectively aggregate more than Twenty-Five Thousand and 00/100 (\$25,000.00) Dollars. In no event shall the aggregate liability of Seller to Purchaser by reason of a breach or default of one or more of Seller's representations and/or warranties exceed One Hundred Thousand and 00/100 (\$100,000.00) Dollars. The foregoing limitation on Seller's liability shall not apply to a breach of Seller's covenants set forth in penultimate sentence of Section 2.1 or Section 2.4 (i) and (ii). Seller's liability shall be limited to actual damages and shall not include consequential damages. Any litigation with respect to any representation and/or warranties must be commenced within

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forty-five (45) days from the date of the Warranty Notice, and if not commenced within such time period, Purchaser shall be deemed to have waived its claims for such breach or default.

(d) The provisions of this Section 3.5 shall survive the Closing and the delivery of the Deeds.

3.6 Definitions. As used in this Agreement, "Hazardous Substances", "Contaminants" and/or "Waste" are those materials defined by Environmental Laws as such or regulated by any Environmental Law, including, but not limited to, asbestos, asbestos-containing materials, polychlorobiphenyls, petroleum and petroleum by-products and components. For the purpose of this Agreement, "Environmental Laws" shall include, but not be limited to, each and every federal, state and local law, statute, code, ordinance, regulation, rule or other requirement of governmental authorities having jurisdiction over the Property (including, but not limited to, consent decrees and judicial or administrative orders), relating to the environment, including, but not limited to, those applicable for storage, treatment, disposal, handling and release of any Hazardous Substances, Contaminants or Waste, all as amended or modified from time to time, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. ss.9601, et. seq.) as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. ss.9601-9675) and as further amended; the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. ss.6901, et. seq.); the Clean Water Act, as amended (33 U.S.C. ss.1251, et. seq.); the Clean Air Act, as amended (42 U.S.C. ss.7401, et. seq.); the Federal Insecticide, Fungicide and Rodenticide Act, as amended (7 U.S.C. ss.136, et. seq.); the Toxic Substance and Control Act of 1976, as amended (15 U.S.C. ss.2601, et. seq.); and the Emergency Planning and Community Right to Know Act of 1986, as amended (42 U.S.C. ss.11001 to 11050).

For the purpose hereof, the words "Seller's knowledge" or words of similar import shall be deemed to mean, and shall be limited to, the actual (as distinguished from implied, imputed or constructive) knowledge of Seller after, and based solely upon, making inquiry of Seller's Representative (without imposing any independent duty of inquiry on such individual).

ARTICLE IV

THE CLOSING

4.1 The Closing Date. The consummation of the transaction contemplated by this Agreement (the "Closing") shall take place in the offices of Seller's counsel, Pryor Cashman Sherman & Flynn LLP, 410 Park Avenue, New York, New York 10022 at 10:00 a.m., on or before thirty (30) days after the expiration of the Inspection Period (the "Closing Date"), subject to extension as expressly provided herein, on a Tuesday, Wednesday or Thursday, unless otherwise agreed to in writing among the parties hereto; provided that if such thirtieth (30th) day occurs on a day other than a Tuesday, Wednesday or Thursday, such thirty (30) day period shall be extended until the next occurring Tuesday.

4.2 Seller's Obligations at the Closing. Subject to the terms, conditions and provisions hereof and contemporaneously with the performance by Purchaser of its obligations set forth in Section 4.3 below, Seller shall deliver or cause to be delivered to Purchaser the

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following items at Closing:

(a) A special warranty deed for each parcel of real estate comprising a part of the Property (collectively, the "Deeds"), executed by each Seller, conveying the Land and Improvements to Purchaser subject to the Permitted Exceptions, in the form of the Deeds attached hereto as Exhibit "I-1" and "I-2";

(b) A bill of sale for the Personal Property (collectively, the "Bills of Sale") executed by each Seller, assigning the Personal Property to Purchaser in the form of the Bill of Sale attached hereto as Exhibit "J";

(c) An assignment and assumption of leases and contracts for each parcel of real estate comprising a part of the Property other than the Greentree Land (collectively, the "Assignments") executed by each Seller, assigning the then-existing Tenant Leases and Service Contracts (to the extent Purchaser desires to assume any such Service Contract) to Purchaser, in the form of the Assignment attached hereto as Exhibit "K";

(d) A certificate of nonforeign status (the "FIRPTA Affidavit"), executed by each Seller, in the form of the FIRPTA Affidavit attached hereto as Exhibit "L";

(e) Notices (the "Tenant Notices") to each of the Tenants executed by each Seller and Purchaser advising each of the Tenants of the sale of that parcel which such Tenant occupies to Purchaser, and stating that future rent should be paid as specified by Purchaser and that Purchaser will be responsible for the security deposits of the Tenants delivered to Purchaser by Seller;

(f) All security deposits to be acquired by Purchaser pursuant to Section 1.1 hereof;

(g) All Tenant Estoppels required pursuant to Section 2.2(b) hereof;

(h) All original Tenant Leases, Tenant operating files, Service Contracts, Permits, plans and other items conveyed under this Agreement, to the extent in Seller's possession or under its control;

(i) A termination of the existing management agreements for the Property;

(j) An estoppel from each of the Payees stating that, as of the Closing Date (or no earlier than five (5) days prior to the Closing), all payments due under the Notes are current and that no default or breach exists under the Loan Documents which remains uncured;

(k) Such documents, in a form reasonably acceptable to Purchaser, as are required, at no cost or expense to Seller, to be executed by Seller, Purchaser and the Payees to assign to Purchaser the Loan Documents which Purchaser has agreed to assume connection with the Assumptions;

(l) All keys and security codes (if any);

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(m) Such other documents, instruments and matters that may be reasonably required by the Title Company in connection with the Closing;

(n) With respect to those parcels located in Philadelphia, Pennsylvania, a Certification Statement from the City of Philadelphia Department of Licenses and Inspections; and

(o) Any other documents or materials required hereunder to be delivered by Seller.

4.3 Purchaser's Obligations at the Closing. Purchaser shall deliver or cause to be delivered to Seller the following items at the Closing:

(a) The balance of the Purchase Price, as described in Section 1.2(c);

(b) Assumption agreements with respect to the Notes, Existing Mortgages and Loan Documents;

(c) The Assignments executed by Purchaser;

(d) The Tenant Notices executed by Purchaser;

(e) Such other documents, instruments and matters that may be

reasonably required by the Title Company in connection with the Closing; and

(f) Any other documents or materials required hereunder to be delivered by Purchaser.

4.4 Closing Costs. Seller and Purchaser shall each pay one-half (1/2) of the transfer tax on account of the Deeds conveying that portion of the Property located in the Commonwealth of Pennsylvania. Seller shall pay the transfer tax on account of the Deeds conveying that portion of the Property located in the State of New Jersey. In addition, Seller shall pay any and all open space or similar "roll back" taxes, as well as the recording fees for the release of any existing liens upon the Property that are not Permitted Exceptions. Attorneys' fees incurred by both Seller and Purchaser in connection with this transaction shall be paid by the party incurring the same. Purchaser shall pay the costs of any title premiums, survey, financing (excluding as provided herein respecting the Assumptions, the application fees and the 1% assumption fees payable to the Payees), recording fees (except those paid by Seller as aforesaid), obtaining of building plans, appraisal and any engineering, soil, environmental or property inspections, tests or reports which Purchaser obtains from third parties engaged by Purchaser.

4.5 Prorations. The following shall be apportioned between Seller and Purchaser at the Closing as of 11:59 p.m. of the day preceding the Closing Date:

(a) Rents and other income (including real estate tax, insurance and common area maintenance reimbursements) derived from the operation the Property that have been collected for the calendar month in which the Closing occurs (if any) shall be prorated as of the Closing Date. Any amounts received from Tenants after the Closing shall be applied on a

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Tenant by Tenant basis as follows: The rents shall be prorated as if the current month were paid. No "Delinquent Rents" (i.e., rents or other charges that are due for the periods prior to the month of the Closing) shall be prorated in favor of Seller. All rents and other charges received by (or for the benefit of) Purchaser from any Tenants after the Closing shall be first applied against current and past due obligations owed to, or for the benefit of, Purchaser, and any excess shall be delivered to Seller, but only to the extent of amounts in default and owed to, and for the benefit of, Seller for the period prior to the Closing Date. In no event, however, shall any sums be paid to Seller to the extent Seller has been previously reimbursed for such default out of any security deposit and security deposits have been appropriately prorated hereunder. Seller shall have the right to collect delinquent rents directly from Tenants after the Closing, and in connection therewith, Purchaser agrees to reasonably cooperate with Seller, at no expense to Purchaser and short of litigation, but in no event shall Seller disturb a Tenant's occupancy or commence litigation against any Tenant after the Closing. Seller agrees that it will not unreasonably interfere with Purchaser's relationship with its Tenants generally in collecting delinquent rents hereunder. Purchaser will furnish to Seller upon the expiration of three (3) months following the Closing and each three (3) month period thereafter until the first anniversary of the Closing Date, an accounting setting forth in reasonable detail the amounts owed and the amounts collected from delinquent Tenants which are payable to Seller under the provisions of this Paragraph 4.5(a). Upon receipt of delinquent rents from Tenants that are owed to Seller hereunder, Purchaser shall promptly pay such amounts to Seller. Upon receipt of any amount directly from Tenants after the Closing due to Purchaser, Seller shall promptly pay over such amount to Purchaser.

(b) Real estate taxes, water charges and sewer rents, on the basis of the fiscal or tax years, respectively, for which same have been assessed, regardless of whether or not then due and payable or a lien. Seller shall pay at or prior to the Closing (or Purchaser shall receive a credit for) any unpaid taxes attributable to periods prior to the Closing Date, (whether or not then due and payable or a lien as aforesaid), and Seller shall receive a credit for any previously paid taxes attributable to periods from and after the Closing Date. Notwithstanding the foregoing, Section 4.6 shall govern with respect to all general, special and/or betterment assessments on the Property at the Closing Date. Any assessments after the Closing Date, including any assessments for prior years due to a change in land, usage or ownership, shall be paid solely by Purchaser, without any adjustment.

(c) Personal property taxes, if any, on the basis of the fiscal year for which assessed.

(d) Fees for inspections, permits or licenses which are transferred to Purchaser at the Closing.

(e) In the event that final meter readings are not available, utilities (including telephone, steam, electricity and gas) shall be adjusted on the basis of the most recently issued bills therefor, subject to adjustment after the Closing when the next bills are available. Seller shall use good faith efforts to arrange for final meter readings for all utilities serving the

Property on the day prior to the Closing. If final meter readings are available, Seller shall pay all charges based upon the metered usage prior to the Closing.

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(f) All ordinary operating expenses of the Property including, without limitation, maintenance, service charges (including ad valorem tax appeal contracts), expenses and charges under those Service Contracts being assumed by Purchaser, and all other normal operating charges with respect to the Property.

(g) Permitted administrative charges, if any, on those security deposits transferred by Seller pursuant to Section 4.2(f).

(h) Interest accruing under the Notes.

(i) Such other items as are customarily apportioned between sellers and purchasers of real property of a type similar to the Property and located in the city or town and state where the Property is located.

Notwithstanding anything to the contrary contained herein, all brokerage and leasing commissions or other compensation due or accrued to any broker, agent or other person in connection with the Property for brokerage or other services rendered to Seller or any predecessor of Seller in connection with or on account of the Tenant Leases shall (A) be paid by Seller in connection with any Tenant Lease (or extension or modification option with respect thereto) which has been executed and delivered (or exercised) by the parties thereto prior to the execution and delivery of this Agreement; (B) provided such commission or compensation has been disclosed to Purchaser, be paid by Purchaser in connection with any Tenant Lease (or extension or modification option with respect thereto) which has been executed and delivered (or exercised) by the parties thereto after the Closing Date; (C) provided such commission or compensation has been disclosed to Purchaser, be paid by Purchaser in connection with any Tenant Lease (or extension or modification option with respect thereto) which has been approved by Purchaser and executed and delivered (or exercised) by the parties thereto after the execution and delivery of this Agreement and prior to the Closing, but for which the payment of Rent shall have commenced after the Closing Date; and (D) be adjusted as of 11:59 p.m. of the day preceding the Closing Date in connection with any Tenant Lease (or extension or modification option with respect thereto) which has been executed and delivered (or exercised) by the parties thereto, and for which the payment of Rent shall have commenced after the execution and delivery of this Agreement and prior to the Closing Date.

Notwithstanding anything to the contrary contained herein, all prepaid rentals, other prepaid payments, security deposits, electric, gas, sewer and water deposits deposited with Seller by Tenants (including all accrued interest on all of the foregoing, unless Seller is entitled to retain the benefit thereof) under any Tenant Leases, license agreements or concession agreements relating to the Property, shall all belong to Purchaser. Notwithstanding the foregoing, Purchaser shall receive at the Closing a cash credit in the amount of all such deposits, prepaid rentals and other prepaid payments, which shall all be retained by Seller unless otherwise required by law, any lender or any Tenant Leases.

Notwithstanding anything to the contrary contained herein, percentage rent (i.e., that portion of the rent payable to the landlord by a Tenant under a Tenant Lease which is a percentage of the amount of sales or of the dollar amount of sales), if any, payable under each

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Tenant Lease shall be prorated with respect to the lease year thereunder in which the Closing occurs on a per diem basis as and when collected, and paid to the parties in the same priority as set forth in Section 4.5(a). Any percentage rent collected by Purchaser, including any percentage rent which is delinquent and pertaining to (i) an entire lease year or accounting period of a Tenant under a Tenant Lease which ends on a date prior to the Closing Date, and (ii) that portion of a lease year or accounting period of such Tenant covering a period prior to the Closing Date where such lease year or accounting period begins prior to the Closing Date and ends thereafter, shall in both cases be paid to Seller within ten (10) days of receipt by Purchaser. Purchaser shall not be required to institute any action or proceeding to collect any delinquent percentage rent.

Notwithstanding anything to the contrary contained herein, Seller shall be paid Seller's share, if any, of all revenues from the operation of the Property prior to the Closing Date other than rent, real estate tax, insurance and common area reimbursements (including parking charges and telephone booth and vending machine revenues), if, as and when received by Purchaser.

Except as expressly set forth in this Section 4.5, if the exact amount

of any item to be prorated is not known as of the Closing Date, the proration shall be based upon a reasonable estimate thereof made by Seller and Purchaser and as soon after the Closing as the exact amount of the item is known, the adjustment for such item shall be re-prorated pursuant to Section 4.6.

4.6 Reproportionation. If the Closing shall occur before a new real estate or personal property tax rate is fixed, the apportionment of such taxes at the Closing shall be upon the basis of the old tax rate for the preceding fiscal year applied to the latest assessed valuation. Promptly after the new tax rate is fixed, the apportionment of taxes shall be recomputed and any discrepancy resulting from such recomputation and any errors or omissions in computing apportionments at the Closing shall be promptly corrected and the proper party reimbursed. If any of the items subject to apportionment hereunder cannot be definitively apportioned at the Closing because of the unavailability of the information necessary to compute such apportionment, or if any errors or omissions in computing apportionments at Closing are discovered subsequent to the Closing, then such item shall be reapportioned and such errors and omissions corrected as soon as practicable after the Closing Date and the proper party reimbursed, which obligation shall survive the Closing for a period of one (1) year after the Closing Date as hereinafter provided. Neither party hereto shall have the right to require a recomputation of a Closing apportionment or a correction of an error or omission in a closing apportionment unless within the aforestated one (1) year period one of the parties hereto (a) has obtained the previously unavailable information or has discovered the error or omission, and (b) has given notice thereof to the other party together with a copy of its good faith recomputation of the apportionment and copies of all substantiating information used in such recomputation. The failure of a party to obtain any previously unavailable information or discover an error or omission with respect to an item subject to apportionment hereunder and to give notice thereof as provided above within one (1) year after the Closing Date shall be deemed a waiver of its right to cause a recomputation or a correction of an error or omission with respect to such item after the Closing Date.

4.7 Special Adjustment. At Closing Seller shall deposit in escrow with Escrow Agent the sum of \$96,000.00. Until such time as Purchaser shall have entered into a lease for that

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portion of the Washington Land known as the "pad site" (the "Washington Pad Lease") and rent is being paid thereunder, upon delivery to Escrow Agent (with a copy to Seller) of an affidavit of Purchaser's chief executive officer stating that the Washington Pad Lease has not been executed or that rent thereunder is not yet payable, Purchaser shall be entitled to receive from Escrow Agent monthly the amount of \$8,000.00. Purchaser may make such request for payment from the Escrow Agent no more frequently than once every month.

4.8 Survival. The provisions of Section 4.5 through Section 4.7 shall survive the Closing for a period of one (1) year.

ARTICLE V

DAMAGE OR CONDEMNATION PRIOR TO THE CLOSING

5.1 Notification of Fire, Casualty or Taking. Seller agrees to give Purchaser prompt written notice of any fire or other casualty affecting all or any material portion of the Property and of any actual or threatened taking or condemnation of all or any material portion of the Property between the date hereof and the Closing Date.

5.2 Minor Loss. Purchaser shall be bound to purchase the Property for the full Purchase Price as required by the terms hereof, without regard to the occurrence or effect of any damage to the Property or destruction of any improvements thereon or condemnation of any portion of the Property, provided that: (a) the cost to repair any such damage or destruction, or the diminution of the value of the remaining Property as a result of partial condemnation, does not exceed \$250,000.00, as reasonably determined by Seller, or allow any Major Tenant to terminate its Tenant Lease or withhold or reduce its rent in excess of rent insurance proceeds; and (b) at the Closing, there shall be credit against the Purchase Price due hereunder equal to the amount of any insurance proceeds or condemnation awards collected by Seller as a result of any such damage or destruction or condemnation, together with any rent insurance proceeds to the extent allocable to the period following the Closing, plus the amount of any insurance deductible, less any sums expended by Seller toward the restoration or repair of the Property. If the proceeds or awards have not been collected as of the Closing in whole or in part, then such uncollected proceeds or awards shall be assigned to Purchaser, except to the extent needed to reimburse Seller for sums expended to repair or restore the Property as a result of such casualty or condemnation.

5.3 Major Loss. If the amount of damage or destruction or condemnation as specified above is in excess of ten percent (10%) of the Purchase Price

\$250,000.00 or allows any Tenant to terminate its Tenant Lease, then Purchaser may, at its option to be exercised within ten (10) days of Seller's notice of the occurrence of the damage or destruction or the commencement of condemnation proceedings, either terminate this Agreement or consummate the purchase for the full Purchase Price as required by the terms hereof. If Purchaser timely elects to terminate this Agreement, then the Deposit shall be returned to Purchaser and neither party shall have any further rights or obligations hereunder except with respect to those that are herein specified to expressly survive such a termination. If Purchaser elects to proceed with the purchase, or fails to give Seller notice within such ten (10) day period that Purchaser has terminated this Agreement, then at the Closing, there shall be a credit against the Purchase Price due hereunder equal to the

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amount of any insurance proceeds or condemnation awards collected by Seller as a result of any such damage or destruction or condemnation, together with any rent insurance proceeds to the extent allocable to the period following the Closing, plus the amount of any insurance deductible, less any sums expended by Seller toward the restoration or repair of the Property. If the proceeds or awards have not been collected as of the Closing, in whole or in part, then such uncollected proceeds or awards shall be assigned to Purchaser, except to the extent needed to reimburse Seller for the sums previously expended to repair or restore the affected Property as a result of such casualty or condemnation.

ARTICLE VI

PROVISIONS WITH RESPECT TO FAILURE OF TITLE AND DEFAULT

6.1 Failure of Title. In the event Seller is unable (through no fault of Seller) to convey title to the Property on the Closing Date in accordance with the provisions of this Agreement, Seller shall, on or before the Closing Date, give notice of such inability (and the nature thereof) to Purchaser, and Purchaser may either (i) accept such title as Seller can convey, without any reduction of the Purchase Price, or (ii) terminate this Agreement by written notice to Seller and Escrow Agent given on or before the Closing Date, in which event the Deposit shall be returned to Purchaser and neither party shall have any further right or obligation hereunder except with respect to those obligations which expressly survive such a termination.

6.2 Default by Seller. In the event Seller shall default in the performance of any obligation under this Agreement, Purchaser may, as its sole and exclusive remedy for such breach, either (i) enforce specific performance of this Agreement against Seller, so long as Purchaser brings an action for specific performance against Seller within forty-five (45) days after the date of Seller's default, or (ii) terminate this Agreement by written notice to Seller and Escrow Agent given on or before the Closing Date, in which event the Deposit shall be returned to Purchaser in accordance with the terms of Article IX and neither party shall have any further right or obligation hereunder except with respect to those obligations which expressly survive such a termination. In no event shall Seller be liable to Purchaser for any actual, punitive, speculative, consequential or other damages.

6.3 Default by Purchaser. In the event Purchaser shall default in the performance of any obligation under this Agreement, Seller, as its sole and exclusive remedy for such breach, may, after five (5) days' notice and opportunity to cure (time being of the essence as to such 5-day period), terminate this Agreement by written notice to Purchaser and Escrow Agent, and upon any such termination Escrow Agent shall deliver the Deposit to Seller in accordance with the terms of Article IX, as liquidated damages, and not as a penalty or forfeiture, Seller and Purchaser hereby agreeing that in the event of a default by Purchaser hereunder, the damages which would be suffered by Seller would be extremely difficult and impracticable to ascertain and that the Deposit represents the parties' reasonable estimate of the amount of damages which Seller would suffer by reason of Purchaser's default.

ARTICLE VII

INDEMNITY

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7.1 Indemnity. Purchaser hereby agrees to indemnify, protect, defend, save and hold Seller harmless from and against any and all debts, duties, obligations, liabilities, suits, claims, demands, causes of action, damages, losses, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses and court costs) in any way relating to, in connection with or arising out of (a) the entry onto the Property by Purchaser or its respective officers, directors, members, trustees, agents, employees, attorneys, managers, contractors and/or invitees between the execution and delivery of this Agreement and the Closing Date, and/or (b) the Property or the ownership, leasing, use, operation, maintenance and management thereof from and after the Closing Date,

including, without limitation, any debts, duties, obligations, liabilities, suits, claims, demands, causes of action, damages, loses, costs and expenses in any way relating to, connected with or arising under any of the Tenant Leases (including the security deposits held thereunder) encumbering the Property from and after the Closing Date. IN ADDITION, PURCHASER HEREBY AGREES TO INDEMNIFY SELLER AND TO HOLD AND DEFEND SELLER HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, CAUSES OF ACTION, COSTS, EXPENSES, DAMAGES, LIABILITIES OR LOSSES ARISING IN EQUITY OR LAW, INCLUDING STRICT LIABILITY CLAIMS AND IRRESPECTIVE OF ANY NEGLIGENCE OF SELLER, ASSERTED AGAINST, SUFFERED OR INCURRED BY SELLER AS A RESULT OF THE USE, MANAGEMENT, SPILL, DISPOSAL, MANUFACTURE, STORAGE OR RELEASE OF ANY HAZARDOUS OR TOXIC WASTES, SUBSTANCE, CHEMICALS OR MATERIALS BY PURCHASER OR ITS SUCCESSORS OR ASSIGNS OR BY ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, MEMBERS, TRUSTEES, AGENTS, EMPLOYEES, ATTORNEYS, MANAGERS, CONTRACTORS, INVITEES OR TENANTS, ON OR ABOUT THE PROPERTY. THE FOREGOING INDEMNIFICATION SHALL INCLUDE, WITHOUT LIMITATION, (I) REASONABLE ATTORNEYS' FEES AND COURT COSTS INCURRED BY SELLER IN CONNECTION WITH ANY OF THE FOREGOING AND (II) ANY COSTS OR EXPENSES ASSESSED AGAINST OR INCURRED BY SELLER AS A RESULT OF ANY REMOVAL OR REMEDIAL OBLIGATIONS IMPOSED WITH RESPECT TO THE PROPERTY UNDER ANY APPLICABLE ENVIRONMENTAL LAWS.

7.2 Survival. The indemnifications contained in this Article VII shall survive the Closing or the earlier termination of this Agreement.

ARTICLE VIII

NOTICES

8.1 Notices. All notices, elections, consents, approvals, demands, objections, requests or other communications which Seller, Purchaser or Escrow Agent may be required or desire to give pursuant to, under or by virtue of this Agreement must be in writing and shall be sent by (a) first class U.S. certified or registered mail, return receipt requested, with postage prepaid; (b) depositing the same into the custody of a nationally recognized overnight delivery service such as Federal Express Corporation for next business day delivery; (c) same-day hand delivery with proof of service endorsed thereon; or (d) telecopier, provided it is also delivered by express mail or courier (for next business day delivery). All such notices, elections, consents, approvals, demands, objections, requests or other communications sent in compliance with the provisions hereof shall be deemed given and received on (i) the third (3rd) business day following the date it

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is deposited in the U.S. mail, (ii) one (1) business day after delivery to a nationally recognized overnight delivery service, (iii) the date it is delivered by hand delivery, or (iv) the date it is delivered to the other party if sent by telecopier (if received before 3:00 p.m. on a business day, or, if not, on the next business day, except for the Termination Notice, which explicitly provides for 5 p.m. delivery) provided it is confirmed by express mail or courier (for next business day delivery). For purposes of this Section 8.1, the addresses of the parties shall be as follows:

If to Seller, to:	Bryant Asset Management 2900 Westchester Avenue Purchase, New York 10577 Attn: Andrew B. Hascoe Telephone: (914) 701-4300 Facsimile: (914) 251-1787
With a copy to:	Pryor Cashman Sherman & Flynn LLP 410 Park Avenue New York, New York 10022 Attn: Ronald B. Kremnitzer, Esq. Telephone: (212) 326-0842 Facsimile: (212) 326-0806
If to Purchaser to:	Cedar Income Fund Partnership, L.P. 44 South Bayles Avenue Port Washington, New York 11050 Attn: Leo S. Ullman Telephone: (516) 767-6492 Facsimile: (516) 767-6497
With a copy to:	Cedar Bay Realty Advisors, Inc. 44 South Bayles Avenue Port Washington, New York 11050 Attn: Stuart H. Widowski, Esq. Telephone: (516) 944-4529 Facsimile: (516) 767-6497
If to Escrow Agent:	Pryor Cashman Sherman & Flynn LLP 410 Park Avenue New York, New York 10022

Attn: Ronald B. Kremnitzer, Esq.
Telephone: (212) 326-0842
Facsimile: (212) 326-0806

From time to time either party may designate another address or addresses for all purposes of this Agreement by a notice given to all other parties in accordance with the provisions hereof.

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ARTICLE IX

ESCROW AGENT

9.1 General. Escrow Agent shall hold the Deposit in escrow and shall dispose of the Deposit only in accordance with the provisions of this Section 9.

9.2 Delivery of Deposit. Escrow Agent shall deliver the Deposit to Seller or Purchaser, as the case may be, as follows:

(a) to Seller, upon completion of the Closing; or

(b) to Seller, after receipt of Seller's demand in which Seller certifies that Purchaser has defaulted under this Agreement, but Escrow Agent shall not honor Seller's demand until more than ten (10) days after Escrow Agent has given a copy of Seller's demand to Purchaser in accordance with Section 9.3(a), nor thereafter if Escrow Agent receives a Notice of Objection (as hereinafter defined) from Purchaser within such ten (10) day period; or

(c) to Purchaser, after receipt of Purchaser's demand in which Purchaser certifies either that (i) Seller has defaulted in its obligation to convey the Property to Purchaser under this Agreement, or (ii) this Agreement has been terminated or canceled and Purchaser is thereby entitled to receive the Deposit; but Escrow Agent shall not honor Purchaser's demand until more than ten (10) days after Escrow Agent has given a copy of Purchaser's demand to Seller in accordance with Section 9.3(a), nor thereafter if Escrow Agent receives a Notice of Objection from Seller within such ten (10) day period. Notwithstanding the foregoing, if Purchaser terminates this Agreement prior to the expiration of the Inspection Period in accordance with Section 2.2(f), Escrow Agent shall, promptly after receipt of Purchaser's demand, deliver the Deposit to Purchaser.

Upon delivery of the Deposit, Escrow Agent shall be relieved of all liability hereunder and with respect to the Deposit. Escrow Agent shall deliver the Deposit, at the election of the party entitled to receive the same, by a bank wire transfer of immediately available U.S. cash funds to an account designated in writing by such party.

9.3 Objections.

(a) Upon receipt of a written demand from Seller or Purchaser under Section 9.2(b) or (c), except in the event of a demand which states that Purchaser has terminated the Agreement prior to the expiration of the Inspection Period, Escrow Agent shall send a copy of such demand to the other party. Within ten (10) days after the date of receiving same, but not thereafter, the other party may object to delivery of the Deposit to the party making such demand by giving a notice of objection (a "Notice of Objection") to Escrow Agent. After receiving a Notice of Objection, Escrow Agent shall send a copy of such Notice of Objection to the party who made the demand; and thereafter, in its sole and absolute discretion, Escrow Agent may elect either (i) to continue to hold the Deposit until Escrow Agent receives a written agreement of Purchaser and Seller directing the disbursement of the Deposit, in which event Escrow Agent

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shall disburse the Deposit in accordance with such agreement; and/or (ii) to take any and all actions as Escrow Agent deems necessary or desirable, in its sole and absolute discretion, to discharge and terminate its duties under this Agreement (other than paying the Deposit to one of the parties), including, without limitation, depositing the Deposit into any court of competent jurisdiction and bringing any action of interpleader or any other proceeding; and/or (iii) in the event of any litigation between Seller and Purchaser, to deposit the Deposit with the clerk of the court in which such litigation is pending.

(b) If Escrow Agent is uncertain for any reason whatsoever as to its duties or rights hereunder (and whether or not Escrow Agent has received any written demand under Section 9.2(b) or (c), or Notice of Objection under Section 9.3(a)), notwithstanding anything to the contrary herein, Escrow Agent may hold and apply the Deposit pursuant to Section 9.3(a)(i), (ii) or (iii) and may decline to take any other action whatsoever. In the event the Deposit is deposited in a court by Escrow Agent pursuant to Section 9.3(a)(ii) or (iii),

Escrow Agent shall be entitled to rely upon the decision of such court. In the event of any dispute whatsoever among the parties with respect to disposition of the Deposit, Purchaser and Seller shall pay in equal shares the reasonable attorneys' fees and costs incurred by Escrow Agent (which said parties shall share equally, but for which said parties shall be jointly and severally liable) for any litigation in which Escrow Agent is named as, or becomes, a party.

9.4 Investment of Deposit. Notwithstanding anything to the contrary set forth in this Agreement, Escrow Agent shall place the Deposit in an Approved Investment (as hereinafter defined). The interest, if any, which accrues on such Approved Investment shall be deemed part of the Deposit; and Escrow Agent shall dispose of such interest as and with the Deposit pursuant to this Agreement. Escrow Agent may not commingle the Deposit with any other funds held by Escrow Agent. Escrow Agent may convert the Deposit from the Approved Investment into a non-interest-bearing demand account at an Approved Institution as follows:

(a) at any time within three (3) business days prior to the Closing Date; or

(b) if the Closing Date is accelerated or extended, at any time within three (3) business days prior to the accelerated or the extended Closing Date; provided, however, that Seller and Purchaser shall give Escrow Agent timely notice of any such acceleration or extension and that Escrow Agent may hold the Deposit in a non-interest-bearing deposit account if Seller and Purchaser do not give Escrow Agent timely notice of any such adjournment.

9.5 Approved Investment. As used herein, the term "Approved Investment" means (a) any interest-bearing demand account or money market fund in a major financial institution located in the City of New York or in any other institution otherwise approved by both Seller and Purchaser (collectively, an "Approved Institution"), or (b) any other investment approved by both Seller and Purchaser. The rate of interest or yield need not be the maximum available and deposits, withdrawals, purchases, reinvestment of any matured investment and sales shall be made in the sole discretion of Escrow Agent, which shall have no liability whatsoever therefor. Discounts earned shall be deemed interest for the purpose hereof.

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9.6 Duties of Escrow Agent. Escrow Agent shall have no duties or responsibilities except those set forth herein, which the parties hereto agree are ministerial in nature. Seller and Purchaser acknowledge that Escrow Agent is serving without compensation, solely as an accommodation to the parties hereto, and except for Escrow Agent's own willful default, misconduct or gross negligence, Escrow Agent shall have no liability of any kind whatsoever arising out of or in connection with its activity as Escrow Agent. Seller and Purchaser jointly and severally agree to and do hereby indemnify and hold harmless Escrow Agent from all loss, cost, claim, damage, liability, and expense (including reasonable attorneys' fees and disbursements) which may be incurred by reason of its acting as Escrow Agent provided the same is not the result of Escrow Agent's willful default, misconduct or gross negligence. Escrow Agent may charge against the Deposit any amounts owed to it under the foregoing indemnity or may withhold the delivery of the Deposit as security for any unliquidated claim, or both.

9.7 Notices. Any Notice of Objection, demand or other notice or communication which may or must be sent, given or made under this Agreement to or by Escrow Agent shall be sent in accordance with the provisions of Section.

9.8 Tax Information. Simultaneously with their execution and delivery of this Agreement, Purchaser and Seller shall furnish Escrow Agent with their true Federal Taxpayer Identification Numbers so that Escrow Agent may file appropriate income tax information returns with respect to any interest in the Deposit or other income from the Approved Investment. The party ultimately entitled to any accrued interest on the Deposit shall be the party responsible for the payment of any tax due thereon.

9.9 Amendments. Any amendment of this Agreement which could alter or otherwise affect Escrow Agent's obligations hereunder will not be effective against or binding upon Escrow Agent without Escrow Agent's prior consent, which consent may be withheld in Escrow Agent's sole and absolute discretion.

9.10 Waiver of Conflict. Seller and Purchaser waive any claim of conflict of interest by reason of Escrow Agent's actions in that capacity under this Agreement. Purchaser hereby acknowledges that Escrow Agent are the attorneys for Seller, and agrees that Escrow Agent may represent Seller in connection with any and all matters, including without limitation, the transaction contemplated by this Agreement and any litigation, including any action arising out of this Agreement; provided that in no event shall Purchaser be responsible for payment of any fees incidental to any such representation (except as set forth in Section 9.3(b) hereof).

9.11 Survival. The provisions of this Article IX shall survive Closing

and the termination of this Agreement.

ARTICLE X

MISCELLANEOUS

10.1 Brokerage Fees and Commissions. Each of Seller and Purchaser represents and warrants to the other that it has not engaged any real estate broker, agent, finder or similar person

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in connection with the negotiation and execution of this Agreement, the transactions contemplated hereby or the sale and purchase of the Property, other than Ripco Real Estate Corp. ("Broker"), whose commission shall be paid by Seller pursuant to a separate agreement. It is agreed that if any claims for a brokerage commission or finder's fee are ever made against Seller or Purchaser in connection with the transactions contemplated by this Agreement, all such claims shall be the responsibility of the party whose commitments and/or actions form the basis of such claims. Seller and Purchaser each agrees to save and hold harmless the other from and against any and all liabilities, claims, demands or actions for commissions in connection with this Agreement or the transactions contemplated hereby, and any court costs, attorneys' fees and disbursements or other costs and expenses arising therefrom, insofar as any such liabilities, claims, demands or actions are based upon a contract, commitment and/or action of the indemnifying party. This Section 10.1 shall survive Closing or the termination of this Agreement, as applicable.

The Pennsylvania Legislature has established a Real Estate Recovery Fund. The purpose of the Fund is to compensate persons who obtain a judgment because of fraud, misrepresentation or deceit of an agent. For further information call (717) 783-3658.

10.2 Entire Agreement; Merger. This Agreement embodies and constitutes the entire understanding between the parties hereto with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement. Except as otherwise expressly provided herein, Purchaser's acceptance of the Deeds shall be deemed a discharge of all of the obligations of Seller hereunder and all of Seller's representations, warranties, covenants and agreements herein shall merge in the documents and agreements executed at Closing and shall not survive Closing.

10.3 Modification. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except as provided herein or by an instrument in writing signed by the party against which the enforcement of such waiver, modification, amendment discharge or termination is sought, and then only to the extent set forth in such instrument.

10.4 Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, (with respect to the portions of the Property located in such Commonwealth) and the State of New Jersey (with respect to portions of the Property located in such State) without regard to conflict of laws principles.

10.5 Headings. Descriptive headings are used in this Agreement are for convenience only and shall not control, limit, amplify or otherwise modify or affect the meaning or construction of any provision of this Agreement.

10.6 Binding Effect. This Agreement shall not be binding upon either party hereto unless and until a fully executed original is delivered to each party. Once so fully executed and delivered, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns.

10.7 Assignment. Except as set forth herein, Purchaser shall not have the right to

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assign its rights under this Agreement without the prior written consent of Seller which consent may be withheld in Seller's sole judgment and discretion. Any assignment or attempted assignment in violation of the foregoing shall be deemed to be void and of no force and effect, and shall constitute a default by Purchaser. Notwithstanding the foregoing, Purchaser shall have the right, upon delivery of written notice to Seller, not less than five (5) business days prior to Closing, to assign all or any portion of its rights under this Agreement to an entity controlled by, which controls or which is under common control with Purchaser; and/or Leo S. Ullman; provided, however, that such assignee shall, in writing, agree to assume Purchaser's obligations hereunder with respect to the

portion of the Property so assigned. For the purposes of this Section 10.7, control means the possession of the exclusive right or power to direct or cause the direction of the management, business and policies of an entity, whether by contract or otherwise. Furthermore, this Agreement may be assigned by Purchaser in its sole discretion pursuant to Section 10.18. Finally, upon prior written notice to Seller, Purchaser may assign its rights hereunder with respect to the Greentree Land and Improvements to an unrelated third party without the consent of Seller.

10.8 Survival of Indemnification Provisions. Any indemnification by Purchaser and other provisions contained herein for the benefit of Seller shall survive the Closing or any termination of this Agreement by Seller or Purchaser pursuant to the terms hereof.

10.9 Time of Essence. Time is of the essence of this Agreement and of each covenant and agreement that is to be performed at a particular time or within a particular period of time. However, if the final date of any period which is set out in any provision of this Agreement or the Closing Date falls on a Saturday, Sunday or legal holiday under the laws of the United States, the State of New Jersey or the Commonwealth of Pennsylvania, then the time of such period or the Closing Date, as the case may be, shall be extended to the next date which is not a Saturday, Sunday or legal holiday.

10.10 Invalid Provision. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision has never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such illegal, invalid or unenforceable provision or by its severance from this Agreement.

10.11 Multiple Counterparts; Facsimile Signatures. This Agreement may be executed in a number of identical counterparts, each of which for all purposes is deemed an original, and all of which collectively constitute one agreement, but in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. Facsimile signatures shall be binding for the purposes of the execution and delivery of this Agreement.

10.12 Exhibits. The following exhibits are attached to this Agreement, are incorporated herein and are made a part hereof

- (a) Exhibits "A-1" through "A-5" - Legal Descriptions of the Land
- (b) Exhibits "B-1" through "B-4" - Rent Rolls

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- (c) Exhibit "C-1" through "C-4" - List of Service Contracts
- (d) Exhibit "D" - Allocation of Purchase Price
- (e) Exhibit "E" - Schedules of Mortgages
- (f) Exhibit "F" - Permitted Exceptions
- (g) Exhibit "3.3(g)" - Schedule of Litigation
- (h) Exhibit "3.3(i)" - Condemnation Notices
- (i) Exhibit "G" - Form of Tenant Estoppel
- (j) Exhibit "H" - Major Tenants
- (k) Exhibit "I" - Deeds
- (l) Exhibit "J" - Bill of Sale
- (m) Exhibit "K" - Assignment of Leases and Contracts
- (n) Exhibit "L" - FIRPTA Affidavit
- (o) Exhibit "M" - 8-K and Audit Requirements
- (p) Exhibit "NOI"

10.13 Confidentiality No Memorandum. Purchaser shall not disclose the terms, provisions and conditions of this Agreement prior to Closing to any person or entity without the prior written consent of Seller, other than to appraisers, lenders and other consultants of Purchaser, provided that such appraisers, lenders and other consultants each agree in writing to comply with

the provisions of this Section 10.13. Purchaser shall not record this Agreement or a memorandum hereof and any attempted recordation of this Agreement or a memorandum hereof shall be void and shall constitute a default by Purchaser; provided, however, that Purchaser may record a Notice of Settlement after the expiration of the Inspection Period with respect to those parcels located in New Jersey.

10.14 Zoning, Etc. Purchaser shall not attempt to obtain any zoning change, modification of the zoning classification or variance for the Property or any part thereof at any time prior to the Closing Date without Seller's prior written consent, which may be withheld in Seller's sole and absolute discretion.

10.15 Construction. All of the terms and provisions of this Agreement have been negotiated by Seller and Purchaser with the assistance of their respective legal counsel. Therefore, it is the intent of Seller and Purchaser that this Agreement shall not be construed for or against either of the parties hereto, and that neither of the parties hereto be deemed the draftsmen of this Agreement. Unless otherwise specified herein, (a) references to persons or

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parties include their legal representatives, successors and permitted assigns; (b) references to modifications or amendments shall in all events mean modifications and amendments hereto; (c) references to statutes are to be construed as including all rules and regulations adopted pursuant to the statute referred to and all statutory provisions consolidating, amending or replacing the statute referred to; (d) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto entered into from time to time after the date hereof; (e) references to a mortgage shall be deemed to mean or include a deed of trust, depending on the jurisdiction in which the Property is located; (f) the words "include" or "including", and words of similar import, shall be deemed to be followed by the words "but not limited to" or "without limitation"; (g) the words "hereto", "herein", "hereof" and "hereunder", and words of similar import, refer to this Agreement in its entirety; (h) unless otherwise specified herein, all references to Sections are to Sections of this Agreement; and (i) the feminine or masculine gender shall each include the other gender. Terms defined herein may be used in the singular or the plural; when used in the singular and preceded by "a", "an" or "any", such term shall be taken to indicate one or more members of the relevant class; and when used in the plural, such term shall be taken to indicate all members of the relevant class.

10.16 Additional Acts. In addition to the acts and deeds recited herein and contemplated to be performed, executed and delivered by the parties, each party shall perform, execute and deliver or cause to be performed, executed and delivered at the Closing or thereafter any and all further acts, deeds and assurances as the other party or the Title Company may reasonably require to consummate or evidence the consummation of the transactions contemplated herein.

10.17 Exclusivity. Seller covenants not to offer, show, option, enter into contracts to sell, letters of intent, rights of first refusal or offer or other conveyances of any interest in the Property with any party for so long as this Agreement remains in full force and effect.

10.18 Tax Free Exchange. Purchaser and Seller agree that, provided there is no adjournment of the Closing Date, in furtherance of a so-called like-kind exchange (an "Exchange") under Section 1031 of the Internal Revenue Code of 1986, as amended, and the regulations relating thereto, Purchaser may assign (and Seller agrees to sign a notice acknowledging such assignment) this Agreement to an intermediary or an exchange accommodation titleholder, or an entity related thereto (a "Purchase Intermediary") to act in place of Purchaser as the purchaser of the Property or any part thereof. Such an assignment shall be made in writing by Purchaser. Upon assignment of this Agreement to a Purchase Intermediary, the Purchase Intermediary shall be substituted for Purchaser as the purchaser of the Property or part thereof in question. Seller agrees to convey the applicable portion of the Property to the Purchase Intermediary and to render its performance of all of its applicable obligations to the Purchase Intermediary. Seller agrees, at no cost or expense to Seller, to cooperate fully with Purchaser to accomplish the Exchange.

10.19 No Waiver. No failure or delay of either party in the exercise of any right or remedy given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified herein for exercise of such right or remedy has expired) shall constitute a waiver of any other or further right or remedy nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or any other right or

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remedy. No waiver by either party of any breach hereunder or failure or refusal

by the other party to comply with its obligations shall be deemed a waiver of any other or subsequent breach, failure or refusal to so comply.

10.20 Attorney's Fees. If either party hereto fails to perform any of its obligations under this Agreement or if a dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute shall pay any and all costs and expenses incurred by the other party on account of such default and/or enforcing or establishing its rights hereunder, including without limitation court costs and reasonable attorney's fees and disbursements. Any such attorney's fees and other expenses incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment. Such attorney's fee obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment.

10.21 WAIVER OF JURY TRIAL. SELLER AND PURCHASER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.

10.22 Post-Closing Cooperation.

(a) Availability of Records. Upon Purchaser's request, for a period of one (1) year after Closing, Seller shall (i) make Seller's records available to Purchaser for inspection, copying and audit by Purchaser's designated accountants; and (ii) cooperate with Purchaser (without any third party expense to Seller) in obtaining any and all permits, licenses, authorizations and other governmental approvals necessary for the operation of the Premises. This obligation shall survive the Closing for a period of one (1) year and shall not be merged into any instrument of conveyance delivered at Closing.

(b) 8-K Requirements. Upon Purchaser's request, for a period of one (1) year after Closing, to the extent not previously delivered to Purchaser in connection with this Agreement or the Closing, Seller shall provide Purchaser, without third-party expense to Seller, with copies of, or access to, such factual information as may be reasonably requested by Purchaser, and in the possession or control of Seller, to enable Cedar Income Fund, Ltd. to file Form 8-K (as specified on Exhibit "M" attached hereto), if, as and when such filing may be required by the Securities and Exchange Commission (the "SEC"). Without limitation of the foregoing, (x) Purchaser or its designated independent or other accountants may audit the operating statements of Seller for the Property, and Seller shall supply such documentation in its possession or control as Purchaser or its accountants may reasonably request in order to complete such audit and (y) Seller shall furnish Purchaser with such financial and other information as may be reasonably required by Purchaser or its assigns to make any required filings with the SEC or other governmental authority. This obligation shall survive the Closing for a period of one (1) year and shall not be merged into any instrument of conveyance delivered at Closing.

IN WITNESS WHEREOF, Seller and Purchaser have executed this Agreement on the dates indicated below. For the purposes hereof, "the date of this Agreement" or "the date hereof" shall be the date on which the last party to this Agreement has executed the same.

WITNESS:

SELLER:

WASHINGTON CENTRE SHOPS, L.P.,
a Delaware limited partnership
(TAX I.D #06-1395355)
By: Washington Centre Land, Inc., its sole
general partner

/s/ (illegible)

/s/ ANDREW B. HASCOE

Name:

By: _____
Name: Andrew B. Hascoe
Title: President

PORT RICHMOND ASSOCIATES, LLC
a New York limited liability company
(TAX I.D. #13-3994479)
By: Port Richmond Land, Inc., its managing
member

/s/ (illegible)

/s/ ANDREW B. HASCOE

Name:

By: _____
Name: Andrew B. Hascoe

Title: President

ACADEMY STORES, L.P.
a Delaware limited partnership
(TAX I.D. #06-1412054)
By: Academy Land, Inc., its sole general partner

/s/ (illegible)

/s/ ANDREW B. HASCOE

Name:

By: -----
Name: Andrew B. Hascoe
Title: President

GREENTREE ROAD LAND, INC.
a Delaware corporation
(TAX I.D. #06-1418330)

/s/ (illegible)

/s/ ANDREW B. HASCOE

Name:

By: -----
Name: Andrew B. Hascoe
Title: President

Date of execution by Seller: May 11, 2001

[signatures continued on next page]

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WITNESS:

PURCHASER:

CEDAR INCOME FUND PARTNERSHIP, L.P.
a Delaware limited partnership
(TAX I.D. # 11-3440066)
By: Cedar Income Fund, Ltd., its general partner

/s/ STUART H. WIDOWSKI

/s/ LEO S. ULLMAN

Name: Stuart H. Widowski

By: -----
Name: Leo S. Ullman
Title: President

Date of execution by Purchaser: May 14, 2001

For purposes of agreeing to be bound by the provisions of Section 4.7 and Article IX of this Agreement.

ESCROW AGENT:

PRYOR CASHMAN SHERMAN & FLYNN LLP

By: -----

Name: Ronald B. Kremnitzer

Date of execution by Escrow Agent: May __, 2001

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WASHINGTON CENTRE SHOPS, L.P.
PORT RICHMOND ASSOCIATES, LLC
ACADEMY STORE, L.P.
GREENTREE ROAD LAND, INC.
2900 WESTCHESTER AVENUE
PURCHASE, NEW YORK 10577

July 12, 2001

VIA FEDERAL EXPRESS
(next business day delivery)

Cedar Income Fund Partnership, L.P.
44 South Bayles Avenue
Port Washington, New York 11050
Attn: Leo S. Ullman

Re: Agreement of Sale dated as of May 15, 2001
for properties in Philadelphia, Pennsylvania
and Sewell, New Jersey (the "Agreement")

Ladies and Gentlemen:

In accordance with Section 2.2(b) of the Agreement, this letter serves as Seller's written notice to Purchaser of Seller's election to extend the Closing Date to 10:00 a.m. on Thursday, August 16, 2001, during which time Seller shall seek to obtain additional Tenant Estoppels from Tenants.

Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them, respectively, in the Agreement.

Very truly yours,

WASHINGTON CENTRE SHOPS, L.P.,
By: Washington Centre Land, Inc.,
its sole general partner
PORT RICHMOND ASSOCIATES, LLC
By: Port Richmond Land, inc.,
its managing member
ACADEMY STORE, L.P.
By: Academy Land, Inc.,
its sole general partner

By: /s/ Andrew B. Hascoe

Name: Andrew B. Hascoe
Title: President

cc: Cedar Bay Realty Advisors, Inc.
44 South Bayles Avenue
Port Washington, New York 11050
Attn: Stuart H. Widowski, Esq.
(via Federal Express; next business day delivery)

Pryor Cashman Sherman & Flynn LLP
410 Park Avenue
New York, New York 10022
Attn: Ronald B. Kremnitzer, Esq.
(via Federal Express; next business day delivery)

FIRST AMENDMENT TO AGREEMENT OF SALE

FIRST AMENDMENT TO AGREEMENT OF SALE ("First Amendment") is made as of this 15th day of August 2001, by and between WASHINGTON CENTRE SHOPS, L.P., a Delaware limited partnership, PORT RICHMOND ASSOCIATES, LLC, a New York limited liability company, ACADEMY STORE, L.P., a Delaware limited partnership, and GREENTREE ROAD LAND, INC., a Delaware corporation, each having an address at c/o Bryant Asset Management, 2900 Westchester Avenue, Purchase, New York 10577 (collectively, "Seller"), and CEDAR INCOME FUND PARTNERSHIP, L.P., a Delaware limited partnership, having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Purchaser").

RECITALS:

A. WHEREAS, pursuant to that certain Agreement of Sale between Seller and Purchaser, dated as of May 15, 2001 (the "Agreement"), Seller agreed to sell and Purchaser agreed to purchase certain properties situated in Philadelphia, Pennsylvania and certain properties situated in Sewell, New Jersey, as more particularly described in the Agreement.

B. WHEREAS, Seller and Purchaser desire to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, Purchaser and Seller, intending to be legally bound hereby, agree to modify the Agreement as follows:

1. Any capitalized term used herein shall have the meaning ascribed to it in the Agreement unless expressly set forth to the contrary herein.

2. Section 4.1 of the Agreement is hereby deleted in its entirety and the following provided in lieu thereof:

"The Closing Date. The consummation of the transaction contemplated by this Agreement (the "Closing") shall take place in the offices of Seller's counsel, Pryor Cashman Sherman & Flynn LLP, 410 Park Avenue, New York, New York 10022 at 10:00 a.m., on August 29, 2001 (the "Closing Date"). In the event any of the Payees has not yet consented to the Assumptions, or if any of the Payees has not finalized the documentation for the Assumptions, the Closing Date may be adjourned for a period not to exceed twenty (20) business days upon notice given by either Seller or Purchaser to the other party."

3. This First Amendment shall be binding upon the parties hereto and their respective heirs, executors, successors, administrators and permitted assigns.

4. This First Amendment may be executed in counterparts, which together, shall constitute one single agreement of the parties, and may be delivered by facsimile transmission of an executed counterpart hereof.

5. In the event of any conflict between the terms of the Agreement and the terms of this First Amendment, the terms of this First Amendment shall control.

6. Except as otherwise specifically modified by this First Amendment, all of the other terms and conditions of the Agreement shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the date first above written.

WITNESS:

SELLER:

WASHINGTON CENTRE SHOPS, L.P.,
a Delaware limited partnership
By: Washington Centre Land, Inc., its sole
general partner

By: /s/ Andrew B. Hascoe

/s/ XXXXXXXXXXXX

Name:

Name: Andrew B. Hascoe
Title: President

PORT RICHMOND ASSOCIATES, LLC
a New York limited liability company
By: Port Richmond Land, Inc., its managing
member

/s/ XXXXXXXXXXXX

Name:

By: /s/ Andrew B. Hascoe

Name: Andrew B. Hascoe
Title: President

ACADEMY STORE, L.P.
a Delaware limited partnership
By: Academy Land, Inc., its sole general partner

/s/ XXXXXXXXXXXX

Name:

By: /s/ Andrew B. Hascoe

Name: Andrew B. Hascoe
Title: President

[signatures continued on next page]

GREENTREE ROAD LAND, INC.
a Delaware corporation

/s/ XXXXXXXXXXXX

Name:

By: /s/ Andrew B. Hascoe

Name: Andrew B. Hascoe
Title: President

WITNESS:

PURCHASER:

CEDAR INCOME FUND PARTNERSHIP, L.P.
a Delaware limited partnership
By: Cedar Income Fund, Ltd., its general partner

/s/ Stuart H. Widowski

Name: Stuart H. Widowski

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

CEDAR BAY
REALTY ADVISORS, INC.

VIA FAX
(212) 326-0806

August 22, 2001

Samson R. Bechhofer, Esq.
Pryor Cashman Sherman & Flynn LLP
410 Park Avenue
New York, NY 10022-4441

Re: Agreement of Sale dated as of May 16, 2001 between Washington
Centre Shops, L.P., Port Richmond Associates, LLC, Academy
Stores, L.P. and Greentree Road Land, Inc., as Seller
and Cedar Income Fund Partnership, L.P., as Purchaser (the "Contract")

Dear Sam:

In accordance with Section 4.1 of the Contract, as amended by First Amendment to Agreement of Sale dated August 16, 2001, notice is hereby given that the Payees have not finalized the documentation for the Assumptions and, accordingly, the Closing Date shall be adjourned to Wednesday, September 12, 2001.

Very truly yours,

/s/ Stuart H. Widowski

Stuart Widowski
General Counsel

SHW:gd

cc: Leo S. Ullman
Brenda J. Walker
Andrew B. Hascoe (via ups overnight)
Ronald B. Kremnitzer, Esq. (via ups overnight)

44 South Bayles Avenue, Port Washington, N.Y. 11050
Tel: (516) 767-6492 o (516) 767-6497

CEDAR BAY
REALTY ADVISORS, INC.

September 20, 2001

VIA FACSIMILE
(212) 326-0806

Samson Bechhofer, Esq.
Pryor Cashman Sherman & Flynn LLP
410 Park Avenue
New York, N.Y. 10022-4441

Re: Agreement of Sale dated as of May 16, 2001 between Washington
Centre Shops, L.P., Port Richmond Associates, LLC, Academy
Stores, L.P. and Greentree Road Land, Inc., as Seller
and Cedar Income Fund Partnership, L.P., as Purchaser (the "Contract")

Dear Sam:

As you are aware, the tragic events of last week caused major disruptions in the ability to conduct business, including interruption of telephone, fax, overnight delivery and e-mail services. Additionally, there has been dislocation and unavailability of necessary parties and resources.

Specifically, counsel to the first mortgagee for Academy Plaza, Anita Bergman of Thacher Proffit & Wood, whose office was located in the World Trade Center, has been unreachable and her client has not proceeded in her absence. Also, our outside counsel Stroock & Stroock have not been permitted access to their offices due to their proximity to the World Trade Center area.

In addition, to date, the first mortgagee for Washington Center has not agreed to provide the estoppel required pursuant to section 1.2(e) of the Contract.

Accordingly, we hereby request an extension of the Closing Date until Wednesday, October 3, 2001 (with pre-closing at your office on Tuesday, October 2, 2001).

As always, your cooperation is appreciated.

Very truly yours,

/s/ Stuart H. Widowski

Stuart H. Widowski
General Counsel

SHW:jzp

cc: Leo S. Ullman
Brenda J. Walker

44 South Bayles Avenue, Port Washington, N.Y. 11050
Tel: (516) 767-6492 o (516) 767-6497

<TABLE>
<CAPTION>

PRYOR CASHMAN SHERMAN & FLYNN LLP

410 PARK AVENUE, NEW YORK, NEW YORK 10022-4441

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</TABLE>

September 21, 2001

VIA FACSIMILE 516-767-6492

Stuart H. Widowski, Esq.
Brentway Management, LLC
44 South Bayles Avenue
Port Washington, New York 11050

Re: Bryant Portfolio - Sale to Cedar Income Fund

Dear Stuart:

This is to acknowledge your letter of September 20, 2001 in which you requested an adjournment of the Closing Date on the grounds that the tragic events of September 11 have affected your client's ability to close on the originally scheduled date of September 25, 2001. Our client recognizes the difficulties and hardships imposed on the various parties to the transaction and is willing to adjourn the Closing Date to October 4, 2001 with a funding no later than noon on Friday, October 5, 2001.

Kindly acknowledge the foregoing on behalf of your client by signing a copy of this letter in the space provided below and forwarding same to my attention.

Sincerely,

/s/ Samson R. Bechhofer

Samson R. Bechhofer

ACKNOWLEDGED:

CEDAR BAY REALTY ADVISORS, INC.

By: /s/ Stuart H. Widowski

Stuart H. Widowski
General Counsel

=====

ACADEMY STORE, L.P. [Transferor]

and

ACADEMY PLAZA L.L.C. 1 [Transferee]

and

Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association, as Trustee under that certain Pooling and Servicing Agreement (PSA) dated as of May 1, 1999, for the Registered Holders of First Union National Bank - Chase Manhattan Bank Commercial Mortgage Trust, Commercial Mortgage Pass-Through Certificates, Series 1999-C2 [Lender]

ASSUMPTION OF NOTE, MORTGAGE AND
SECURITY AGREEMENT AND OTHER LOAN DOCUMENTS

Dated: As of October 9, 2001
Location: 3200-3280 Red Lion Road
Philadelphia, Pennsylvania
County: Philadelphia

RECORD AND RETURN TO:

Thacher Proffitt & Wood
11 West 42nd Street
New York, New York 10036
Attention: Anita Bergman, Esq.
File No.: 86000-00786

=====

THIS ASSUMPTION OF NOTE, MORTGAGE AND SECURITY AGREEMENT AND OTHER LOAN DOCUMENTS (this "Agreement"), made this 9th day of October, 2001 among ACADEMY STORE, L.P., a Delaware limited partnership having an address at c/o Bryant Development Corp., 2900 Westchester Avenue, Purchase, New York, 10577 ("Transferor"), ACADEMY PLAZA L.L.C. 1, a Delaware limited liability company, having an address at c/o Cedar Bay Realty Advisors, Inc., 44 South Bayles Avenue, Suite 304, Port Washington, New York 11050 ("Transferee"), and Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association, as Trustee under that certain Pooling and Servicing Agreement (PSA) dated as of May 1, 1999, for the Registered Holders of First Union National Bank - Chase Manhattan Bank Commercial Mortgage Trust, Commercial Mortgage Pass-Through Certificates, Series 1999-C2, having an address at 1031 10th Avenue SE, Minneapolis, Minnesota 55414 ("Lender"):

RECITALS

- A. Transferor is the fee owner of an undivided 100% interest in the Property (defined below).
- B. Lender is the owner and holder of the Note, the Security Instrument and the Loan Documents (each as defined below).
- C. Transferee is purchasing from Transferor its undivided 100% interest in the Property and is willing to assume the Debt (defined below).
- D. New Indemnitors (defined below) are willing to assume the payment and performance of any and all obligations of the Existing Indemnitors (defined below) in accordance with the terms of the Environmental Indemnity Agreement (defined below), to the extent applicable, subject to the remaining provisions of this Agreement.
- E. Transferor and Transferee have requested Lender's consent to the sale and transfer of Transferor's undivided 100% interest in the Property subject to the Loan Documents.

NOW, THEREFORE, in consideration of the foregoing Recitals and other valuable consideration, the receipt of which is hereby acknowledged, and in

consideration of the mutual promises of the parties hereto, the parties hereto do mutually covenant and agree as follows:

Article 1 - DEFINITIONS

Section 1.1 DEFINED TERMS. Capitalized terms used herein and not specifically defined herein shall have the respective meaning ascribed to such terms in the Security Instrument. As used in this Agreement, the following terms shall have the following meanings:

a. The term "Property" shall mean the real property described in Exhibit A attached hereto and the personal and other property described in the Security Instrument.

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b. The term "Note" shall mean that certain promissory note in the original principal amount of \$11,080,000.00 dated February 12, 1998 given by Transferor to The Chase Manhattan Bank and secured by the Security Instrument and the Loan Documents.

c. The term "Security Instrument" shall mean that certain mortgage and security agreement dated February 12, 1998 covering the fee estate of Transferor in the Property and securing the Note.

d. The term "Loan Documents" shall mean the Note, the Security Instrument and all other documents securing the Note (each as more particularly described on Exhibit B).

e. The term "Debt" shall mean any and all payment and performance obligations of Transferor under the Loan Documents arising from and after the date hereof in accordance with the terms thereof.

f. The term "Environmental Indemnity Agreement" shall mean the Environmental Indemnity Agreement more particularly described on Exhibit B.

Section 1.2 DEFINITIONS IN LOAN DOCUMENT AS MODIFIED. The Loan Documents are hereby modified such that:

(a) wherever the term "Borrower" shall appear, it shall mean "Academy Plaza L.L.C. 1";

(b) wherever the term "New Indemnitors" appears, it shall mean Cedar Income Fund, Ltd., a Maryland corporation ("New Indemnitor") and Transferee; and

(c) wherever the term "Existing Indemnitors" appears, it shall mean "Andrew B. Hascoe" ("Existing Indemnitor") and Transferor.

Article 2 - ASSUMPTION

Section 2.1 LENDER CONSENT. Lender hereby consents to Transfer by Transferor of an undivided 100% fee interest in the Property to Transferee and the assumption by Transferee of the payment and performance of any and all obligations of Transferor under the Loan Documents in accordance with this Agreement. This consent under Article 8 of the Security Instrument is effective only with respect to this specific Transfer between Transferor and Transferee and only in compliance with the conditions of this Agreement.

Section 2.2 CONSENT ONLY PRESENT. This consent shall not be deemed to be a consent to any future Transfer to which the provisions of Article 8 of the Security Instrument remain applicable.

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Section 2.3 TRANSFEREE ASSUMPTION. Transferee does hereby assume the Debt and agree to pay the principal sum of the Loan Documents together with interest at the applicable interest rate in accordance with the terms of the Loan Documents as modified, and to observe, comply with and perform all of the terms, covenants, conditions and indemnifications of the Loan Documents on the part of the mortgagor to be performed arising from and after the date hereof, as modified, with the same force and effect as if the Loan Documents had originally been executed by Transferee.

Section 2.4 NEW ENVIRONMENTAL INDEMNITY AGREEMENT.

(a) As a condition precedent to the effectiveness of this Agreement, simultaneously with the execution and delivery of this Agreement by the parties:

(i) New Indemnitors shall execute and deliver to Lender a

new Environmental Indemnity Agreement (the "New Environmental Indemnity Agreement") in substantially the same form provided by Existing Indemnitors (the "Old Environmental Indemnity Agreement").

(ii) Intentionally omitted.

(b) Lender's acceptance of the New Environmental Indemnity Agreement does not affect Transferor's or Existing Indemnitors' continuing obligations as provided by Section 6.3 below.

Article 3 - LOAN AND ACCOUNTS

Section 3.1 LENDER ACKNOWLEDGMENT. Lender acknowledges that as of the date of this Agreement (a) the unpaid principal balance now owing on the Note is \$10,715,019.85 with interest at the applicable interest rate and the last payment of \$94,002.52 was made on September 10, 2001, and included interest through September 10, 2001, and (b) as of the date hereof, to the best of its knowledge, there are no defaults existing under the terms of any of the Loan Documents.

Section 3.2 ESCROWS AND RESERVES. Lender acknowledges that as of the date hereof, it holds a tax escrow account with a balance of \$129,316.08, an insurance escrow account with a balance of \$0.00 and a replacement reserve account with a balance of \$43,509.27.

Section 3.3 ASSIGNMENT OF ESCROW FUNDS AND RESERVE ACCOUNTS. Transferor does hereby assign to Transferee all of its right, title and interest in and to any escrow fiend now held by Lender for the payment of such items including, but not limited to, real estate taxes, water and sewer charges and insurance premiums and any reserve account held by Lender as additional security for the Loan pursuant to the terms of the Loan Documents.

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Article 4 - REPRESENTATIONS AND WARRANTIES

Section 4.1 TRANSFEROR REPRESENTATIONS AND WARRANTIES. Transferor hereby represents and warrants that (a) Transferor (and the undersigned representatives of Transferor, if any) has full power, authority and legal right to execute this Agreement and to keep and observe all of the terms of this Agreement on the part of Transferor to be observed or performed; (b) the Loan Documents and this Agreement constitute valid and binding obligations of Transferor, subject to the release and covenant not to sue set forth in Sections 6.1 and 6.2 below; and (c) there are no offsets, counterclaims or defenses against this Agreement or the Loan Documents.

Section 4.2 TRANSFEREE REPRESENTATIONS AND WARRANTIES. Transferee hereby represents and warrants that (a) Transferee (and the undersigned representatives of Transferee, if any) has full power, authority and legal right to execute this Agreement and to keep and observe all of the terms of this Agreement on the part of Transferee to be observed or performed; (b) the Loan Documents and this Agreement constitute valid and binding obligations of Transferee; and (c) there are no offsets, counterclaims or defenses against this Agreement or the Loan Documents.

Article 5 - RATIFICATION

Section 5.1 TRANSFEREE RATIFICATION. (a) Transferee hereby ratifies and confirms to Lender as of the date hereof that, except as otherwise expressly and specifically modified by this Agreement, all of the terms, representations, warranties, covenants, indemnifications and provisions of the Note, the Security Instrument and Loan Documents are and shall remain in full force and effect, and are true and correct with respect to Transferee as Borrower and New Indemnitors thereunder, without change; (b) Transferee expressly and specifically restates the single purpose entity and ERISA covenants and the environmental representations, warranties and covenants.

Section 5.2 NEW INDEMNITORS RATIFICATION. New Indemnitors hereby ratify and confirm to Lender as of the date hereof that all of the terms, representations, warranties, covenants indemnifications and provisions of the Environmental Indemnity Agreement are and shall remain in full force and effect, and are true and correct with respect to New Indemnitors, thereunder, without change except as otherwise expressly and specifically modified by this Agreement.

Article 6 - RELEASE AND OBLIGATIONS

Section 6.1 RELEASE FROM LIABILITY. Except as provided in Sections 6.2 and 6.3 hereof, Lender does hereby relieve and release Transferor and Existing Indemnitors from any and all liability or obligation to make the payments of principal, interest or sums otherwise due under the Loan Documents, including any accrued interest, and from any and all liability or obligation to observe,

comply with or perform any of the terms, covenants or conditions of the Loan Documents.

Section 6.2 COVENANT NOT TO SUE. Lender hereby agrees that it will not institute any action, suit, claim or demand in law or in equity against Transferor and/or Existing Indemnitors,

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as applicable, for or on account of the Debt evidenced and secured by the Loan Documents nor on account of any failure of performance of any of the covenants or terms of the Loan Documents and that this covenant may be pleaded by Transferor and/or Existing Indemnitors, as applicable, as a defense to any action or other proceeding which may be brought, instituted or taken against Transferor and/or Existing Indemnitors, as applicable, on account of or in regard to the Loan Documents.

Section 6.3 CONTINUING OBLIGATIONS. Notwithstanding anything to the contrary in Sections 6.1 and 6.2 hereof, this Agreement shall not affect, impair or diminish the obligations of Transferor and Existing Indemnitors, to Lender under the terms of Article 12 of the Security Instrument or under the terms of the Environmental Indemnity Agreement, but only to the extent that liability under the Environmental Indemnity Agreement results from obligations and liabilities that arose solely from Hazardous Materials (as defined in the Environmental Indemnity Agreement) that (A) were present on the Property prior to the date hereof or (B) were the result of any act or omission of Transferor and/or of any of their affiliates, agents or contractors.

Section 6.4 TERMINATION. Lender and Transferor hereby agree that (i) the existing Conditional Assignment of Management Agreement dated February 12, 1998 by Transferor and the existing manager of the Property to Lender is hereby terminated and shall be of no further force or effect, and (ii) a new Conditional Assignment of Management Agreement by Transferee and Brentway Management LLC to Lender shall be delivered simultaneously herewith.

Article 7 - NO IMPAIRMENT

Section 7.1 NO DISCHARGE. This Agreement does not, and shall not be construed to, constitute the creation of a new indebtedness or the satisfaction, discharge or extinguishment of the debt secured by the Loan Documents, nor does it in any way affect or impair the lien of the Loan Documents.

Section 7.2 LIEN CONFIRMATION. Transferee hereby acknowledges the lien of the Loan Documents to be a valid and existing first lien on the Property, and the lien of the Loan Documents is hereby agreed to continue in full force and effect, unaffected and unimpaired by this Agreement.

Article 8 - FEES

Section 8.1 PROCESSING FEE. Transferee has paid to Lender the required processing fee of \$4,000.00 upon the request for assumption.

Section 8.2 ASSUMPTION FEE. Transferee does hereby agree to pay to Lender the required assumption fee in the amount of one (1%) percent of the principal balance remaining on the Note upon the execution of this Agreement.

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Section 8.3 EXPENSES. Transferee does hereby agree to reimburse Lender for any and all costs incurred in connection with the Property transfer and Loan assumption (including, without limitation, Lender's counsel fees and disbursements, and all recording fees, title insurance premiums and mortgage and intangible taxes).

Article 9 - NOTICES

Section 9.1 All notices required or permitted hereunder shall be given and shall become effective as provided in the Security Instrument. All notices to Transferee and New Indemnitors shall be addressed as follows:

If to Transferee: c/o Cedar Bay Realty Advisors, Inc.
44 South Bayles Avenue, Suite 304
Port Washington, New York 11050
Attn: Brenda J. Walker

With a copy to: c/o Cedar Bay Realty Advisors, Inc.
44 South Bayles Avenue, Suite 304
Port Washington, New York 11050
Attn: Stuart H. Widowsky, Esq.

If to New Indemnitor: Cedar Income Fund, Ltd.
44 South Bayles Avenue, Suite 304
Port Washington, New York 11050
Attn: Brenda J. Walker

With a copy to: c/o Cedar Bay Realty Advisors, Inc.
44 South Bayles Avenue, Suite 304
Port Washington, New York 11050
Attn: Stuart H. Widowsky, Esq.

Servicer address: 118 Welsh Road
Horsham, Pennsylvania 19044

Article 10 - APPLICABLE LAW

Section 10.1 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without reference to conflict of laws principles) and the applicable laws of the United States of America.

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Article 11 - GENERAL

Section 11.1 WAIVER. Transferee waives presentment and demand for payment, notice of dishonor, protest and notice of protest of the Note.

Section 11.2 RECORDING. Transferor and Transferee shall promptly cause this Agreement to be filed, registered or recorded in such manner and in such places as may be required by any present or, with respect to Transferee, future law in order to publish notice and fully to protect the lien of the Loan Documents upon, and the interest of Lender in, the Property. Transferor and Transferee will pay all filing, registration and recording fees, and all expenses incident to the preparation, execution and acknowledgment of this Agreement, and all Federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the filing, registration, recording, execution and delivery of this Agreement and Transferor and Transferee shall hold harmless and indemnify Lender against any liability incurred by reason of the imposition of any tax on the issuance, making, filing, registration or recording of this Agreement.

Section 11.3 NO ORAL MODIFICATION. This Agreement, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Transferee or Lender but only by an agreement in writing signed by the party against whom the enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Section 11.4 BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of Transferor, Transferee, Existing Indemnitors, New Indemnitors and Lender and their respective successors and permitted assigns.

Section 11.5 COUNTERPARTS. This Agreement maybe executed in any number of duplicate originals and each such duplicate original shall be deemed to be an original.

Section 11.6 INVALIDITY. If any term, covenant or condition of this Agreement shall be held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such provision.

[NO FURTHER TEXT ON THIS PAGE]

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

TRANSFEROR:

ACADEMY STORE, L.P., a Delaware limited
partnership

By: Academy Land, Inc., a Delaware
corporation, its general partner

By: /s/ Andrew B. Hascoe

Name: Andrew B. Hascoe
Title: President and CEO

TRANSFEREE:

ACADEMY PLAZA L.L.C. 1, a Delaware limited liability company

By: ACADEMY PLAZA L.L.C. 2, a Delaware limited liability company

By: CEDAR CENTER HOLDINGS L.L.C. 3, sole Member

By: CEDAR INCOME FUND PARTNERSHIP, L.P., Managing Member

BY: CEDAR INCOME FUND, LTD.

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

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EXISTING INDEMNITOR:

ANDREW B. HASCOE, individually

By: /s/ Andrew Hascoe

Name: Andrew Hascoe
Title: President and CEO

NEW INDEMNITOR:

CEDAR INCOME FUND, LTD., a Maryland corporation

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

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LENDER:

Wells Fargo Bank, Minnesota, NA, formerly known as Norwest Bank Minnesota, National Association, as Trustee under that certain Pooling and Servicing Agreement (PSA) dated as of May 1, 1999, for the Registered Holders of First Union National Bank - Chase Manhattan Bank Commercial Mortgage Trust, Commercial Mortgage Pass-Through Certificates, Series 1999-C2

By: GMAC Commercial Mortgage Corporation, as Master Servicer under that certain Pooling and Servicing Agreement

By: /s/ Gary A. Routzahn

Name: Gary A. Routzahn
Title: Vice President

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

On the 2nd day of October in the year 2001 before me, the undersigned, personally appeared Andrew Hascoe, personally known to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), aor the person upon behalf of which the individual(s) acted, executed the instrument.

/s/ Sheila M. Dupell

Notary Public

SHEILA M. DUPELL
Notary Public, State of New York
No.4998045
Qualified in Westchester County
Commission Expires June 22, 2002

ACKNOWLEDGMENTS

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

On the 4th day of October in the year 2001 before me, the undersigned, personally appeared Brenda Walker personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in her capacity, and that by his signature on the instrument, the individual and the entity upon behalf of which the individual acted, executed the instrument.

/s/ MONIQUE SAGE

Notary Public

MONIQUE SAGE
Notary Public, State of New York
No. _____
Qualified New York County
Commission Expires August 31, 2002

Commonwealth of Pennsylvania)
) ss:
County of Montgomery)

On this, 4th day of October, 2001, before me a notary public, the undersigned officer, personally appeared Gary Routzahn, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

In witness hereof, I hereunto set my hand and official seal.

/s/ Barbara Visco

Notary Public

NOTARIAL SEAL
BARBARA VISCO, Notary Public
Horsham Twp, Montgomery County
My Commission Expires November 15, 2003

EXHIBIT A
LEGAL DESCRIPTION

ALL THAT CERTAIN lot or piece of ground, Hereditaments and Appurtenances, Situated in the City of Philadelphia, Commonwealth of Pennsylvania, in accordance with a Plan entitled "ALTA/ACSM (1992) Land Title Survey Proposed by Taylor Wiscman & Taylor, dated February 4, 1998 as follows, to wit:

BEGINNING at a point on the Southwesterly line of Red Lion Road (64 feet wide) said point being the intersection of the Southwesterly line of Red Lion Road with the common boundary line of Parcel 499 and Parcel 498; thence, 1) Southeasterly along said line of Red Lion Road, South 43 degrees 50 minutes 13 seconds East, a distance of 873.42 feet to the beginning of a curve tangent to said line; thence 2) Southeasterly, on a curve to the right, having a radius of 20.05 feet and an arc length of 34.12 feet to a point of tangency, said point being on the Westerly line of Calera Road (64 feet wide); thence 3) Southwesterly along said line of Calera Road, South 53 degrees 39 minutes 47 seconds West, a distance of 438.90 feet to the beginning of a curve tangent to said line; thence 4) Northwesterly, on a curve to the right having a radius of 20.05 feet and an arc length of 30.87 feet to a point of tangency, said point being on the Northwesterly line of Cromwell Road (64 feet wide); thence 5) Northwesterly along said line of Cromwell Road, North 38 degrees 6 minutes 44 seconds West, a distance of 358.44 feet to a point; thence 6) continuing along said line, North 43 degrees 50 minutes 13 seconds West, a distance of 601.50 feet to the beginning of a curve tangent to said line; thence 7) Northeasterly, on a curve to the right having a radius of 20.05 feet and an arc length of 33.35 feet to a point of tangency, said point being on the Easterly line of Academy Road (100 feet wide); thence 8) Northeasterly along said line of Academy Road, North 51 degrees 27 minutes 22 seconds East, a distance of 28.35 feet to a point, said point being the common boundary line of Parcel 482 and 498; thence 9) leaving the Easterly line of Academy Road along the common boundary line, South 43 degrees 50 minutes 13 seconds East, a distance of 78.50 feet to a point; thence, 10) North 46 degrees 9 minutes 47 seconds East, a distance of 89.82 feet to a point; thence 11) North 43 degrees 50 minutes 13 seconds West, a distance of 70.18 feet to a point on the Easterly line of Academy Road; thence 12) Northeasterly along said line of Academy Road, North 51 degrees 27 minutes 22 seconds East, a distance of 175.41 feet to a point, said point being the common boundary line of Parcel 499 and Parcel 498; thence 13) leaving said line of Academy Road, South 43 degrees 50 minutes 13 seconds East, a distance of 125.31 feet to a point; thence 14) North 51 degrees 27 minutes 22 seconds East, a distance of 125.31 feet to the point and place of beginning.

BEING known as 3200 and 3200 A Red Lion Road.

BEING the same premises which R.L.R. Associates Limited (a New Jersey Limited Partnership), by Indenture dated 12/14/1994 and recorded in the Recorder of Deeds, in and for the County of Philadelphia, aforesaid, in Deed Book VCS 790 page 67 &c., granted and conveyed unto Academy Store L.P., (a Delaware Limited Partnership), in fee.

AND ALSO BEING the same premises which Philadelphia Authority for Industrial Development (a Body Politic and Corporate, existing under the Laws of The Commonwealth of Pennsylvania, by

Indenture dated 2/6/1998 and recorded in the Recorder of Deeds, in and for the County of Philadelphia, aforesaid in Deed Book JTD 598 page 372 &c., granted and conveyed unto Academy Store, L.P. (a Delaware Limited Partnership), in fee.

BEING Account No. 88-2-0970-00.

BEING Registry No. 158N-13-495, 497, 498.

EXHIBIT B

The Loan Documents

1. That certain Mortgage and Security Agreement made by Academy Store, L.P., as mortgagor ("Academy Store") in favor of the Chase Manhattan Bank, as mortgagee ("Chase") dated February 12, 1998, as assigned to Wells Fargo Bank, Minnesota, NA, formerly known as Norwest Bank Minnesota, National Association, as Trustee under that certain Pooling and Servicing Agreement (PSA) dated as of May 1, 1999; for the Registered Holders of First Union National Bank - Chase Manhattan Bank Commercial Mortgage Trust, Commercial Mortgage Pass-Through Certificates, Series 1999-C2 ("Norwest") by that certain Assignment of Mortgage recorded on June 6, 2000 as Instrument Number 50091768.
2. That certain Promissory Note, dated February 12, 1998, made by Academy Store in favor of Chase, as assigned to Norwest.
3. That certain Note Modification Agreement, dated January 5, 1998, made by Academy Store and Chase, as assigned to Norwest.
4. That certain Assignment of Leases and Rents, dated February 12, 1998, made by Academy Store in favor of Chase, as assigned to Norwest by that certain Assignment of Assignment of Leases and Rents recorded on June 6, 2000 as Instrument Number 500091769.
5. That certain Assignment of Agreements, Permits and Contracts, dated February 12, 1998, made by Academy Store in favor of Chase, as assigned to Norwest.
6. That certain Asbestos Operations and Maintenance Agreement, dated February 12, 1998, made by Academy Store and Chase, as assigned to Norwest.
7. That certain Completion Repair and Security Agreement, dated February 12, 1998, made by Academy Store and Chase, as assigned to Norwest.
8. That certain Replacement Reserve and Security Agreement, dated February 12, 1998, made by Academy Store and Chase, as assigned to Norwest.
9. That certain Environmental Indemnity Agreement, dated February 12, 1998, made by Academy Store, Andrew B. Hascoe Chase, as assigned to Norwest.
10. That certain Conditional Assignment of Management Agreement, dated February 12, 1998, made by Academy Store in favor of Chase, as assigned to Norwest.

=====

ACADEMY STORE, L.P., as mortgagor
(Borrower)

to

THE CHASE MANHATTAN BANK, as mortgagee
(Lender)

MORTGAGE AND
SECURITY AGREEMENT

Dated: As of February 12, 1998

Location: 3200-3280 Red Lion Road
Philadelphia, Pennsylvania

County: Philadelphia

PREPARED BY AND UPON RECORDATION RETURN TO:

MESSRS. THACHER PROFFITT & WOOD
Two World Trade Center
New York, New York 10048

Attention: David S. Hall, Esq.

File No.: 86000-00482

=====

THIS MORTGAGE AND SECURITY AGREEMENT (the "Security Instrument") is made as of the last day of February, 1998, by ACADEMY STORE, L.P., a Delaware limited partnership, having its principal place of business at c/o * Bryant Development Corp., 2900 Westchester Avenue, Purchase, New York 10577, as mortgagor ("Borrower") to THE CHASE MANHATTAN BANK, a New York banking corporation, having an address at 380 Madison Avenue, 11th Floor, New York, New York 10017 as mortgagee ("Lender").

RECITALS:

Borrower by its promissory note of even date herewith given to Lender is indebted to Lender in the principal sum of ELEVEN MILLION EIGHTY THOUSAND AND 00/100 DOLLARS (\$11,080,000) in lawful money of the United States of America (the note together with all extensions, renewals, modifications, substitutions and amendments thereof shall collectively be referred to as the "Note"), with interest from the date thereof at the rates set forth in the Note, principal and interest to be payable in accordance with the terms and conditions provided in the Note.

Borrower desires to secure the payment of the Debt (as defined in Article 2) and the performance of all of its obligations under the Note and the Other Obligations (as defined in Article 2).

Article 1 - GRANTS OF SECURITY

Section 1.1 PROPERTY MORTGAGED. Borrower does hereby irrevocably mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey to Lender, and grant a security interest to Lender in, the following property, rights, interests and estates now owned, or hereafter acquired by Borrower (collectively, the "Property"):

- (a) Land. The real property described in Exhibit A attached hereto and made a part hereof (the "Land");
- (b) Additional Land. All additional lands, estates and development rights hereafter acquired by Borrower for use in connection with the Land and the development of the Land and all additional lands and estates therein which may, from time to time, by supplemental mortgage or otherwise be expressly made subject to the lien of this Security Instrument;
- (c) Improvements. The buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Land (the "Improvements");

- (d) Easements. All easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Borrower of, in and to the Land and the Improvements and every part and parcel thereof, with the appurtenances thereto;
- (e) Fixtures and Personal Property. All machinery, equipment, fixtures (including, but not limited to, all heating, air conditioning, plumbing, lighting, communications and elevator fixtures) and other property of every kind and nature whatsoever owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, and usable in connection with the present or future operation and occupancy of the Land and the Improvements and all building equipment, materials and supplies of any nature whatsoever owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, or usable in connection with the present or future operation and occupancy of the Land and the Improvements (collectively, the "Personal Property"), and the right, title and interest of Borrower in and to any of the Personal Property which may be subject to any security interests, as defined in the Uniform Commercial Code, as adopted and enacted by the state or states where any of the Property is located (the "Uniform Commercial Code"), superior in lien to the lien of this Security Instrument and all proceeds and products of the above;
- (f) Leases and Rents. All leases, subleases and other agreements affecting the use, enjoyment or occupancy of the Land and/or the Improvements heretofore or hereafter entered into and all extensions, amendments and modifications thereto, whether before or after the filing by or against Borrower of any petition for relief under 11 U. S. C. ss.101 et seq., as the same may be amended from time to time (the "Bankruptcy Code") (the "Leases") and all right, title and interest of Borrower, its successors and assigns therein and thereunder, including, without limitation, cash or securities deposited thereunder to secure the performance by the lessees of their obligations thereunder and all rents, additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Land and the Improvements whether paid or accruing before or after the filing by or against Borrower of any petition for relief under the Bankruptcy Code (the "Rents") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Debt;
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- (g) Condemnation Awards. All awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to the Property, whether from the exercise of the right of eminent domain (including but not limited to any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property;
- (h) Insurance Proceeds. All proceeds of and any unearned premiums on any insurance policies covering the Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Property;
- (i) Tax Certiorari. All refunds, rebates or credits in connection with a reduction in real estate taxes and assessments charged against the Property as a result of tax certiorari or any

applications or proceedings for reduction;

- (j) Conversion. All proceeds of the conversion, voluntary or involuntary, of any of the foregoing including, without limitation, proceeds of insurance and condemnation awards, into cash or liquidation claims;
- (k) Rights. The right, in the name and on behalf of Borrower, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Lender in the Property;
- (l) Agreements. All agreements, contracts, certificates, instruments, franchises, permits, licenses, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Land and any part thereof and any Improvements or respecting any business or activity conducted on the Land and any part thereof and all right, title and interest of Borrower therein and thereunder, including, without limitation, the right, upon the happening of any default hereunder, to receive and collect any sums payable to Borrower thereunder;
- (m) Trademarks. All tradenames, trademarks, servicemarks, logos, copyrights, goodwill, books and records and all other general intangibles relating to or used in connection with the operation of the Property; and
- (n) Other Rights. Any and all other rights of Borrower in and to the items set forth in Subsections (a) through (m) above.

Section 1.2 ASSIGNMENT OF RENTS. Borrower hereby absolutely and unconditionally assigns to Lender Borrower's right, title and interest in and to all current and future Leases and Rents; it being intended by Borrower that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to

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the terms of this Section 1.2 and Section 3.7, Lender grants to Borrower a revocable license to collect and receive the Rents. Borrower shall hold the Rents, or a portion thereof sufficient to discharge all current sums due on the Debt, for use in the payment of such sums.

Section 1.3 SECURITY AGREEMENT. This Security Instrument is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Borrower in the Property. By executing and delivering this Security Instrument, Borrower hereby grants to Lender, as security for the Obligations (defined in Section 2.3), a security interest in the Personal Property to the full extent that the Personal Property may be subject to the Uniform Commercial Code.

Section 1.4 PLEDGE OF MONIES HELD. Borrower hereby pledges to Lender any and all monies now or hereafter held by Lender, including, without limitation, any sums deposited in the Escrow Fund (as defined in Section 3.5), Net Proceeds (as defined in Section 4.4) and condemnation awards or payments described in Section 3.6, as additional security for the Obligations until expended or applied as provided in this Security Instrument.

CONDITIONS TO GRANT

TO HAVE AND TO HOLD the above granted and described Property unto and to the use and benefit of Lender, and the successors and assigns of Lender, forever;

PROVIDED, HOWEVER, these presents are upon the express condition that, if Borrower shall well and truly pay to Lender the Debt at the time and in the manner provided in the Note and this Security Instrument, shall well and truly perform the Other Obligations as set forth in this Security Instrument and shall well and truly abide by and comply with each and every covenant and condition set forth herein and in the Note, these presents and the estate hereby granted shall cease, terminate and be void.

Article 2 - DEBT AND OBLIGATIONS SECURED

Section 2.1 DEBT. This Security Instrument and the grants, assignments and transfers made in Article 1 are given for the purpose of securing the following, in such order of priority as Lender may determine in its sole discretion (the "Debt"):

- (a) the payment of the indebtedness evidenced by the Note in

lawful money of the United States of America;

(b) the payment of interest, default interest, late charges and other sums, as provided in the Note, this Security Instrument or the Other Security Documents (defined below);

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(c) the payment of the Prepayment Consideration (as defined in the Note), if any;

(d) the payment of all other moneys agreed or provided to be paid by Borrower in the Note, this Security Instrument or the Other Security Documents;

(e) the payment of all sums advanced pursuant to this Security Instrument to protect and preserve the Property and the lien and the security interest created hereby; and

(f) the payment of all sums advanced and costs and expenses incurred by Lender in connection with the Debt or any part thereof, any renewal, extension, or change of or substitution for the Debt or any part thereof, or the acquisition or perfection of the security therefor, whether made or incurred at the request of Borrower or Lender.

Section 2.2 OTHER OBLIGATIONS. This Security Instrument and the grants, assignments and transfers made in Article 1 are also given for the purpose of securing the following (the "Other Obligations"):

(a) the performance of all other obligations of Borrower contained herein;

(b) the performance of each obligation of Borrower contained in any other agreement given by Borrower to Lender which is for the purpose of further securing the obligations secured hereby, and any amendments, modifications and changes thereto; and

(c) the performance of each obligation of Borrower contained in any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part of the Note, this Security Instrument or the Other Security Documents.

Section 2.3 DEBT AND OTHER OBLIGATIONS. Borrower's obligations for the payment of the Debt and the performance of the Other Obligations shall be referred to collectively below as the "Obligations."

Section 2.4 PAYMENTS. Unless payments are made in the required amount in immediately available funds at the place where the Note is payable, remittances in payment of all or any part of the Debt shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by Lender in funds immediately available at the place where the Note is payable (or any other place as Lender, in Lender's sole discretion, may have established by delivery of written notice thereof to Borrower) and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Lender of any payment in an amount less than the amount then due shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be an Event of Default (defined below).

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Article 3 - BORROWER COVENANTS

Borrower covenants and agrees that:

Section 3.1 PAYMENT OF DEBT. Borrower will pay the Debt at the time and in the manner provided in the Note and in this Security Instrument.

Section 3.2 INCORPORATION BY REFERENCE. All the covenants, conditions and agreements contained in (a) the Note and (b) all and any of the documents other than the Note or this Security Instrument now or hereafter executed by Borrower and/or others and by or in favor of Lender, which wholly or partially secure or guaranty payment of the Note (the "Other Security Documents"), are hereby made a part of this Security Instrument to the same extent and with the same force as if fully set forth herein.

Section 3.3 INSURANCE.

(a) Borrower shall obtain and maintain, or cause to be maintained, insurance for Borrower and the Property providing at least the following coverages:

(i) comprehensive all risk insurance on the Improvements and the Personal Property, in each case (A) in an amount equal to 100% of the "Full Replacement Cost," which for purposes of this Security Instrument shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation, but the amount shall in no event be less than the outstanding principal balance of the Note; (B) containing an agreed amount endorsement with respect to the Improvements and Personal Property waiving all co-insurance provisions; (C) providing for no deductible in excess of \$25,000; and (D) providing coverage for contingent liability from Operation of Building Laws, Demolition Costs and Increased Cost of Construction Endorsements together with an "Ordinance or Law Coverage" or "Enforcement" endorsement if any of the Improvements or the use of the Property shall at any time constitute legal non-conforming structures or uses. The Full Replacement Cost shall be redetermined from time to time (but not more frequently than once in any twelve (12) calendar months) at the request of Lender by an appraiser or contractor designated and paid by Borrower and approved by Lender, or by an engineer or appraiser in the regular employ of the insurer. After the first appraisal, additional appraisals may be based on construction cost indices customarily employed in the trade. No omission on the part of Lender to request any such ascertainment shall relieve Borrower of any of its obligations under this Subsection;

(ii) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Property, such insurance (A) to be on the so-called "occurrence" form with a combined single limit of not less than \$2,000,000; (B) to continue at not less than

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the aforesaid limit until required to be changed by Lender in writing by reason of changed economic conditions making such protection inadequate; and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; (3) independent contractors; (4) blanket contractual liability for all written and oral contracts; and (5) contractual liability covering the indemnities contained in Article 13 hereof to the extent the same is available;

(iii) loss of rents insurance (A) with loss payable to Lender; (B) covering all risks required to be covered by the insurance provided for in Subsection 3.3(a)(i); and (C) in an amount equal to 100% of the projected gross income from the Property for a period of twelve (12) months. The amount of such loss of rents insurance shall be determined prior to the date hereof and at least once each year thereafter based on Borrower's reasonable estimate of the gross income from the Property for the succeeding twelve-month period. All insurance proceeds payable to Lender pursuant to this Subsection shall be held by Lender and shall be applied to the obligations secured hereunder from time to time due and payable hereunder and under the Note; provided, however, that nothing herein contained shall be deemed to relieve Borrower of its obligations to pay the obligations secured hereunder on the respective dates of payment provided for in the Note except to the extent such amounts are actually paid out of the proceeds of such loss of rents insurance;

(iv) at all times during which structural construction, repairs or alterations are being made with respect to the Improvements (A) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy; and (B) the insurance provided for in Subsection 3.3(a)(i) written in a so-called builder's risk completed value form (1) on a non-reporting basis, (2) against all risks insured against pursuant to Subsection 3.3(a)(i), (3) including permission to occupy the Property, and (4) with an agreed amount endorsement waiving co-insurance provisions;

(v) workers' compensation, subject to the statutory limits of the state in which the Property is located, and employer's liability insurance with a limit of at least \$1,000,000 per accident and per disease per employee, and \$1,000,000 for disease aggregate in respect of any work or operations on or about the Property, or in connection with the Property or its operation (if applicable);

(vi) comprehensive boiler and machinery insurance, if applicable, in amounts as shall be reasonably required by Lender;

(vii) if any portion of the Improvements is at any time located in an area identified by the Secretary of Housing and Urban Development or any successor thereto as an area having special flood hazards pursuant to the National Flood

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Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended, or any successor law (the "Flood Insurance Acts"), flood hazard insurance in an amount equal to the lesser of (A) the principal balance of the Note, and (B) the maximum limit of coverage available for the Property under the Flood Insurance Acts;

(viii) earthquake, sinkhole and mine subsidence insurance, if required in amounts, form and substance satisfactory to Lender, provided that the insurance pursuant to this Subsection (viii) shall be on terms consistent with the all risk insurance policy required under Section 3.3(a)(i);

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

(b) All insurance provided for in Subsection 3.3(a) hereof shall be obtained under valid and enforceable policies (the "Policies" or in the singular, the "Policy"), in such forms and, from time to time after the date hereof, in such amounts as may from time to time be satisfactory to Lender, issued by financially sound and responsible insurance companies authorized to do business in the state in which the Property is located and approved by Lender. The insurance companies must have a general policy rating of A or better and a financial class of VII or better by A.M. Best Company, Inc., and if there are any Securities (defined in Section 19.1 below) issued which have been assigned a rating by a credit rating agency approved by Lender (a "Rating Agency"), the insurance company shall have a claims paying ability rating by such Rating Agency of not less than one rating category below the highest rating at any time assigned to the Securities, but in no event less than BBB by Standard & Poor's Corp. or such comparable rating by such other Rating Agency (each such insurer shall be referred to below as a "Qualified Insurer"). Not less than thirty (30) days prior to the expiration dates of the Policies theretofore furnished to Lender pursuant to Subsection 3.3(a), certified copies of the Policies marked "premium paid" or accompanied by evidence satisfactory to Lender of payment of the premiums due thereunder (the "Insurance Premiums"), shall be delivered by Borrower to Lender; provided, however, that in the case of renewal Policies, Borrower may furnish Lender with binders therefor to be followed by the original Policies when issued.

(c) Borrower shall not obtain (i) any umbrella or blanket liability or casualty Policy unless, in each case, such Policy is approved in advance in writing by Lender and Lender's interest is included therein as provided in this Security Instrument and such Policy is issued by a Qualified Insurer, or (ii) separate insurance concurrent in form or contributing in the event of loss with that required in Subsection 3.3(a) to be furnished by, or which may be reasonably required to be furnished by, Borrower. In the event Borrower obtains separate insurance or an umbrella or a blanket Policy, Borrower shall notify Lender of the same and shall cause certified copies of each Policy to be delivered

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as required in Subsection 3.3(a). Any blanket insurance Policy shall specifically allocate to the Property the amount of coverage from time to time required hereunder and shall otherwise provide the same protection as would a separate Policy insuring only the Property in compliance with the provisions of Subsection 3.3(a). Notwithstanding Lender's approval of any umbrella or blanket liability or casualty Policy hereunder, upon the occurrence of an Event of Default, Lender reserves the right, in its sole discretion, to require Borrower

to obtain a separate Policy in compliance with this Section 3.3.

(d) All Policies of insurance provided for or contemplated by Subsection 3.3(a), except for the Policy referenced in Subsection 3.3(a)(v), shall name Lender and Borrower as the insured or additional insured, as their respective interests may appear, and in the case of property damage, boiler and machinery, and flood insurance, shall contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(e) All Policies of insurance provided for in Subsection 3.3(a) shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or of any tenant under any Lease or other occupant, or failure to comply with the provisions of any Policy which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policy shall not be materially changed (other than to increase the coverage provided thereby) or cancelled without at least 30 days' written notice to Lender and any other party named therein as an insured; and

(iii) each Policy shall provide that the issuers thereof shall give written notice to Lender if the Policy has not been renewed thirty (30) days prior to its expiration; and

(iv) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder.

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

(g) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, upon

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reasonable notice to Borrower to take such action as Lender deems necessary to protect its interest in the Property, including, without limitation, the obtaining of such insurance coverage as Lender in its sole discretion deems appropriate, and all expenses incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and until paid shall be secured by this Security Instrument and shall bear interest in accordance with Section 10.3 hereof.

(h) If the Property shall be damaged or destroyed, in whole or in part, by fire or other casualty, Borrower shall give prompt notice of such damage to Lender and shall promptly commence and diligently prosecute the completion of the repair and restoration of the Property as nearly as possible to the condition the Property was in immediately prior to such fire or other casualty, with such alterations as may be approved by Lender (the "Restoration") and otherwise in accordance with Section 4.4 of this Security Instrument. Borrower shall pay all costs of such Restoration whether or not such costs are covered by insurance.

Section 3.4 PAYMENT OF TAXES, ETC.

(a) Borrower shall promptly pay all taxes, assessments, water rates, sewer rents, governmental impositions, and other charges, including without limitation vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Land, now or hereafter levied or assessed or imposed against the Property or any part thereof (the "Taxes"), all ground rents, maintenance charges and similar charges, now or hereafter levied or assessed or imposed against the Property or any part thereof (the "Other Charges"), and all charges for utility services provided to the Property as same become due and payable. Borrower will deliver to Lender, promptly upon Lender's request, evidence satisfactory to Lender that the Taxes, Other Charges and utility service charges have been so paid or are not then delinquent. Borrower shall not suffer and shall promptly cause to be paid and discharged any lien or charge whatsoever which may be or become a lien or charge against the Property. Except to the extent sums sufficient to pay all Taxes and Other Charges have been deposited with Lender in accordance with the terms of this Security Instrument, Borrower shall furnish to Lender paid receipts for the payment of the Taxes and

Other Charges prior to the date the same shall become delinquent.

(b) After prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any of the Taxes, provided that (i) no Event of Default has occurred and is continuing under the Note, this Security Instrument or any of the Other Security Documents, (ii) Borrower is permitted to do so under the provisions of any other mortgage, deed of trust or deed to secure debt affecting the Property, (iii) such proceeding shall suspend the collection of the Taxes from Borrower and from the Property or Borrower shall have paid all of the Taxes under protest, (iv) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder, (v) neither the Property nor any part thereof or

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interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost, (vi) Borrower shall have deposited with Lender adequate reserves for the payment of the Taxes, together with all interest and penalties thereon, unless Borrower has paid all of the Taxes under protest, and (vii) Borrower shall have furnished the security as may be required in the proceeding, or as may be requested by Lender to insure the payment of any contested Taxes, together with all interest and penalties thereon.

Section 3.5 ESCROW FUND. In addition to the initial deposits with respect to Taxes and, if applicable, Insurance Premiums made by Borrower to Lender on the date hereof to be held by Lender in escrow, Borrower shall pay to Lender on the first day of each calendar month (a) one-twelfth of an amount which would be sufficient to pay the Taxes payable, or estimated by Lender to be payable, during the next ensuing twelve (12) months and (b) at the option of Lender, if the liability or casualty Policy maintained by Borrower covering the Property shall not constitute an approved blanket or umbrella Policy pursuant to Subsection 3.3(c) hereof, or Lender shall require Borrower to obtain a separate Policy pursuant to Subsection 3.3(c) hereof, one-twelfth of an amount which would be sufficient to pay the Insurance Premiums due for the renewal of the coverage afforded by the Policies upon the expiration thereof (the amounts in (a) and (b) above shall be called the "Escrow Fund"). In the event Lender shall elect to collect payments in escrow for Insurance Premiums, Borrower shall pay to Lender an initial deposit to be determined by Lender, in its sole discretion, to increase the amounts in the Escrow Fund to an amount which, together with anticipated monthly escrow payments, shall be sufficient to pay all Insurance Premiums and Taxes as they become due. Borrower agrees to notify Lender immediately of any changes to the amounts, schedules and instructions for payment of any Taxes and Insurance Premiums of which it has or obtains knowledge and authorizes Lender or its agent to obtain the bills for Taxes directly from the appropriate taxing authority. The Escrow Fund and the payments of interest or principal or both, payable pursuant to the Note shall be added together and shall be paid as an aggregate sum by Borrower to Lender. Lender will apply the Escrow Fund to payments of Taxes and Insurance Premiums required to be made by Borrower pursuant to Sections 3.3 and 3.4 hereof. If the amount of the Escrow Fund shall exceed the amounts due for Taxes and Insurance Premiums pursuant to Sections 3.3 and 3.4 hereof, Lender shall, in its discretion, return any excess to Borrower or credit such excess against future payments to be made to the Escrow Fund. In allocating such excess, Lender may deal with the person shown on the records of Lender to be the owner of the Property. If the Escrow Fund is not sufficient to pay the items set forth in (a) and (b) above, Borrower shall promptly pay to Lender, upon demand, an amount which Lender shall estimate as sufficient to make up the deficiency. The Escrow Fund shall not constitute a trust fund and may be commingled with other monies held by Lender. No earnings or interest on the Escrow Fund shall be payable to Borrower.

Section 3.6 CONDEMNATION. Borrower shall promptly give Lender notice of the actual or threatened commencement of any condemnation or eminent domain proceeding and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Notwithstanding any taking by any public or quasi-public authority through eminent domain or otherwise (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Security Instrument and the Debt shall not be

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reduced until any award or payment therefor shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Lender shall not be limited to the interest paid on the award by the condemning authority but shall be entitled to receive out of the award interest at the rate or rates provided herein or in the Note.

Lender may apply any award or payment to the reduction or discharge of the Debt whether or not then due and payable. If the Property is sold, through foreclosure or otherwise, prior to the receipt by Lender of the award or payment, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the award or payment, or a portion thereof sufficient to pay the Debt.

Section 3.7 LEASES AND RENTS.

(a) Except as otherwise consented to by Lender, all Leases shall be written on the standard form of lease which shall have been approved by Lender. Upon request, Borrower shall furnish Lender with executed copies of all Leases. No material changes may be made to the Lender-approved standard lease without the prior written consent of Lender. In addition, all renewals of Leases and all proposed Leases shall provide for rental rates and terms comparable to existing local market rates and terms and shall be arms-length transactions with bona fide, independent third party tenants. All proposed Leases and renewals of existing Leases (other than residential Leases relating to a residential multifamily property) shall be subject to the prior approval of Lender and its counsel, at Borrower's expense. All Leases shall provide that they are subordinate to this Security Instrument and that the lessee agrees to attorn to Lender. Borrower (i) shall observe and perform all the obligations imposed upon the lessor under the Leases and shall not do or permit to be done anything to impair the value of any of the Leases as security for the Debt; (ii) shall promptly send copies to Lender of all notices of default which Borrower shall send or receive thereunder; (iii) shall enforce all of the terms, covenants and conditions contained in the Leases upon the part of the lessee thereunder to be observed or performed, short of termination thereof; provided however, with respect to multifamily residential property, a residential Lease may be terminated in the event of a default by the tenant thereunder; (iv) shall not collect any of the Rents more than one (1) month in advance; (v) shall not execute any other assignment of the lessor's interest in any of the Leases or the Rents; (vi) shall not alter, modify or change the terms of any Leases without the prior written consent of Lender, or cancel or terminate any Leases or accept a surrender thereof or convey or transfer or suffer or permit a conveyance or transfer of the Land or of any interest therein so as to effect a merger of the estates and rights of or a termination or diminution of the obligations of, lessees thereunder; (vii) shall not alter, modify or change the terms of any guaranty, letter of credit or other credit support with respect to any of the Leases (the "Lease Guaranty") or cancel or terminate such Lease Guaranty without the prior written consent of Lender; and (viii) shall not consent to any assignment of or subletting under any Leases not in accordance with their terms, without the prior written consent of Lender.

(b) Notwithstanding the provisions of Subsection 3.7(a) above, renewals of existing Leases and Leases for commercial space for in-line stores (as determined by

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Lender) shall not be subject to the prior approval of Lender provided all of the following conditions are satisfied: (i) the rental income pursuant to the renewal or proposed Lease is not more than ten percent (10%) of the total rental income for the in-line stores, (ii) the renewal or proposed Lease covers less than ten percent (10%) of the in-line store space, in the aggregate, (iii) the renewal or proposed Lease shall have a lease term not to exceed ten (10) years including options to renew, (iv) no rent credits, free rents or concessions in excess of one (1) month for each two (2) years of lease term (not to exceed three (3) months in the aggregate) have been granted under the renewal or proposed Lease, (v) the renewal or proposed Lease shall provide for rental rates and terms comparable to existing local market rates and terms, (vi) the renewal or proposed Lease shall be an arms-length transaction with a bona fide, independent third party tenant, (vii) the renewal or proposed Lease is subject and subordinate to the Security Instrument and the lessee thereunder shall have agreed to attorn to Lender, (viii) the renewal or proposed Lease is on the standard form of lease approved by Lender, and (ix) the renewal or proposed Lease shall satisfy other criteria as shall be required by Lender in its sole discretion. Borrower shall deliver to Lender copies of all Leases which are entered into pursuant to this Subsection (b) together with Borrower's certification that it has satisfied all of the conditions of the preceding sentence within thirty (30) days after the execution of the Lease.

Notwithstanding the provisions above, to the extent Lender's prior written approval is required pursuant to this Section 3.7, Lender shall, with respect to such proposed Leases and/or modifications, amendments or terminations of existing Leases, have eleven (11)

Business Days (as defined in Article 16) from receipt of such written request and any and all required material information and documentation relating thereto in which to approve or disapprove such material information and documentation, provided, such request to Lender is marked in bold lettering with the following language: "LENDER'S RESPONSE IS REQUIRED WITHIN ELEVEN (11) BUSINESS DAYS OF RECEIPT OF THIS NOTICE PURSUANT TO THE TERMS OF A MORTGAGE AND SECURITY AGREEMENT BETWEEN THE UNDERSIGNED AND LENDER" and the envelope containing the request must be marked "PRIORITY". In the event Lender fails to respond to the information and proposed documentation within such time, Lender's approval shall be deemed given. Borrower shall be required to provide Lender with such material information and documentation as may be required by Lender, in its sole discretion, including without limitation, lease comparables and other market information as required by Lender. If Lender disapproves any new Leases, or any amendment, modification or termination of any existing Leases, Lender shall provide Borrower with a written explanation of its disapproval.

(c) Upon the occurrence of an Event of Default, to the extent permitted by law, Borrower shall promptly deposit with Lender any and all monies representing security deposits under the Leases, whether or not Borrower actually received such monies (the "Security Deposits"). Lender shall hold the Security Deposits in accordance with the terms of the respective Lease, and shall only release the Security Deposits in order to return a tenant's Security Deposit to such tenant if such tenant is entitled to the return of the Security Deposit under the terms of the Lease and is not otherwise in default under the

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Lease. To the extent required by Applicable Laws (defined below), Lender shall hold the Security Deposits in an interest bearing account selected by Lender in its sole discretion. In the event Lender is not permitted by law to hold the Security Deposits, Borrower shall deposit the Security Deposits into an account with a federally insured institution as approved by Lender.

Section 3.8 MAINTENANCE OF PROPERTY. Borrower shall cause the Property to be maintained in a good and safe condition and repair. The Improvements and the Personal Property shall not be removed, demolished or materially altered (except for normal replacement of the Personal Property) without the consent of Lender. Borrower shall promptly repair, replace or rebuild any part of the Property which may be destroyed by any casualty, or become damaged, worn or dilapidated or which may be affected by any proceeding of the character referred to in Section 3.6 hereof and shall complete and pay for any structure at any time in the process of construction or repair on the Land. Borrower shall not initiate, join in, acquiesce in, or consent to any change in any private restrictive covenant, zoning law or other public or private restriction, limiting or defining the uses which may be made of the Property or any part thereof. If under applicable zoning provisions the use of all or any portion of the Property is or shall become a nonconforming use, Borrower will not cause or permit the nonconforming use to be discontinued or abandoned without the express written consent of Lender.

Section 3.9 WASTE. Borrower shall not commit or suffer any waste of the Property or make any change in the use of the Property which will in any way materially increase the risk of fire or other hazard arising out of the operation of the Property, or take any action that might invalidate or give cause for cancellation of any Policy, or do or permit to be done thereon anything that may in any way impair the value of the Property or the security of this Security Instrument. Borrower will not, without the prior written consent of Lender, permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of the Land, regardless of the depth thereof or the method of mining or extraction thereof.

Section 3.10 COMPLIANCE WITH LAWS.

(a) Borrower shall promptly comply with all existing and future federal, state and local laws, orders, ordinances, governmental rules and regulations or court orders affecting or which may be interpreted to affect the Property, or the use thereof ("Applicable Laws").

(b) Borrower shall from time to time, upon Lender's request, provide Lender with evidence satisfactory to Lender that the Property complies with all Applicable Laws or is exempt from compliance with Applicable Laws.

(c) Notwithstanding any provisions set forth herein or in any document regarding Lender's approval of alterations of the Property, Borrower shall not alter the Property in any manner which would increase Borrower's responsibilities for compliance with Applicable Laws without the prior written approval of Lender. Lender's approval of the plans, specifications, or working drawings for alterations of the Property shall create

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no responsibility or liability on behalf of Lender for their completeness, design, sufficiency or their compliance with Applicable Laws. The foregoing shall apply to tenant improvements constructed by Borrower or by any of its tenants. Lender may condition any such approval upon receipt of a certificate of compliance with Applicable Laws from an independent architect, engineer, or other person acceptable to Lender.

(d) Borrower shall give prompt notice to Lender of the receipt by Borrower of any notice related to a violation of any Applicable Laws and of the commencement of any proceedings or investigations which relate to compliance with Applicable Laws.

Section 3.11 BOOKS AND RECORDS.

(a) Borrower and any Guarantors (defined in Subsection 10.1(e)) and Indemnitor(s) (defined in Subsection 10.1(o)), if any, shall keep adequate books and records of account in accordance with generally accepted accounting principles ("GAAP"), or in accordance with other methods acceptable to Lender in its sole discretion, consistently applied and furnish to Lender:

(i) monthly certified rent rolls signed and dated by Borrower, detailing the names of all tenants of the Improvements, the portion of Improvements occupied by each tenant, the base rent and any other charges payable under each Lease and the term of each Lease, including the expiration date, and any other information as is reasonably required by Lender, within twenty (20) days after the end of each calendar month;

(ii) quarterly operating statements of the Property, prepared and certified by Borrower in the form required by Lender, detailing the revenues received, the expenses incurred and the net operating income before and after debt service (principal and interest) and major capital improvements for that quarter and containing appropriate year to date information, within thirty (30) days after the end of each fiscal quarter;

(iii) an annual operating statement of the Property detailing the total revenues received, total expenses incurred, total cost of all capital improvements, total debt service and total cash flow, to be prepared and certified by Borrower in the form required by Lender, or if required by Lender, an audited annual operating statement prepared and certified by an independent certified public accountant acceptable to Lender, within ninety (90) days after the close of each fiscal year of Borrower;

(iv) an annual balance sheet and profit and loss statement of Borrower, any Guarantors and any Indemnitor(s) in the form required by Lender, prepared and certified by the respective Borrower, Guarantors and/or Indemnitor(s), or if required by Lender, audited financial statements prepared by an independent certified public accountant acceptable to Lender, within ninety (90) days after the

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close of each fiscal year of Borrower, Guarantors and Indemnitor(s), as the case may be; and

(v) an annual operating budget presented on a monthly basis consistent with the annual operating statement described above for the Property, including cash flow projections for the upcoming year, and all proposed capital replacements and improvements at least fifteen (15) days prior to the start of each fiscal year.

(b) Upon request from Lender, Borrower, any Guarantor and any Indemnitor shall furnish in a timely manner to Lender:

(i) a property management report for the Property, showing the number of inquiries made and/or rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by Lender, in reasonable detail and certified by Borrower (or an officer, general partner, member or principal of Borrower if Borrower is not an individual) under penalty of perjury to be true and complete, but no more frequently than quarterly; and

(ii) an accounting of all security deposits held in connection with any Lease of any part of the Property, including the name and identification number of the accounts in which such security deposits are held, the name and address of the financial institutions in which such security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

(c) Borrower, any Guarantor and any Indemnitor shall furnish Lender with such other additional financial or management information (including State and Federal tax returns) as may, from time to time, be reasonably required by Lender in form and substance satisfactory to Lender.

(d) Borrower, any Guarantor and any Indemnitor shall furnish to Lender and its agents convenient facilities for the examination and audit of any such books and records.

Section 3.12 PAYMENT FOR LABOR AND MATERIALS. Borrower will promptly pay when due all bills and costs for labor, materials, and specifically fabricated materials incurred in connection with the Property and never permit to exist beyond the due date thereof in respect of the Property or any part thereof any lien or security interest, even though inferior to the liens and the security interests hereof, and in any event never permit to be created or exist in respect of the Property or any part thereof any other or additional lien or security interest other than the liens or security interests hereof, except for the Permitted Exceptions (defined below).

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Section 3.13 PERFORMANCE OF OTHER AGREEMENTS. Borrower shall observe and perform each and every term to be observed or performed by Borrower pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Property, or given by Borrower to Lender for the purpose of further securing an Obligation and any amendments, modifications or changes thereto.

Article 4 - SPECIAL COVENANTS

Borrower covenants and agrees that:

Section 4.1 PROPERTY USE. The Property shall be used only for a community shopping center, and for no other use without the prior written consent of Lender, which consent maybe withheld in Lender's sole and absolute discretion.

Section 4.2 ERISA.

(a) It shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Lender of any of its rights under the Note, this Security Instrument and the Other Security Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

(b) Borrower further covenants and agrees to deliver to Lender such certifications or other evidence from time to time throughout the term of the Security Instrument, as requested by Lender in its sole discretion, that (i) Borrower is not an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(32) of ERISA; (ii) Borrower is not subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans; and (iii) one or more of the following circumstances is true:

(A) Equity interests in Borrower are publicly

offered securities, within the meaning of 29 C.F.R. ss. 2510.3-101(b)(2);

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

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

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Section 4.3 SINGLE PURPOSE ENTITY. Borrower covenants and agrees that it has not and shall not and agrees that its general partner(s), if Borrower is a partnership, its managing member(s), if Borrower is a limited liability company, or its principal shareholders, if Borrower is a corporation (in each case, "Principal"), has not and shall not:

(i) with respect to Borrower, engage in any business or activity other than the ownership, operation and maintenance of the Property, and activities incidental thereto and with respect to Principal, engage in any business or activity other than the ownership of its interest in Borrower, and activities incidental thereto including the management of the Property;

(ii) with respect to Borrower, acquire or own any material assets other than (i) the Property, and (ii) such incidental Personal Property as may be necessary for the operation of the Property and with respect to Principal, acquire or own any material asset other than its interest in Borrower;

(iii) merge into or consolidate with any person or entity or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure; without in each case Lender's consent;

(iv) fail to preserve its existence as an entity duly organized, validly existing and in good standing (if applicable) under the laws of the jurisdiction of its organization or formation, or without the prior written consent of Lender, amend, modify, terminate or fail to comply with the provisions of Borrower's Partnership Agreement, Articles or Certificate of Incorporation, Articles of Organization or similar organizational documents, as the case may be, or of Principal's Partnership Agreement, Articles or Certificate of Incorporation, Articles of Organization or similar organizational documents, as the case may be, whichever is applicable;

(v) own any subsidiary or make any investment in, any person or entity without the consent of Lender;

(vi) commingle its assets with the assets of any of its members, general partners, affiliates, principals or of any other person or entity;

(vii) with respect to Borrower, incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than the Debt, except for trade payables in the ordinary course of its business of owning and operating the Property, provided that such debt is not evidenced by a note and paid when due and with respect to Principal, incur any debt secured or unsecured, direct or contingent (including guaranteeing any obligations);

(viii) become insolvent and fail to pay its debts and liabilities from its assets as the same shall become due;

(ix) fail to maintain its records, books of account and bank accounts separate and apart from those of the members, general partners, principals and affiliates of Borrower or of

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Principal, as the case may be, the affiliates of a member, general partner or principal of Borrower or Principal, as the case may be, and any other person or entity;

(x) enter into any contract or agreement with any member, general partner, principal or affiliate of Borrower or of Principal, as the case may be, Guarantor or Indemnitor, or any member, general partner, principal or affiliate thereof, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available

on an arms-length basis with third parties other than any member, general partner, principal or affiliate of Borrower or of Principal, as the case may be, Guarantor or Indemnitor, or any member, general partner, principal or affiliate thereof;

(xi) seek the dissolution or winding up in whole, or in part, of Borrower or of Principal, as the case may be;

(xii) fail to correct any known misunderstandings regarding the separate identity of Borrower, or of Principal, as the case may be, or any member, general partner, principal or affiliate thereof or any other person;

(xiii) hold itself out to be responsible for the debts of another person;

(xiv) make any loans or advances to any third party, including any member, general partner, principal or affiliate of Borrower, or of Principal, as the case may be, or any member, general partner, principal or affiliate thereof;

(xv) fail to file its own tax returns;

(xvi) agree to, enter into or consummate any transaction which would render Borrower or Principal, as the case may be, unable to furnish the certification or other evidence referred to in Section 4.2(b) hereof;

(xvii) fail either to hold itself out to the public as a legal entity separate and distinct from any other entity or person or to conduct its business solely in its own name in order not (i) to mislead others as to the identity with which such other party is transacting business, or (ii) to suggest that Borrower or Principal, as the case may be, is responsible for the debts of any third party (including any member, general partner, principal or affiliate of Borrower, or of Principal, as the case may be, or any member, general partner, principal or affiliate thereof);

(xviii) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(xix) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization statute, or make an assignment for the benefit of creditors; or

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(xx) share any common logo with or hold itself out as or be considered as a department or division of (i) any general partner, principal, member or affiliate of Borrower or of Principal, as the case may be, (ii) any affiliate of a general partner, principal or member of Borrower or of Principal, as the case may be, or (iii) any other person or entity.

Section 4.4 RESTORATION. The following provisions shall apply in connection with the Restoration of the Property:

(a) If the Net Proceeds (defined below) shall be less than \$75,000 and the costs of completing the Restoration shall be less than \$75,000, the Net Proceeds will be disbursed by Lender to Borrower upon receipt, provided that all of the conditions set forth in Subsection 4.4(b)(i) are met and Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration in accordance with the terms of this Security Instrument.

(b) If the Net Proceeds are equal to or greater than \$75,000 or the costs of completing the Restoration is equal to or greater than \$75,000, Lender shall make the net amount of all insurance proceeds received by Lender pursuant to Subsections 3.3(a)(i), (iv), (vi) and (vii) of this Security Instrument as a result of such damage or destruction, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting the same (the "Net Proceeds") available for the Restoration in accordance with the provisions of this Subsection 4.4(b).

(i) The Net Proceeds shall be made available to Borrower for the Restoration provided that each of the following conditions are met:

(A) no Event of Default shall have occurred and be continuing under the Note, this Security Instrument or any of the Other Security Documents;

(B) less than fifty percent (50%) of the total floor area of the Improvements has been

damaged, destroyed or rendered unusable as a result of such fire or other casualty;

(C) Leases demising in the aggregate at least 50% of the total rentable space in the Property which has been demised under executed and delivered Leases in effect as of the date of the occurrence of such fire or other casualty shall remain in full force and effect during and after the completion of the Restoration, and Borrower furnishes to Lender evidence satisfactory to Lender that Acme Markets, Inc. shall continue to operate its retail store at the Property after the completion of the Restoration;

(D) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than thirty (30) days after such

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damage or destruction occurs) and shall diligently pursue the same to satisfactory completion;

(E) Lender shall be satisfied that any operating deficits which will be incurred with respect to the Property as a result of the occurrence of any such fire or other casualty will be covered out of (1) the Net Proceeds, (2) the insurance coverage referred to in Subsection 3.3(a)(iii), or (3) by other funds of Borrower;

(F) Lender shall be satisfied that, upon the completion of the Restoration, the gross cash flow and the net cash flow of the Property will be restored to a level sufficient to cover all carrying costs and operating expenses of the Property, including, without limitation, debt service on the Note at a coverage ratio (after deducting all required reserves as required by Lender from net operating income) of at least 1.25 to 1.0, which coverage ratio shall be determined by Lender in its sole and absolute discretion on the basis of the Applicable Interest Rate (as defined in the Note);

(G) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) six (6) months prior to the Maturity Date (as defined in the Note), (2) six (6) months after the occurrence of such fire or other casualty, or (3) the earliest date required for such completion under the terms of any Leases which are required in accordance with the provisions of this Subsection 4.4(b) to remain in effect subsequent to the occurrence of such fire or other casualty and the completion of the Restoration or under the terms of the Lease(s) with Acme Markets, Inc., or (4) such time as may be required under applicable zoning law, ordinance, rule or regulation in order to repair and restore the Property to the condition it was in immediately prior to such fire or other casualty;

(H) Borrower shall execute and deliver to Lender a completion guaranty in form and substance satisfactory to Lender and its counsel pursuant to the provisions of which Borrower shall guaranty to Lender the lien-free completion by Borrower of the Restoration in accordance with the provisions of this Subsection 4.4(b);

(I) the Property and the use thereof after the Restoration will be in compliance with and permitted under all applicable zoning laws, ordinances, rules and regulations; and

(J) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in compliance with all applicable

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governmental laws, rules and regulations (including, without limitation, all applicable Environmental Laws (defined below)).

(ii) The Net Proceeds shall be held by Lender and, until disbursed in accordance with the provisions of this Subsection 4.4(b), shall constitute additional security for the Obligations. The Net Proceeds shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the Restoration have been paid for in full, and (B) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Property arising out of the Restoration which have not either been fully bonded to the satisfaction of Lender and discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company insuring the lien of this Security Instrument.

(iii) All plans and specifications required in connection with the Restoration shall be subject to prior review and acceptance in all respects by Lender and by an independent consulting engineer selected by Lender (the "Casualty Consultant"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts under which they have been engaged, shall be subject to prior review and acceptance by Lender and the Casualty Consultant. All costs and expenses incurred by Lender in connection with making the Net Proceeds available for the Restoration including, without limitation, reasonable counsel fees and disbursements and the Casualty Consultant's fees, shall be paid by Borrower.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Casualty Consultant, minus the Casualty Retainage. The term "Casualty Retainage" as used in this Subsection 4.4(b) shall mean an amount equal to 10% of the costs actually incurred for work in place as part of the Restoration, as certified by the Casualty Consultant, until such time as the Casualty Consultant certifies to Lender that Net Proceeds representing 50% of the required Restoration have been disbursed. There shall be no Casualty Retainage with respect to costs actually incurred by Borrower for work in place in completing the last 50% of the required Restoration. The Casualty Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this Subsection 4.4(b), be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Casualty Retainage shall not be released until the Casualty Consultant certifies to Lender that the Restoration has been completed in

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accordance with the provisions of this Subsection 4.4(b) and that all approvals necessary for the re-occupancy and use of the Property have been obtained from all appropriate governmental and quasi-governmental authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Casualty Retainage, provided, however, that Lender will release the portion of the Casualty Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which the Casualty Consultant certifies to Lender that the contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of the contractor's, subcontractor's or materialman's contract, and the

contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company insuring the lien of this Security Instrument. If required by Lender, the release of any such portion of the Casualty Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the opinion of Lender, be sufficient to pay in full the balance of the costs which are estimated by the Casualty Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "Net Proceeds Deficiency") with Lender before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be held by Lender and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Subsection 4.4(b) shall constitute additional security for the Obligations.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Subsection 4.4(b), and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and shall be continuing under the Note, this Security Instrument or any of the Other Security Documents.

(c) All Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to Borrower as excess Net Proceeds pursuant to Subsection 4.4(b)(vii) may be retained and applied by Lender toward the payment of the Debt whether or not then

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due and payable in such order, priority and proportions as Lender in its discretion shall deem proper or, at the discretion of Lender, the same may be paid, either in whole or in part, to Borrower for such purposes as Lender shall designate, in its discretion. If Lender shall receive and retain Net Proceeds, the lien of this Security Instrument shall be reduced only by the amount thereof received and retained by Lender and actually applied by Lender in reduction of the Debt:

Article 5 - REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender that:

Section 5.1 WARRANTY OF TITLE. Borrower has good title to the Property and has the right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the same and that Borrower possesses an unencumbered fee simple absolute estate in the Land and the Improvements and that it owns the Property and clear of all liens, encumbrances and charges whatsoever except for those exceptions shown in the title insurance policy insuring the lien of this Security Instrument (the "Permitted Exceptions"). Borrower shall forever warrant, defend and preserve the title and the validity and priority of the lien of this Security Instrument and shall forever warrant and defend the same to Lender against the claims of all persons whomsoever.

Section 5.2 AUTHORITY. Borrower (and the undersigned representative of Borrower, if any) has full power, authority and legal right to execute this Security Instrument, and to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the Property pursuant to the terms hereof and to keep and observe all of the terms of this Security Instrument on Borrower's part to be performed.

Section 5.3 LEGAL STATUS AND AUTHORITY. Borrower (a) is duly organized, validly existing and in good standing under the laws of its state of organization or incorporation; (b) is duly qualified to transact business and is in good standing in the State where the Property is located; and (c) has all

necessary approvals, governmental and otherwise, and full power and authority to own the Property and carry on its business as now conducted and proposed to be conducted. Borrower now has and shall continue to have the full right, power and authority to operate and lease the Property, to encumber the Property as provided herein and to perform all of the other obligations to be performed by Borrower under the Note, this Security Instrument and the Other Security Documents.

Section 5.4 VALIDITY OF DOCUMENTS. (a) The execution, delivery and performance of the Note, this Security Instrument and the Other Security Documents and the borrowing evidenced by the Note (i) are within the corporate/partnership/company power of Borrower; (ii) have been authorized by all requisite corporate/partnership/company action; (iii) have received all necessary approvals and consents, corporate, governmental or otherwise; (iv) will not violate, conflict with, result in a breach of or constitute (with notice or lapse of time, or both) a default under any provision of law, any order or judgment of any court or governmental authority, the articles of incorporation, by-laws, partnership or trust agreement, articles of

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organization, operating agreement, or other governing instrument of Borrower, or any indenture, agreement or other instrument to which Borrower is a party or by which it or any of its assets or the Property is or may be bound or affected; (v) will not result in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of its assets, except the lien and security interest created hereby; and (vi) will not require any authorization or license from, or any filing with, any governmental or other body (except for the recordation of this Security Instrument in appropriate land records in the State where the Property is located and except for Uniform Commercial Code filings relating to the security interest created hereby); and (b) the Note, this Security Instrument and the Other Security Documents constitute the legal, valid and binding obligations of Borrower.

Section 5.5 LITIGATION. There is no action, suit or proceeding, judicial, administrative or otherwise (including any condemnation or similar proceeding), pending or, to the best of Borrower's knowledge, threatened or contemplated against, or affecting, Borrower, a Guarantor, if any, an Indemnitator, if any, or the Property.

Section 5.6 STATUS of PROPERTY.

(a) No portion of the Improvements is located in an area identified by the Secretary of Housing and Urban Development or any successor thereto as an area having special flood hazards pursuant to the Flood Insurance Acts or, if any portion of the Improvements is located within such area, Borrower has obtained and will maintain the insurance prescribed in Section 3.3 hereof.

(b) Borrower has obtained all necessary certificates, licenses and other approvals, governmental and otherwise, necessary for the operation of the Property and the conduct of its business and all required zoning, building code, land use, environmental and other similar permits or approvals, all of which are in full force and effect as of the date hereof and not subject to revocation, suspension, forfeiture or modification.

(c) The Property and the present and contemplated use and occupancy thereof are in full compliance with all applicable zoning ordinances, building codes, land use and environmental laws and other similar laws.

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

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

(f) The Property is served by public water and sewer systems.

(g) The Property is free from damage caused by fire or other casualty.

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(h) All costs and expenses of any and all labor, materials, supplies and equipment used in the construction of the Improvements have been paid in full.

(i) Borrower has paid in full for, and is the owner of, all furnishings, fixtures and equipment (other than tenants' property) used in connection with the operation of the Property, free and clear of any and all security interests, liens or encumbrances, except the lien and security interest created hereby.

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

Section 5.7 NO FOREIGN PERSON. Borrower is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended and the related Treasury Department regulations, including temporary regulations.

Section 5.8 SEPARATE TAX LOT. The Property is assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements is assessed and taxed together with the Property or any portion thereof.

Section 5.9 ERISA COMPLIANCE.

(a) As of the date hereof and throughout the term of this Security Instrument, (i) Borrower is not and will not be an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, and (ii) the assets of Borrower do not and will not constitute "plan assets" of one or more such plans for purposes of Title I of ERISA; and

(b) As of the date hereof and throughout the term of this Security Instrument (i) Borrower is not and will not be a "governmental plan" within the meaning of Section 3(3) of ERISA and (ii) transactions by or with Borrower are not and will not be subject to state statutes applicable to Borrower regulating investments of and fiduciary obligations with respect to governmental plans.

Section 5.10 LEASES. (a) Borrower is the sole owner of the entire lessor's interest in the Leases; (b) the Leases are valid and enforceable and in full force and effect; (c) all of the Leases are arms-length agreements with bona fide, independent third parties; (d) no party (other than Formal Celebrations) under any Lease is in default; (e) all Rents due have been paid in full; (f) the terms of all alterations, modifications and amendments to the Leases are reflected in the certified occupancy statement delivered to and approved by Lender; (g) none of the Rents reserved in the Leases have been assigned or otherwise pledged or hypothecated; (h) none of the Rents have been collected for more than one (1) month in advance; (i) the premises demised under the Leases (other than the Leases with Acme Markets, Inc. and Essex Restaurants, Inc., a franchisee of Wendy's International) have been completed and the tenants under the Leases have accepted the

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same and have taken possession of the same on a rent-paying basis; (j) there exist no offsets or defenses to the payment of any portion of the Rents; (k) no Lease contains an option to purchase, right of first refusal to purchase, or any other similar provision; (l) no person or entity has any possessory interest in, or right to occupy, the Property except under and pursuant to a Lease; (m) each Lease is subordinate to this Security Instrument, either pursuant to its terms or a recorded subordination agreement; and (n) no Lease has the benefit of a non-disturbance agreement that would be considered unacceptable to prudent institutional lenders.

Section 5.11 FINANCIAL CONDITION. (a) (i) Borrower is solvent, and no bankruptcy, reorganization, insolvency or similar proceeding under any state or federal law with respect to Borrower has been initiated, and (ii) Borrower has received reasonably equivalent value for the granting of this Security Instrument.

(b) No petition in bankruptcy has ever been filed by or against Borrower; any Guarantor, any Indemnitor or any related entity, or any principal, general partner or member thereof, in the last seven (7) years and neither Borrower, any Guarantor, any Indemnitor nor any related entity, or any principal, general partner or member thereof, in the last seven (7) years has ever made any assignment for the benefit of creditors or taken advantage of any insolvency act or any act for the benefit of debtors.

Section 5.12 BUSINESS PURPOSES. The loan evidenced by the Note secured by the Security Instrument and the Other Security Documents (the "Loan") is solely for the business purpose of Borrower, and is not for personal, family, household, or agricultural purposes.

Section 5.13 TAXES. Borrower, any Guarantor and any Indemnitor have filed all federal, state, county, municipal, and city income and other tax returns required to have been filed by them and have paid all taxes and related liabilities which have become due pursuant to such returns or pursuant to any assessments received by them. Neither Borrower, any Guarantor nor any Indemnitor knows of any basis for any additional assessment in respect of any such taxes and related liabilities for prior years.

Section 5.14 MAILING ADDRESS. Borrower's mailing address, as set forth in the opening paragraph hereof or as changed in accordance with the provisions hereof, is true and correct.

Section 5.15 NO CHANGE IN FACTS OR CIRCUMSTANCES. All information in the application for the Loan submitted to Lender (the "Loan Application") and in all financing statements, rent rolls, reports, certificates and other documents submitted in connection with the Loan Application or in satisfaction of the terms thereof, are accurate, complete and correct in all respects. There has been no material adverse change in any condition, fact, circumstance or event that would make any such information inaccurate, incomplete or otherwise misleading.

Section 5.16 DISCLOSURE. Borrower has disclosed to Lender all material facts and has not failed to disclose any material fact that could cause any representation or warranty made herein to be materially misleading.

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Section 5.17 THIRD PARTY REPRESENTATIONS. Each of the representations and the warranties made by each Guarantor and Indemnitor herein or in any Other Security Document(s) is true and correct in all material respects.

Section 5.18 ILLEGAL ACTIVITIES. No portion of the Property has been or will be purchased with proceeds of any illegal activity.

Section 5.19 CONTRACTS. All contracts, agreements, consents, waivers, documents and writings of every kind or character at any time to which Borrower is a party to be delivered to Lender pursuant to any of the provisions of this Security Instrument are valid and enforceable against Borrower and, to the best knowledge of Borrower, are enforceable against all other parties thereto, and, to Borrower's actual knowledge, in all respects are what they purport to be and, to the best knowledge of Borrower, to the extent that any such writing shall impose any obligation or duty on the party thereto or constitute a waiver of any rights which any such party might otherwise have, said writing shall be valid and enforceable against said party in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally.

Article 6 - OBLIGATIONS AND RELIANCES

Section 6.1 RELATIONSHIP OF BORROWER AND LENDER. The relationship between Borrower and Lender is solely that of debtor and creditor, and Lender has no fiduciary or other special relationship with Borrower, and no term or condition of any of the Note, this Security Instrument and the Other Security Documents shall be construed so as to deem the relationship between Borrower and Lender to be other than that of debtor and creditor.

Section 6.2 NO RELIANCE ON LENDER. The members, general partners, principals and (if Borrower is a trust) beneficial owners of Borrower are experienced in the ownership and operation of properties similar to the Property, and Borrower and Lender are relying solely upon such expertise and business plan in connection with the ownership and operation of the Property. Borrower is not relying on Lender's expertise, business acumen or advice in connection with the Property.

Section 6.3 NO LENDER OBLIGATIONS. (a) Notwithstanding the provisions of Subsections 1.1(f) and (l) or Section 1.2, Lender is not undertaking the performance of (i) any obligations under the Leases; or (ii) any obligations with respect to such agreements, contracts, certificates, instruments, franchises, permits, trademarks, licenses and other documents.

(b) By accepting or approving anything required to be observed, performed or fulfilled or to be given to Lender pursuant to this Security Instrument, the Note or the Other Security Documents, including without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, Lender shall not be deemed to have warranted, consented to, or affirmed

legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by Lender.

Section 6.4 RELIANCE. Borrower recognizes and acknowledges that in accepting the Note, this Security Instrument and the Other Security Documents, Lender is expressly and primarily relying on the truth and accuracy of the warranties and representations set forth in Article 5 without any obligation to investigate the Property and notwithstanding any investigation of the Property by Lender; that such reliance existed on the part of Lender prior to the date hereof; that the warranties and representations are a material inducement to Lender in accepting the Note, this Security Instrument and the Other Security Documents; and that Lender would not be willing to make the Loan and accept this Security Instrument in the absence of the warranties and representations as set forth in Article 5.

Article 7 - FURTHER ASSURANCES

Section 7.1 RECORDING OF SECURITY INSTRUMENT, ETC. Borrower forthwith upon the execution and delivery of this Security Instrument and thereafter, from time to time, will cause this Security Instrument and any of the Other Security Documents creating a lien or security interest or evidencing the lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the lien or security interest hereof upon, and the interest of Lender in, the Property. Borrower will pay all taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of the Note, this Security Instrument, the Other Security Documents, any note or mortgage supplemental hereto, any security instrument with respect to the Property and any instrument of further assurance, and any modification or amendment of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Security Instrument, any mortgage supplemental hereto, any security instrument with respect to the Property or any instrument of further assurance, and any modification or amendment of the foregoing documents, except where prohibited by law so to do.

Section 7.2 FURTHER ACTS, ETC. Borrower will, at the cost of Borrower, and without expense to Lender, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as Lender shall, from time to time, require, for the better assuring, conveying, assigning, transferring, and confirming unto Lender the Property and rights hereby mortgaged, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which Borrower may be or may hereafter become bound to convey or assign to Lender, or for carrying out the intention or facilitating the performance of the terms of this Security Instrument or for filing, registering or recording this Security Instrument, or for complying with all Applicable Laws. Borrower, on demand, will execute and deliver and hereby authorizes Lender to execute in the name of Borrower or without the signature of Borrower to the extent Lender may lawfully do so, one or more financing statements, chattel mortgages or other

instruments, to evidence more effectively the security interest of Lender in the Property. Borrower grants to Lender an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Lender at law and in equity, including without limitation such rights and remedies available to Lender pursuant to this Section 7.2.

Section 7.3 CHANGES IN TAX DEBT CREDIT AND DOCUMENTARY STAMP LAWS.

(a) If any law is enacted or adopted or amended after the date of this Security Instrument which deducts the Debt from the value of the Property for the purpose of taxation or which imposes a tax, either directly or indirectly, on the Debt or Lender's interest in the Property, Borrower will pay the tax, with interest and penalties thereon, if any. If Lender is advised by counsel chosen by it that the payment of tax by Borrower would be unlawful or taxable to Lender or unenforceable or provide the basis for a defense of usury, then Lender shall have the option by written notice of not less than ninety (90) days to declare the Debt immediately due and payable.

(b) Borrower will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Property, or any part thereof, for real estate tax purposes by reason of this Security Instrument or the Debt. If such claim, credit or deduction shall be required by law, Lender shall have the option, by written notice of not less than ninety (90) days, to declare the Debt immediately due and payable.

(c) If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note, this Security Instrument, or any of the Other Security Documents or impose any other tax or charge on the same, Borrower will pay for the same, with interest and penalties thereon, if any.

Section 7.4 ESTOPPEL CERTIFICATES.

(a) After request by Lender, Borrower, within ten (10) days, shall furnish Lender or any proposed assignee with a statement, duly acknowledged and certified, setting forth (i) the amount of the original principal amount of the Note, (ii) the unpaid principal amount of the Note, (iii) the rate of interest of the Note, (iv) the terms of payment and maturity date of the Note, (v) the date installments of interest and/or principal were last paid. (vi) that, except as provided in such statement, there are no defaults or events which with the passage of time or the giving of notice or both, would constitute an event of default under the Note or the Security Instrument, (vii) that the Note and this Security Instrument are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification, (viii) whether any offsets or defenses exist against the obligations secured hereby and, if any are alleged to exist, a

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detailed description thereof, (ix) that all Leases are in full force and effect and (provided the Property is not a residential multifamily property) have not been modified (or if modified, setting forth all modifications), (x) the date to which the Rents thereunder have been paid pursuant to the Leases, (xi) whether or not, to the best knowledge of Borrower, any of the lessees under the Leases are in default under the Leases, and, if any of the lessees are in default, setting forth the specific nature of all such defaults, (xii) the amount of security deposits held by Borrower under each Lease and that such amounts are consistent with the amounts required under each Lease, and (xiii) as to any other matters reasonably requested by Lender and reasonably related to the Leases, the obligations secured hereby, the Property or this Security Instrument.

(b) Borrower shall deliver to Lender, promptly upon request, duly executed estoppel certificates from any one or more lessees as required by Lender attesting to such facts regarding the Lease as Lender may require, including but not limited to attestations that each Lease covered thereby is in full force and effect with no defaults thereunder on the part of any party, that none of the Rents have been paid more than one month in advance, and that the lessee claims no defense or offset against the full and timely performance of its obligations under the Lease.

(c) Upon any transfer or proposed transfer contemplated by Section 19.1 hereof, at Lender's request, Borrower, any Guarantors and any Indemnitor(s) shall provide an estoppel certificate to the Investor (defined in Section 19.1) or any prospective Investor in such form, substance and detail as Lender, such Investor or prospective Investor may require.

Section 7.5 FLOOD INSURANCE. After Lender's request, Borrower shall deliver evidence satisfactory to Lender that no portion of the Improvements is situated in a federally designated "special flood hazard area" or if it is, that Borrower has obtained insurance meeting the requirements of Section 3.3(a) (vii).

Section 7.6 SPLITTING OF SECURITY INSTRUMENT. This Security Instrument and the Note shall, at any time until the same shall be fully paid and satisfied, at the sole election of Lender, be split or divided into two or more notes and two or more security instruments, each of which shall cover all or a portion of the Property to be more particularly described therein. To that end, Borrower, upon written request of Lender, shall execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered by the then owner of the Property, to Lender and/or its designee or designees substitute notes

and security instruments in such principal amounts, aggregating not more than the then unpaid principal amount of this Security Instrument, and containing terms, provisions and clauses similar to those contained herein and in the Note, and such other documents and instruments as may be required by Lender.

Section 7.7 REPLACEMENT DOCUMENTS. Upon receipt of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of the Note or any Other Security Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or Other Security Document, Borrower will issue, in lieu thereof,

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a replacement Note or Other Security Document, dated the date of such lost, stolen, destroyed or mutilated Note or Other Security Document in the same principal amount thereof and otherwise of like tenor.

Article 8 - DUE ON SALE/ENCUMBRANCE

Section 8.1 LENDER RELIANCE. Borrower acknowledges that Lender has examined and relied on the experience of Borrower and its members, general partners, principals and (if Borrower is a trust) beneficial owners in owning and operating properties such as the Property in agreeing to make the loan secured hereby, and will continue to rely on Borrower's ownership of the Property as a means of maintaining the value of the Property as security for repayment of the Debt and the performance of the Other Obligations. Borrower acknowledges that Lender has a valid interest in maintaining the value of the Property so as to ensure that, should Borrower default in the repayment of the Debt or the performance of the Other Obligations, Lender can recover the Debt by a sale of the Property.

Section 8.2 NO SALE/ENCUMBRANCE. Borrower agrees that Borrower shall not, without the prior written consent of Lender, sell, convey, mortgage, grant, bargain, encumber, pledge, assign, or otherwise transfer the Property or any part thereof or permit the Property or any part thereof to be sold, conveyed, mortgaged, granted, bargained, encumbered, pledged, assigned, or otherwise transferred.

Section 8.3 SALE/ENCUMBRANCE DEFINED. A sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer within the meaning of this Article 8 shall be deemed to include, but not limited to, (a) an installment sales agreement wherein Borrower agrees to sell the Property or any part thereof for a price to be paid in installments; (b) an agreement by Borrower leasing all or a substantial part of the Property for other than actual occupancy by a space tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (c) if Borrower, any Guarantor, any Indemnitor, or any general or limited partner or member of Borrower, any Guarantor or any Indemnitor is a corporation, the voluntary or involuntary sale, conveyance, transfer or pledge of such corporation's stock (or the stock of any corporation directly or indirectly controlling such corporation by operation of law or otherwise) or the creation or issuance of new stock by which an aggregate of more than 33% of such corporation's stock shall be vested in a party or parties who are not now stockholders; (d) if Borrower, any Guarantor or any Indemnitor or any general or limited partner or member of Borrower, any Guarantor or any Indemnitor is a limited or general partnership or joint venture, the change, removal or resignation of a general partner or managing partner or the transfer or pledge of the partnership interest of any general partner or managing partner or any profits or proceeds relating to such partnership interest or the voluntary or involuntary sale, conveyance, transfer or pledge of limited partnership interests (or the limited partnership interests of any limited partnership directly or indirectly controlling such limited partnership by operation of law or otherwise) or the creation or issuance of new limited partnership interests, by which an aggregate of more than 33% of such limited partnership interests are held by parties who are not currently limited partners; and (e) if Borrower, any

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Guarantor, any Indemnitor or any general or limited partner or member of Borrower, any Guarantor or any Indemnitor is a limited liability company, the change, removal or resignation of a managing member or the transfer of the membership interest of any managing member or any profits or proceeds relating to such membership interest or the voluntary or involuntary sale, conveyance, transfer or pledge of membership interests (or the membership interests of any limited liability company directly or indirectly controlling such limited liability company by operation of law or otherwise) or the creation or issuance of new membership interests, by which an aggregate of more than 33% of such membership interests are held by parties who are not currently members. Notwithstanding the foregoing, the following transfer shall not be deemed to be

a sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer within the meaning of this Article 8: transfer by devise or descent or by operation of law upon the death of a member, partner or stockholder of Borrower, any Guarantor or any Indemnitor or any general partner or member thereof. Notwithstanding the provisions of this Security Instrument to the contrary, and provided that no default has occurred and is continuing under the Note, this Security Instrument or the Other Security Documents, Lender's prior written consent shall not be required with respect to transfers of stock in the general partner of Borrower, provided (i) Andrew B. Hascoe maintains at least a fifty-one percent (51%) ownership interest in said general partner of Borrower and (ii) Lender receives sixty (60) days prior written notice of any such transfer.

Section 8.4 LENDER'S RIGHTS. Lender reserves the right to condition the consent required hereunder upon a modification of the terms hereof and on assumption of the Note, this Security Instrument and the Other Security Documents as so modified by the proposed transferee, payment of a transfer fee of one percent (1%) of the principal balance of the Note, a \$4,000 processing fee, and all of Lender's expenses incurred in connection with such transfer, the approval by a Rating Agency of the proposed transferee, the proposed transferee's continued compliance with the covenants set forth in this Security Instrument, including, without limitation, the covenants in Section 4.3 hereof, or such other conditions as Lender shall determine in its sole discretion to be in the interest of Lender. All of Lender's expenses incurred and the \$4,000 processing fee shall be payable by Borrower whether or not Lender consents to the transfer. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon Borrower's sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer of the Property without Lender's consent. This provision shall apply to every sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer of the Property regardless of whether voluntary or not, or whether or not Lender has consented to any previous sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer of the Property.

Article 9 - PREPAYMENT

Section 9.1 PREPAYMENT BEFORE EVENT OF DEFAULT. The Debt may be prepaid only in strict accordance with the express terms and conditions of the Note including the payment of any prepayment consideration.

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Section 9.2 PREPAYMENT ON CASUALTY OR CONDEMNATION. Provided no Event of Default exists under the Note, this Security Instrument or the Other Security Documents, in the event of any prepayment of the Debt pursuant to the terms of Sections 3.3 or 3.6 hereof, no Prepayment Consideration (defined in the Note) shall be due in connection therewith, but Borrower shall be responsible for the Interest Shortfall Payment (defined in the Note), if any, and all other amounts due under the Note, this Security Instrument and the Other Security Documents.

Section 9.3 PREPAYMENT AFTER EVENT OF DEFAULT. If a Default Prepayment (defined below) occurs, Borrower shall pay to Lender the entire Debt, including without limitation, the following amounts:

(a) if the Default Prepayment occurs prior to the time when prepayment of the principal balance of the Note is permitted, an amount equal to the sum of (i) the present value of the interest payments which would have accrued on the principal balance of the Note (outstanding as of the date of such Default Prepayment) at the Applicable Interest Rate (as defined in the Note) from the date of such Default Prepayment to the first day prepayment is permitted pursuant to the Note discounted at a rate equal to the Treasury Rate (as defined in the Note) except that such Treasury Rate shall be based on the U.S. Treasury constant maturity most nearly approximating the date upon which prepayment is first permitted pursuant to the Note, and (ii) the Prepayment Consideration (defined in the Note) which would have been payable to Lender as of the first day of the fourth (4th) Loan Year (as defined in the Note) based on the Treasury Rate in effect at the time of such Default Prepayment; and

(b) if the Default Prepayment occurs at a time when prepayment of the principal balance of the Note is permitted, the Prepayment Consideration and the Interest Shortfall Payment (defined in the Note), if applicable.

For purposes of this Section 9.3, the term "Default Prepayment" shall mean a

prepayment of the principal amount of the Note made after the occurrence of any Event of Default or an acceleration of the Maturity Date (as defined in the Note) under any circumstances, including, without limitation, a prepayment occurring in connection with reinstatement of this Security Instrument provided by statute under foreclosure proceedings or exercise of a power of sale, any statutory right of redemption exercised by Borrower or any other party having a statutory right to redeem or prevent foreclosure, any sale in foreclosure or under exercise of a power of sale or otherwise.

Article 10 - DEFAULT

Section 10.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an "Event of Default":

(a) if any portion of the Debt is not paid on or prior to the date the same is due;

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(b) if any of the Taxes or Other Charges is not paid when the same is due and payable except to the extent sums sufficient to pay such Taxes and Other Charges have been deposited with Lender in accordance with the terms of this Security Instrument;

(c) if the Policies are not kept in full force and effect, or if the Policies are not delivered to Lender upon request;

(d) if Borrower violates or does not comply with any of the provisions of Section 3.7 or Article 12 within thirty (30) days after notice from Lender or if Borrower or Principal, as applicable, violates or does not comply with any of the provisions of Section 4.3 or Article 8;

(e) if any representation or warranty of Borrower, any Indemnitor or any person guaranteeing payment of the Debt or any portion thereof or performance by Borrower of any of the terms of this Security Instrument (a "Guarantor"), or any member, general partner, principal or beneficial owner of any of the foregoing, made herein or in the Environmental Indemnity (defined below) or any guaranty, or in any certificate, report, financial statement or other instrument or document furnished to Lender shall have been false or misleading in any material respect when made;

(f) if (i) Borrower or any managing member or general partner of Borrower, or any Guarantor or Indemnitor shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Borrower or any managing member or general partner of Borrower, or any Guarantor or Indemnitor shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against Borrower or any managing member or general partner of Borrower, or any Guarantor or Indemnitor any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against the Borrower or any managing member or general partner of Borrower, or any Guarantor or Indemnitor any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of any order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) the Borrower or any managing member or general partner of Borrower, or any Guarantor or Indemnitor shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Borrower or any managing member or general partner of Borrower, or any Guarantor or

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Indemnitor shall generally not, or shall be unable to, or shall admit

in writing its inability to, pay its debts as they become due;

(g) if Borrower shall be in default under any other mortgage, deed of trust, deed to secure debt or other security agreement covering any part of the Property whether it be superior or junior in lien to this Security Instrument;

(h) if the Property becomes subject to any mechanic's, materialman's or other lien other than a lien for local real estate taxes and assessments not then due and payable and the lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of thirty (30) days;

(i) if any federal tax lien is filed against Borrower, any member or general partner of Borrower, any Guarantor, any Indemnitor or the Property and same is not discharged of record within thirty (30) days after same is filed;

(j) if any condemnation or eminent domain proceeding has been concluded which renders the use or occupancy of the Property economically unfeasible;

(k) if (i) Borrower fails to timely provide Lender with the written certification and evidence referred to in Section 4.2 hereof, or (ii) Borrower consummates a transaction which would cause the Security Instrument or Lender's exercise of its rights under this Security Instrument, the Note or the Other Security Documents to constitute a nonexempt prohibited transaction under ERISA or result in a violation of a state statute regulating governmental plans, subjecting Lender to liability for a violation of ERISA or a state statute;

(l) if Borrower shall fail to reimburse Lender on demand, with interest calculated at the Default Rate, for all Insurance Premiums or Taxes, together with interest and penalties imposed thereon, paid by Lender pursuant to this Security Instrument;

(m) if Borrower shall fail to deliver to Lender, within ten (10) days after request by Lender, the estoppel certificates required pursuant to the terms of Subsections 7.4(a) and (c);

(n) if Borrower shall fail to deliver to Lender, within ten (10) days after request by Lender, the statements referred to in Section 3.11 in accordance with the terms thereof;

(o) if any default occurs under that certain environmental indemnity agreement dated the date hereof given by Borrower and Andrew B. Hascoe (at times hereinafter referred to collectively as "Indemnitor(s)") to Lender (the "Environmental Indemnity") and such default continues after the expiration of applicable notice and grace periods, if any;

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(p) if any default occurs under any guaranty or indemnity executed in connection herewith and such default continues after the expiration of applicable grace periods, if any; or

(q) if for more than ten (10) days after notice from Lender, Borrower shall continue to be in default under any other term, covenant or condition of the Note, this Security Instrument or the Other Security Documents in the case of any default which can be cured by the payment of a sum of money or for thirty (30) days after notice from Lender in the case of any other default, provided that if such default cannot reasonably be cured within such thirty (30) day period and Borrower shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Borrower in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of sixty (60) days.

Section 10.2 LATE PAYMENT CHARGE. If any monthly installment of principal and interest is not paid on or prior to the date on which it is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of five percent (5%) of such unpaid portion of the outstanding monthly installment of principal and interest then due or the maximum amount permitted by applicable law, to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment, and such amount shall be secured by this Security Instrument and the Other Security Documents.

Section 10.3 DEFAULT INTEREST. Borrower will pay, from the

date of an Event of Default through the earlier of the date upon which the Event of Default is cured or the date upon which the Debt is paid in full, interest on the unpaid principal balance of the Note at a per annum rate equal to the lesser of (a) five percent (5%) plus the Applicable Interest Rate (as defined in the Note), and (b) the maximum interest rate which Borrower may by law pay or Lender may charge and collect (the "Default Rate").

Article 11 - RIGHTS AND REMEDIES

Section 11.1 REMEDIES. Upon the occurrence of any Event of Default, Borrower agrees that Lender may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower and in and to the Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Lender may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Lender:

(a) declare the entire unpaid Debt to be immediately due and payable;

(b) institute proceedings, judicial or otherwise, for the complete foreclosure of this Security Instrument under any applicable provision of law in which case the Property

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or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;

(c) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Security Instrument for the portion of the Debt then due and payable, subject to the continuing lien and security interest of this Security Instrument for the balance of the Debt not then due, unimpaired and without loss of priority;

(d) sell for cash or upon credit the Property or any part thereof and all estate, claim, demand, right, title and interest of Borrower therein and rights of redemption thereof, pursuant to power of sale or otherwise, at one or more sales, as an entity or in parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law;

(e) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in the Note or in the Other Security Documents;

(f) recover judgment on the Note either before, during or after any proceedings for the enforcement of this Security Instrument or the Other Security Documents;

(g) apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without notice and without regard for the adequacy of the security for the Debt and without regard for the solvency of Borrower, any Guarantor, Indemnitor or of any person, firm or other entity liable for the payment of the Debt;

(h) subject to any applicable law, the license granted to Borrower under Section 1.2 shall automatically be revoked and Lender may enter into or upon the Property, either personally or by its agents, nominees or attorneys and dispossess Borrower and its agents and servants therefrom, without liability for trespass, damages or otherwise and exclude Borrower and its agents or servants wholly therefrom, and take possession of all books, records and accounts relating thereto and Borrower agrees to surrender possession of the Property and of such books, records and accounts to Lender upon demand, and thereupon Lender may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Property and conduct the business thereat; (ii) complete any construction on the Property in such manner and form as Lender deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Property; (iv) exercise all rights and powers of Borrower with respect to the Property, whether in the name of Borrower or otherwise, including, without limitation, the right to make, cancel, enforce or modify Leases, obtain and evict tenants, and demand, sue for, collect and receive all Rents of the Property and every part thereof; (v) require Borrower to pay monthly in advance to Lender, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Property as may be occupied by Borrower; (vi) require

possession of the Property to Lender or to such receiver and, in default thereof, Borrower may be evicted by summary proceedings or otherwise; and (vii) apply the receipts from the Property to the payment of the Debt, in such order, priority and proportions as Lender shall deem appropriate in its sole discretion after deducting therefrom all expenses (including reasonable attorneys' fees) incurred in connection with the aforesaid operations and all amounts necessary to pay the Taxes, Other Charges, Insurance Premiums and other expenses in connection with the Property, as well as just and reasonable compensation for the services of Lender, its counsel, agents and employees;

(i) exercise any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing: (i) the right to take possession of the Personal Property or any part thereof, and to take such other measures as Lender may deem necessary for the care, protection and preservation of the Personal Property, and (ii) request Borrower at its expense to assemble the Personal Property and make it available to Lender at a convenient place acceptable to Lender. Any notice of sale, disposition or other intended action by Lender with respect to the Personal Property sent to Borrower in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute commercially reasonable notice to Borrower;

(j) apply any sums then deposited in the Escrow Fund and any other sums held in escrow or otherwise by Lender in accordance with the terms of this Security Instrument or any Other Security Document to the payment of the following items in any order in its uncontrolled discretion:

- (i) Taxes and Other Charges;
- (ii) Insurance Premiums;
- (iii) Interest on the unpaid principal balance of the Note;
- (iv) Amortization of the unpaid principal balance of the Note;
- (v) All other sums payable pursuant to the Note, this Security Instrument and the Other Security Documents, including without limitation advances made by Lender pursuant to the terms of this Security Instrument;

(k) surrender the Policies maintained pursuant to Article 3 hereof, collect the unearned Insurance Premiums and apply such sums as a credit on the Debt in such priority and proportion as Lender in its discretion shall deem proper, and in connection therewith, Borrower hereby appoints Lender as agent and attorney-in-fact (which is coupled with an interest and is therefore irrevocable) for Borrower to collect such Insurance Premiums;

(l) pursue such other remedies as Lender may have under applicable law; or

(m) apply the undisbursed balance of any Net Proceeds Deficiency deposit together with interest thereon, to the payment of the Debt in such order, priority and proportions as Lender shall deem to be appropriate in its discretion.

In the event of a sale, by foreclosure, power of sale, or otherwise, of less than all of the Property, this Security Instrument shall continue as a lien and security interest on the remaining portion of the Property unimpaired and without loss of priority. Notwithstanding the provisions of this Section 11.1 to the contrary, if any Event of Default as described in clause (i) or (ii) of Subsection 10.1 (f) shall occur, the entire unpaid Debt shall be automatically due and payable, without any further notice, demand or other action by Lender.

Section 11.2 APPLICATION OF PROCEEDS. The purchase money, proceeds and avails of any disposition of the Property, or any part thereof, or any other sums collected by Lender pursuant to the Note, this Security

Instrument or the Other Security Documents, may be applied by Lender to the payment of the Debt in such priority and proportions as Lender in its discretion shall deem proper.

Section 11.3 RIGHT TO CURE DEFAULTS. Upon the occurrence of any Event of Default or if Borrower fails to make any payment or to do any act as herein provided, Lender may, but without any obligation to do so and without notice to or demand on Borrower and without releasing Borrower from any obligation hereunder, make or do the same in such manner and to such extent as Lender may deem necessary to protect the security hereof. Lender is authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property or to foreclose this Security Instrument or collect the Debt, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this Section 11.3, shall constitute a portion of the Debt and shall be due and payable to Lender upon demand. All such costs and expenses incurred by Lender in remedying such Event of Default or such failed payment or act or in appearing in, defending, or bringing any such action or proceeding shall bear interest at the Default Rate, for the period after notice from Lender that such cost or expense was incurred to the date of payment to Lender. All such costs and expenses incurred by Lender together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Debt and be secured by this Security Instrument and the Other Security Documents and shall be immediately due and payable upon demand by Lender therefor.

Section 11.4 ACTIONS AND PROCEEDINGS. Lender has the right to appear in and defend any action or proceeding brought with respect to the Property and to bring any action or proceeding, in the name and on behalf of Borrower, which Lender, in its discretion, decides should be brought to protect its interest in the Property.

Section 11.5 RECOVERY OF SUMS REQUIRED TO BE PAID. Lender shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of Lender thereafter to bring an action of foreclosure, or

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any other action, for a default or defaults by Borrower existing at the time such earlier action was commenced.

Section 11.6 EXAMINATION OF BOOKS AND RECORDS. Lender, its agents, accountants and attorneys shall have the right to examine the records, books, management and other papers of Borrower and its affiliates which reflect upon their financial condition, at the Property or at any office regularly maintained by Borrower, its affiliates where the books and records are located. Lender and its agents shall have the right to make copies and extracts from the foregoing records and other papers. In addition, Lender, its agents, accountants and attorneys shall have the right to examine and audit the books and records of Borrower and its affiliates pertaining to the income, expenses and operation of the Property during reasonable business hours at any office of Borrower, its affiliates where the books and records are located.

Section 11.7 OTHER RIGHTS, ETC. (a) The failure of Lender to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Security Instrument. Borrower shall not be relieved of Borrower's obligations hereunder by reason of (i) the failure of Lender to comply with any request of Borrower, any Guarantor or any Indemnitor to take any action to foreclose this Security Instrument or otherwise enforce any of the provisions hereof or of the Note or the Other Security Documents, (ii) the release, regardless of consideration, of the whole or any part of the Property, or of any person liable for the Debt or any portion thereof, or (iii) any agreement or stipulation by Lender extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Security Instrument or the Other Security Documents.

(b) It is agreed that the risk of loss or damage to the Property is on Borrower, and Lender shall have no liability whatsoever for decline in value of the Property, for failure to maintain the Policies, or for failure to determine whether insurance in force is adequate as to the amount of risks insured. Possession by Lender shall not be deemed an election of judicial relief, if any such possession is requested or obtained, with respect to any Property or collateral not in Lender's possession.

(c) Lender may resort for the payment of the Debt to any other security held by Lender in such order and manner as Lender, in its discretion, may elect. Lender may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Lender thereafter to foreclose this Security Instrument. The rights of Lender under this Security Instrument shall be separate, distinct and

cumulative and none shall be given effect to the exclusion of the others. No act of Lender shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Lender shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

Section 11.8 RIGHT TO RELEASE ANY PORTION OF THE PROPERTY.

Lender may release any portion of the Property for such consideration as Lender may require without, as to the remainder of the Property, in any way impairing or affecting the lien or priority of this Security Instrument, or improving the position of any subordinate lienholder with respect thereto,

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except to the extent that the obligations hereunder shall have been reduced by the actual monetary consideration, if any, received by Lender for such release, and may accept by assignment, pledge or otherwise any other property in place thereof as Lender may require without being accountable for so doing to any other lienholder. This Security Instrument shall continue as a lien and security interest in the remaining portion of the Property.

Section 11.9 VIOLATION OF LAWS. If the Property is not in compliance with Applicable Laws, Lender may impose additional requirements upon Borrower in connection herewith including, without limitation, monetary reserves or financial equivalents.

Section 11.10 RECOURSE AND CHOICE OF REMEDIES.

Notwithstanding any other provision of this Security Instrument, including but not limited to Article 15 hereof, Lender and other Indemnified Parties (defined in Section 13.1 below) are entitled to enforce the obligations of Borrower, Guarantor and Indemnitor contained in Sections 13.2, 13.3 and 13.4 without first resorting to or exhausting any security or collateral and without first having recourse to the Note or any of the Property, through foreclosure or acceptance of a deed in lieu of foreclosure or otherwise, and in the event Lender commences a foreclosure action against the Property, Lender is entitled to pursue a deficiency judgment with respect to such obligations against Borrower, any Guarantor and/or Indemnitor. The provisions of Sections 13.2, 13.3 and 13.4 are exceptions to any non-recourse or exculpation provisions in the Note, this Security Instrument or the Other Security Documents, and Borrower, Guarantor and Indemnitor are fully and personally liable for the obligations pursuant to Subsections 13.2, 13.3 and 13.4. The liability of Borrower, Guarantor and Indemnitor is not limited to the original principal amount of the Note. Notwithstanding the foregoing, nothing herein shall inhibit or prevent Lender from foreclosing pursuant to this Security Instrument or exercising any other rights and remedies pursuant to the Note, this Security Instrument and the Other Security Documents, whether simultaneously with foreclosure proceedings or in any other sequence. A separate action or actions may be brought and prosecuted against Borrower, whether or not action is brought against any other person or entity or whether or not any other person or entity is joined in the action or actions. In addition, Lender shall have the right but not the obligation to join and participate in, as a party if it so elects, any administrative or judicial proceedings or actions initiated in connection with any matter addressed in Article 12 or Section 13.4.

Section 11.11 RIGHT OF ENTRY. Lender and its agents shall have the right to enter and inspect the Property at all reasonable times.

Article 12 - ENVIRONMENTAL HAZARDS

Section 12.1 ENVIRONMENTAL REPRESENTATIONS AND WARRANTIES.

Borrower represents and warrants, based upon an environmental assessment of the Property and information that Borrower knows or should reasonably have known, that: (a) there are no Hazardous Substances (defined below) or underground storage tanks in, on, or under the Property, except those that are both (i) in compliance with Environmental Laws (defined below) and with permits issued pursuant thereto and (ii) fully disclosed to Lender in writing pursuant to the written reports

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resulting from the environmental assessments of the Property delivered to Lender (the "Environmental Report"); (b) there are no past, present or threatened Releases (defined below) of Hazardous Substances in, on, under or from the Property except as described in the Environmental Report; (c) there is no threat of any Release of Hazardous Substances migrating to the Property except as described in the Environmental Report; (d) there is no past or present non-compliance with Environmental Laws, or with permits issued pursuant thereto,

in connection with the Property except as described in the Environmental Report; (e) Borrower does not know of, and has not received, any written or oral notice or other communication from any person or entity (including but not limited to a governmental entity) relating to Hazardous Substances or Remediation (defined below) thereof, of possible liability of any person or entity pursuant to any Environmental Law, other environmental conditions in connection with the Property, or any actual or potential administrative or judicial proceedings in connection with any of the foregoing; and (f) Borrower has truthfully and fully provided to Lender, in writing, any and all information relating to conditions in, on, under or from the Property that is known to Borrower and that is contained in Borrower's files and records, including but not limited to any reports relating to Hazardous Substances in, on, under or from the Property and/or to the environmental condition of the Property. "Environmental Law" means any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, relating to protection of human health or the environment, relating to Hazardous Substances, relating to liability for or costs of Remediation or prevention of Releases of Hazardous Substances or relating to liability for or costs of other actual or threatened danger to human health or the environment. "Environmental Law" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Substances Transportation Act; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; and the River and Harbors Appropriation Act. "Environmental Law" also includes, but is not limited to, any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law: conditioning transfer of property upon a negative declaration or other approval of a governmental authority of the environmental condition of the property; requiring notification or disclosure of Releases of Hazardous Substances or other environmental condition of the Property to any governmental authority or other person or entity, whether or not in connection with transfer of title to or interest in property; imposing conditions or requirements in connection with permits or other authorization for lawful activity; relating to nuisance, trespass or other causes of action related to the Property; and relating to wrongful death, personal injury, or property or other damage in connection with any physical condition or use of the Property. "Hazardous Substances" include but are not limited to any and all substances (whether solid, liquid or gas) defined, listed, or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, or words of similar meaning or regulatory effect under any present or future Environmental Laws or that may have a negative impact on human health or the

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environment, including but not limited to petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, flammables and explosives. "Release" of any Hazardous Substance includes but is not limited to any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Substances. "Remediation" includes but is not limited to any response, remedial, removal, or corrective action, any activity to cleanup, detoxify, decontaminate, contain or otherwise remediate any Hazardous Substance, any actions to prevent, cure or mitigate any Release of any Hazardous Substance, any action to comply with any Environmental Laws or with any permits issued pursuant thereto, any inspection, investigation, study, monitoring, assessment, audit, sampling and testing, laboratory or other analysis, or evaluation relating to any Hazardous Substances or to anything referred to in Article 12.

Section 12.2 ENVIRONMENTAL COVENANTS. Borrower covenants and agrees that: (a) all uses and operations on or of the Property, whether by Borrower or any other person or entity, shall be in compliance with all Environmental Laws and permits issued pursuant thereto; (b) there shall be no Releases of Hazardous Substances in, on, under or from the Property; (c) there shall be no Hazardous Substances in, on, or under the Property, except those that are both (i) in compliance with all Environmental Laws and with permits issued pursuant thereto and (ii) fully disclosed to Lender in writing; (d) Borrower shall keep the Property free and clear of all liens and other encumbrances imposed pursuant to any Environmental Law, whether due to any act or omission of Borrower or any other person or entity (the "Environmental Liens"); (e) Borrower shall, at its sole cost and expense, fully and expeditiously cooperate in all activities pursuant to Section 12.3 below, including but not limited to providing all relevant information and making

knowledgeable persons available for interviews; (f) Borrower shall, at its sole cost and expense, perform any environmental site assessment or other investigation of environmental conditions in connection with the Property, pursuant to any reasonable written request of Lender (including but not limited to sampling, testing and analysis of soil, water, air, building materials and other materials and substances whether solid, liquid or gas), and share with Lender the reports and other results thereof, and Lender and other Indemnified Parties shall be entitled to rely on such reports and other results thereof; (g) Borrower shall, at its sole cost and expense, comply with all reasonable written requests of Lender to (i) reasonably effectuate Remediation of any condition (including but not limited to a Release of a Hazardous Substance) in, on, under or from the Property; (ii) comply with any Environmental Law; (iii) comply with any directive from any governmental authority; and (iv) take any other reasonable action necessary or appropriate for protection of human health or the environment; (h) Borrower shall not do or allow any tenant or other user of the Property to do any act that materially increases the dangers to human health or the environment, poses an unreasonable risk of harm to any person or entity (whether on or off the Property), impairs or may impair the value of the Property, is contrary to any requirement of any insurer, constitutes a public or private nuisance, constitutes waste, or violates any covenant, condition, agreement or easement applicable to the Property; and (i) Borrower shall immediately notify Lender in writing of (A) any presence or Releases or threatened Releases of Hazardous Substances in, on, under, from or migrating towards the Property; (B) any non-compliance with any Environmental Laws related in any way to the Property; (C) any actual or potential Environmental Lien; (D) any required or proposed Remediation of environmental conditions

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relating to the Property; and (E) any written or oral notice or other communication which Borrower becomes aware from any source whatsoever (including but not limited to a governmental entity) relating in any way to Hazardous Substances or Remediation thereof, possible liability of any person or entity pursuant to any Environmental Law, other environmental conditions in connection with the Property, or any actual or potential administrative or judicial proceedings in connection with anything referred to in this Article 12. Any failure of Borrower to perform its obligations pursuant to this Section 12.2 shall constitute bad faith waste with respect to the Property.

Section 12.3 LENDER'S RIGHTS. Lender and any other person or entity designated by Lender, including but not limited to any receiver, any representative of a governmental entity, and any environmental consultant, shall have the right, but not the obligation, to enter upon the Property at all reasonable times to assess any and all aspects of the environmental condition of the Property and its use, including but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in Lender's sole and absolute discretion) and taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing. Borrower shall cooperate with and provide access to Lender and any such person or entity designated by Lender.

Article 13 - INDEMNIFICATION

Section 13.1 GENERAL INDEMNIFICATION. Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement, punitive damages, foreseeable and unforeseeable consequential damages, of whatever kind or nature (including but not limited to attorneys' fees and other costs of defense) (the "Losses") imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) ownership of this Security Instrument, the Property or any interest therein or receipt of any Rents; (b) any amendment to, or restructuring of, the Debt, and the Note, this Security Instrument, or any Other Security Documents; (c) any and all lawful action that may be taken by Lender in connection with the enforcement of the provisions of this Security Instrument or the Note or any of the Other Security Documents, whether or not suit is filed in connection with same, or in connection with Borrower, any Guarantor or Indemnitor and/or any member, partner, joint venturer or shareholder thereof becoming a party to a voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding; (d) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (e) any use, nonuse or condition in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (f) any failure on the part of Borrower to perform or be in compliance with any of the terms of this Security Instrument; (g) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof; (h)

file timely with the Internal Revenue Service an accurate Form 1099-B, Statement for Recipients of Proceeds from Real Estate, Broker and Barter Exchange Transactions, which may be required in connection with the Security Instrument, or to supply a copy thereof in a timely fashion to the recipient of the proceeds of the transaction in connection with which this Security Instrument is made; (i) any failure of the Property to be in compliance with any Applicable Laws; (j) the enforcement by any Indemnified Party of the provisions of this Article 13; (k) any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in any Lease; (l) the payment of any commission, charge or brokerage fee to anyone which may be payable in connection with the funding of the Loan evidenced by the Note and secured by this Security Instrument; or (m) any misrepresentation made by Borrower in this Security Instrument or any Other Security Document. Any amounts payable to Lender by reason of the application of this Section 13.1 shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Lender until paid. For purposes of this Article 13, the term "Indemnified Parties" means Lender and any person or entity who is or will have been involved in the origination of the Loan, any person or entity who is or will have been involved in the servicing of the Loan, any person or entity in whose name the encumbrance created by this Security Instrument is or will have been recorded, persons and entities who may hold or acquire or will have held a full or partial interest in the Loan (including, but not limited to, Investors or prospective Investors in the Securities, as well as custodians, trustees and other fiduciaries who hold or have held a full or partial interest in the Loan for the benefit of third parties) as well as the respective directors, officers, shareholders, partners, members, employees, agents, servants, representatives, contractors, subcontractors, affiliates, subsidiaries, participants, successors and assigns of any and all of the foregoing (including but not limited to any other person or entity who holds or acquires or will have held a participation or other full or partial interest in the Loan or the Property, whether during the term of the Loan or as a part of or following a foreclosure of the Loan and including, but not limited to, any successors by merger, consolidation or acquisition of all or a substantial portion of Lender's assets and business).

Section 13.2 MORTGAGE AND/OR INTANGIBLE TAX. Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any tax on the making and/or recording of this Security Instrument, the Note or any of the Other Security Documents.

Section 13.3 ERISA INDEMNIFICATION. Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses (including, without limitation, attorneys' fees and costs incurred in the investigation, defense, and settlement of Losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, in Lender's sole discretion) that Lender may incur, directly or indirectly, as a result of a default under Sections 4.2 or 5.9 or Subsection 4.3(p).

Section 13.4 ENVIRONMENTAL INDEMNIFICATION. Borrower shall at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses and costs of Remediation (whether or not performed voluntarily), engineers' fees, environmental consultants' fees, and costs of investigation (including but not limited to sampling, testing, and analysis of soil, water, air, building materials and other materials and substances whether solid, liquid or gas) imposed upon or incurred by or asserted against any Indemnified Parties, and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) any presence of any Hazardous Substances in, on, above, or under the Property; (b) any past, present or threatened Release of Hazardous Substances in, on, above, under or from the Property; (c) any activity by Borrower, any person or entity affiliated with Borrower or any tenant or other user of the Property in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other Release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Property of any Hazardous Substances at any time located in, under, on or above the Property; (d) any activity by Borrower, any person or entity

affiliated with Borrower or any tenant or other user of the Property in connection with any actual or proposed Remediation of any Hazardous Substances at any time located in, under, on or above the Property, whether or not such Remediation is voluntary or pursuant to court or administrative order, including but not limited to any removal, remedial or corrective action; (e) any past, present or threatened non-compliance or violations of any Environmental Laws (or permits issued pursuant to any Environmental Law) in connection with the Property or operations thereon, including but not limited to any failure by Borrower, any person or entity affiliated with Borrower or any tenant or other user of the Property to comply with any order of any governmental authority in connection with any Environmental Laws; (f) the imposition, recording or filing or the threatened imposition, recording or filing of any Environmental Lien encumbering the Property; (g) any administrative processes or proceedings or judicial proceedings in any way connected with any matter addressed in Article 12 and this Section 13.4; (h) any past, present or threatened injury to, destruction of or loss of natural resources in any way connected with the Property, including but not limited to costs to investigate and assess such injury, destruction or loss; (i) any acts of Borrower or other users of the Property in arranging for disposal or treatment, or arranging with a transporter for transport for disposal or treatment, of Hazardous Substances owned or possessed by such Borrower or other users, at any facility or incineration vessel owned or operated by another person or entity and containing such or similar Hazardous Substances; (j) any acts of Borrower or other users of the Property, in accepting any Hazardous Substances for transport to disposal or treatment facilities, incineration vessels or sites selected by Borrower or such other users, from which there is a Release, or a threatened Release of any Hazardous Substance which causes the incurrence of costs for Remediation; (k) any personal injury, wrongful death, or property damage arising under any statutory or common law or tort law theory, including but not limited to damages assessed for the maintenance of a private or public nuisance or for the conducting of an abnormally dangerous activity on or near the Property; and (l) any misrepresentation or inaccuracy in any representation or warranty or material breach or failure to perform any covenants or other obligations pursuant to Article 12.

Section 13.5 DUTY TO DEFEND ATTORNEYS' FEES AND OTHER FEES AND EXPENSES. Upon written request by any Indemnified Party, Borrower shall defend such

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Indemnified Party (if requested by any Indemnified Party, in the name of the Indemnified Party) by attorneys and other professionals approved by the Indemnified Parties. Notwithstanding the foregoing, any Indemnified Parties may, in their sole and absolute discretion, engage their own attorneys and other professionals to defend or assist them, and, at the option of Indemnified Parties, their attorneys shall control the resolution of any claim or proceeding. Upon demand, Borrower shall pay or, in the sole and absolute discretion of the Indemnified Parties, reimburse, the Indemnified Parties for the payment of reasonable fees and disbursements of attorneys, engineers, environmental consultants, laboratories and other professionals in connection therewith.

Article 14 - WAIVERS

Section 14.1 WAIVER OF COUNTERCLAIM. Borrower hereby waives the right to assert a counterclaim, other than a mandatory or compulsory counterclaim, in any action or proceeding brought against it by Lender arising out of or in any way connected with this Security Instrument, the Note, any of the Other Security Documents, or the Obligations.

Section 14.2 MARSHALLING AND OTHER MATTERS. Borrower hereby waives, to the extent permitted by law, the benefit of all appraisal, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Property or any part thereof or any interest therein. Further, Borrower hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Security Instrument on behalf of Borrower, and on behalf of each and every person acquiring any interest in or title to the Property subsequent to the date of this Security Instrument and on behalf of all persons to the extent permitted by Applicable Law.

Section 14.3 WAIVER of NOTICE. Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Security Instrument specifically and expressly provides for the giving of notice by Lender to Borrower and except with respect to matters for which Lender is required by Applicable Law to give notice, and Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Security Instrument does not specifically and expressly provide for the giving of notice by Lender to Borrower.

Section 14.4 WAIVER OF STATUTE OF LIMITATIONS. Borrower

hereby expressly waives and releases to the fullest extent permitted by law, the pleading of any statute of limitations as a defense to payment of the Debt or performance of its Other Obligations..

Section 14.5 SOLE DISCRETION of LENDER. Wherever pursuant to this Security Instrument (a) Lender exercises any right given to it to approve or disapprove, (b) any arrangement or term is to be satisfactory to Lender, or (c) any other decision or determination is to be made by Lender, the decision of Lender to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by Lender, shall be in the sole and absolute discretion of Lender and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

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Section 14.6 SURVIVAL. The indemnifications made pursuant to Subsections 13.3 and 13.4 and the representations and warranties, covenants, and other obligations arising under Article 12. shall continue indefinitely in full force and effect and shall survive and shall in no way be impaired by: any satisfaction or other termination of this Security Instrument, any assignment or other transfer of all or any portion of this Security Instrument or Lender's interest in the Property (but, in such case, shall benefit both Indemnified Parties and any assignee or transferee), any exercise of Lender's rights and remedies pursuant hereto including but not limited to foreclosure or acceptance of a deed in lieu of foreclosure any exercise of any rights and remedies pursuant to the Note or any of the Other Security Documents, any transfer of all or any portion of the Property (whether by Borrower or by Lender following foreclosure or acceptance of a deed in lieu of foreclosure or at any other time), any amendment to this Security Instrument, the Note or the Other Security Documents, and any act or omission that might otherwise be construed as a release or discharge of Borrower from the obligations pursuant hereto.

SECTION 14.7 WAIVER OF TRIAL BY JURY. BORROWER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THE LOAN EVIDENCED BY THE NOTE, THE APPLICATION FOR THE LOAN EVIDENCED BY THE NOTE, THE NOTE, THIS SECURITY INSTRUMENT OR THE OTHER SECURITY DOCUMENTS OR ANY ACTS OR OMISSIONS OF LENDER, ITS OFFICERS, EMPLOYEES, DIRECTORS OR AGENTS IN CONNECTION THEREWITH.

Article 15 - EXCULPATION

Section 15.1 EXCULPATION. Except as otherwise provided, Lender shall not enforce the liability and obligation of Borrower to perform and observe the obligations contained in the Note or this Security Instrument by any action or proceeding wherein a money judgment shall be sought against Borrower, except that Lender may bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Lender to enforce and realize upon this Security Instrument, the Other Security Documents, and the interest in the Property, the Rents and any other collateral given to Lender created by this Security Instrument and the Other Security Documents; provided, however, that any judgment in any action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Property, in the Rents and in any other collateral given to Lender. Lender, by accepting the Note and this Security Instrument, agrees that it shall not, except as otherwise provided in Section 11.10, sue for, seek or demand any deficiency judgment against Borrower in any action or proceeding, under or by reason of or under or in connection with the Note, the Other Security Documents or this Security Instrument.

Section 15.2 RESERVATION OF CERTAIN RIGHTS. The provisions of Section 15.1 shall not (a) constitute a waiver, release or impairment of any obligation evidenced or secured by the Note, the Other Security Documents or this Security Instrument; (b) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under

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this Security Instrument; (c) affect the validity or enforceability of any indemnity, guaranty, master lease or similar instrument made in connection with the Note, this Security Instrument, or the Other Security Documents; (d) impair the right of Lender to obtain the appointment of a receiver; (e) impair the enforcement of the Assignment of Leases and Rents executed in connection herewith; or (f) impair the right of Lender to enforce the provisions of Sections 11.10, 13.2, 13.3 and 13.4 of this Security Instrument.

Section 15.3 EXCEPTIONS TO EXCULPATION. Notwithstanding the provisions of this Article to the contrary, Borrower shall be personally liable to Lender for the Losses it incurs due to: (i) fraud or intentional

misrepresentation by Borrower or any other person or entity in connection with the execution and the delivery of the Note, this Security Instrument or the Other Security Documents; (ii) Borrower's misapplication or misappropriation of Rents received by Borrower after the occurrence of an Event of Default; (iii) Borrower's misappropriation of tenant security deposits or Rents collected in advance; (iv) the misapplication or the misappropriation of insurance proceeds or condemnation awards; (v) Borrower's failure to pay Taxes, Other Charges (except to the extent that sums sufficient to pay such amounts have been deposited in escrow with Lender pursuant to the terms of this Security Instrument), charges for labor or materials or other charges that can create liens on the Property (unless properly bonded); (vi) Borrower's failure to return or to reimburse Lender for all Personal Property taken from the Property by or on behalf of Borrower and not replaced with Personal Property of the same utility and of the same or greater value; (vii) any act of actual waste or arson by Borrower, any principal, affiliate, member or general partner thereof or by any Indemnitor or Guarantor; (viii) any fees or commissions paid by Borrower to any principal, affiliate, member or general partner of Borrower, Indemnitor or Guarantor in violation of the terms of the Note, this Security Instrument or the Other Security Documents; or (ix) Borrower's failure to comply with the provisions of Sections 4.2, 7.1, 12.1 and 12.2 of this Security Instrument.

Section 15.4 RECOURSE. Notwithstanding the foregoing, the agreement of Lender not to pursue recourse liability as set forth in Section 15.1 above SHALL BECOME NULL AND VOID and shall be of no further force and effect in the event of Borrower's default under Sections 3.11 (for ten (10) days after notice by Lender), 4.3, or 8.1, 8.2, 8.3 or 8.4, or in the event of Principal's default under Section 4.3 of this Security Instrument, or if the Property or any part thereof shall become an asset in (i) a voluntary bankruptcy or insolvency proceeding, or (ii) an involuntary bankruptcy or insolvency proceeding which is not dismissed within ninety (90) days of filing.

Section 15.5 BANKRUPTCY CLAIMS. Nothing herein shall be deemed to be a waiver of any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provisions of the U.S. Bankruptcy Code to file a claim for the full amount of the Debt secured by this Security Instrument or to require that all collateral shall continue to secure all of the Debt owing to Lender in accordance with the Note, this Security Instrument and the Other Security Documents.

Article 16 - NOTICES

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Section 16.1 NOTICES. All notices or other written communications hereunder shall be deemed to have been properly given (i) upon delivery, if delivered in person or by facsimile transmission with receipt acknowledged by the recipient thereof and confirmed by telephone by sender, (ii) one (1) Business Day after having been deposited for overnight delivery with any reputable overnight courier service, or (iii) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Borrower:	Academy Store, L.P. c/o Bryant Development Corp. 2900 Westchester Avenue Purchase, New York 10577 Attention: Daniel Weinreb Facsimile No.: (914) 251-1787
With a copy to:	Wachtel & Masyr 110 East 59th Street New York, New York 10022 Attention: Robert Stone, Esq. Facsimile No.: (212) 909-9490
If to Lender:	The Chase Manhattan Bank c/o Chase Commercial Mortgage Banking Corp. Servicing Department 380 Madison Avenue 11th Floor New York, New York 10017 Attention: Ms. Janice Smith Facsimile No.: (212) 622-3553

and

The Chase Manhattan Bank
Legal Department
270 Park Avenue
39th Floor
New York, New York 10017
Attention: Ronald A. Wilcox, Esq.
Facsimile No.: (212) 270-2934

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With a copy to:

Thacher Proffitt & Wood
Two World Trade Center
New York, New York 10048
Attention: Joseph Philip Forte, Esq.
Facsimile No.: (212) 912-7751

or addressed as such party may from time to time designate by written notice to the other parties.

Either party by notice to the other may designate additional or different addresses for subsequent notices or communications.

For purposes of this Subsection, "Business Day" shall mean a day on which commercial banks are not authorized or required by law to close in New York, New York.

Article 17 - SERVICE OF PROCESS

Section 17.1 CONSENT TO SERVICE.

(a) Borrower will maintain a place of business or an agent for service of process in New York, New York and give prompt notice to Lender of the address of such place of business and of the name and address of any new agent appointed by it, as appropriate. Borrower further agrees that the failure of its agent for service of process to give it notice of any service of process will not impair or affect the validity of such service or of any judgment based thereon. If, despite the foregoing, there is for any reason no agent for service of process of Borrower available to be served, and if it at that time has no place of business in New York, New York, then Borrower irrevocably consents to service of process by registered or certified mail, postage prepaid, to it at its address given in or pursuant to the first paragraph hereof.

(b) Borrower initially and irrevocably designates Wachtel & Masyr, with offices on the date hereof at 110 East 59th Street, New York, New York 10022, to receive for and on behalf of Borrower service of process in New York, New York with respect to this Security Instrument.

Section 17.2 SUBMISSION TO JURISDICTION. With respect to any claim or action arising hereunder or under the Note or the Other Security Documents, Borrower (a) irrevocably submits to the nonexclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York, New York, and appellate courts from any thereof, and (b) irrevocably waives any objection which it may have at any time to the laying on venue of any suit, action or proceeding arising out of or relating to this Security Instrument brought in any such court, irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

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Section 17.3 JURISDICTION NOT EXCLUSIVE. Nothing in this Security Instrument will be deemed to preclude Lender from bringing an action or proceeding with respect hereto in any other jurisdiction.

Article 18 - APPLICABLE LAW

Section 18.1 CHOICE OF LAW. THIS SECURITY INSTRUMENT SHALL BE DEEMED TO BE A CONTRACT ENTERED INTO PURSUANT TO THE LAWS OF THE STATE OF NEW YORK AND SHALL IN ALL RESPECTS BE GOVERNED, CONSTRUED, APPLIED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, PROVIDED HOWEVER, THAT WITH RESPECT TO THE CREATION, PERFECTION, PRIORITY AND ENFORCEMENT OF THE LIEN OF THIS SECURITY INSTRUMENT, AND THE DETERMINATION OF DEFICIENCY JUDGMENTS, THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED SHALL APPLY.

Section 18.2 USURY LAWS. This Security Instrument and the Note are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the Debt at a rate which could subject the holder of the Note to either civil or criminal liability as a result of being in excess of the maximum interest rate which Borrower is permitted by applicable law to contract or agree to pay. If by the terms of this Security Instrument or the Note, Borrower is at any time required or obligated to pay interest on the Debt at a rate in excess of such maximum rate, the rate of interest under the Security Instrument and the Note shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate and all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in reduction of the principal balance of the Note. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the Debt shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Note until payment in full so that the rate or amount of interest on account of the Debt does not exceed the maximum lawful rate of interest from time to time in effect and applicable to the Debt for so long as the Debt is outstanding.

Section 18.3 PROVISIONS SUBJECT TO APPLICABLE LAW. All rights, powers and remedies provided in this Security Instrument may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law and are intended to be limited to the extent necessary so that they will not render this Security Instrument invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any Applicable Law. If any term of this Security Instrument or any application thereof shall be invalid or unenforceable, the remainder of this Security Instrument and any other application of the term shall not be affected thereby.

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Article 19 - SECONDARY MARKET

Section 19.1 TRANSFER OF LOAN. Lender may, at any time, sell, transfer or assign the Note, this Security Instrument and the Other Security Documents, and any or all servicing rights with respect thereto, or grant participations therein (the "Participations") or issue mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement (the "Securities"). Lender may forward to each purchaser, transferee, assignee, servicer, participant, or investor in such Participations and/or Securities (collectively, the "Investor") or any Rating Agency rating such Participations and/or Securities and each prospective Investor, all documents and information which Lender now has or may hereafter acquire relating to the Debt and to Borrower, any Guarantor, any Indemnitor(s) and the Property, whether furnished by Borrower, any Guarantor, any Indemnitor(s) or otherwise, as Lender determines necessary or desirable. Borrower, any Guarantor and any Indemnitor agree to cooperate with Lender in connection with any transfer made or any Securities created pursuant to this Section, including, without limitation, the delivery of an estoppel certificate required in accordance with Subsection 7.4(c) hereof and such other documents as may be reasonably requested by Lender. Borrower shall also furnish and Borrower, any Guarantor and any Indemnitor consent to Lender furnishing to such Investors or such prospective Investors or such Rating Agency any and all information concerning the Property, the Leases, the financial condition of Borrower, any Guarantor and any Indemnitor as may be requested by Lender, any Investor, any prospective Investor or any Rating Agency in connection with any sale, transfer, Participations or Securities.

Article 20 - COSTS

Section 20.1 PERFORMANCE AT BORROWER'S EXPENSE. Borrower acknowledges and confirms that Lender shall impose certain administrative processing and/or commitment fees in connection with (a) the extension, renewal, modification, amendment and termination of the Loan, (b) the release or substitution of collateral therefor, (c) obtaining certain consents, waivers and approvals with respect to the Property, or (d) the review of any Lease or proposed Lease or the preparation or review of any subordination, non-disturbance agreement (the occurrence of any of the above shall be called an "Event"). Borrower further acknowledges and confirms that it shall be responsible for the payment of all costs of reappraisal of the Property or any part thereof, whether required by law, regulation, Lender or any governmental or quasi-governmental authority. Borrower hereby acknowledges and agrees to pay, immediately, with or without demand, all such fees (as the same may be increased or decreased from time to time), and any additional fees of a similar type or nature which may be imposed by Lender from time to time, upon the occurrence of any Event or otherwise. Wherever it is provided for herein that Borrower pay any costs and expenses, such costs and expenses shall include, but not be limited to, all reasonable legal fees and disbursements of Lender with

respect to retained firms.

Section 20.2 ATTORNEY'S FEES FOR ENFORCEMENT. (a) Borrower shall pay all legal fees incurred by Lender in connection with (i) the preparation of the Note, this Security

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Instrument and the Other Security Documents and (ii) the items set forth in Section 20.1 above, and (b) Borrower shall pay to Lender on demand any and all expenses, including legal expenses and attorneys' fees, incurred or paid by Lender in protecting its interest in the Property or Personal Property or in collecting any amount payable hereunder or in enforcing its rights hereunder with respect to the Property or Personal Property, whether or not any legal proceeding is commenced hereunder or thereunder and whether or not any default or Event of Default shall have occurred and is continuing; together with interest thereon at the Default Rate from the date paid or incurred by Lender until such expenses are paid by Borrower.

Article 21 - DEFINITIONS

Section 21.1 GENERAL DEFINITIONS. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Security Instrument may be used interchangeably in singular or plural form and the word "Borrower" shall mean "each Borrower and any subsequent owner or owners of the Property or any part thereof or any interest therein," the word "Lender" shall mean "Lender and any subsequent holder of the Note," the word "Note" shall mean "the Note and any other evidence of indebtedness secured by this Security Instrument," the word "person" shall include an individual, corporation, partnership, limited liability company, trust, unincorporated association, government, governmental authority, and any other entity, the word "Property" shall include any portion of the Property and any interest therein, and the phrases "attorneys' fees" and "counsel fees" shall include any and all attorneys', paralegal and law clerk fees and disbursements, including, but not limited to, fees and disbursements at the pre-trial, trial and appellate levels incurred or paid by Lender in protecting its interest in the Property, the Leases and the Rents and enforcing its rights hereunder.

Article 22 - MISCELLANEOUS PROVISIONS

Section 22.1 NO ORAL CHANGE. This Security Instrument, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Section 22.2 LIABILITY. If Borrower consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several. This Security Instrument shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns forever.

Section 22.3 INAPPLICABLE PROVISIONS. If any term, covenant or condition of the Note or this Security Instrument is held to be invalid, illegal or unenforceable in any respect, the Note and this Security Instrument shall be construed without such provision.

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Section 22.4 HEADINGS, ETC. The headings and captions of various Sections of this Security Instrument are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 22.5 DUPLICATE ORIGINAL: COUNTERPARTS. This Security Instrument may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. This Security Instrument may be executed in several counterparts, each of which counterparts shall be deemed an original instrument and all of which together shall constitute a single Security Instrument. The failure of any party hereto to execute this Security Instrument, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

Section 22.6 NUMBER AND GENDER. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

Section 22.7 SUBROGATION. If any or all of the proceeds of the Note have been used to extinguish, extend or renew any indebtedness heretofore existing against the Property, then, to the extent of the funds so used. Lender shall be subrogated to all of the rights, claims, liens, titles, and interests existing against the Property heretofore held by, or in favor of, the holder of such indebtedness and such former rights, claims, liens, titles, and interests, if any, are not waived but rather are continued in full force and effect in favor of Lender and are merged with the lien and security interest created herein as cumulative security for the repayment of the Debt, the performance and discharge of Borrower's obligations hereunder, under the Note and the Other Security Documents and the performance and discharge of the Other Obligations.

Article 23 - SPECIAL PENNSYLVANIA PROVISIONS

Section 23.1 INCONSISTENCIES. In the event of any inconsistencies between the terms and conditions of Article 23 of this Security Instrument and any other terms of this Security Instrument, the terms and conditions of Article 23 shall control and be binding.

Section 23.2 EJECTMENT. For the purpose of procuring possession of the Property in the event of any default hereunder or under the Note, this Security Instrument or the Other Security Documents, Borrower hereby authorizes and empowers any attorney of any Court of record in the Commonwealth of Pennsylvania or elsewhere, as attorney for Borrower and all persons claiming under or through Borrower, to sign an agreement for entering in any competent court an amicable action in ejectment for possession of the Property and to appear for and confess judgment against Borrower, and against all persons claiming under or through Borrower, for the recovery by Lender of possession of the Property, without any stay of execution, for which this Security Instrument, or a copy thereof verified by affidavit, shall be a sufficient warrant; and thereupon a writ of possession may be issued forthwith, without any prior writ or proceeding whatsoever. Borrower hereby releases Lender from all errors and defects whatsoever in entering such action and judgment and in causing such writ or writs to be issued, and hereby agrees that no writ of error, appeal, petition to open or strike off judgment, or other objection shall be filed

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or made with respect thereto. If for any reason after such action has been commenced the same shall be discontinued or possession of the Property shall remain in or be restored to Borrower, Lender shall have the right for the same default or any subsequent default to bring one or more further amicable actions as above provided to recover possession of the Property. Lender may bring such amicable action in ejectment before or after the institution of foreclosure proceedings upon this Security Instrument, or after judgment thereon or on said obligation, or after a sale of the Property by the Sheriff.

Section 23.3 REMEDIES. The text of Section 11.1 of this Security Instrument entitled "Remedies" is hereby deleted and the following is substituted therefor:

Upon the occurrence of any Event of Default, Borrower agrees that Lender may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower and in and to the Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Lender may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Lender:

(a) Lender may declare the entire unpaid principal balance of the Note to be due and payable immediately, whereupon the obligations secured hereby shall become immediately due and payable. Thereafter, the default may be cured only by the payment of the entire Debt.

(b) Lender may (i) institute and maintain an action of mortgage foreclosure against any of the Property, through judicial proceedings or by advertisement, at the option of Lender, pursuant to the applicable statutes, ordinances, or rules of civil procedure, (ii) institute and maintain an action on the obligations secured hereby, (iii) have judgment entered pursuant to any power to confess judgment contained in the Note or this Security Instrument, (iv) sell or cause to be sold any of the Property at public sale, and convey the same to the purchaser in accordance with said statutes in a single parcel or in several parcels at the option of Lender, or (v) take such other action at law or in equity for the enforcement of any document evidencing or securing the obligations secured hereby as the law may allow. Lender may proceed in any such action to final judgment and execution thereon for all sums due under Subsection (a) of this Section 11.1, together with interest on such sums as provided in the Note, all costs of suit and an attorneys' commission for fees and expenses actually incurred. Interest at a rate equal to the Default Rate shall be due on any judgment obtained by Lender

from the date of judgment until actual payment is made of the full amount of the judgment by the Sheriff or otherwise.

(c) Lender may, without releasing Borrower from any obligation under any document evidencing or securing the obligations secured hereby or under any lease or waiving any default: (i) collect any or all of the rents, including any rents past due and unpaid, (ii) perform any obligation or exercise any right or remedy of Borrower under any lease, or (iii) enforce any obligation of any tenant of any of the Property. Lender shall not be obligated to do any of the foregoing, even if Lender may have performed any obligation or exercised any remedy of landlord or have enforced any obligation of a tenant. Lender may exercise any right under this subsection (c) whether or not Lender shall have entered into possession of any of the Property, and nothing

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contained herein shall be construed as constituting Lender a "mortgagee in possession" unless Lender shall have entered into and shall remain in actual possession of the Property. Borrower hereby authorizes and instructs each and every present and future tenant of any of the Property to pay all rents directly to Lender and to perform all other obligations of that tenant for the direct benefit of Lender as if Lender were the landlord under the lease with that tenant immediately upon receipt of a demand by Lender to make such payment or perform such obligations. No tenant shall have any responsibility to ascertain whether such demand is permitted hereunder or whether an Event of Default shall have occurred; Borrower hereby waives any right, claim or demand it may now or hereafter have against any such tenant by reason of such payment of rents or performance of obligations to Lender; and any such payment or performance to Lender shall discharge the obligations of the tenant to make such payment or performance to Borrower. Borrower agrees to indemnify Lender and hold Lender harmless from any and all liability under any lease and from any and all claims and demands which may be asserted against Lender by reason of any alleged obligations to perform any provision of any lease, except as to Lender's own negligence or wilful misconduct.

(d) Lender may, without releasing Borrower from any obligation under any document evidencing or securing the obligations secured hereby or under any lease or waiving any default, enter upon and take possession of any of the Property, with or without legal action and by force if necessary, or have a receiver appointed without proof of depreciation or inadequacy of the value of the Property or other security or proof of the insolvency of Borrower. Lender or said receiver may manage and operate any of the Property; make, cancel, enforce or modify leases; obtain and evict tenants; establish or change the amount of any rents; and perform any acts which Lender deems proper to protect the security of this Security Instrument. After deduction of all costs and expenses of operation and management of the Property and of collection of the rents (including attorneys' fees actually incurred, administration expenses, management fees and brokers' commissions), Lender may apply the rents received by Lender to the payment of any or all of the following, in such order and amounts as Lender, in its sole discretion, may elect: liens on any of the Property, taxes, claims, insurance premiums, other carrying charges, invoices of persons who have supplied goods or services to or for the benefit of any of the Property, costs and expenses of maintenance, repair, restoration, alteration or improvement of any of the Property, costs and expenses of maintenance, repair, restoration, alteration or improvement of any of the Property, or any amount outstanding on the obligations secured hereby. Lender may, in its sole discretion, determine the method by which, and extent to which, the rents will be collected and obligations of tenants enforced; and Lender may waive or fail to enforce any right or remedy of the landlord under a lease. Lender shall not be accountable for any rents or other sums it does not actually receive. Borrower hereby appoints Lender as its attorney-in-fact to perform all acts which Borrower is required or permitted to perform under any and all leases.

(e) UPON THE OCCURRENCE OF AN EVENT OF DEFAULT BORROWER HEREBY AUTHORIZES AND EMPOWERS ANY ATTORNEY OR ATTORNEYS OF ANY COURT OF THE COMMONWEALTH OF PENNSYLVANIA TO APPEAR FOR BORROWER AND, AS ATTORNEY FOR BORROWER, TO SIGN AN AGREEMENT FOR ENTERING AN AMICABLE ACTION OF EJECTMENT FOR POSSESSION OF ANY OF THE PROPERTY, AND TO CONFESS JUDGMENT THEREIN AGAINST BORROWER IN FAVOR OF

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LENDER. FOR SO DOING, THIS SECURITY INSTRUMENT OR A COPY HEREOF CERTIFIED BY AFFIDAVIT SHALL BE A SUFFICIENT WARRANT. THEREUPON, A WRIT OF POSSESSION MAY IMMEDIATELY ISSUE FOR THE POSSESSION OF ANY OF THE PROPERTY, WITHOUT ANY PRIOR WRIT OR PROCEEDING WHATSOEVER. LENDER MAY BRING SUCH AMICABLE ACTION IN EJECTMENT BEFORE OR AFTER: (I) THE INSTITUTION OF FORECLOSURE PROCEEDINGS UNDER THIS SECURITY INSTRUMENT, (II) THE ENTRY OF JUDGMENT THEREUNDER OR UNDER THE NOTE, OR (III) A SHERIFF'S SALE OF ANY OF THE PROPERTY.

BORROWER HEREBY WAIVES THE BENEFIT OF ANY LAWS WHICH NOW OR HEREAFTER MIGHT OTHERWISE AUTHORIZE THE STAY OF ANY EXECUTION TO BE ISSUED ON ANY JUDGMENT RECOVERED ON THIS NOTE, OR THE EXEMPTION OF ANY PROPERTY FROM LEVY OR SALE THEREUNDER.

(f) Lender may obtain a receiver to manage the Property and collect the rents, issues, profits and income therefrom.

(g) Lender may disaffirm and cancel any lease which is subordinate to this Security Instrument at any time before the expiration of sixty (60) days after Lender acquires legal title to the Property by any transfer pursuant to the exercise of a remedy hereunder or otherwise, even though Lender shall have enforced such lease, collected rents thereunder or taken any action that might be deemed by law to constitute an affirmation of the lease. Such disaffirmance shall be made by notice addressed to the tenant at the Property or, at Lender's option, such other address of the tenant as may be provided in that tenant's lease.

(h) Lender may take possession of any of the Property and may sell such property pursuant to the provisions of the applicable Uniform Commercial Code and exercise such other rights and remedies with respect to such property as may be provided by said Code.

(i) Lender may apply on account of the obligations secured hereby the balance of the accumulated installment payments made by Borrower for taxes, water and sewer rents and insurance premiums, and all other items for which Lender has made payment, as set forth herein.

(j) Upon the acceleration of the maturity of the obligations secured hereby as herein provided, a tender of payment of the amount necessary to satisfy the entire Debt made at any time prior to foreclosure sale by Borrower, its successors or assigns, shall, to the extent permitted by law, constitute an evasion of the prepayment terms of the obligations secured hereby and be deemed to be a voluntary prepayment thereunder, and Lender shall not be obligated to accept any such tender of payment unless such tender of payment includes the additional prepayment premium required under the terms of the prepayment privilege, if any, contained in the Note.

(k) If Lender retains the services of counsel in order to enforce any remedy available to Lender under the Note, this Security Instrument, or any of the Other Security Documents, an attorney's commission equal to five percent (5%) of the outstanding principal amount of the Note shall be payable on demand by Borrower to Lender, and Borrower shall also

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pay on demand the cost of any title search and all other costs incurred by Lender in connection with proceedings to recover any sums due hereunder. Any such amounts not paid promptly on demand shall be added to the outstanding principal amount of the Note, shall bear interest at the Default Rate from the date of such demand until paid in full and shall be secured by this Security Instrument. Borrower shall also pay on demand any reasonable charge of Lender in connection with the cancellation of this Note and/or the satisfaction of this Security Instrument of record. Nothing contained herein shall limit or impair the obligation of Borrower to pay any and all costs and expenses for which Borrower is otherwise liable under the Note, this Security Instrument, or any of the Other Security Documents, and all costs and expenses provided by law.

In the event of a sale, by foreclosure, power of sale, or otherwise, of less than all of the Property, this Security Instrument shall continue as a lien and security interest on the remaining portion of the Property unimpaired and without loss of priority. Notwithstanding the provisions of this Section 11.1 to the contrary, if any Event of Default as described in clause (i) or (ii) of Subsection 10.1 (f) shall occur, the entire unpaid Debt shall be automatically due and payable, without any further notice, demand or other action by Lender.

Section 23.4 FUTURE ADVANCES. It is understood and agreed that this Security Instrument covers present and future advances made by Lender to or for the benefit of Borrower on account of interest which may be deferred and accrued and added to the principal balance of the Note in the maximum amount of \$22,160,000 and that the lien of such future advances shall relate back to the date of this Security Instrument.

Section 23.5 PURCHASE MONEY INSTRUMENT This Security Instrument is intended to be a purchase money mortgage and shall be entitled to all the benefits as such under the lien priority provisions of the Pennsylvania Judicial Code, 42 Pa. C.S.A. ss. 8141, as amended.

Section 23.6 ENVIRONMENTAL REPRESENTATIONS AND WARRANTIES. The text of Section 12.1 of this Security Instrument entitled "Environmental

Representations and Warranties" is hereby amended by inserting after the words "addressing similar issues:" and before the words "the Comprehensive Environmental Response" the words "the Pennsylvania Hazardous Sites Cleanup Act, the Pennsylvania Solid Waste Management Act,".

Section 23.7 CONSTRUCTION MORTGAGE. This Security Instrument is intended to be a Construction Mortgage within the meaning of 13 Pa. C.S.A. ss.9313(a).

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IN WITNESS WHEREOF, THIS SECURITY INSTRUMENT has been executed by Borrower the day and year first above written.

ATTEST: ACADEMY STORE, L.P., a Delaware limited partnership

By: Academy Land, Inc., a Delaware corporation, its general partner

Name

/s/ Emma Dickson

Name: Emma Dickson

By: /s/ Andrew B. Hascoe

Andrew B. Hascoe
President

The mailing address of the within-named Lender is:

The Chase Manhattan Bank
380 Madison Avenue, 11th Floor
New York, New York 10017

/s/

On behalf of Lender

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

On this, the 11th day of February 1998, before me, the subscriber, a Notary Public in and for the State and county aforesaid, personally appeared Andrew B. Hascoe, who acknowledged himself to be President of Academy Land, Inc., a Delaware corporation, the sole general partner of Academy Store, L.P., a Delaware limited partnership, who I am satisfied is the person who signed the within instrument and who acknowledged that he executed same as such President of the general partner on behalf of the limited partnership, being authorized to do so, and that the within instrument is the voluntary act and deed of such limited partnership.

WITNESS my hand and seal the day and year aforesaid.

/s/ David Lowery

Notary Public

My Commission Expires:
January 20, 2000

DAVID LOWERY
NOTARY PUBLIC, State of New York
No. 01L06001592
Qualified in Nassau County
Commission Expires Jan. 20, 2000

PARCEL 495 & 498
Academy Plaza
City of Philadelphia
County of Philadelphia, Pennsylvania

Beginning at a point on the southwesterly line of Red Lion Road (64 feet wide), said point being the intersection of the southwesterly line of Red Lion Road with the common boundary line of Parcel 499 and Parcel 498; thence,

1. Southeasterly along said line of Red Lion Road, South 43(degree)50'13" East, a distance of 873.42 feet to the beginning of a curve tangent to said line; thence,
2. Southeasterly, on a curve to the right, having a radius of 20.05 feet and an arc length of 34.12 feet to a point of tangency, said point being on the westerly line of Calera Road (64 feet wide); thence,
3. Southwesterly along said line of Calera Road, South 53(degree)39'47" West a distance of 438.90 feet to the beginning of a curve tangent to said line; thence,
4. Northwesterly, on a curve to the right having a radius of 20.05 feet and an arc length of 30.87 feet to a point of tangency; said point being on the northwesterly line of Cromwell Road (64 feet wide); thence,
5. Northwesterly along said line of Cromwell Road, North 38(degree)06'44" West, a distance of 358.44 feet to point; thence,
6. Continuing along said line, North 43(degree)50'13" West, a distance of 601.50 feet to the beginning of a curve tangent to said line; thence,
7. Northeasterly, on a curve to the right having a radius of 20.05 feet and an arc length of 33.35 feet to a point of tangency, said point being on the easterly line of Academy Road (100 feet wide); thence,
8. Northeasterly along said line of Academy Road, North 51(degree)27'22" East, a distance of 28.35 feet to a point; said point being the common boundary line of Parcel 482 and Parcel 498; thence,
9. Leaving the easterly line of Academy Road along the common boundary line, South 43(degree)50'13" East, a distance of 78.50 legit to a point; thence,
10. North 46(degree)09'47" East, a distance of 89.82 feet to a point; thence,
11. North 43(degree)50'13" West, a distance of 70.18 feet to a point on the easterly line of Academy Road; thence,
12. Northeasterly along said line of Academy Road, North 51(degree)27'22" East, a distance of 175.41 feet to a point, said point being the common boundary line of Parcel 499 and Parcel 498; thence,
13. Leaving said line of Academy Road, South 43(degree)50'13" East, a distance of 125.31 feet; to a point; thence,
14. North 51(degree)27'22" East, a distance of 125.31 feet to the point and place of beginning.

Encompassing an area of 9.86 acres, more or less.

The above description is prepared in accordance with a plan entitled "ALTA/ACSM (1992) Land Title Survey, Acme Store 122-1642, Tax Map Parcels 497, 498 City of Philadelphia, County of Philadelphia, Pennsylvania", prepared by Taylor Wiseman & Taylor, dated October 1996.

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DEFINITIONS

The terms set forth below are defined in the following Sections of this Security Instrument:

- (a) Applicable Laws: Article 3, Subsection 3.10(a);
- (b) Attorneys' Fees/Counsel Fees: Article 21, Section 21.1;
- (c) Bankruptcy Code: Article 1, Subsection 1.1(f);
- (d) Borrower: Preamble and Article 21, Section 21.1;
- (e) Business Day: Article 16, Section 16.1;
- (f) Casualty Consultant: Article 4, Subsection 4.4(b)(iii);
- (g) Casualty Retainage: Article 4, Subsection 4.4(b)(iv);
- (h) Debt: Article, Section 2.1;
- (i) Default Prepayment: Article 9, Section 9.3;
- (j) Default Rate: Article 10, Section 10.3;
- (k) Environmental Indemnity: Article 10, Subsection 10.1(q);
- (l) Environmental Law: Article 12, Section 12.1;
- (m) Environmental Liens: Article 12, Subsection 12.2(d);
- (n) Environmental Report: Article 12, Subsection 12.1(a)
- (o) ERISA: Article 4, Subsection 4.2(a);
- (p) Escrow Fund: Article 3, Section 3.5;
- (q) Event: Article 20, Section 20.1;
- (r) Event of Default: Article 10, Section 10.1;
- (s) Flood Insurance Acts: Article 3, Subsection 3.3 (a)(vii);
- (t) Full Replacement Cost: Article 3, Subsection 3.3(a)(i)(A);

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- (u) GAAP: Article 3, Subsection 3.11(a);
- (v) Guarantor: Article 10, Subsection 10.1(e);
- (w) Hazardous Substances: Article 12, Section 12.1;
- (x) Improvements: Article 1, Subsection 1.1(c);
- (y) Indemnified Parties: Article 13, Section 13.1;
- (z) Indemnitor(s): Article 10, Subsection 10.1(o);

- (aa) Insurance Premiums: Article 3, Subsection 3.3(b);
- (bb) Investor: Article 19, Section 19.1;
- (cc) Land: Article 1, Subsection 1.1(a);
- (dd) Lease Guaranty: Article 3, Subsection 3.7(a);
- (ee) Leases: Article 1, Subsection 1.1(f);
- (ff) Lender: Preamble and Article 21, Section 21.1;
- (gg) Loan: Article 5, Subsection 5.12;
- (hh) Loan Application: Article 5, Section 5.15;
- (ii) Losses: Article 13, Section 13.1;
- (jj) Net Proceeds: Article 4, Subsection 4.4(b);
- (kk) Net Proceeds Deficiency: Article 4, Subsection 4.4(b)(vi);
- (ll) Note: Recitals and Article 21, Section 21.1;
- (mm) Obligations: Article 2, Section 2.3;
- (nn) Other Charges: Article 3, Subsection 3.4(a);
- (oo) Other Obligations: Article 2, Section 2.2;
- (pp) Other Security Documents: Article 3, Section 3.2;

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- (qq) Participations: Article 19, Section 19.1;
- (rr) Permitted Exceptions: Article 5, Section 5.1;
- (ss) Person: Article 21, Section 21.1;
- (tt) Personal Property: Article 1, Subsection 1.1(e);
- (uu) Policies/Policy: Article 3, Subsection 3.3(b);
- (vv) Principal: Article 4, Section 4.3;
- (ww) Property: Article 1, Section 1.1 and Article 21, Section 21.1;
- (xx) Qualifier Insurer: Article 3, Subsection 3.3(b);
- (yy) Rating Agency: Article 3, Subsection 3.3(b);
- (zz) Release: Article 12, Section 12.1;
- (aaa) Remediation: Article 12, Section 12.1;
- (bbb) Rents: Article 1, Subsection 1.1(f);
- (ccc) Restoration: Article 3, Subsection 3.3(h);
- (ddd) Securities: Article 19, Section 19.1;
- (eee) Security Deposits: Article 3, Subsection 3.7(c);
- (fff) Security Instrument: Preamble;
- (ggg) Taxes: Article 3, Subsection 3.4(a);
- (hhh) Uniform Commercial Code: Article 1, Subsection 1.1(e),

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PROMISSORY NOTE

\$11,080,000

New York, New York
As of February 12, 1998

FOR VALUE RECEIVED, ACADEMY STORE, L.P., a Delaware limited partnership, as maker, having its principal place of business at c/o Bryant Development Corp., 2900 Westchester Avenue, Purchase, New York 10577 ("Borrower"), hereby unconditionally promises to pay to the order of THE CHASE MANHATTAN BANK, a New York banking corporation, as payee, having an address at 380 Madison Avenue, 11th Floor, New York, New York 10017 ("Lender"), or at such other place as the holder hereof may from time to time designate in writing, the principal sum of ELEVEN MILLION EIGHTY THOUSAND AND 00/100 DOLLARS (\$11,080,000), in lawful money of the United States of America with interest thereon to be computed from the date of this Note at the Applicable Interest Rate (defined below), and to be paid in installments as follows:

ARTICLE 1: PAYMENT TERMS

(a) A payment of interest only on March 10, 1998;

(b) A payment of \$74,648.01, or such other amount as may be required pursuant to Section 5.1 and/or Section 14 of that certain Expansion Reserve and Security Agreement dated the date hereof, by and between Borrower and Lender, on the tenth day of April, 1998 and on the tenth day of each calendar month thereafter up to and including the tenth day of February, 2013;

each of the payments to be applied as follows:

- (i) first, to the payment of interest computed at the Applicable Interest Rate; and
- (ii) the balance toward the reduction of the principal sum;

and the balance of the principal sum and all interest thereon shall be due and payable on the tenth day of March, 2013 (the "Maturity Date"). Interest on the principal sum of this Note shall be calculated on the basis of the actual number of days elapsed in a three hundred sixty (360) day year.

ARTICLE 2: INTEREST

The term "Applicable Interest Rate" as used in the Security Instrument (defined below) and this Note shall mean an interest rate equal to seven and one eighth percent (7.125%) per annum.

ARTICLE 3. DEFAULT AND ACCELERATION

(a) The whole of the principal sum of this Note, (b) interest, default interest, late charges and other sums, as provided in this Note, the Security Instrument or the Other Security Documents (defined below), (c) all other monies agreed or provided to be paid by Borrower in this Note, the Security Instrument or the Other Security Documents, (d) all sums advanced pursuant to the Security Instrument to protect and preserve the Property (defined below) and the lien and the security interest created thereby, and (e) all sums advanced and costs and expenses incurred by Lender in connection with the Debt (defined below) or any part thereof, any renewal, extension, or change of or substitution for the Debt or any part thereof, or the acquisition or perfection of the security therefor, whether made or incurred at the request of Borrower or Lender (all the sums referred to in (a) through (e) above shall collectively be referred to as the "Debt") shall without notice become immediately due and payable at the option of Lender if any payment required in this Note is not paid on or prior to the date when due or on the Maturity Date or on the happening of any other default, after the expiration of any applicable notice and grace periods, herein or under the terms of the Security Instrument or any of the Other Security Documents (collectively, an "Event of Default").

ARTICLE 4. DEFAULT INTEREST

Borrower does hereby agree that upon the occurrence of an Event of Default, Lender shall be entitled to receive and Borrower shall pay interest on the entire unpaid principal sum at a rate equal to the lesser of (a) five percent (5%) plus the Applicable Interest Rate and (b) the maximum interest rate which Borrower may by law pay (the "Default Rate"). The Default Rate shall be computed from the occurrence of the Event of Default until the earlier of the date upon which the Event of Default is cured or the date upon

which the Debt is paid in full. Interest calculated at the Default Rate shall be added to the Debt, and shall be deemed secured by the Security Instrument. This clause, however, shall not be construed as an agreement or privilege to extend the date of the payment of the Debt, nor as a waiver of any other right or remedy accruing to Lender by reason of the occurrence of any Event of Default.

ARTICLE 5. PREPAYMENT

(a) The principal balance of this Note may not be prepaid in whole or in part prior to the fourth Loan Year (defined below). During the fourth Loan Year or any time thereafter, the principal balance of this Note may be prepaid in whole, but not in part, upon not less than thirty (30) days and not more than forty (40) days prior written notice to Lender specifying the date on which prepayment is to be made (the "Prepayment Date") and upon payment of:

- (i) all accrued interest to and including the Prepayment Date;
- (ii) all interest which would have accrued on the principal balance of this Note after the Prepayment Date to and including the next succeeding ninth day of a calendar month following the Prepayment Date (the "Interest Shortfall

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Payment"), if such prepayment occurs on a date which is not the tenth day of a month;

- (iii) all other sums due under this Note, the Security Instrument and all Other Security Documents; and
- (iv) a prepayment consideration (the "Prepayment Consideration") in an amount equal to the greater of (A) one percent (1%) of the principal balance of this Note outstanding on the Prepayment Date, and (B) the present value as of the Prepayment Date of the Calculated Payments (defined below) from the Prepayment Date through the Maturity Date determined by discounting such payments at the Discount Rate (defined below).

Notwithstanding anything to the contrary herein, provided no Event of Default exists under this Note, the Security Instrument or the Other Security Documents, in the event of any prepayment which occurs during the three (3) months prior to the Maturity Date, no Prepayment Consideration shall be due in connection therewith, but Borrower shall be required to pay all other sums due hereunder, including, without limitation, the Interest Shortfall Payment, if any.

(b) The "Calculated Payments" are monthly payments of interest only which would be due based on the principal amount outstanding on the Prepayment Date and assuming an interest rate per annum equal to the difference (if such difference is greater than zero) between (i) the Applicable Interest Rate minus (ii) the Treasury Rate (defined below). The "Discount Rate" is the rate which, when compounded monthly, is equivalent to the Treasury Rate (defined below) when compounded semi-annually. The "Treasury Rate" is the yield calculated by the linear interpolation of the yields, as reported in the Federal Reserve Statistical Release H.15-Selected Interest Rates under the heading U.S. Government Securities/Treasury constant maturities for the week ending prior to the Prepayment Date, of the U.S. Treasury constant maturities with maturity dates (one longer and one shorter) most nearly approximating the Maturity Date. In the event Release H.15 is no longer published, Lender shall select a comparable publication to determine the Treasury Rate. Lender shall notify Borrower of the amount and the basis of determination of the required Prepayment Consideration which shall be conclusive and binding on Borrower absent manifest error. "Loan Year" as used in this Note shall mean each 365 or 366, as applicable, day period commencing on the next succeeding tenth day of a calendar month after the date of this Note (or the date of this Note if it is dated the tenth day of a calendar month).

(c) If any notice of prepayment is given under this Article 5, the principal balance of this Note and the other sums required under this prepayment section shall be due and payable on the Prepayment Date. Lender shall not be obligated to accept any prepayment of the principal balance of this Note unless it is accompanied by all sums due in connection therewith. Notwithstanding anything contained in this Article 5 to the contrary, provided no Event of Default exists, no Prepayment Consideration shall be due in connection with a complete or partial prepayment resulting from the application of insurance proceeds or condemnation awards pursuant to Sections 3.3 and 3.6 of the Security Instrument, but Borrower shall be required to pay all other sums due hereunder, including, without limitation, the Interest Shortfall Payment, if applicable.

(d) If a Default Prepayment (defined below) occurs, Borrower shall pay to Lender the entire Debt, including, without limitation, the following amounts:

- (i) if the Default Prepayment occurs prior to the time when prepayment of the principal balance of this Note is permitted, an amount equal to the sum of (A) the present value of the interest payments which would have accrued on the principal balance of this Note (outstanding as of the date of such Default Prepayment) at the Applicable Interest Rate from the date of such Default Prepayment to the first day prepayment is permitted pursuant to this Note discounted at a rate equal to the Treasury Rate except that such Treasury Rate shall be based on the U.S. Treasury constant maturity most nearly approximating the date upon which prepayment is first permitted pursuant to this Note, and (B) an amount equal to the greater of (1) one percent (1%) of the principal balance of this Note outstanding on the date of such Default Prepayment, and (2) the present value as of the first day of the fourth Loan Year of the Calculated Payments based on the Treasury Rate in effect at the time of such Default Prepayment from the first day of the fourth Loan Year through the Maturity Date determined by discounting such payments at the Discount Rate; and
- (ii) if the Default Prepayment occurs at a time when prepayment of the principal balance of this Note is permitted, the Prepayment Consideration and the Interest Shortfall Payment, if applicable.

For purposes of this Note, the term "Default Prepayment" shall mean a prepayment of the principal amount of this Note made after the occurrence of any Event of Default or an acceleration of the Maturity Date under any circumstances, including, without limitation, a prepayment occurring in connection with reinstatement of the Security Instrument provided by statute under foreclosure proceedings or exercise of a power of sale, any statutory right of redemption exercised by Borrower or any other party having a statutory right to redeem or prevent foreclosure, any sale in foreclosure or under exercise of a power of sale or otherwise.

ARTICLE 6. SECURITY

This Note is secured by the Security Instrument and the Other Security Documents. The term "Security Instrument" as used in this Note shall mean the mortgage and security agreement dated the date hereof in the principal sum of \$11,080,000 given by Borrower to (or for the benefit of) Lender covering the fee estate of Borrower in certain premises located in Philadelphia County, State (Commonwealth) of Pennsylvania, and other property, as more particularly described therein (collectively, the "Property") and intended to be duly recorded in said County. The term "Other Security Documents" as used in this Note shall mean all and any of the documents other than this Note or the Security Instrument now or hereafter executed by Borrower and/or others and by or in favor of Lender, which wholly or partially secure or guarantee payment of this Note. Whenever used, the singular number shall include the plural, the plural number shall include the singular, and the words "Lender" and "Borrower" shall include their respective successors, assigns, heirs, executors and administrators.

All of the terms, covenants and conditions contained in the Security Instrument and the Other Security Documents are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein.

ARTICLE 7. SAVINGS CLAUSE

This Note is subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance due hereunder at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the maximum interest rate which Borrower is permitted by applicable law to contract or agree to pay. If by the terms of this Note, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of such

maximum rate, the Applicable Interest Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to such maximum rate and all previous payments in excess of the maximum rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the Debt, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Note until payment in full so that the rate or amount of interest on account of the Debt does not exceed the maximum lawful rate of interest from time to time in effect and applicable to the Debt for so long as the Debt is outstanding.

ARTICLE 8. LATE CHARGE

If any sum payable under this Note is not paid on or prior to the date on which it is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of five percent (5%) of the unpaid sum or the maximum amount permitted by applicable law to defray the expenses incurred by Lender in handling and processing the delinquent payment and to compensate Lender for the loss of the use of the delinquent payment and the amount shall be secured by the Security Instrument and the Other Security Documents.

ARTICLE 9. NO ORAL CHANGE

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

ARTICLE 10. JOINT AND SEVERAL LIABILITY

If Borrower consists of more than one person or party, the obligations and liabilities of each person or party shall be joint and several.

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ARTICLE 11. WAIVERS

Borrower and all others who may become liable for the payment of all or any part of the Debt do hereby severally waive presentment and demand for payment, notice of dishonor, protest and notice of protest and non-payment and all other notices of any kind. No release of any security for the Debt or extension of time for payment of this Note or any installment hereof, and no alteration, amendment or waiver of any provision of this Note, the Security Instrument or the Other Security Documents made by agreement between Lender or any other person or party shall release, modify, amend, waive, extend, change, discharge, terminate or affect the liability of Borrower, and any other person or entity who may become liable for the payment of all or any part of the Debt, under this Note, the Security Instrument or the Other Security Documents. No notice to or demand on Borrower shall be deemed to be a waiver of the obligation of Borrower or of the right of Lender to take further action without further notice or demand as provided for in this Note, the Security Instrument or the Other Security Documents. If Borrower is a partnership, the agreements contained herein shall remain in full force and effect, notwithstanding any changes in the individuals or entities comprising the partnership, and the term "Borrower," as used herein, shall include any alternate or successor partnership, but any predecessor partnership and its partners shall not thereby be released from any liability. If Borrower is a corporation, the agreements contained herein shall remain in full force and effect notwithstanding any changes in the shareholders comprising, or the officers and directors relating to, the corporation, and the term "Borrower" as used herein, shall include any alternate or successor corporation, but any predecessor corporation shall not be relieved of liability hereunder. If Borrower is a limited liability company, the agreements herein contained shall remain in full force and effect, notwithstanding any changes in the individuals or entities comprising the limited liability company and the term "Borrower," as used herein, shall include any alternate or successor limited liability company, but any predecessor limited liability company and its members shall not be released from any liability. (Nothing in the foregoing sentence shall be construed as a consent to, or a waiver of, any prohibition or restriction on transfers of interests in such partnership, corporation or limited liability company which may be set forth in the Security Instrument or any Other Security Document.)

ARTICLE 12. TRANSFER

Upon the transfer of this Note, Borrower hereby waiving notice of any such transfer, Lender may deliver all the collateral mortgaged, granted, pledged or assigned pursuant to the Security Instrument and the Other Security Documents, or any part thereof, to the transferee who shall thereupon become vested with all the rights herein or under applicable law given to Lender with respect thereto, and Lender shall thereafter forever be relieved and fully

discharged from any liability or responsibility in the matter; but Lender shall retain all rights hereby given to it with respect to any liabilities and the collateral not so transferred.

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ARTICLE 13. WAIVER OF TRIAL BY JURY

BORROWER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THE LOAN EVIDENCED BY THIS NOTE, THE APPLICATION FOR THE LOAN EVIDENCED BY THIS NOTE, THIS NOTE, THE SECURITY INSTRUMENT OR THE OTHER SECURITY DOCUMENTS OR ANY ACTS OR OMISSIONS OF LENDER, ITS OFFICERS, EMPLOYEES, DIRECTORS OR AGENTS IN CONNECTION THEREWITH.

ARTICLE 14. EXCULPATION

(a) Except as otherwise provided herein, in the Security Instrument or in the Other Security Documents, Lender shall not enforce the liability and obligation of Borrower to perform and observe the obligations contained in this Note or the Security Instrument by any action or proceeding wherein a money judgment shall be sought against Borrower, except that Lender may bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Lender to enforce and realize upon this Note, the Security Instrument, the Other Security Documents, and the interest in the Property, the Rents (as defined in the Security Instrument) and any other collateral given to Lender created by this Note, the Security Instrument and the Other Security Documents; provided, however, that any judgment in any such action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Property, in the Rents and in any other collateral given to Lender. Lender, by accepting this Note and the Security Instrument, agrees that it shall not, except as otherwise provided in Section 11.10 of the Security Instrument, sue for, seek or demand any deficiency judgment against Borrower in any such action or proceeding, under or by reason of or under or in connection with this Note, the Other Security Documents or the Security Instrument. The provisions of this Section shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Note, the Other Security Documents or the Security Instrument; (ii) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under the Security Instrument; (iii) affect the validity or enforceability of any indemnity, guaranty, master lease or similar instrument made in connection with this Note, the Security Instrument, or the Other Security Documents; (iv) impair the right of Lender to obtain the appointment of a receiver; (v) impair the enforcement of the Assignment of Leases and Rents executed in connection herewith; or (vi) impair the right of Lender to enforce the provisions of Sections 11.10, 13.2, 13.3 and 13.4 of the Security Instrument.

(b) Notwithstanding the provisions of this Article 14 to the contrary, Borrower shall be personally liable to Lender for the Losses (as defined in the Security Instrument) it incurs due to: (i) fraud or intentional misrepresentation by Borrower or any other person or entity in connection with the execution and the delivery of this Note, the Security Instrument or the Other Security Documents; (ii) Borrower's misapplication or misappropriation of Rents received by Borrower after the occurrence of an Event of Default; (iii) Borrower's misapplication or misappropriation of tenant security deposits or Rents collected in advance; (iv) the misapplication

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or the misappropriation of insurance proceeds or condemnation awards; (v) Borrower's failure to pay Taxes (as defined in the Security Instrument), Other Charges (as defined in the Security Instrument) (except to the extent that sums sufficient to pay such amounts have been deposited in escrow with Lender pursuant to the terms of the Security Instrument), charges for labor or materials or other charges that can create liens on the Property (unless bonded pursuant to the terms of the Security Instrument); (vi) Borrower's failure to return or to reimburse Lender for all Personal Property (as defined in the Security Instrument) taken from the Property by or on behalf of Borrower and not replaced with Personal Property of the same utility and of the same or greater value; (vii) any act of actual waste or arson by Borrower, any principal, affiliate, member or general partner thereof or by any Indemnitor (as defined in the Security Instrument) or Guarantor (as defined in the Security Instrument); (viii) any fees or commissions paid by Borrower to any principal, affiliate, member or general partner of Borrower, Indemnitor or Guarantor in violation of the terms of this Note, the Security Instrument or the Other Security Documents; or (ix) Borrower's failure to comply with the provisions of Sections 4.2, 7.1, 12.1 and 12.2 of the Security Instrument.

(c) Notwithstanding the foregoing, the agreement of Lender not to pursue recourse liability as set forth in Subsection (a) above SHALL BECOME NULL AND VOID and shall be of no further force and effect in the event of Borrower's default under Sections 3.11 (for ten (10) days after notice by Lender), 4.3 or 8.1, 8.2, 8.3 or 8.4 of the Security Instrument, or in the event of Principal's (as defined in the Security Instrument) default under Section 4.3 of the Security Instrument or if the Property or any part thereof shall become an asset in (i) a voluntary bankruptcy or insolvency proceeding, or (ii) an involuntary bankruptcy or insolvency proceeding which is not dismissed within ninety (90) days of filing.

(d) Nothing herein shall be deemed to be a waiver of any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provision of the U.S. Bankruptcy Code to file a claim for the full amount of the indebtedness secured by the Security Instrument or to require that all collateral shall continue to secure all of the indebtedness owing to Lender in accordance with this Note, the Security Instrument and the Other Security Documents.

ARTICLE 15. AUTHORITY

Borrower (and the undersigned representative of Borrower, if any) represents that Borrower has full power, authority and legal right to execute and deliver this Note, the Security Instrument and the Other Security Documents and that this Note, the Security Instrument and the Other Security Documents constitute valid and binding obligations of Borrower.

ARTICLE 16. APPLICABLE LAW

This Note shall be deemed to be a contract entered into pursuant to the laws of the State of New York and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York.

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ARTICLE 17. SERVICE OF PROCESS

(a) (i) Borrower will maintain a place of business or an agent for service of process in New York, New York and give prompt notice to Lender of the address of such place of business and of the name and address of any new agent appointed by it, as appropriate. Borrower further agrees that the failure of its agent for service of process to give it notice of any service of process will not impair or affect the validity of such service or of any judgment based thereon. If, despite the foregoing, there is for any reason no agent for service of process of Borrower available to be served, and if it at that time has no place of business in New York, New York, then Borrower irrevocably consents to service of process by registered or certified mail, postage prepaid, to it at its address given in or pursuant to the first paragraph hereof.

(ii) Borrower initially and irrevocably designates Wachtel & Masyr, LLP, with offices on the date hereof at 110 East 59' Street, New York, New York 10022, to receive for and on behalf of Borrower service of process in New York, New York with respect to this Note.

(b) With respect to any claim or action arising hereunder or under the Security Instrument or the Other Security Documents, Borrower (a) irrevocably submits to the nonexclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York, New York, and appellate courts from any thereof, and (b) irrevocably waives any objection which it may have at any time to the laying on venue of any suit, action or proceeding arising out of or relating to this Note brought in any such court, irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) Nothing in this Note will be deemed to preclude Lender from bringing an action or proceeding with respect hereto in any other jurisdiction.

ARTICLE 18. COUNSEL FEES

In the event that it should become necessary to employ counsel to collect the Debt or to protect or foreclose the security therefor, Borrower also agrees to pay all reasonable fees and expenses of Lender, including, without limitation, reasonable attorney's fees for the services of such counsel whether or not suit be brought.

ARTICLE 19. NOTICES

All notices or other written communications hereunder shall be deemed to have been properly given (i) upon delivery, if delivered in person or by

facsimile transmission with receipt acknowledged by the recipient thereof and confirmed by telephone by sender, (ii) one (1) Business Day (defined below) after having been deposited for overnight delivery with any reputable overnight courier service, or (iii) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

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If to Borrower: Academy Store, L.P.
c/o Bryant Development Corp.
2900 Westchester Avenue
Purchase, New York 10577
Attention: Daniel Weinreb
Facsimile No.: (914) 251-1787

With a copy to: Wachtel & Masyr
110 East 59th Street
New York, New York 10022
Attention: Robert Stone, Esq.
Facsimile No.: (212) 909-9490

If to Lender: The Chase Manhattan Bank
c/o Chase Commercial Mortgage Banking Corp.
Servicing Department
80 Madison Avenue
11th Floor
New York, New York 10017
Attention: Janice Smith
Facsimile No.: (212) 622-3553

and

The Chase Manhattan Bank
Legal Department
270 Park Avenue
39th Floor
New York, New York 10017
Attention: Ronald A. Wilcox, Esq.
Facsimile No.: (212) 270-2934

With a copy to: Thacher Proffitt & Wood
Two World Trade Center
New York, New York 10048
Attention: Joseph Philip Forte, Esq.
Facsimile No.: (212) 912-7751

or addressed as such party may from time to time designate by written notice to the other parties.

Either party by notice to the other may designate additional or different addresses for subsequent notices or communications.

"Business Day" shall mean a day upon which commercial banks are not authorized or required by law to close in New York, New York.

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ARTICLE 20. MISCELLANEOUS

(a) Wherever pursuant to this Note (i) Lender exercises any right given to it to approve or disapprove, (ii) any arrangement or term is to be satisfactory to Lender, or (iii) any other decision or determination is to be made by Lender, the decision of Lender to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by Lender, shall be in the sole and absolute discretion of Lender and shall be final and conclusive; except as may be otherwise expressly and specifically provided herein.

(b) Wherever pursuant to this Note it is provided that Borrower pay any costs and expenses, such costs and expenses shall include, but not be limited to, reasonable legal fees and disbursements of Lender with respect to retained firms.

ARTICLE 21. DEFINITIONS

The terms set forth below are defined in the following Sections of this Note:

- (a) Applicable Interest Rate: Article 2;
- (b) Borrower: Preamble, Articles 6 and 11;
- (c) Business Day: Article 19;
- (d) Calculated Payments: Article 5, Section (b);
- (e) Debt: Article 3;
- (f) Default Prepayment: Article 5, Section (d);
- (g) Default Rate: Article 4;
- (h) Discount Rate: Article 5, Section (b);
- (i) Event of Default: Article 3;
- (j) Interest Shortfall Payment: Article 5, Subsection (a)(ii);
- (k) Lender: Preamble and Article 6;
- (l) loan Year: Article 5, Section (b);
- (m) Maturity Date: Article 1, Section (b);
- (n) Other Security Documents: Article 6;

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- (o) Prepayment Consideration: Article 5, Subsection (a)(iv);
- (p) Prepayment Date: Article 5, Section (a);
- (q) Property: Article 6;
- (r) Securily Instrument: Article 6; and
- (s) Treasury Rate: Article 5, Section (b).

Article 22 - SPECIAL PENNSYLVANIA PROVISIONS

Section 22.1 DEFAULT AND ACCELERATION. 1 Article 3 of this Note entitled "Default and Acceleration" is hereby amended by inserting the following words after "Other. Security Documents (collectively, an "Event of Default)":

If Lender retains the services of counsel in order to enforce any remedy available to Lender under this Note, the Security Instrument or any of the Other Security Document, an attorney's commission equal to five percent (5 %) of the outstanding principal amount of this Note shall be payable on demand by Borrower to Lender, and Borrower shall also pay on demand the cost of any title search and all other costs incurred by Lender in connection with proceedings to recover any sums due hereunder. Any such amounts not paid promptly on demand shall be added to the outstanding principal amount of this Note, shall bear interest at the Default Rate from the date of such demand until paid in full and shall be secured by the Security Instrument. Borrower shall also pay on demand any actual charge of Lender in connection with the cancellation of this Note and/or the satisfaction of the Security Instrument of record. Nothing contained herein shall limit or impair the obligation of Borrower to pay any and all costs and expenses for which Borrower is otherwise liable under this Note, the Security Instrument or any of the Other Security Document and all costs and expenses provided by law.

[NO FURTHER TEXT ON THIS PAGE]

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IN WITNESS WHEREOF, Borrower has duly executed this Note as of the day and year first above written.

ACADEMY STORE, L.P., a Delaware limited partnership

By: Academy Land, Inc., a Delaware corporation, its general partner

By: /s/ Andrew B. Hascoe

Andrew B. Hascoe
President

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

On this, the 11th day of February 1998, before me, the subscriber, a Notary Public in and for the State and county aforesaid, personally appeared Andrew B. Hascoe, who acknowledged himself to be President of Academy Land, Inc., a Delaware corporation, the sole general partner of Academy Store, L.P., a Delaware limited partnership, who I am satisfied is the person who signed the within instrument and who acknowledged that he executed same as such President of the general partner on behalf of the limited partnership, being authorized to do so, and that the within instrument is the voluntary act and deed of such limited partnership.

WITNESS my hand and seal the day and year aforesaid.

My Commission Expires: January 20, 2000

/s/ David Lowery

Notary Public
DAVID LOWERY
NOTARY PUBLIC, State of New York
No. 01LO6001592
Qualified in Nassau County
Commission Expires Jan. 20, 2000

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NOTE MODIFICATION AGREEMENT

THIS NOTE MODIFICATION AGREEMENT (this "Agreement") made as of the 5th day of January, 1999, between ACADEMY STORE, L.P., a Delaware limited partnership, having its principal place of business at c/o Bryant Development Corp., 2900 Westchester Avenue, Purchase, New York 10577 ("Borrower") and THE CHASE MANHATTAN BANK, a New York banking corporation, having an address at 380 Madison Avenue, 10th Floor, New York, New York 10017 ("Lender").

W I T N E S S E T H:

WHEREAS Lender is the owner and holder of the that certain Mortgage and Security Agreement dated as of February 12, 1998 made by Borrower to Lender (the "Security Instrument") and that certain Promissory Note in the original principal amount of \$11,080,000.00 dated as of February 12, 1998 made by Borrower to Lender (the "Original Note"; the Original Note as modified pursuant to the provisions of this Agreement hereinafter set forth, being hereinafter referred to as the "Note");

WHEREAS Borrower and Lender have agreed in the manner hereinafter set forth to modify the provisions of the Original Note;

NOW, THEREFORE, in consideration of mutual covenants and agreements hereinafter set forth and in consideration of one dollar and other good and valuable consideration, Borrower hereby represents and warrants to and covenants and agree with Lender as follows:

A. All capitalized words or phrases not otherwise defined herein shall have the meanings ascribed to them in the Note.

B. Article 1, Subsection (b) of the Note is deleted in its entirety and the following substituted therefor:

"(b) A payment of \$75,835.52 on the tenth day of December, 1998 and on the tenth day of each calendar month thereafter up to and including the tenth day of February, 2013;

each of the payments to be applied as follows:

(i) first, to the payment of insurer computed at the Applicable Interest Rate;

(ii) the balance toward the reduction of the principal sum;

and the balance of the principal sum and all interest thereon shall be due and payable on the tenth day of March, 2013 (the "Maturity Date"). Interest on the

principal sum of this Note shall be calculated on the basis of the actual number of days elapsed in a three hundred sixty (360) day year."

C. Article 2 of the Note is deleted in its entirety and the following substituted therefor:

"ARTICLE 2: INTEREST

The term "Applicable Interest Rate" as used in the Security Instrument (defined below) and this Note shall mean an interest rate equal to seven and two hundred seventy five thousandths percent (7.275%) per annum."

D. Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest of the Note.

E. Borrower represents, warrants and covenants that there are no offsets, counterclaims or defenses against the Debt, this Agreement, the Security Instrument or the Note and that Borrower (and the undersigned representative of Borrower, if any) has full power, authority and legal right to execute this Agreement and to keep and observe all of the terms of this Agreement on Borrower's part to be observed or performed.

F. Except as expressly modified pursuant to this Agreement, all of the terms, covenants and provisions of the Note shall continue in full force and effect. In the event of any conflict or ambiguity between the terms, covenants and provisions of this Agreement and those of the Note, the terms, covenants and provisions of this Agreement shall control.

G. This Agreement may not be modified, amended, waived, changed or terminated orally, but only by an agreement in writing signed by the party against whom the enforcement of the modification, amendments, waiver, change or termination is sought.

H. This Agreement shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns.

I. This Agreement may be executed in any number of duplicate originals and each such duplicate original shall be deemed to constitute but one and the same instrument.

J. If any term, covenant or condition of this Agreement shall be held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such provision.

K. This Agreement shall be governed by and construed in accordance with the laws of the State of New York and the applicable laws of the United States of America.

[NO FURTHER TEXT ON THIS PAGE]

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

ACADEMY STORE, L.P., a Delaware limited partnership

By: Academy Land, Inc. a Delaware corporation,
its general partner

/s/ Andrew B. Hascoe
By: -----
Andrew B. Hascoe
President

THE CHASE MANHATTAN BANK, a New York banking corporation

/s/ Dean E. Ravosa
By : -----
Dean E. Ravosa
Vice President

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

On this, the 5th day of January 1999, before me, the subscriber, a Notary Public in and for the State and county aforesaid, personally appeared Andrew B. Hascoe, who acknowledged himself to be President of Academy Land, Inc., a Delaware corporation, the sole general partner of Academy Store, L.P., a Delaware limited partnership, who I am satisfied is the person who signed the within instrument and who acknowledged that he executed same as such President of the general partner on behalf of the limited partnership, being authorized to do so, and that the within instrument is the voluntary act and deed of such limited partnership.

IN WITNESS WHEREOF, I hereunto set my hand and official seal the day

and year aforesaid.

/s/ Sheila M. Dupell

Notary Public

SHEILA M. DUPELL
Notary Public, State of New York
No. 4998045
Qualified in Westchester County
Commission Expires June 22, 2000

My commission expires: 6/22/00

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

On this, the 6th day of January 1999, before me, the subscriber, a Notary Public in and for the State and county aforesaid, personally appeared Dean C. Ravosa who acknowledged himself to be the Vice President of The Chase Manhattan Bank, a New York banking corporation, and that he in such capacity, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Vice President with the intent that the same may be recorded as such.

IN WITNESS WHEREOF, I hereunto set my hand and official seal the day and year aforesaid.

/s/ Janet Hernandez

Notary Public

JANET HERNANDEZ
Notary Public, State of New York
No. 03-4915802
Qualified in Bronx County
Commission Expires February 28, 2000

My commission expires: -----

Academy Amortization Schedule

<TABLE>
<CAPTION>

Date <S> <C>	Beg P Bal <C>	Interest <C>	Principal <C>	Ending P Bal <C>	Days/Mo <C>	Strategy Balance <C>
02/12/1998	11,080,000.00	0.00		11,080,000.00	0	
03/10/1998	11,080,000.00	57,015.83		11,080,000.00	26	57,015.83
04/10/1998	11,080,000.00	67,980.42	6,667.59	11,073,332.41	31	74,648.01
	11,073,332.41	0.00				
05/10/1998	11,073,332.41	65,747.91	8,900.10	11,064,432.31	30	74,648.01
	11,064,432.31	0.00				
06/10/1998	11,064,432.31	67,884.90	6,763.11	11,057,669.20	31	74,648.01
	11,057,669.20	0.00				
07/10/1998	11,057,669.20	65,654.91	8,993.10	11,048,676.10	30	74,648.01
	11,048,676.10	0.00				
08/10/1998	11,048,676.10	67,788.23	6,859.78	11,041,816.32	31	74,648.01
	11,041,816.32	0.00				
09/10/1998	11,041,816.32	67,746.14	6,901.87	11,034,914.46	31	74,648.01
	11,034,914.46	0.01				
10/10/1998	11,034,914.46	65,519.80	9,128.21	11,025,786.25	30	74,648.01
	11,025,786.25	0.00				
11/10/1998	11,025,786.25	67,647.79	7,000.22	11,018,786.03	31	74,648.01
	11,018,786.03	0.00				
12/10/1998	11,018,786.03		9,034.13	11,009,751.90	30	75,835.52
	11,009,562.06**	189.84				
01/10/1999	11,009,751.90	68,971.51	6,864.01	11,002,887.89	31	75,835.52
	11,002,887.89	0.00				

02/10/1999	11,002,887.89	68,928.51	6,907.01	10,995,980.88	31	75,835.52
10,995,842.21	138.67					
03/10/1999	10,995,980.88	62,218.93	13,616.59	10,982,364.29	28	75,835.52
10,982,224.83	139.46					
04/10/1999	10,982,364.29	68,799.94	7,035.58	10,975,328.70	31	75,835.52
10,975,188.37	140.33					
06/10/1999	10,966,031.11	68,697.62	7,137.90	10,958,893.21	31	75,835.52
07/10/1999	10,958,893.21	66,438.29	9,397.23	10,949,495.98	30	75,835.52

-141.18

</TABLE>

** Began new rate 10/12/00 accrual instead of pmt. 141.18 noncash DR/CR made on 5/12/99 to correct amortization.

RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
)
Anderson, McCoy & Orta, P.C.)
100 N. Broadway, Suite 2650)
Oklahoma City, Oklahoma 73102)
Loan No. 563970386)

SPACE ABOVE THIS LINE
FOR RECORDER'S USE

ASSIGNMENT, ASSUMPTION AND CONSENT TO ASSUMPTION

This Assignment, Assumption and Consent to Assumption Agreement ("Assumption Agreement") is dated as of the 9th day of October, 2001 ("Closing Date"), between and among STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE FOR THE REGISTERED HOLDERS OF CHASE COMMERCIAL MORTGAGE SECURITIES CORP., COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES SERIES 1998-1 (the "Noteholder"), whose Special Servicer is ORIX Capital Markets, LLC ("OCM"), having an address of 1717 Main Street, 14th Floor, Dallas, Texas, 75201, PORT RICHMOND L.L.C. 1, a Delaware limited liability company (the "Assumptor"), having its principal place of business at c/o Cedar Income Fund Partnership, Ltd., 44 South Bayles Ave., #304, Port Washington, New York 11050, CEDAR INCOME FUND PARTNERSHIP, L.P., a Delaware limited partnership (the "Substitute Indemnitor"), PORT RICHMOND ASSOCIATES LLC, a New York limited liability company ("Borrower"), having its principal place of business at c/o Bryant Asset Management, 2900 Westchester Avenue, Purchase, New York 10577, and ANDREW B. HASCOE, an individual (the "Original Indemnitor").

RECITALS:

A. On or about April 2, 1998, THE CHASE MANHATTAN BANK, a New York banking corporation ("Original Lender") made a certain loan and extended credit in the amount of TWELVE MILLION AND NO/100 DOLLARS (\$12,000,000.00) (the "Loan") to Borrower, evidenced by a certain promissory note (herein defined as the "Note"), security agreements, deeds of trust, mortgages, and other documents and instruments executed by Borrower and others from time to time (collectively, the "Loan Documents"), including, but not limited to, those listed on Exhibit "A" attached hereto and incorporated herein for all purposes.

B. Noteholder is the current owner and holder of the Loan, the Note and the Loan Documents.

C. Borrower, Original Indemnitor, Assumptor and Substitute Indemnitor have agreed to (i) the assumption by Assumptor of the liabilities of Borrower under the Note and the Loan Documents, and (ii) the assumption by Substitute Indemnitor of liabilities of Original Indemnitor under the Environmental Agreement.

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D. Borrower, Original Indemnitor, Assumptor and Substitute Indemnitor have requested that Noteholder approve and consent to (i) the assumption by Assumptor of the liabilities of Borrower under the Note and the Loan Documents, and (ii) the assumption by Substitute Indemnitor of the liabilities of Original Indemnitor under the Environmental Agreement.

E. Upon the conditions set forth herein, Noteholder is willing to approve and consent to (i) the assumption by Assumptor of the liabilities of Borrower under the Note and the Loan Documents, and (ii) the assumption by Substitute Indemnitor of liabilities of Original Indemnitor under the Environmental Agreement.

AGREEMENT

In furtherance of the foregoing, Borrower, Original Indemnitor, Assumptor, Substitute Indemnitor and Noteholder do hereby agree as follows:

1. Assignment and Assumption. Borrower hereby assigns to Assumptor all of Borrower's rights, title, interest and liabilities in and under the Note and the Loan Documents. Assumptor hereby accepts such assignment of such rights, title, interest and liabilities of Borrower in and under the Note and the Loan Documents. Assumptor hereby assumes and agrees, for the benefit of Noteholder and its successors and assigns, to be bound by, observe and perform, all past (to the extent unsatisfied), present and future liabilities, terms, provisions, covenants and obligations of Borrower under the Note and the Loan Documents.

Assumtor agrees that it will be bound by all of such terms and provisions, promptly pay all such liabilities and promptly observe and perform all such covenants and obligations, with the same force and effect as if Assumtor had originally executed and delivered the Note and Loan Documents instead of Borrower. Reference in any Loan Document, including the Note, to Borrower, therefore, shall also be deemed a reference to Assumtor.

2. Assumption by Substitute Indemnitor. As a condition to Noteholder entering into this Assumption Agreement, Noteholder has required that Substitute Indemnitor assume the obligations of Original Indemnitor under the Environmental Agreement described in Exhibit "A", and Noteholder would not be entering into this Assumption Agreement without such assumption of liability by the Substitute Indemnitor. Substitute Indemnitor, jointly and severally (if more than one), hereby assumes and agrees, for the benefit of Noteholder and its successors and assigns, to be bound by, observe and perform, all past (to the extent unsatisfied), present and future liabilities, terms, provisions, covenants and obligations of Original Indemnitor under the Environmental Agreement. Substitute Indemnitor, jointly and severally (if more than one), agrees that it will be bound by all of such terms and provisions, promptly pay all such liabilities and promptly observe and perform all such covenants and obligations, with the same force and effect as if Substitute Indemnitor had originally executed and delivered the Environmental Agreement instead of Original Indemnitor. Reference in any Loan Document to Original Indemnitor, therefore, shall also be deemed a reference to Substitute Indemnitor.

3. Confirmation of Loan Balance. The parties hereby acknowledge and agree that the principal balance of the Note as of September 13, 2001, is \$11,610,431.17. This amount has been determined after taking into account the payment received by Noteholder due for September 10, 2001.

ASSIGNMENT, ASSUMPTION AND CONSENT TO ASSUMPTION

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4. Confirmation of Reserve Balances. The parties hereby acknowledge and agree that, as of October 2, 2001, in accordance with the Note and the Loan Documents, the following balances for impound, reserve and/or escrow accounts are maintained with Noteholder:

Tax Escrow Fund	\$215,383.31
Insurance Escrow Fund	-0-
Replacement Reserve	127,132.86

Such impound, reserve and/or escrow accounts are hereby assigned by Borrower to Assumtor. Assumtor, as of the Closing Date, shall deposit such funds into the Insurance Escrow Fund as required by Notcholder for Assumtor to comply with the provisions of Section 3.5 of the Security Instrument. As of the Closing Date and until further notice to Assumtor by Noteholder, the "Monthly Deposit" (as defined in the Replacement Reserve Agreement) shall be in the amount of \$3,391.53.

5. Consent to Assignment and Assumption. Subject to the conditions contained herein, Notcholder hereby consents to the transfer of the Property (defined herein) to Assumtor.

6. Release of Borrower and Original Indemnitor. Subject to the terms of this Assumption Agreement and as set forth below, Noteholder hereby releases Borrower from further personal liability under the Note and the other Loan Documents for any acts or events occurring, or obligations arising, after the Closing Date, and Noteholder hereby releases Original Indemnitor from further personal liability under the Environmental Agreement described in Exhibit "A" based upon any acts or events occurring, or obligations arising, after the Closing Dale; provided, however, the provisions of this paragraph shall not (i) constitute a waiver, release or impairment of any obligation under the Note or the Loan Documents of Borrower or Original Indemnitor for any acts or events occurring, or obligations arising, prior to or simultaneously with, the Closing Date; (ii) impair the right of Noteholder to name Borrower, for purposes of extinguishing Borrower's interest in the Property (which term shall have the same definition herein as assigned to such term in the Security Instrument) as a party defendant in any action or suit for judicial foreclosure and sale under the Security Instrument; (iii) impair the right of Noteholder to obtain the appointment of a receiver; (iv) impair the enforcement of the Assignment of Leases executed in connection with the Security Instrument; and (v) impair the right of Noteholder to bring suit against Borrower and/or Original Indemnitor for any acts or events occurring, or obligations arising, prior to or simultaneously with the closing of the sale of the Property from Borrower to Assumtor. Nothing contained in this section shall (1) be deemed to be a release or impairment of the indebtedness evidenced by the Note or the lien of the Loan Documents upon the Property, or (2) preclude Noteholder from foreclosing the Loan Documents in case of any default or from enforcing any of the other rights of Noteholder except as stated in this paragraph.

7. Conditions. It shall be a condition to the effectiveness of this Assumption Agreement that on or before the Closing Date, (i) the Borrower shall have paid the Noteholder all payments under the Loan Documents which shall have become due and payable as of the Closing Date, (ii) the Assumptor shall have deposited such sums with the Notcholder to comply with the impound and reserve funds provisions of the Loan Documents, including, but not limited to, Section 3.5 of the Security Instrument and the Replacement Reserve and Security Agreement, (iii) fee simple title to the Property shall have been conveyed by Borrower to Assumptor, with the conveyance

ASSIGNMENT, ASSUMPTION AND CONSENT TO ASSUMPTION

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instrument recorded with the land records recording officer of Philadelphia County, Pennsylvania, (iv) all taxes due and payable for the Property must be paid current as of the Closing Date, (v) the Assumptor shall cause to be delivered to the Noteholder an opinion of counsel, satisfactory to the Noteholder as to form, substance and rendering attorney, opining to the validity and enforceability of this Assumption Agreement and the terms and provisions hereof, and any other agreement executed in connection with the transactions contemplated hereby, the authority of the Assumptor and Substitute Indemnitor and any constituents of the Assumptor and Substitute Indemnitor, to execute and deliver this Assumption Agreement and perform their obligations under the Note and other Loan Documents, and such other matters as reasonably requested by the Noteholder, (vi) Assumptor and Borrower shall cause to be delivered to Noteholder, at Borrower's and Assumptor's expense, a lender's title policy, or an endorsement to an existing lender's policy, insuring the Security Instrument as modified by this Assumption Agreement as a valid first lien on the Property, naming the Noteholder as the insured thereunder, and naming the Assumptor as owner of the Property, which policy shall insure that, as of the date of the recording of this Assumption Agreement, the Property shall not be subject to any additional exceptions or liens other than those conditions in the original title policy insuring the lien of the Security Instrument and delivered in connection with the Security Instrument, (vii) Assumptor shall obtain, and provide Noteholder with proof thereof satisfactory to Noteholder, insurance for the Property which satisfies the requirements of the Security Instrument and Assumptor shall have paid one year's premium in advance on such insurance, (viii) Assumptor shall deliver to Noteholder such other documents as Noteholder shall reasonably request such as new financing statements or amendments to existing financing statements. Noteholder, at any time, may in its sole discretion and in writing, waive the requirements of this section and upon such waiver, this Assumption Agreement shall be effective, as Noteholder's election, as of the Closing Date or as of the date of such writing.

8. Substitution of Persons under Loan Documents. All references to "Bank", "Lender", "Payee", "Secured Party", "Mortgagee", "Assignee" or "Beneficiary" set forth in the Note or any of the Loan Documents shall be, as of May 1, 1998, deemed to be references to Noteholder.

9. Ratifications. Borrower, Original Indemnitor, Assumptor and Substitute Indemnitor, hereby agree as follows:

(a) The terms and provisions set forth in this Assumption Agreement shall modify and supersede all inconsistent terms and provisions set forth in the Note and the Loan Documents and except as expressly modified and superseded by this Assumption Agreement, the terms and provisions of the Note and the Loan Documents are ratified and confirmed and shall continue in full force and effect. Borrower, Original Indemnitor, Assumptor and Substitute Indemnitor agree that the Note and the Loan Documents, as amended hereby, shall continue to be legal, valid, binding and enforceable in accordance with their respective terms; and

(b) Borrower and Assumptor hereby ratify, confirm, and to the extent it will not release, terminate, interfere with or otherwise do away with any and all existing liens, security interests or encumbrances securing the Note, grant and regrant to Noteholder any and all liens, security interests and encumbrances created thereby (to the extent collateral covered by the Loan Documents has not previously been released in writing by the beneficiary of the liens, security interests and encumbrances), and agree that: (i) same shall

ASSIGNMENT, ASSUMPTION AND CONSENT TO ASSUMPTION

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be for the benefit of and to secure the Note, as amended hereby, and all other indebtedness described in the Loan Documents, (ii) the assumption by Assumptor

of the Note and the Loan Documents shall in no manner affect or impair the liens, security interests or encumbrances securing the Note, (iii) said liens, security interests or encumbrances shall not in any manner be waived, the purpose of this Assumption Agreement being to permit Assumptor to assume the obligations of Borrower under the Note and the Loan Documents, and (iv) the liens, security interests and encumbrances created by the Loan Documents are acknowledged by Borrower and Assumptor to be valid and subsisting as security for and for the benefit of the Note and all other indebtedness described in the Loan Documents.

10. Representations, Covenants and Warranties.

(a) Each of Borrower, Original Indemnitor, Assumptor and Substitute Indemnitor (each as to itself only) hereby represents and warrants to Noteholder that the execution, delivery and performance of this Assumption Agreement and any and all other documents executed and/or delivered in connection herewith have been authorized by all requisite company, partnership or corporate action and do not and will not violate its charter, its partnership agreement, its articles of organization and operating agreement, or its bylaws and articles of incorporation, its trust agreement, as the case may be.

(b) Borrower and Original Indemnitor (each as to itself only) represent and warrant to Noteholder, Assumptor and Substitute Indemnitor that neither of them is in default under the Loan Documents as of the date of execution of this Assumption Agreement.

(c) Noteholder represents and warrants, that after giving effect to the terms of this Assumption Agreement, there exists no event of default based upon failure to make payments on the Note as and when due.

(d) Without limiting the provisions of this Assumption Agreement and the Loan Documents, Assumptor hereby represents, warrants and covenants unto Noteholder as of the date hereof that Assumptor complies and will comply with Section 4.3 of the Security Instrument.

(e) Substitute Indemnitor hereby represents and warrants to Noteholder that there has been no adverse change in the financial position of the Substitute Indemnitor from the financial position of the Substitute Indemnitor as set forth in the financial information provided by Substitute Indemnitor to OCM in connection with this transaction.

(f) Assumptor and Substitute Indemnitor hereby represent and warrant to Noteholder that all funds provided by Assumptor's constituents to Assumptor are in the form of capital contributions and are not loans to Assumptor. Assumptor and Substitute Indemnitor hereby represent and warrant to Noteholder that neither the Property nor the membership interests in Assumptor have been pledged or encumbered in connection with the acquisition of the Property by Assumptor.

(g) Substitute Indemnitor hereby covenants unto Noteholder that at all times

Substitute Indemnitor shall maintain a net worth of at least \$10,000,000.00 and "Liquid Assets" of at least \$500,000.00. For purposes herein, the term "Liquid Assets" shall mean (i) cash, and (ii) marketable securities which may be sold for cash at or near their value within fifteen (15) days of initiating efforts to sell such marketable securities. On or before March 31 of each calendar year, the chief financial officer of Substitute Indemnitor shall certify in writing to Noteholder that Substitute Indemnitor is in compliance with this subsection as of the immediately preceding December 31.

(h) For purposes of the Security Instrument, Port Richmond L.L.C. 2 shall be the managing member of Port Richmond L.L.C. 1, and Cedar Center Holdings L.L.C. 3 shall be the managing member of Port Richmond L.L.C. 2.

11. Event of Default. A breach of any term of this Assumption Agreement by either Substitute Indemnitor or Assumptor shall be an Event of Default under Section 10.1 of the Security Instrument and Noteholder shall have such remedies as are available under the law and/or the Security Instrument.

12. Insurance. At all times, Assumptor shall comply with all terms of the Loan Documents, including the insurance requirements of the Security Instrument. Although Noteholder may accept certain evidence of insurance for purposes of closing the loan assumption, Noteholder or its servicer may at any

time place additional insurance requirements on Assumptor to ensure or monitor Assumptor's compliance with the insurance provisions of the Security Instrument.

13. Releases, Covenants Not to Litigate, and Assignments. For the period of the inception of the Loan to and through the Closing Date, and in consideration for Noteholder's consent to the assumption of the Note and Loan Documents described herein, Borrower, Original Indemnitor, Assumptor and Substitute Indemnitor hereby agree as follows (Borrower, Original Indemnitor, Assumptor and Substitute Indemnitor are herein sometimes collectively referred to as "Releasing Parties"):

(a) Each of the Releasing Parties hereby: (i) fully and finally acquits, quitclaims, releases and discharges each of the Released Parties (the term "Released Parties" shall be defined as Noteholder, Original Lender, OCM, The Chase Manhattan Bank, and their respective officers, directors, shareholders, representatives, employees, servicers, affiliates, agents and attorneys) of and from any and all obligations, claims, liabilities, damages, demands, debts, liens, deficiencies or cause or causes of action (including claims and causes of action for usury) to, of or for the benefit (whether directly or indirectly) of the Releasing Parties, or any or all of them, at law or in equity, known or unknown, contingent or otherwise, whether asserted or unasserted, whether now known or hereafter discovered, whether statutory, in contract or in tort, as well as any other kind or character of action now held, owned or possessed (whether directly or indirectly) by the Releasing Parties or any or all of them on account of, arising out of, related to or concerning, whether directly or indirectly, proximately or remotely the Note or any of the Loan Documents, or this Assumption Agreement; (ii) waives any and all defenses to payment of the Note for any reason; and (iii) waives any and all defenses, counterclaims or offsets to the Loan Documents (collectively, the "Released Claims");

(b) In addition to the releases contained hereinabove, and not in limitation

ASSIGNMENT, ASSUMPTION AND CONSENT TO ASSUMPTION

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thereof, each of the Releasing Parties hereby agrees that none of them shall ever prosecute, or voluntarily aid in the prosecution of, any of the Released Claims, whether by claim, counter-claim or otherwise; and

(c) If, and to the extent that, any of the Released Claims are, for any reason whatsoever, not released and discharged pursuant to the provisions of paragraph (a) above, each of the Releasing Parties hereby absolutely and unconditionally grants, sells, bargains, transfers, assigns and conveys unto Noteholder each and every of the Released Claims and any proceeds, settlements and distributions relating thereto.

14. Survival of Representations and Warranties. All representations and warranties made in this Assumption Agreement or any other document executed in connection herewith, shall survive the execution and delivery of this Assumption Agreement and any other documents executed in connection herewith, and no investigation by Noteholder for any closing shall affect the representations and warranties or the right of Noteholder to rely upon them.

15. Expenses of Noteholder. Assumptor hereby agrees to pay Noteholder on demand all costs and expenses incurred by Noteholder in connection with the preparation, negotiation and execution of this Assumption Agreement and the other Loan Documents and/or other documents executed pursuant hereto and any and all amendments, modifications and supplements thereto, including, without limitation, the costs and fees of Noteholder's legal counsel. Without limiting the foregoing, contemporaneously with the execution and delivery hereof, the Borrower and Assumptor shall pay, or cause to be paid (i) an assumption fee to the Noteholder in the amount of 1% of the principal balance of the Loan, (ii) a REMIC opinion fee, (iii) a flood certificate fee, and (iv) credit report and delivery charges.

16. Notices. All notices or other communications required or permitted to be given shall be given and effective in accordance with the Note and Loan Documents. For purposes of notices, the addresses of the parties shall be as follows:

NOTEHOLDER:

STATE STREET BANK AND TRUST COMPANY, AS
TRUSTEE FOR THE REGISTERED HOLDERS OF
CHASE COMMERCIAL MORTGAGE SECURITIES
CORP., COMMERCIAL MORTGAGE PASS-THROUGH
CERTIFICATES SERIES 1998-1
c/o ORIX Capital Markets, LLC

1717 Main Street, 14th Floor
Dallas, Texas 75201
Attn: Angela Norris Johnson
Telecopy: 214-237-2037

with a copy to:

J. Russell Akin, Esq.
c/o ORIX Capital Markets, LLC
Legal Division
1717 Main Street, 14th Floor

ASSIGNMENT, ASSUMPTION AND CONSENT TO ASSUMPTION

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Dallas, Texas 75201
Telecopy: 214-237-2045

ASSUMPTOR AND SUBSTITUTE INDEMNITOR:

Port Richmond L.L.C. 1
c/o Cedar Income Fund Partnership, Ltd.
44 South Bayles Ave., #304
Port Washington, New York 11050
Attn: Leo S. Ullman
Telephone: 516-767-6492
Telecopy: 516-767-6497

BORROWER AND ORIGINAL INDEMNITOR(S):

Port Richmond Associates, LLC
c/o Bryant Asset Management
2900 Westchester Avenue
Purchase, NY 10577
Attn: Denis Brauchle
Telephone: 914-701-4300
Telecopy: 914-251-1787

17. Severability. Any provision of this Assumption Agreement held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Assumption Agreement and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

18. APPLICABLE LAW. THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE REAL PROPERTY SECURING THE NOTE IS LOCATED, AND THE APPLICABLE LAWS OF THE UNITED STATES.

19. Successors and Assigns. This Assumption Agreement is binding upon and shall inure to the benefit of Noteholder, Borrower, Original Indemnitor, Assumptor and Substitute Indemnitor and their respective successors and assigns, except that the Borrower, Original Indemnitor, Assumptor and Substitute Indemnitor may not assign or transfer any of their respective rights or obligations hereunder without the prior written consent of Noteholder.

20. Counterparts. This Assumption Agreement may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

21. Headings. The headings, captions and arrangements used in this Assumption Agreement are for convenience only and do not affect the interpretations of this Assumption Agreement.

ASSIGNMENT, ASSUMPTION AND CONSENT TO ASSUMPTION

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22. Effect of Waiver. No failure on the part of Noteholder to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Assumption Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Assumption Agreement preclude any other right, power or privilege. The rights and remedies provided for in this Assumption Agreement, the Note and the other Loan Documents are cumulative and not exclusive of any rights and remedies provided by law.

23. Further Assurances. Borrower, Original Indemnitor, Assumptor and

Substitute Indemnitor agree that Noteholder may file an original or photocopy of this Assumption Agreement as a mortgage or deed of trust or as amendment to a mortgage or deed of trust wherever deemed appropriate by Noteholder. Borrower, Original Indemnitor, Assumptor and Substitute Indemnitor agree to execute and deliver to Noteholder such security agreements, financing statements, deeds of trust, mortgages, assignments (and supplemental deeds of trust, mortgages, assignments, security agreements and financing statements) and other documents and instruments and to do such other things as Noteholder may reasonably request or deem necessary in order to perfect and maintain the security interests, liens and encumbrances created and confirmed hereunder, or to further implement the provisions of this Assumption Agreement.

24. Transferability. Notwithstanding anything contained in the Loan Documents to the contrary, Noteholder shall have the right to assign or transfer all or part of its rights, duties and obligations under the Loan Documents to a transferee who may or may not be a holder of the Note and such transferee shall be entitled to all of the rights and benefits of Noteholder under the Loan Documents.

25. Furnishing Information. Borrower, Original Indemnitor, Assumptor and Substitute Indemnitor agree that Noteholder may furnish any financial or other information concerning any such persons heretofore or hereafter provided by any such persons to Noteholder, to any prospective or actual purchaser of any participation or other interest in the Loans or to any prospective or actual purchaser of any securities issued or to be issued by Noteholder, or to any rating agencies.

26. ENTIRE AGREEMENT. THIS ASSUMPTION AGREEMENT AND THE LOAN DOCUMENTS AND ALL OTHER INSTRUMENTS, DOCUMENTS AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION WITH THIS ASSUMPTION AGREEMENT EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THIS ASSUMPTION AGREEMENT, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO. ASSUMPTOR AND SUBSTITUTE INDEMNITOR(S) HAVE EXAMINED THE SECURITY INSTRUMENT AND THE ENVIRONMENTAL AGREEMENT AND ACKNOWLEDGE THAT SUCH DOCUMENTS HAVE PROVISIONS IN THEM WHICH INCLUDE INDEMNIFICATION OF NOTEHOLDER, INCLUDING INDEMNIFICATION FOR NOTEHOLDER'S OWN NEGLIGENCE. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES.

THE ENVIRONMENTAL AGREEMENT AND THIS ASSUMPTION AGREEMENT EMBODY THE ENTIRE AGREEMENT OF SUBSTITUTE INDEMNITOR AND NOTEHOLDER WITH RESPECT TO SUBSTITUTE INDEMNITOR'S OBLIGATIONS UNDER THE LOAN DOCUMENTS AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER OF THE ENVIRONMENTAL AGREEMENT AND THE ASSUMPTION AGREEMENT. THE ENVIRONMENTAL AGREEMENT AND THIS ASSUMPTION AGREEMENT ARE INTENDED BY SUBSTITUTE INDEMNITOR AND NOTEHOLDER AS A FINAL AND COMPLETE EXPRESSION OF THE TERMS OF THE ENVIRONMENTAL AGREEMENT AND THE ASSUMPTION AGREEMENT, AND NO COURSE OF DEALING BETWEEN ORIGINAL INDEMNITOR, SUBSTITUTE INDEMNITOR AND/OR NOTEHOLDER, NO COURSE OF PERFORMANCE, NO TRADE PRACTICES, AND NO EVIDENCE OR PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OR OTHER EXTRINSIC EVIDENCE OF ANY NATURE SHALL BE USED TO CONTRADICT, VARY, SUPPLEMENT OR MODIFY ANY TERM OF THE ENVIRONMENTAL AGREEMENT AND THIS ASSUMPTION AGREEMENT. THERE ARE NO ORAL AGREEMENTS BETWEEN SUBSTITUTE INDEMNITOR AND NOTEHOLDER.

[SIGNATURE PAGES TO FOLLOW]

EXECUTED as of the date first written above.

NOTEHOLDER:

STATE STREET BANK AND TRUST COMPANY, AS
TRUSTEE FOR THE REGISTERED HOLDERS OF CHASE
COMMERCIAL MORTGAGE SECURITIES CORP.,
COMMERCIAL MORTGAGE PASS-THROUGH
CERTIFICATES SERIES 1998-1

By: ORIX Capital Markets, LLC
(f/k/a ORIX Real Estate Capital

By /s/ Jennifer Bouldin Wilkicki

Name: Jennifer Bouldin Wilkicki
Title: Portfolio Manager

ASSUMPTOR:

PORT RICHMOND L.L.C. 1, a Delaware limited liability company

By: Port Richmond L.L.C. 2, a Delaware limited liability company, its sole member

By: Cedar Center Holdings L.L.C. 3, a Delaware limited liability company, its sole member

By: Cedar Income Fund Partnership, LP, a Delaware limited partnership, its managing member

By: Cedar Income Fund, Ltd., a Maryland corporation, its general partner

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

SUBSTITUTE INDEMNITOR:

CEDAR INCOME FUND PARTNERSHIP, L.P., a Delaware limited partnership

By: Cedar Income Fund, Ltd., a Maryland corporation, its general partner

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

BORROWER:

PORT RICHMOND ASSOCIATES LLC, a New York limited liability company

By: Port Richmond Land, Inc., a New York corporation, its managing member

By: /s/ Andrew B. Hascoe

Name: Andrew B. Hascoe
Title: President and CEO

ORIGINAL INDEMNITOR:

/s/ Andrew B. Hascoe

ACKNOWLEDGMENT FOR NOTEHOLDER

STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was ACKNOWLEDGED before me, on the 27th day of August, 2001, by Jennifer Wilkicki, as Portfolio Mgr., for ORIX CAPITAL MARKETS, LLC, as Special Servicer for and on behalf of STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE FOR THE REGISTERED HOLDERS OF CHASE COMMERCIAL MORTGAGE SECURITIES CORP., COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES SERIES 1998-1.

[SEAL]

 /s/ Gina Johnson

Notary Public, State of Texas

My Commission Expires:

July 2, 2005

 Gina Johnson

Printed Name of Notary Public

[seal] GINA JOHNSON
Notary Public, State of Texas
My Commission Expires
07/02/2005

ACKNOWLEDGMENT FOR ASSUMPTOR

STATE OF NY)
)
COUNTY OF NASSAU)

On this 20th day of September, 2001, personally came Brenda J. Walker acknowledged to me that he executed the within and foregoing instrument in his capacity as V.P. of Cedar Income Fund, Ltd., a Maryland corporation, sole general partner of Cedar Income Fund Partnership, L.P., a Delaware limited partnership, managing member Cedar Center Holdings L.L.C. 3, a Delaware limited liability company, sole member of Port Richmond L.L.C. 2, a Delaware limited liability company, sole member of PORT RICHMOND L.L.C. 1, a Delaware limited liability company, on behalf of said company.

Given under my hand and seal of office the day and year last above written.

 ELLEN KURTZ
Notary Public, State of NY
Nassau County # 01KU5072377
Commission Expires: 01/27/03

 /s/ Ellen Kurtz

Notary Public, State of New York

 Ellen Kurtz

Printed Name of Notary

My Commission Expires:

ACKNOWLEDGMENT FOR SUBSTITUTE INDEMNITOR

STATE OF NY)
)
)
COUNTY OF NASSAU)

On this 20th day of September, 2001, personally came Brenda J. Walker as V.P. of Cedar Income Fund, Ltd., a Maryland corporation, sole general partner of CEDAR INCOME FUND PARTNERSHIP, L.P., a Delaware limited partnership, on behalf of said partnership.

Given under my hand and seal of office the day and year last above written.

ELLEN KURTZ
Notary Public, State of NY
Nassau County # 01KU5072377
Commission Expires: 01/27/03

/s/ Ellen Kurtz

Notary Public, State of New York

Ellen Kurtz

Printed Name of Notary

My Commission Expires:

ASSIGNMENT, ASSUMPTION AND CONSENT TO ASSUMPTION

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ACKNOWLEDGMENT FOR BORROWER

STATE OF New York)
)
COUNTY OF Westchester)

On this 21st day of September, 2001, personally came Andrew Hascoe and acknowledged to me that he executed the within and foregoing instrument in his capacity as president of Port Richmond Land, Inc., a New York corporation, managing member of PORT RICHMOND ASSOCIATES LLC, a New York limited liability company, on behalf of said company.

Given under my hand and seal of office the day and year last above written.

/s/ Sheila M. DuPell

Notary Public, State of New York

My Commission Expires:

SHEILA M. DUPELL
Notary Public, State of New York
No. 4998045
Qualified in Westchester County
Commission Expires June 22, 2002

6-22-02

Printed Name of Notary

ACKNOWLEDGMENT FOR ORIGINAL INDEMNITOR:

STATE OF New York)
)
COUNTY OF Westchester)

On this 21st day of September, 2001, personally came ANDREW B. HASCOE, an individual and acknowledged to me that he executed the within and foregoing instrument in his individual capacity.

Given under my hand and seal of office the day and year last above written

/s/ Sheila M. DuPell

Notary Public, State of New York

Sheila M. DuPell

Printed Name of Notary

My Commission Expires:

6-22-01

EXHIBIT "A"
To
Assignment, Assumption and Consent to Assumption

The following described Loan Documents which, if recorded, are recorded as indicated below:

1. Promissory Note dated as of April 2, 1998, in the original principal amount of \$12,000,000.00 from Borrower payable to the order of Original Lender (the "Note").

2. Mortgage and Security Agreement dated as of April 2, 1998, from Borrower to Original Lender, which was recorded in the Official Records of the Recorder of Deeds of Philadelphia County, Pennsylvania on April 8, 1998 in Mortgage Book JTD 1177, Page 419 (the "Security Instrument") covering the following described real property (the "Land") as follows:

See Exhibit A-1 attached hereto and made a part hereof for all purposes;

and the property described in the Security Instrument (collectively, the "Property").

3. Assignment of Leases and Rents ("Assignment of Leases") dated as of April 2, 1998, executed by Borrower for the benefit of Original Lender which was recorded on April 8, 1998, in the Official Records of the Recorder of Deeds of Philadelphia County, Pennsylvania in Deed Book JTD 639, Page 194.

4. Financing Statement from Borrower in favor of Original Lender which was recorded on April 8, 1998, in the Official Records of Recorder of Deeds of Philadelphia County, Pennsylvania in Book JTD 486, Page 581.

5. Financing Statement from Borrower in favor of Original Lender which was recorded on April 15, 1998, with the Prothonotary of Philadelphia County, Pennsylvania as Instrument No. 98-2075.

6. Financing Statement from Borrower in favor of Original Lender which was recorded with the Pennsylvania Secretary of State on April 13, 1998, as Instrument No. 28791077.

7. Environmental Indemnity Agreement ("Environmental Agreement") dated as of April 2, 1998, executed by Original Indemnitor in favor of Original Lender.

8. Replacement Reserve and Security Agreement ("Replacement Reserve Agreement") dated as of April 2, 1998, executed by Borrower in favor of Original Lender.

9. Assignment of Agreements, Permits and Contracts dated as of April 2, 1998, executed by Borrower in favor of Original Lender.

EXHIBIT "A-1"
To
Assignment, Assumption and Consent to Assumption

[Legal description of the Land]

ALL THAT CERTAIN parcel of land situate in the Thirty-first Ward of the City of Philadelphia and Commonwealth of Pennsylvania as shown on a plan prepared by Joseph J. Feldman & Associates entitled Existing Conditions Plan, dated July 25, 1989, last revised May 31, 1990, and being more particularly described, as follows:

BEGINNING at a point of intersection between the westerly line of Cumberland Street (60 feet wide) and the northerly line of Salmon Street 40 feet wide; thence

(1) along said line of Salmon Street South 41 degrees 29 minutes 03 seconds West a distance of 340.80 feet to a point on the westerly line of York Street (50' wide) thence;

(2) North 48 degrees 30 minutes 57 seconds West a distance of 7.11 feet to a

point; thence

(3) along a curve to the right having a radius of 2267.957 for an arc distance of 50.237 feet to a point; thence

(4) South 67 degrees 33 minutes 34 seconds West a distance of 577.172 feet to a point; thence

(5) North 48 degrees 30 minutes 57 seconds west a distance of 73.395 feet to a point; thence

(6) North 00 degrees 28 minutes 43 seconds West a distance of 201.406 feet to a point of curvature; thence

(7) along a curve to the right having a radius of 324.125 feet for an arc distance of 223.36 feet to a point of tangency; thence

(8) North 50 degrees 59 minutes 43 seconds West a distance 17.952 feet to a point on the southerly line of Aramingo Avenue (variable width); thence

(9) along said line of Aramingo Avenue North 39 degrees 00 minutes 17 seconds East a distance of 221.195 feet to a point within a 50 feet wide drainage right-of-way; thence

(10) still along line of Aramingo Avenue North 57 degrees 35 minutes 34 seconds East a distance of 470.577 feet to a point of curvature; thence

(11) along a curve to the right having a radius of 15.00 feet for an arc distance of 23.562 feet to a point on the aforementioned line of Cumberland Street; thence

ASSIGNMENT, ASSUMPTION AND CONSENT TO ASSUMPTION

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EXHIBIT "A-1" continued

(12) along said line of Cumberland Street South 32 degrees 24 minutes 26 seconds East a distance of 470.088 feet to a point on the aforementioned line of Salmon Street and the first mentioned point and place of beginning.

BEING KNOWN AS 2401 Aramingo Avenue, 2401 Aramingo Avenue (Unit B), 2220 Richmond Street (Unit A) and 2220 Richmond Street (Unit B)

BEING THE SAME PREMISES which Urban Center Associates Limited Partnership by Deed dated September 30, 1996 and recorded December 26, 1996 in Deed Book JTD 185 page 484.

ASSIGNMENT, ASSUMPTION AND CONSENT TO ASSUMPTION

PAGE 19

EXHIBIT "A-1" continued

[Legal Description of the Ground Lease]

Description of land to be leased to PORT RICHMOND VILLAGE ASSOCIATES Under I-95, Richmond Street, York Street, Aramingo Street

BEGINNING at a point at the intersection of the S.W. side of York Street (50' wide) and the N.W. side of Richmond Street (120' wide), thence S 41(degree) 29'03" W along said side of Richmond Street 100'-4 1/4" to a point on the south right of way line of Delaware Expressway L.R. 1000; thence along the following eleven courses and distance along the south right of way line

- 1) line curving to the right with a radius to 2303'-4 1/2" and an arc distance of 191'-3 1/4" to a point of tangent
- 2) S 57(degree)35'34" E 32'-3/8" to a point
- 3) S 48(degree)30'57" E 54'-3 1/4" to a point on the N.W. side of Richmond St.
- 4) S 41(degree)29'03" W 35'-9 1/8" to the intersection of Girard Ave. and Richmond St.
- 5) N 48(degree)30'57" W 64'-7 1/8" to a point
- 6) S 57(degree)35'34" W 69'-3/8" to a point
- 7) S 41(degree)29'03" W 17'-3 7/8" to a point
- 8) N 48(degree)30'57" W 5'-7 1/8" to a point
- 9) S 37(degree)19'283" W 50'3 1/2" to a point
- 10) S 48(degree)30'57" E 7'-8 1/8" to a point
- 11) S 41(degree)29'03" W 135'-1 1/4" to a point on the N.E. side of Norris St. (60' wide);

thence, N 48(degree)30'57" W along the said side of Norris St. produced 316'-1/4" to a point; thence N 22(degree)26'28" W, 133'-3 5/8" to a point on the

north side of the right of way line of the Delaware Expressway; thence, along said side of Delaware Expressway the three following courses and distances

- 1) S 48 (degree) 30'57" E 73'-4 3/4" to a point
- 2) N 67 (degree) 33'34" E 577'-2" to a point of curve
- 3) along a line curving to the left with a radius of 2267'-11 1/2" and an arc distance of 50'-2 7/8" to a point on the S.W. side of York Street; thence S 48 (degree) 30'57" E along said side of York Street 165'-1 3/8" to the point and place of beginning.

Subject to columns and piers for I-95 and ramps; limiting air easements; Girard Avenue approachment and existing embankment slopes; and utilities the parcel.

=====

PORT RICHMOND ASSOCIATES LLC, as mortgagor
(Borrower)

to

THE CHASE MANHATTAN BANK, as mortgagee
(Lender)

MORTGAGE AND
SECURITY AGREEMENT

Dated: As of April 2, 1998

Location: Port Richmond Village Shopping Center
2403-2499 Aramingo Avenue
Philadelphia, Pennsylvania

City: Philadelphia

PREPARED BY AND UPON
RECORDATION RETURN TO:

MESSRS. THACHER PROFFITT & WOOD
Two World Trade Center
New York, New York 10048

Attention: David S. Hall, Esq.

File No.: 86000-00519

=====

THIS MORTGAGE AND SECURITY AGREEMENT (the "Security Instrument") is made as of the 2nd day of April, 1998, by PORT RICHMOND ASSOCIATES LLC, a New York limited liability company, having its principal place of business at c/o Bryant Development Corp., 2900 Westchester Avenue, Purchase, New York 10577, as mortgagor ("Borrower") to THE CHASE MANHATTAN BANK, a New York banking corporation, having an address at 380 Madison Avenue, 11th Floor, New York, New York 10017 as mortgagee ("Lender").

RECITALS:

Borrower is the fee owner of the Land (hereinafter defined).

In addition, Borrower intends to hereafter acquire a leasehold estate in certain land described in Exhibit B attached hereto arising pursuant to that certain Ground Lease by and between the Commonwealth of Pennsylvania, acting through the Department of Transportation (the "Owner"), as ground lessor, and Urban Center Associates, as ground lessee, dated August 12, 1988, which lease shall be assigned on the date hereof to Borrower and effective upon consent to assignment by Owner (collectively, the "Ground Lease").

Borrower by its promissory note of even date herewith given to Lender is indebted to Lender in the principal sum of TWELVE MILLION AND 00/100 DOLLARS (\$12,000,000) in lawful money of the United States of America (the note together with all extensions, renewals, modifications, substitutions and amendments thereof shall collectively be referred to as the "Note"), with interest from the date thereof at the rates set forth in the Note, principal and interest to be payable in accordance with the terms and conditions provided in the Note.

Borrower desires to secure the payment of the Debt (as defined in Article 2) and the performance of all of its obligations under the Note and the Other Obligations (as defined in Article 2).

Article 1 - GRANTS OF SECURITY

Section 1.1 PROPERTY MORTGAGED. Borrower does hereby irrevocably mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey to Lender, and grant a security interest to Lender in, the following property, rights, interests and estates now owned, or hereafter acquired by Borrower (collectively, the "Property"):

(a) Land. The real property described in Exhibit A attached hereto and made a part hereof (the "Land");

(b) Ground Lease. The Ground Lease and the leasehold estate created thereby in the real property described therein and in Exhibit B attached hereto which is made a part hereof;

(c) Pursuant to the terms of Section 24.1 hereof all assignments, modifications, extensions and renewals of the Ground Lease and all credits, deposits, options, privileges and rights of Borrower as tenant under the Ground Lease, including, but not limited to, the right, if any, to renew or extend the Ground Lease for a succeeding term or terms, and also including all the right, title, claim or demand whatsoever of Borrower either in law or in equity, in possession or expectancy, of, in and to Borrower's right, as tenant under the Ground Lease, to elect under Section 365(h)(1) of the Bankruptcy Code, Title 11 U.S.C.A. ss.101 et seq. (the "Bankruptcy Code") to terminate or treat the Ground Lease as terminated in the event (i) of the bankruptcy, reorganization or insolvency of the Owner, and (ii) the rejection of the Ground Lease by the Owner, as debtor in possession, or by a trustee for the Owner, pursuant to Section 365 of the Bankruptcy Code;

(d) Additional Land. All additional lands, estates and development rights hereafter acquired by Borrower for use in connection with the Land and the development of the Land and all additional lands and estates therein which may, from time to time, by supplemental mortgage or otherwise be expressly made subject to the lien of this Security Instrument;

(e) Improvements. The buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Land (the "Improvements");

(f) Easements. All easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and/or the Improvements, including, but not limited to, those arising under and by virtue of the Ground Lease and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Borrower of, in and to the Land and/or the Improvements, including, but not limited to those arising under and by virtue of the Ground Lease and every part and parcel thereof, with the appurtenances thereto;

(g) Fixtures and Personal Property. All machinery, equipment, fixtures (including, but not limited to, all heating, air conditioning, plumbing, lighting, communications and elevator fixtures) and other property of every kind and nature whatsoever owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located upon the Land and the Improvements, or

appurtenant thereto, and usable in connection with the present or future operation and occupancy of the Land and the Improvements and all building equipment, materials and supplies of any nature whatsoever owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, or usable in connection with the present or future operation and occupancy of the Land and the Improvements (collectively, the "Personal Property"), and the right, title and interest of Borrower in and to any of the Personal Property which may be subject to any security interests,

as defined in the Uniform Commercial Code, as adopted and enacted by the state or states where any of the Property is located (the "Uniform Commercial Code"), superior in lien to the lien of this Security Instrument and all proceeds and products of the above;

(h) Leases and Rents. All leases (including the Ground Lease), subleases and other agreements affecting the use, enjoyment or occupancy of the Land and/or the Improvements heretofore or hereafter entered into and all extensions, amendments and modifications thereto, whether before or after the filing by or against Borrower of any petition for relief under the Bankruptcy Code (the "Leases") and all right, title and interest of Borrower, its successors and assigns therein and thereunder, including, without limitation, cash or securities deposited thereunder to secure the performance by the lessees of their obligations thereunder and all rents, additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Land and the Improvements whether paid or accruing before or after the filing by or against Borrower of any petition for relief under the Bankruptcy Code (the "Rents") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Debt;

(i) Condemnation Awards. All awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to the Property, whether from the exercise of the right of eminent domain (including but not limited to any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property;

(j) Insurance Proceeds. All proceeds of and any unearned premiums on any insurance policies covering the Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Property;

(k) Tax Certiorari. All refunds, rebates or credits in connection with a reduction in real estate taxes and assessments charged against the Property as a result of tax certiorari or any applications or proceedings for reduction;

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(l) Conversion. All proceeds of the conversion, voluntary or involuntary, of any of the foregoing including, without limitation, proceeds of insurance and condemnation awards, into cash or liquidation claims;

(m) Rights. The right, in the name and on behalf of Borrower, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Lender in the Property;

(n) Agreements. All agreements, contracts, certificates, instruments, franchises, permits, licenses, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Land and any part thereof and any Improvements or respecting any business or activity conducted on the Land and any part thereof and all right, title and interest of Borrower therein and thereunder, including, without limitation, the right, upon the happening of any default hereunder, to receive and collect any sums payable to Borrower thereunder;

(o) Trademarks. All tradenames, trademarks, servicemarks, logos, copyrights, goodwill, books and records and all other general intangibles relating to or used in connection with the operation of the Property; and

(p) Other Rights. Any and all other rights of Borrower in and to the items set forth in Subsections (a) through (o) above.

Section 1.2 ASSIGNMENT OF RENTS. Borrower hereby absolutely and unconditionally assigns to Lender Borrower's right, title and interest in and to all current and future Leases and Rents; it being intended by Borrower that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to the terms of this Section 1.2 and Section 3.7, Lender grants to Borrower a revocable license to collect and

receive the Rents. Borrower shall hold the Rents, or a portion thereof sufficient to discharge all current sums due on the Debt, for use in the payment of such sums.

Section 1.3 SECURITY AGREEMENT. This Security Instrument is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Borrower in the Property. By executing and delivering this Security Instrument, Borrower hereby grants to Lender, as security for the Obligations (defined in Section 2.3), a security interest in the Personal Property to the full extent that the Personal Property may be subject to the Uniform Commercial Code.

Section 1.4 PLEDGE OF MONIES HELD. Borrower hereby pledges to Lender any and all monies now or hereafter held by Lender, including, without limitation, any sums deposited in the Escrow Fund (as defined in Section 3.5), Net Proceeds (as defined in Section 4.4) and

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condemnation awards or payments described in Section 3.6, as additional security for the Obligations until expended or applied as provided in this Security Instrument.

CONDITIONS TO GRANT

TO HAVE AND TO HOLD the above granted and described Property unto and to the use and benefit of Lender, and the successors and assigns of Lender, forever;

PROVIDED, HOWEVER, these presents are upon the express condition that, if Borrower shall well and truly pay to Lender the Debt at the time and in the manner provided in the Note and this Security Instrument, shall well and truly perform the Other Obligations as set forth in this Security Instrument and shall well and truly abide by and comply with each and every covenant and condition set forth herein and in the Note, these presents and the estate hereby granted shall cease, terminate and be void.

Article 2 - DEBT AND OBLIGATIONS SECURED

Section 2.1 DEBT. This Security Instrument and the grants, assignments and transfers made in Article 1 are given for the purpose of securing the following, in such order of priority as Lender may determine in its sole discretion (the "Debt"):

(a) the payment of the indebtedness evidenced by the Note in lawful money of the United States of America;

(b) the payment of interest, default interest, late charges and other sums, as provided in the Note, this Security Instrument or the Other Security Documents (defined below);

(c) the payment of the Prepayment Consideration (as defined in the Note), if any;

(d) the payment of all other moneys agreed or provided to be paid by Borrower in the Note, this Security Instrument or the Other Security Documents;

(e) the payment of all sums advanced pursuant to this Security Instrument to protect and preserve the Property and the lien and the security interest created hereby; and

(f) the payment of all sums advanced and costs and expenses incurred by Lender in connection with the Debt or any part thereof, any renewal, extension, or change of or substitution for the Debt or any part thereof, or the acquisition or perfection of the security therefor, whether made or incurred at the request of Borrower or Lender.

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Section 2.2 OTHER OBLIGATIONS. This Security Instrument and the grants, assignments and transfers made in Article 1 are also given for the purpose of securing the following (the "Other Obligations"):

(a) the performance of all other obligations of Borrower contained herein;

(b) the performance of each obligation of Borrower contained in any other agreement given by Borrower to Lender which is for the purpose of further securing the obligations secured hereby, and any amendments, modifications and changes thereto; and

(c) the performance of each obligation of Borrower contained in any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part of the Note; this Security Instrument or the Other Security Documents.

Section 2.3 DEBT AND OTHER OBLIGATIONS. Borrower's obligations for the payment of the Debt and the performance of the Other Obligations shall be referred to collectively below as the "Obligations."

Section 2.4 PAYMENTS. Unless payments are made in the required amount in immediately available funds at the place where the Note is payable, remittances in payment of all or any part of the Debt shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by Lender in funds immediately available at the place where the Note is payable (or any other place as Lender, in Lender's sole discretion, may have established by delivery of written notice thereof to Borrower) and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Lender of any payment in an amount less than the amount then due shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be an Event of Default (defined below).

Article 3 - BORROWER COVENANTS

Borrower covenants and agrees that:

Section 3.1 PAYMENT OF DEBT. Borrower will pay the Debt at the time and in the manner provided in the Note and in this Security Instrument.

Section 3.2 INCORPORATION BY REFERENCE. All the covenants, conditions and agreements contained in (a) the Note and (b) all and any of the documents other than the Note or this Security Instrument now or hereafter executed by Borrower and/or others and by or in favor of Lender, which wholly or partially secure or guaranty payment of the Note (the "Other Security Documents"), are hereby made a part of this Security Instrument to the same extent and with the same force as if fully set forth herein.

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Section 3.3 INSURANCE.

(a) Borrower shall obtain and maintain, or cause to be maintained, insurance for Borrower and the Property providing at least the following coverages:

(i) comprehensive all risk insurance on the Improvements and the Personal Property, in each case (A) in an amount equal to 100% of the "Full Replacement Cost," which for purposes of this Security Instrument shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation, but the amount shall in no event be less than the outstanding principal balance of the Note; (B) containing an agreed amount endorsement with respect to the Improvements and Personal Property waiving all co-insurance provisions; (C) providing for no deductible in excess of \$25,000; and (D) providing coverage for contingent liability from Operation of Building Laws, Demolition Costs and Increased Cost of Construction Endorsements together with an "Ordinance or Law Coverage" or "Enforcement" endorsement if any of the Improvements or the use of the Property shall at any time constitute legal non-conforming structures or uses. The Full Replacement Cost shall be redetermined from time to time (but not more frequently than once in any twelve (12) calendar months) at the request of Lender by an appraiser or contractor designated and paid by Borrower and approved by Lender, or by an engineer or appraiser in the regular employ of the insurer. After the first appraisal, additional appraisals may be based on construction cost indices customarily employed in the trade. No omission on the part of Lender to request any such ascertainment shall relieve Borrower of any of its obligations under this Subsection;

(ii) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage

occurring upon, in or about the Property, such insurance (A) to be on the so-called "occurrence" form with a combined single limit of not less than \$2,000,000; (B) to continue at not less than the aforesaid limit until required to be changed by Lender in writing by reason of changed economic conditions making such protection inadequate; and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; (3) independent contractors; (4) blanket contractual liability for all written and oral contracts; and (5) contractual liability covering the indemnities contained in Article 13 hereof to the extent the same is available;

(iii) loss of rents insurance (A) with loss payable to Lender; (B) covering all risks required to be covered by the insurance provided for in Subsection 3.3(a)(i); and (C) in an amount equal to 100% of the projected gross income from the Property for a period of twelve (12) months. The amount of such loss of rents insurance shall be determined prior to the date hereof and at least once each year thereafter based on Borrower's reasonable estimate of the gross income from the

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Property for the succeeding twelve-month period. All insurance proceeds payable to Lender pursuant to this Subsection shall be held by Lender and shall be applied to the obligations secured hereunder from time to time due and payable hereunder and under the Note; provided, however, that nothing herein contained shall be deemed to relieve Borrower of its obligations to pay the obligations secured hereunder on the respective dates of payment provided for in the Note except to the extent such amounts are actually paid out of the proceeds of such loss of rents insurance;

(iv) at all times during which structural construction, repairs or alterations are being made with respect to the Improvements (A) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy; and (B) the insurance provided for in Subsection 3.3(a)(i) written in a so-called builder's risk completed value form (1) on a non-reporting basis, (2) against all risks insured against pursuant to Subsection 3.3(a)(i), (3) including permission to occupy the Property, and (4) with an agreed amount endorsement waiving co-insurance provisions;

(v) workers' compensation, subject to the statutory limits of the state in which the Property is located, and employer's liability insurance with a limit of at least \$1,000,000 per accident and per disease per employee, and \$1,000,000 for disease aggregate in respect of any work or operations on or about the Property, or in connection with the Property or its operation (if applicable);

(vi) comprehensive boiler and machinery insurance, if applicable, in amounts as shall be reasonably required by Lender;

(vii) if any portion of the Improvements is at any time located in an area identified by the Secretary of Housing and Urban Development or any successor thereto as an area having special flood hazards pursuant to the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended, or any successor law (the "Flood Insurance Acts"), flood hazard insurance in an amount equal to the lesser of (A) the principal balance of the Note, and (B) the maximum limit of coverage available for the Property under the Flood Insurance Acts;

(viii) earthquake, sinkhole and mine subsidence insurance, if required in amounts, form and substance satisfactory to Lender, provided that the insurance pursuant to this Subsection (viii) shall be on terms consistent with the all risk insurance policy required under Section 3.3(a)(i);

(ix) such other insurance and in such amounts as Lender from time to time may reasonably request against such other insurable hazards which at the time

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are commonly insured against for property similar to the Property located in or around the region in which the Property is located.

(b) All insurance provided for in Subsection 3.3(a) hereof shall be obtained under valid and enforceable policies (the "Policies" or in the singular, the "Policy"), in such forms and, from time to time after the date hereof, in such amounts as may from time to time be satisfactory to Lender, issued by financially sound and responsible insurance companies authorized to do business in the state in which the Property is located and approved by Lender. The insurance companies must have a general policy rating of A or better and a financial class of VII or better by A.M. Best Company, Inc., and if there are any Securities (defined in Section 19.1 below) issued which have been assigned a rating by a credit rating agency approved by Lender (a "Rating Agency"), the insurance company shall have a claims paying ability rating by such Rating Agency of not less than one rating category below the highest rating at any time assigned to the Securities, but in no event less than BBB by Standard & Poor's Corp. or such comparable rating by such other Rating Agency (each such insurer shall be referred to below as a "Qualified Insurer"). Not less than thirty (30) days prior to the expiration dates of the Policies theretofore furnished to Lender pursuant to Subsection 3.3(a), certified copies of the Policies marked "premium paid" or accompanied by evidence satisfactory to Lender of payment of the premiums due thereunder (the "Insurance Premiums"), shall be delivered by Borrower to Lender; provided, however, that in the case of renewal Policies, Borrower may furnish Lender with binders therefor to be followed by the original Policies when issued.

(c) Borrower shall not obtain (i) any umbrella or blanket liability or casualty Policy unless, in each case, such Policy is approved in advance in writing by Lender and Lender's interest is included therein as provided in this Security Instrument and such Policy is issued by a Qualified Insurer, or (ii) separate insurance concurrent in form or contributing in the event of loss with that required in Subsection 3.3(a) to be furnished by, or which may be reasonably required to be furnished by, Borrower. In the event Borrower obtains separate insurance or an umbrella or a blanket Policy, Borrower shall notify Lender of the same and shall cause certified copies of each Policy to be delivered as required in Subsection 3.3(a). Any blanket insurance Policy shall specifically allocate to the Property the amount of coverage from time to time required hereunder and shall otherwise provide the same protection as would a separate Policy insuring only the Property in compliance with the provisions of Subsection 3.3(a). Notwithstanding Lender's approval of any umbrella or blanket liability or casualty Policy hereunder, upon the occurrence of an Event of Default, Lender reserves the right, in its sole discretion, to require Borrower to obtain a separate Policy in compliance with this Section 3.3.

(d) All Policies of insurance provided for or contemplated by Subsection 3.3(a), except for the Policy referenced in Subsection 3.3(a)(v), shall name Lender and Borrower as the insured or additional insured, as their respective interests may appear, and in the case of property damage, boiler and machinery, and flood insurance, shall contain a

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so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(e) All Policies of insurance provided for in Subsection 3.3(a) shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or of any tenant under any Lease or other occupant, or failure to comply with the provisions of any Policy which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policy shall not be materially changed (other than to increase the coverage provided thereby) or cancelled without at least 30 days' written notice to Lender and any other party named therein as an insured; and

(iii) each Policy shall provide that the issuers thereof shall give written notice to Lender if the Policy has not been renewed thirty (30) days prior to its expiration; and

(iv) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder.

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

(g) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, upon reasonable notice to Borrower to take such action as Lender deems necessary to protect its interest in the Property, including, without limitation, the obtaining of such insurance coverage as Lender in its sole discretion deems appropriate, and all expenses incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and until paid shall be secured by this Security Instrument and shall bear interest in accordance with Section 10.3 hereof.

(h) If the Property shall be damaged or destroyed, in whole or in part, by fire or other casualty, Borrower shall give prompt notice of such damage to Lender and shall promptly commence and diligently prosecute the completion of the repair and restoration of the Property as nearly as possible to the condition the Property was in immediately prior to such fire or other casualty, with such alterations as may be approved by Lender (the

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"Restoration") and otherwise in accordance with Section 4.4 of this Security Instrument. Borrower shall pay all costs of such Restoration whether or not such costs are covered by insurance.

Section 3.4 PAYMENT OF TAXES. ETC.

(a) Borrower shall promptly pay all taxes, assessments, water rates, sewer rents, governmental impositions, and other charges, including without limitation vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Land, now or hereafter levied or assessed or imposed against the Property or any part thereof (the "Taxes"), all ground rents payable under the Ground Lease, maintenance charges and similar charges, now or hereafter levied or assessed or imposed against the Property or any part thereof (the "Other Charges"), and all charges for utility services provided to the Property as same become due and payable. Borrower will deliver to Lender, promptly upon Lender's request, evidence satisfactory to Lender that the Taxes, Other Charges and utility service charges have been so paid or are not then delinquent. Borrower shall not suffer and shall promptly cause to be paid and discharged any lien or charge whatsoever which may be or become a lien or charge against the Property. Except to the extent sums sufficient to pay all Taxes and Other Charges have been deposited with Lender in accordance with the terms of this Security Instrument, Borrower shall furnish to Lender paid receipts for the payment of the Taxes and Other Charges prior to the date the same shall become delinquent.

(b) After prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any of the Taxes, provided that (i) no Event of Default has occurred and is continuing under the Note, this Security Instrument or any of the Other Security Documents, (ii) Borrower is permitted to do so under the provisions of any other mortgage, deed of trust or deed to secure debt affecting the Property, (iii) such proceeding shall suspend the collection of the Taxes from Borrower and from the Property or Borrower shall have paid all of the

Taxes under protest, (iv) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder, (v) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost, (vi) Borrower shall have deposited with Lender adequate reserves for the payment of the Taxes, together with all interest and penalties thereon, unless Borrower has paid all of the Taxes under protest, and (vii) Borrower shall have furnished the security as may be required in the proceeding, or as may be requested by Lender to insure the payment of any contested Taxes, together with all interest and penalties thereon.

Section 3.5 ESCROW FUND. In addition to the initial deposits with respect to Taxes and, if applicable, Insurance Premiums made by Borrower to Lender on the date hereof to be held by Lender in escrow, Borrower shall pay to Lender on the tenth day of each calendar month (a) one-twelfth of an amount which would be sufficient to pay the Taxes payable, or

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estimated by Lender to be payable, during the next ensuing twelve (12) months and (b) at the option of Lender, if the liability or casualty Policy maintained by Borrower covering the Property shall not constitute an approved blanket or umbrella Policy pursuant to Subsection 3.3(c) hereof, or Lender shall require Borrower to obtain a separate Policy pursuant to Subsection 3.3(c) hereof, one-twelfth of an amount which would be sufficient to pay the Insurance Premiums due for the renewal of the coverage afforded by the Policies upon the expiration thereof (the amounts in (a) and (b) above shall be called the "Escrow Fund"). In the event Lender shall elect to collect payments in escrow for Insurance Premiums, Borrower shall pay to Lender an initial deposit to be determined by Lender, in its sole discretion, to increase the amounts in the Escrow Fund to an amount which, together with anticipated monthly escrow payments, shall be sufficient to pay all Insurance Premiums and Taxes as they become due. Borrower agrees to notify Lender immediately of any changes to the amounts, schedules and instructions for payment of any Taxes and Insurance Premiums of which it has or obtains knowledge and authorizes Lender or its agent to obtain the bills for Taxes directly from the appropriate taxing authority. The Escrow Fund and the payments of interest or principal or both, payable pursuant to the Note shall be added together and shall be paid as an aggregate sum by Borrower to Lender. Lender will apply the Escrow Fund to payments of Taxes and Insurance Premiums required to be made by Borrower pursuant to Sections 3.3 and 3.4 hereof. If the amount of the Escrow Fund shall exceed the amounts due for Taxes and Insurance Premiums pursuant to Sections 3.3 and 3.4 hereof, Lender shall, in its discretion, return any excess to Borrower or credit such excess against future payments to be made to the Escrow Fund. In allocating such excess, Lender may deal with the person shown on the records of Lender to be the owner of the Property. If the Escrow Fund is not sufficient to pay the items set forth in (a) and (b) above, Borrower shall promptly pay to Lender, upon demand, an amount which Lender shall estimate as sufficient to make up the deficiency. The Escrow Fund shall not constitute a trust fund and may be commingled with other monies held by Lender. No earnings or interest on the Escrow Fund shall be payable to Borrower.

Section 3.6 CONDEMNATION. Borrower shall promptly give Lender notice of the actual or threatened commencement of any condemnation or eminent domain proceeding and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Notwithstanding any taking by any public or quasi-public authority through eminent domain or otherwise (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Security Instrument and the Debt shall not be reduced until any award or payment therefor shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Lender shall not be limited to the interest paid on the award by the condemning authority but shall be entitled to receive out of the award interest at the rate or rates provided herein or in the Note. Lender may apply any award or payment to the reduction or discharge of the Debt whether or not then due and payable. If the Property is sold, through foreclosure or otherwise, prior to the receipt by Lender of the award or payment, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the award or payment, or a portion thereof sufficient to pay the Debt.

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Section 3.7 LEASES AND RENTS.

(a) Except as otherwise consented to by Lender, all Leases shall be written on the standard form of lease which shall have been approved by Lender. Upon request, Borrower shall furnish Lender with executed copies of all Leases. No material changes may be made to the Lender-approved standard lease without the prior written consent of Lender. In addition, all renewals of Leases and all proposed Leases shall provide for rental rates and terms comparable to existing local market rates and terms and shall be arms-length transactions with bona fide, independent third party tenants. All proposed Leases and renewals of existing Leases (other than residential Leases relating to a residential multifamily property) shall be subject to the prior approval of Lender and its counsel, at Borrower's expense. All Leases excluding the Ground Lease shall provide that they are subordinate to this Security Instrument and that the lessee agrees to attorn to Lender. Borrower (i) shall observe and perform all the obligations imposed upon the lessor under the Leases (except that with respect to the Ground Lease, it shall observe and perform all of the obligations imposed upon lessee) and shall not do or permit to be done anything to impair the value of any of the Leases as security for the Debt; (ii) shall promptly send copies to Lender of all notices of default which Borrower shall send or receive thereunder; (iii) shall enforce all of the terms, covenants and conditions contained in the Leases upon the part of the lessee thereunder to be observed or performed, short of termination thereof excluding the Ground Lease; provided however, with respect to multifamily residential property, a residential Lease may be terminated in the event of a default by the tenant thereunder; (iv) shall not collect any of the Rents more than one (1) month in advance; (v) shall not execute any other assignment of the lessor's interest in any of the Leases or the Rents; (vi) shall not alter, modify or change the terms of any Leases without the prior written consent of Lender, or cancel or terminate any Leases or accept a surrender thereof or convey or transfer or suffer or permit a conveyance or transfer of the Land or of any interest therein so as to effect a merger of the estates and rights of or a termination or diminution of the obligations of, lessees thereunder; (vii) shall not alter, modify or change the terms of any guaranty, letter of credit or other credit support with respect to any of the Leases (the "Lease Guaranty") or cancel or terminate such Lease Guaranty without the prior written consent of Lender; and (viii) shall not consent to any assignment of or subletting under any Leases not in accordance with their terms, without the prior written consent of Lender.

(b) Notwithstanding the provisions of Subsection 3.7(a) above, renewals of existing Leases and Leases for commercial space for in-line stores (as determined by Lender) shall not be subject to the prior approval of Lender provided all of the following conditions are satisfied: (i) the rental income pursuant to the renewal or proposed Lease is not more than ten percent (10%) of the total rental income for the in-line stores, (ii) the renewal or proposed Lease covers less than ten percent (10%) of the in-line store space, in the aggregate, (iii) the renewal or proposed Lease shall have a lease term not to exceed ten (10) years including options to renew, (iv) no rent credits, free rents or concessions in excess of one (1) month for each two (2) years of lease term (not to exceed three (3) months in the aggregate) have been granted under the renewal or proposed Lease, (v) the

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renewal or proposed Lease shall provide for rental rates and terms comparable to existing local market rates and terms, (vi) the renewal or proposed Lease shall be an arms-length transaction with a bona fide, independent third party tenant, (vii) the renewal or proposed Lease is subject and subordinate to the Security Instrument and the lessee thereunder shall have agreed to attorn to Lender, (viii) the renewal or proposed Lease is on the standard form of lease approved by Lender, and (ix) the renewal or proposed Lease shall satisfy other criteria as shall be required by Lender in its sole discretion. Borrower shall deliver to Lender copies of all Leases which are entered into pursuant to this Subsection (b) together with Borrower's certification that it has satisfied all of the conditions of the preceding sentence within thirty (30) days after the execution of the Lease.

Notwithstanding the provisions above, to the extent Lender's prior written approval is required pursuant to this Section 3.7, Lender shall, with respect to such proposed Leases and/or modifications, amendments or terminations of existing Leases, have eleven (11) Business Days (as defined in Article 16) from receipt of such written request and any and all required material information and documentation relating thereto in which to approve or disapprove such material information and documentation, provided, such request to Lender is marked in bold lettering with the following language: "LENDER'S RESPONSE IS REQUIRED WITHIN ELEVEN (11) BUSINESS DAYS OF RECEIPT OF THIS NOTICE PURSUANT TO THE TERMS OF A MORTGAGE AND SECURITY AGREEMENT BETWEEN THE UNDERSIGNED AND LENDER" and the envelope containing the request must be marked "PRIORITY". In the event Lender fails to respond to the information and proposed documentation within such time, Lender's approval shall be deemed given. Borrower shall be required to provide Lender with such material information and documentation as may be required by Lender, in its sole discretion, including without limitation,

lease comparables and other market information as required by Lender. If Lender disapproves any new Leases, or any amendment, modification or termination of any existing Leases, Lender shall provide Borrower with a written explanation of its disapproval.

(c) Upon the occurrence of an Event of Default, to the extent permitted by law, Borrower shall promptly deposit with Lender any and all monies representing security deposits under the Leases, whether or not Borrower actually received such monies (the "Security Deposits"). Lender shall hold the Security Deposits in accordance with the terms of the respective Lease, and shall only release the Security Deposits in order to return a tenant's Security Deposit to such tenant if such tenant is entitled to the return of the Security Deposit under the terms of the Lease and is not otherwise in default under the Lease. To the extent required by Applicable Laws (defined below), Lender shall hold the Security Deposits in an interest bearing account selected by Lender in its sole discretion. In the event Lender is not permitted by law to hold the Security Deposits, Borrower shall deposit the Security Deposits into an account with a federally insured institution as approved by Lender.

Section 3.8 MAINTENANCE OF PROPERTY. Borrower shall cause the Property to be maintained in a good and safe condition and repair. The Improvements and the

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Personal Property shall not be removed, demolished or materially altered (except for normal replacement of the Personal Property) without the consent of Lender. Borrower shall promptly repair, replace or rebuild any part of the Property which may be destroyed by any casualty, or become damaged, worn or dilapidated or which may be affected by any proceeding of the character referred to in Section 3.5 hereof and shall complete and pay for any structure at any time in the process of construction or repair on the Land. Borrower shall not initiate, join in, acquiesce in, or consent to any change in any private restrictive covenant, zoning law or other public or private restriction, limiting or defining the uses which may be made of the Property or any part thereof. If under applicable zoning provisions the use of all or any portion of the Property is or shall become a nonconforming use, Borrower will not cause or permit the nonconforming use to be discontinued or abandoned without the express written consent of Lender.

Section 3.9 WASTE. Borrower shall not commit or suffer any waste of the Property or make any change in the use of the Property which will in any way materially increase the risk of fire or other hazard arising out of the operation of the Property, or take any action that might invalidate or give cause for cancellation of any Policy, or do or permit to be done thereon anything that may in any way impair the value of the Property or the security of this Security Instrument. Borrower will not, without the prior written consent of Lender, permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of the Land, regardless of the depth thereof or the method of mining or extraction thereof.

Section 3.10 COMPLIANCES WITH LAWS.

(a) Borrower shall promptly comply with all existing and future federal, state and local laws, orders, ordinances, governmental rules and regulations or court orders affecting or which may be interpreted to affect the Property, or the use thereof ("Applicable Laws").

(b) Borrower shall from time to time, upon Lender's request, provide Lender with evidence satisfactory to Lender that the Property complies with all Applicable Laws or is exempt from compliance with Applicable Laws.

(c) Notwithstanding any provisions set forth herein or in any document regarding Lender's approval of alterations of the Property, Borrower shall not alter the Property in any manner which would increase Borrower's responsibilities for compliance with Applicable Laws without the prior written approval of Lender. Lender's approval of the plans, specifications, or working drawings for alterations of the Property shall create no responsibility or liability on behalf of Lender for their completeness, design, sufficiency or their compliance with Applicable Laws. The foregoing shall apply to tenant improvements constructed by Borrower or by any of its tenants. Lender may condition any such approval upon receipt of a certificate of compliance with Applicable Laws from an independent architect, engineer, or other person acceptable to Lender.

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(d) Borrower shall give prompt notice to Lender of the receipt by Borrower of any notice related to a violation of any Applicable Laws and of the commencement of any proceedings or investigations which relate to compliance with Applicable Laws.

Section 3.11 BOOKS AND RECORDS.

(a) Borrower and any Guarantors (defined in Subsection 10.1(e)) and Indemnitor(s) (defined in Subsection 10.1(o)), if any, shall keep adequate books and records of account in accordance with generally accepted accounting principles ("GAAP"), or in accordance with other methods acceptable to Lender in its sole discretion, consistently applied and furnish to Lender:

(i) monthly certified rent rolls signed and dated by Borrower, detailing the names of all tenants of the Improvements, the portion of Improvements occupied by each tenant, the base rent and any other charges payable under each Lease and the term of each Lease, including the expiration date, and any other information as is reasonably required by Lender, within twenty (20) days after the end of each calendar month;

(ii) quarterly operating statements of the Property, prepared and certified by Borrower in the form required by Lender, detailing the revenues received, the expenses incurred and the net operating income before and after debt service (principal and interest) and major capital improvements for that quarter and containing appropriate year to date information, within thirty (30) days after the end of each fiscal quarter;

(iii) an annual operating statement of the Property detailing the total revenues received, total expenses incurred, total cost of all capital improvements, total debt service and total cash flow, to be prepared and certified by Borrower in the form required by Lender, or if required by Lender, an audited annual operating statement prepared and certified by an independent certified public accountant acceptable to Lender, within ninety (90) days after the close of each fiscal year of Borrower;

(iv) an annual balance sheet and profit and loss statement of Borrower, any Guarantors and any Indemnitor(s) in the form required by Lender, prepared and certified by the respective Borrower, Guarantors and/or Indemnitor(s), or if required by Lender, audited financial statements prepared by an independent certified public accountant acceptable to Lender, within ninety (90) days after the close of each fiscal year of Borrower, Guarantors and Indemnitor(s), as the case may be; and

(v) an annual operating budget presented on a monthly basis consistent with the annual operating statement described above for the Property, including

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cash flow projections for the upcoming year, and all proposed capital replacements and improvements at least fifteen (15) days prior to the start of each fiscal year.

(b) Upon request from Lender, Borrower, any Guarantor and any Indemnitor shall furnish in a timely manner to Lender:

(i) a property management report for the Property, showing the number of inquiries made and/or rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by Lender, in reasonable detail and certified by Borrower (or an officer, general partner, member or principal of Borrower if Borrower is not an individual) under penalty of perjury to be true and complete, but no more frequently than quarterly; and

(ii) an accounting of all security deposits held in connection with any Lease of any part of the Property, including the name and identification number of the accounts in which such security deposits are held, the name and address of the financial institutions in which such security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

(c) Borrower, any Guarantor and any Indemnitor shall furnish Lender with such other additional financial or management information (including State and Federal tax returns) as may, from time to time, be reasonably required by Lender in form and substance satisfactory to

Lender.

(d) Borrower, any Guarantor and any Indemnitor shall furnish to Lender and its agents convenient facilities for the examination and audit of any such books and records.

Section 3.12 PAYMENT FOR LABOR AND MATERIALS. Borrower will promptly pay when due all bills and costs for labor, materials, and specifically fabricated materials incurred in connection with the Property and never permit to exist beyond the due date thereof in respect of the Property or any part thereof any lien or security interest, even though inferior to the liens and the security interests hereof, and in any event never permit to be created or exist in respect of the Property or any part thereof any other or additional lien or security interest other than the liens or security interests hereof, except for the Permitted Exceptions (defined below).

Section 3.13 PERFORMANCE OF OTHER AGREEMENTS. Borrower shall observe and perform each and every term to be observed or performed by Borrower pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Property, or given by Borrower to Lender for the purpose of further securing an Obligation and any amendments, modifications or changes thereto.

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Article 4 - SPECIAL COVENANTS

Borrower covenants and agrees that:

Section 4.1 PROPERTY USE. The Property shall be used only for a community shopping center, and for no other use without the prior written consent of Lender, which consent may be withheld in Lender's sole and absolute discretion.

Section 4.2 ERISA.

(a) It shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Lender of any of its rights under the Note, this Security Instrument and the Other Security Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

(b) Borrower further covenants and agrees to deliver to Lender such certifications or other evidence from time to time throughout the term of the Security Instrument, as requested by Lender in its sole discretion, that (i) Borrower is not an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(32) of ERISA; (ii) Borrower is not subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans; and (iii) one or more of the following circumstances is true:

(A) Equity interests in Borrower are publicly offered securities, within the meaning of 29 C.F.R. ss. 2510.3-101(b)(2);

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

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

Section 4.3 SINGLE PURPOSE ENTITY. Borrower covenants and agrees that it has not and shall not and agrees that its general partner(s), if Borrower is a partnership, its managing member(s), if Borrower is a limited liability company, or its principal shareholders, if Borrower is a corporation (in each case, "Principal"), has not and shall not:

(i) with respect to Borrower, engage in any business or activity other than the ownership, operation and maintenance of the Property, and activities incidental thereto and with

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respect to Principal, engage in any business or activity other than the ownership of its interest in Borrower, and activities incidental thereto including the management of the Property;

(ii) with respect to Borrower, acquire or own any material assets other than (i) the Property, and (ii) such incidental Personal Property as may be necessary for the operation of the Property and with respect to Principal, acquire or own any material asset other than its interest in Borrower;

(iii) merge into or consolidate with any person or entity or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure, without in each case Lender's consent;

(iv) fail to preserve its existence as an entity duly organized, validly existing and in good standing (if applicable) under the laws of the jurisdiction of its organization or formation, or without the prior written consent of Lender, amend, modify, terminate or fail to comply with the provisions of Borrower's Partnership Agreement, Articles or Certificate of Incorporation, Articles of Organization or similar organizational documents, as the case may be, or of Principal's Partnership Agreement, Articles or Certificate of Incorporation, Articles of Organization or similar organizational documents, as the case may be, whichever is applicable;

(v) own any subsidiary or make any investment in, any person or entity without the consent of Lender;

(vi) commingle its assets with the assets of any of its members, general partners, affiliates, principals or of any other person or entity;

(vii) with respect to Borrower, incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than the Debt, except for trade payables in the ordinary course of its business of owning and operating the Property, provided that such debt is not evidenced by a note and paid when due and with respect to Principal, incur any debt secured or unsecured, direct or contingent (including guaranteeing any obligations);

(viii) become insolvent and fail to pay its debts and liabilities from its assets as the same shall become due;

(ix) fail to maintain its records, books of account and bank accounts separate and apart from those of the members, general partners, principals and affiliates of Borrower or of Principal, as the case may be, the affiliates of a member, general partner or principal of Borrower or Principal, as the case may be, and any other person or entity;

(x) enter into any contract or agreement with any member, general partner, principal or affiliate of Borrower or of Principal, as the case may be, Guarantor or Indemnitor, or any member, general partner, principal or affiliate thereof, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any member, general partner, principal or affiliate of

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Borrower or of Principal, as the case may be, Guarantor or Indemnitor, or any member, general partner, principal or affiliate thereof;

(xi) seek the dissolution or winding up in whole, or in part, of Borrower or of Principal, as the case may be;

(xii) fail to correct any known misunderstandings regarding the separate identity of Borrower, or of Principal, as the case may be, or any member, general partner, principal or affiliate thereof or any other person;

(xiii) hold itself out to be responsible for the debts of another person;

(xiv) make any loans or advances to any third party, including any member, general partner, principal or affiliate of Borrower, or of Principal, as the case may be, or any member, general partner, principal or affiliate thereof;

(xv) fail to file its own tax returns;

(xvi) agree to, enter into or consummate any transaction which would render Borrower or Principal, as the case may be, unable to furnish the certification or other evidence referred to in Section 4.2(b) hereof;

(xvii) fail either to hold itself out to the public as a legal entity separate and distinct from any other entity or person or to conduct its business solely in its own name in order not (i) to mislead others as to the identity with which such other party is transacting business, or (ii) to suggest that Borrower or Principal, as the case may be, is responsible for the debts of any third party (including any member, general partner, principal or affiliate of Borrower, or of Principal, as the case may be, or any member, general partner, principal or affiliate thereof);

(xviii) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(xix) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization statute, or make an assignment for the benefit of creditors; or

(xx) share any common logo with or hold itself out as or be considered as a department or division of (i) any general partner, principal, member or affiliate of Borrower or of Principal, as the case may be, (ii) any affiliate of a general partner, principal or member of Borrower or of Principal, as the case may be, or (iii) any other person or entity.

Section 4.4 RESTORATION. The following provisions shall apply in connection with the Restoration of the Property:

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(a) If the Net Proceeds (defined below) shall be less than \$75,000 and the costs of completing the Restoration shall be less than \$75,000, the Net Proceeds will be disbursed by Lender to Borrower upon receipt, provided that all of the conditions set forth in Subsection 4.4(b) (i) are met and Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration in accordance with the terms of this Security Instrument.

(b) If the Net Proceeds are equal to or greater than \$75,000 or the costs of completing the Restoration is equal to or greater than \$75,000, Lender shall make the net amount of all insurance proceeds received by Lender pursuant to Subsections 3.3(a) (i), (iv), (vi) and (vii) of this Security Instrument as a result of such damage or destruction, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting the same (the "Net Proceeds") available for the Restoration in accordance with the provisions of this Subsection 4.4(b).

(i) The Net Proceeds shall be made available to Borrower for the Restoration provided that each of the following conditions are met:

(A) no Event of Default shall have occurred and be continuing under the Note, this Security Instrument or any of the Other Security Documents;

(B) less than fifty percent (50%) of the total floor area of the Improvements has been damaged, destroyed or rendered unusable as a result of such fire or other casualty;

(C) Leases demising in the aggregate at least 50% of the total rentable space in the Property which has been demised under executed and delivered Leases in effect as of the date of the occurrence of such fire or other casualty shall remain in full force and effect during and after the completion of the Restoration, and Borrower furnishes to Lender evidence satisfactory to Lender that Fleming Companies, Inc., The Pep Boy-Manny, Moe and Jack and Discovery Zone, L.P. shall continue to operate their respective retail stores at the Property after the completion of the Restoration;

(D) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than thirty (30) days after such damage or destruction occurs) and shall diligently pursue the same to satisfactory completion;

(E) Lender shall be satisfied that any operating deficits which will be incurred with respect to the Property as a result of the occurrence of any such fire or other casualty will be covered out of (1) the Net

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Proceeds, (2) the insurance coverage referred to in Subsection 3.3(a) (iii), or (3) by other funds of Borrower;

(F) Lender shall be satisfied that, upon the completion of the Restoration, the gross cash flow and the net cash flow of the Property will be restored to a level sufficient to cover all carrying costs and operating expenses of the Property, including, without limitation, debt service on the Note at a coverage ratio (after deducting all required reserves as required by Lender from net operating income) of at least 1.25 to 1.0, which coverage ratio shall be determined by Lender in its sole and absolute discretion on the basis of the Applicable Interest Rate (as defined in the Note);

(G) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) six (6) months prior to the Maturity Date (as defined in the Note), (2) six (6) months after the occurrence of such fire or other casualty, or (3) the earliest date required for such completion under the terms of any Leases which are required in accordance with the provisions of this Subsection 4.4(b) to remain in effect subsequent to the occurrence of such fire or other casualty and the completion of the Restoration or under the terms of the Leases with Fleming Companies, Inc., The Pep Boy-Manny, Moe and Jack and Discovery Zone, L.P. or (4) such time as may be required under applicable zoning law, ordinance, rule or regulation in order to repair and restore the Property to the condition it was in immediately prior to such fire or other casualty;

(H) Borrower shall execute and deliver to Lender a completion guaranty in form and substance satisfactory to Lender and its counsel pursuant to the provisions of which Borrower shall guaranty to Lender the lien-free completion by Borrower of the Restoration in accordance with the provisions of this Subsection 4.4(b);

(I) the Property and the use thereof after the Restoration will be in compliance with and permitted under all applicable zoning laws, ordinances, rules and regulations; and

(J) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in compliance with all applicable governmental laws, rules and regulations (including, without limitation, all applicable Environmental Laws (defined below)).

(ii) The Net Proceeds shall be held by Lender and, until disbursed in accordance with the provisions of this Subsection 4.4(b), shall constitute additional security for the Obligations. The Net Proceeds shall be disbursed by Lender to, or

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as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the Restoration have been paid for in full; and (B) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Property arising out of the Restoration which have not either been fully bonded to the satisfaction of Lender and discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company insuring the lien of this Security Instrument.

(iii) All plans and specifications required in connection with the Restoration shall be subject to prior review and acceptance in all respects by Lender and by an independent consulting engineer selected by Lender (the "Casualty Consultant"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts under which they have been engaged, shall be subject to prior review and acceptance by Lender and the Casualty Consultant. All costs and expenses incurred by Lender in connection with making the Net Proceeds available for the Restoration including, without limitation, reasonable counsel fees and disbursements and the Casualty Consultant's fees, shall be paid by Borrower.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Casualty Consultant, minus the Casualty Retainage. The term "Casualty Retainage" as used in this Subsection 4.4(b) shall mean an amount equal to 10% of the costs actually incurred for work in place as part of the Restoration, as certified by the Casualty Consultant, until such time as the Casualty Consultant certifies to Lender that Net Proceeds representing 50% of the required Restoration have been disbursed. There shall be no Casualty Retainage with respect to costs actually incurred by Borrower for work in place in completing the last 50% of the required Restoration. The Casualty Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this Subsection 4.4(b), be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Casualty Retainage shall not be released until the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Subsection 4.4(b) and that all approvals necessary for the re-occupancy and use of the Property have been obtained from all appropriate governmental and quasi-governmental authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Casualty Retainage, provided, however, that Lender will release the portion of the Casualty Retainage being held

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with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which the Casualty Consultant certifies to Lender that the contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of the contractor's, subcontractor's or materialman's contract, and the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company insuring the lien of this Security Instrument. If required by Lender, the release of any such portion of the Casualty Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the opinion of Lender, be sufficient to pay in full the balance of the costs which are estimated by the Casualty Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "Net Proceeds Deficiency") with Lender before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be held by Lender and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Subsection 4.4(b) shall constitute additional security for the Obligations.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Subsection 4.4(b), and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and shall be continuing under the Note, this Security Instrument or any of the Other Security Documents.

(c) All Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to Borrower as excess Net Proceeds pursuant to Subsection 4.4(b) (vii) may be retained and applied by Lender toward the payment of the Debt whether or not then due and payable in such order, priority and proportions as Lender in its discretion shall deem proper or, at the discretion of Lender, the same may be paid, either in whole or in part, to Borrower for such purposes as Lender shall designate, in its discretion. If Lender shall receive and retain Net Proceeds, the lien of this Security Instrument shall be reduced only by the amount thereof received and retained by

Lender and actually applied by Lender in reduction of the Debt.

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Article 5 - REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender that:

Section 5.1 WARRANTY OF TITLE. Borrower has good title to the Property and has the right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the same and that Borrower possesses an unencumbered fee simple absolute estate in the Land and the Improvements and an unencumbered leasehold estate (created by and pursuant to the terms of the Ground Lease and Section 24.1 herein) and that it owns or leases the Property free and clear of all liens, encumbrances and charges whatsoever except for those exceptions shown in the title insurance policy insuring the lien of this Security Instrument (the "Permitted Exceptions"). Borrower further represents and warrants that (a) the Ground Lease is in full force and effect and has not been further modified or amended in any manner whatsoever, (b) there are no defaults under the Ground Lease and no event has occurred which but for the passage of time, or notice, or both would constitute a default under the Ground Lease, (c) all rents, additional rents and other sums due and payable under the Ground Lease have been paid in full, and (d) neither Borrower, nor to the best of Borrower's knowledge, Owner has commenced any action or given or received any notice for the purpose of terminating the Ground Lease. Borrower shall forever warrant, defend and preserve the title and the validity and priority of the lien of this Security Instrument and shall forever warrant and defend the same to Lender against the claims of all persons whomsoever.

Section 5.2 AUTHORITY. Borrower (and the undersigned representative of Borrower, if any) has full power, authority and legal right to execute this Security Instrument, and to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the Property pursuant to the terms hereof and to keep and observe all of the terms of this Security Instrument on Borrower's part to be performed.

Section 5.3 LEGAL STATUS AND AUTHORITY. Borrower (a) is duly organized, validly existing and in good standing under the laws of its state of organization or incorporation; (b) is duly qualified to transact business and is in good standing in the State where the Property is located; and (c) has all necessary approvals, governmental and otherwise, and full power and authority to own and/or lease the Property and carry on its business as now conducted and proposed to be conducted. Borrower now has and shall continue to have the full right, power and authority to operate and lease the Property, to encumber the Property as provided herein and to perform all of the other obligations to be performed by Borrower under the Note, this Security Instrument and the Other Security Documents.

Section 5.4 VALIDITY OF DOCUMENTS. (a) The execution, delivery and performance of the Note, this Security Instrument and the Other Security Documents and the borrowing evidenced by the Note (i) are within the corporate/partnership/company power of Borrower; (ii) have been authorized by all requisite corporate/partnership/company action; (iii) have received all necessary approvals and consents, corporate, governmental or otherwise; (iv) will not violate, conflict with, result in a breach of or constitute (with notice or lapse of time, or

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both) a default under any provision of law, any order or judgment of any court or governmental authority, the articles of incorporation, by-laws, partnership or trust agreement, articles of organization, operating agreement, or other governing instrument of Borrower, or any indenture, agreement or other instrument to which Borrower is a party or by which it or any of its assets or the Property is or may be bound or affected; (v) will not result in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of its assets, except the lien and security interest created hereby; and (vi) will not require any authorization or license from, or any filing with, any governmental or other body (except for the recordation of this Security Instrument in appropriate land records in the State where the Property is located and except for Uniform Commercial Code filings relating to the security interest created hereby); and (b) the Note, this Security Instrument and the Other Security Documents constitute the legal, valid and binding obligations of Borrower.

Section 5.5 LITIGATION. There is no action, suit or proceeding, judicial, administrative or otherwise (including any condemnation or similar proceeding), pending or, to the best of Borrower's knowledge, threatened or contemplated against, or affecting, Borrower, a Guarantor, if any, an Indemnitor, if any, or the Property.

Section 5.6 STATUS OF PROPERTY.

(a) No portion of the Improvements is located in an area identified by the Secretary of Housing and Urban Development or any successor thereto as an area having special flood hazards pursuant to the Flood Insurance Acts or, if any portion of the Improvements is located within such area, Borrower has obtained and will maintain the insurance prescribed in Section 3.3 hereof.

(b) Borrower has obtained all necessary certificates, licenses and other approvals, governmental and otherwise, necessary for the operation of the Property and the conduct of its business and all required zoning, building code, land use, environmental and other similar permits or approvals, all of which are in full force and effect as of the date hereof and not subject to revocation, suspension, forfeiture or modification.

(c) The Property and the present and contemplated use and occupancy thereof are in full compliance with all applicable zoning ordinances, building codes, land use and environmental laws and other similar laws.

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

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

(f) The Property is served by public water and sewer systems.

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(g) The Property is free from damage caused by fire or other casualty.

(h) All costs and expenses of any and all labor, materials, supplies and equipment used in the construction of the Improvements have been paid in full.

(i) Borrower has paid in full for, and is the owner of, all furnishings, fixtures and equipment (other than tenants' property) used in connection with the operation of the Property, free and clear of any and all security interests, liens or encumbrances, except the lien and security interest created hereby.

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

Section 5.7 NO FOREIGN PERSON. Borrower is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended and the related Treasury Department regulations, including temporary regulations.

Section 5.8 SEPARATE TAX LOT. The Property is assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements is assessed and taxed together with the Property or any portion thereof.

Section 5.9 ERISA COMPLIANCE.

(a) As of the date hereof and throughout the term of this Security Instrument, (i) Borrower is not and will not be an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, and (ii) the assets of Borrower do not and will not constitute "plan assets" of one or more such plans for purposes of Title I of ERISA; and

(b) As of the date hereof and throughout the term of this Security Instrument (i) Borrower is not and will not be a "governmental plan" within the meaning of Section 3(3) of ERISA and (ii) transactions by or with Borrower are not and will not be subject to state statutes applicable to Borrower regulating investments of and fiduciary obligations with respect to governmental plans.

Section 5.10 LEASES. (a) Borrower is the sole owner of the entire lessor's interest in the Leases (except the Ground Lease); (b) the Leases are valid and enforceable and in full force and effect; (c) all of the Leases are arms-length agreements with bona fide, independent third parties; (d) no party under any Lease is in default; (e) all Rents due have been paid in full; (f) the terms of all alterations, modifications and amendments to the Leases are reflected in the certified occupancy statement delivered to and approved by Lender; (g) none of the Rents reserved in the Leases have been assigned or otherwise pledged or hypothecated; (h) none of the Rents have been collected for more than one (1) month in advance; (i) the premises demised under the Leases have

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been completed and the tenants under the Leases have accepted the same and have taken possession of the same on a rent-paying basis; (j) there exist no offsets or defenses to the payment of any portion of the Rents; (k) no Lease contains an option to purchase, right of first refusal to purchase, or any other similar provision; (l) no person or entity has any possessory interest in, or right to occupy, the Property except under and pursuant to a Lease; (m) each Lease is subordinate to this Security Instrument, either pursuant to its terms or a recorded subordination agreement; and (n) no Lease has the benefit of a non-disturbance agreement that would be considered unacceptable to prudent institutional lenders.

Section 5.11 FINANCIAL CONDITION. (a) (i) Borrower is solvent, and no bankruptcy, reorganization, insolvency or similar proceeding under any state or federal law with respect to Borrower has been initiated, and (ii) Borrower has received reasonably equivalent value for the granting of this Security Instrument.

(b) No petition in bankruptcy has ever been filed by or against Borrower, any Guarantor, any Indemnitor or any related entity, or any principal, general partner or member thereof, in the last seven (7) years, and neither Borrower, any Guarantor, any Indemnitor nor any related entity, or any principal, general partner or member thereof, in the last seven (7) years has ever made any assignment for the benefit of creditors or taken advantage of any insolvency act or any act for the benefit of debtors.

Section 5.12 BUSINESS PURPOSES. The loan evidenced by the Note secured by the Security Instrument and the Other Security Documents (the "Loan") is solely for the business purpose of Borrower, and is not for personal, family, household, or agricultural purposes.

Section 5.13 TAXES. Borrower, any Guarantor and any Indemnitor have filed all federal, state, county, municipal, and city income and other tax returns required to have been filed by them and have paid all taxes and related liabilities which have become due pursuant to such returns or pursuant to any assessments received by them. Neither Borrower, any Guarantor nor any Indemnitor knows of any basis for any additional assessment in respect of any such taxes and related liabilities for prior years.

Section 5.14 MAILING ADDRESS. Borrower's mailing address, as set forth in the opening paragraph hereof or as changed in accordance with the provisions hereof, is true and correct.

Section 5.15 NO CHANGE IN FACTS OR CIRCUMSTANCES. All formation in the application for the Loan submitted to Lender (the "Loan Application") and in all financing statements, rent rolls, reports, certificates and other documents submitted in connection with the Loan Application or in satisfaction of the terms thereof, are accurate, complete and correct in all respects. There has been no material adverse change in any condition, fact, circumstance or event that would make any such information inaccurate, incomplete or otherwise misleading.

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Section 5.16 DISCLOSURE. Borrower has disclosed to Lender all material facts and has not failed to disclose any material fact that could cause any representation or warranty made herein to be materially misleading.

Section 5.17 THIRD PARTY REPRESENTATIONS. Each of the representations and the warranties made by each Guarantor and Indemnitor herein or in any Other Security Document(s) is true and correct in all material respects.

Section 5.18 ILLEGAL ACTIVITY. No portion of the Property has been or will be purchased with proceeds of any illegal activity.

Section 5.19 CONTRACTS. All contracts, agreements, consents, waivers, documents and writings of every kind or character at any time to which Borrower is a party to be delivered to Lender pursuant to any of the provisions of this Security Instrument are valid and enforceable against Borrower and, to the best knowledge of Borrower, are enforceable against all other parties thereto, and, to Borrower's actual knowledge, in all respects are what they purport to be and, to the best knowledge of Borrower, to the extent that any such writing shall impose any obligation or duty on the party thereto or constitute a waiver of any rights which any such party might otherwise have, said writing shall be valid and enforceable against said party in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally.

Article 6 - OBLIGATIONS AND RELIANCES

Section 6.1 RELATIONSHIP OF BORROWER AND LENDER. The relationship between Borrower and Lender is solely that of debtor and creditor, and Lender has no fiduciary or other special relationship with Borrower, and no term or condition of any of the Note, this Security Instrument and the Other Security Documents shall be construed so as to deem the relationship between Borrower and Lender to be other than that of debtor and creditor.

Section 6.2 NO RELIANCE ON LENDER. The members, general partners, principals and (if Borrower is a trust) beneficial owners of Borrower are experienced in the ownership and operation of properties similar to the Property, and Borrower and Lender are relying solely upon such expertise and business plan in connection with the ownership and operation of the Property. Borrower is not relying on Lender's expertise, business acumen or advice in connection with the Property.

Section 6.3 NO LENDER OBLIGATIONS. (a) Notwithstanding the provisions of Subsections 1.1(f) and (1) or Section 1.2, Lender is not undertaking the performance of (i) any obligations under the Leases; or (ii) any obligations with respect to such agreements, contracts, certificates, instruments, franchises, permits, trademarks, licenses and other documents.

(b) By accepting or approving anything required to be observed, performed or fulfilled or to be given to Lender pursuant to this Security Instrument, the Note or the Other

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Security Documents, including without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, Lender shall not be deemed to have warranted, consented to, or affirmed the sufficiency, the legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by Lender.

Section 6.4 RELIANCE. Borrower recognizes and acknowledges that in accepting the Note, this Security Instrument and the Other Security Documents, Lender is expressly and primarily relying on the truth and accuracy of the warranties and representations set forth in Article 5 without any obligation to investigate the Property and notwithstanding any investigation of the Property by Lender; that such reliance existed on the part of Lender prior to the date hereof; that the warranties and representations are a material inducement to Lender in accepting the Note, this Security Instrument and the Other Security Documents; and that Lender would not be willing to make the Loan and accept this Security Instrument in the absence of the warranties and representations as set forth in Article 5.

Article 7 - FURTHER ASSURANCES

Section 7.1 RECORDING OF SECURITY INSTRUMENT, ETC. Borrower forthwith upon the execution and delivery of this Security Instrument and thereafter, from time to time, will cause this Security Instrument and any of the Other Security Documents creating a lien or security interest or evidencing the lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the lien or security interest hereof upon, and the interest of Lender in, the Property. Borrower will pay all taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of the Note, this Security Instrument, the Other Security Documents, any note or mortgage supplemental hereto, any security instrument with respect to the Property and any instrument of further assurance, and any modification or amendment of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Security

Instrument, any mortgage supplemental hereto, any security instrument with respect to the Property or any instrument of further assurance, and any modification or amendment of the foregoing documents, except where prohibited by law so to do.

Section 7.2 FURTHER ACTS, ETC. Borrower will, at the cost of Borrower, and without expense to Lender, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as Lender shall, from time to time, require, for the better assuring, conveying, assigning, transferring, and confirming unto Lender the Property and rights hereby mortgaged, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which Borrower may be or may hereafter become bound to convey or assign to Lender, or for carrying out the intention or facilitating the performance of the terms of this Security Instrument or for filing, registering or recording this Security Instrument, or for

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complying with all Applicable Laws. Borrower, on demand, will execute and deliver and hereby authorizes Lender to execute in the name of Borrower or without the signature of Borrower to the extent Lender may lawfully do so, one or more financing statements, chattel mortgages or other instruments, to evidence more effectively the security interest of Lender in the Property. Borrower grants to Lender an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Lender at law and in equity, including without limitation such rights and remedies available to Lender pursuant to this Section 7.2.

Section 7.3 CHANGES IN TAX, DEBT CREDIT AND DOCUMENTARY STAMP LAWS.

(a) If any law is enacted or adopted or amended after the date of this Security Instrument which deducts the Debt from the value of the Property for the purpose of taxation or which imposes a tax, either directly or indirectly, on the Debt or Lender's interest in the Property, Borrower will pay the tax, with interest and penalties thereon, if any. If Lender is advised by counsel chosen by it that the payment of tax by Borrower would be unlawful or taxable to Lender or unenforceable or provide the basis for a defense of usury, then Lender shall have the option by written notice of not less than ninety (90) days to declare the Debt immediately due and payable.

(b) Borrower will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Property, or any part thereof, for real estate tax purposes by reason of this Security Instrument or the Debt. If such claim, credit or deduction shall be required by law, Lender shall have the option, by written notice of not less than ninety (90) days, to declare the Debt immediately due and payable.

(c) If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note, this Security Instrument, or any of the Other Security Documents or impose any other tax or charge on the same, Borrower will pay for the same, with interest and penalties thereon, if any.

Section 7.4 ESTOPPEL CERTIFICATES.

(a) After request by Lender, Borrower, within ten (10) days, shall furnish Lender or any proposed assignee with a statement, duly acknowledged and certified, setting forth (i) the amount of the original principal amount of the Note, (ii) the unpaid principal amount of the Note, (iii) the rate of interest of the Note, (iv) the terms of payment and maturity date of the Note, (v) the date installments of interest and/or principal were last paid, (vi) that, except as provided in such statement, there are no defaults or events which with the passage of time or the giving of notice or both, would constitute an event of default under the Note or the Security Instrument, (vii) that the Note and this

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Security Instrument are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification, (viii) whether any offsets or defenses exist against the obligations secured hereby and, if any are alleged to exist, a detailed description

thereof, (ix) that all Leases are in full force and effect and (provided the Property is not a residential multifamily property) have not been modified (or if modified, setting forth all modifications), (x) the date to which the Rents thereunder have been paid pursuant to the Leases, (xi) whether or not, to the best knowledge of Borrower, any of the lessees under the Leases are in default under the Leases, and, if any of the lessees are in default, setting forth the specific nature of all such defaults, (xii) the amount of security deposits held by Borrower under each Lease and that such amounts are consistent with the amounts required under each Lease, and (xiii) as to any other matters reasonably requested by Lender and reasonably related to the Leases, the obligations secured hereby, the Property or this Security Instrument.

(b) Borrower shall deliver to Lender, promptly upon request, duly executed estoppel certificates from any one or more lessees as required by Lender attesting to such facts regarding the Lease as Lender may require, including but not limited to attestations that each Lease covered thereby is in full force and effect with no defaults thereunder on the part of any party, that none of the Rents have been paid more than one month in advance, and that the lessee claims no defense or offset against the full and timely performance of its obligations under the Lease.

(c) Upon any transfer or proposed transfer contemplated by Section 19.1 hereof, at Lender's request, Borrower, any Guarantors and any Indemnitor(s) shall provide an estoppel certificate to the Investor (defined in Section 19.1) or any prospective Investor in such form, substance and detail as lender, such Investor or prospective Investor may require.

Section 7.5 FLOOD INSURANCE. After Lender's request, Borrower shall deliver evidence satisfactory to Lender that no portion of the Improvements is situated in a federally designated "special flood hazard area" or if it is, that Borrower has obtained insurance meeting the requirements of Section 3.3(a) (vii).

Section 7.6 SPLITTING OF SECURITY INSTRUMENT. This Security Instrument and the Note shall, at any time until the same shall be fully paid and satisfied, at the sole election of Lender, be split or divided into two or more notes and two or more security instruments, each of which shall cover all or a portion of the Property to be more particularly described therein. To that end, Borrower, upon written request of Lender, shall execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered by the then owner of the Property, to Lender and/or its designee or designees substitute notes and security instruments in such principal amounts, aggregating not more than the then unpaid principal amount of this Security Instrument, and containing terms, provisions and clauses similar to those contained herein and in the Note, and such other documents and instruments as may be required by Lender.

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Section 7.7 REPLACEMENT DOCUMENTS. Upon receipt of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of the Note or any Other Security Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or Other Security Document, Borrower will issue, in lieu thereof, a replacement Note or Other Security Document, dated the date of such lost, stolen, destroyed or mutilated Note or Other Security Document in the same principal amount thereof and otherwise of like tenor.

Article 8 - DUE ON SALE/ENCUMBRANCE

Section 8.1 LENDER RELIANCE. Borrower acknowledges that Lender has examined and relied on the experience of Borrower and its members, general partners, principals and (if Borrower is a trust) beneficial owners in owning, leasing and operating properties such as the Property in agreeing to make the loan secured hereby, and will continue to rely on Borrower's ownership of the Property as a means of maintaining the value of the Property as security for repayment of the Debt and the performance of the Other Obligations. Borrower acknowledges that Lender has a valid interest in maintaining the value of the Property so as to ensure that, should Borrower default in the repayment of the Debt or the performance of the Other Obligations, Lender can recover the Debt by a sale of the Property.

Section 8.2 NO SALE/ENCUMBRANCE. Borrower agrees that Borrower shall not, without the prior written consent of Lender, sell, convey, mortgage, grant, bargain, encumber, pledge, assign, or otherwise transfer the Property or any part thereof or permit the Property or any part thereof to be sold, conveyed, mortgaged, granted, bargained, encumbered, pledged, assigned, or otherwise transferred.

Section 8.3 SALE/ENCUMBRANCE DEFINED. A sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer within the meaning of this Article 8 shall be deemed to include, but not limited to, (a) an installment sales agreement wherein Borrower agrees to sell the Property or any part thereof for a price to be paid in installments; (b) an agreement by Borrower leasing all or a substantial part of the Property for other than actual occupancy by a space tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (c) if Borrower, any Guarantor, any Indemnitor, or any general or limited partner or member of Borrower, any Guarantor or any Indemnitor is a corporation, the voluntary or involuntary sale, conveyance, transfer or pledge of such corporation's stock (or the stock of any corporation directly or indirectly controlling such corporation by operation of law or otherwise) or the creation or issuance of new stock by which an aggregate of more than 33% of such corporation's stock shall be vested in a party or parties who are not now stockholders; (d) if Borrower, any Guarantor or any Indemnitor or any general or limited partner or member of Borrower, any Guarantor or any Indemnitor is a limited or general partnership or joint venture, the change, removal or resignation of a general partner or managing partner or the transfer or pledge of the partnership interest of any general partner or managing partner or any profits or proceeds relating to such partnership interest or the voluntary or involuntary sale, conveyance, transfer or pledge of limited partnership interests

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(or the limited partnership interests of any limited partnership directly or indirectly controlling such limited partnership by operation of law or otherwise) or the creation or issuance of new limited partnership interests, by which an aggregate of more than 33% of such limited partnership interests are held by parties who are not currently limited partners; and (e) if Borrower, any Guarantor, any Indemnitor or any general or limited partner or member of Borrower, any Guarantor or any Indemnitor is a limited liability company, the change, removal or resignation of a managing member or the transfer of the membership interest of any managing member or any profits or proceeds relating to such membership interest or the voluntary or involuntary sale, conveyance, transfer or pledge of membership interests (or the membership interests of any limited liability company directly or indirectly controlling such limited liability company by operation of law or otherwise) or the creation or issuance of new membership interests, by which an aggregate of more than 33% of such membership interests are held by parties who are not currently members. Notwithstanding the foregoing, the following transfer shall not be deemed to be a sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer within the meaning of this Article 8: transfer by devise or descent or by operation of law upon the death of a member, partner or stockholder of Borrower, any Guarantor or any Indemnitor or any general partner or member thereof. Notwithstanding the provisions of this Security Instrument to the contrary, and provided that no default has occurred and is continuing under the Note, this Security Instrument or the Other Security Documents, Lender's prior written consent shall not be required with respect to transfers of stock in the general partner of Borrower, provided (i) Andrew B. Hascoe maintains at least a fifty-one percent (51%) ownership interest in said general partner of Borrower and (ii) Lender receives sixty (60) days prior written notice of any such transfer.

Section 8.4 LENDER'S RIGHTS. Lender reserves the right to condition the consent required hereunder upon a modification of the terms hereof and on assumption of the Note, this Security Instrument and the Other Security Documents as so modified by the proposed transferee, payment of a transfer fee of one percent (1%) of the principal balance of the Note, a \$4,000 processing fee, and all of Lender's expenses incurred in connection with such transfer, the approval by a Rating Agency of the proposed transferee, the proposed transferee's continued compliance with the covenants set forth in this Security Instrument, including, without limitation, the covenants in Section 4.3 hereof, or such other conditions as Lender shall determine in its sole discretion to be in the interest of Lender. All of Lender's expenses incurred and the \$4,000 processing fee shall be payable by Borrower whether or not Lender consents to the transfer. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon Borrower's sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer of the Property without Lender's consent. This provision shall apply to every sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer of the Property regardless of whether voluntary or not, or whether or not Lender has consented to any previous sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer of the Property.

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Article 9 - PREPAYMENT

Section 9.1 PREPAYMENT BEFORE EVENT OF DEFAULT. The Debt may be prepaid only in strict accordance with the express terms and conditions of the Note including the payment of any prepayment consideration.

Section 9.2 PREPAYMENT ON CASUALTY OR CONDEMNATION. Provided no Event of Default exists under the Note, this Security Instrument or the Other Security Documents, in the event of any prepayment of the Debt pursuant to the terms of Sections 3.3 or 3.6 hereof, no Prepayment Consideration (defined in the Note) shall be due in connection therewith, but Borrower shall be responsible for the Interest Shortfall Payment (defined in the Note), if any, and all other amounts due under the Note, this Security Instrument and the Other Security Documents.

Section 9.3 PREPAYMENT AFTER EVENT OF DEFAULT. If a Default Prepayment (defined below) occurs, Borrower shall pay to Lender the entire Debt, including without limitation, the following amounts:

(a) if the Default Prepayment occurs prior to the time when prepayment of the principal balance of the Note is permitted, an amount equal to the sum of (i) the present value of the interest payments which would have accrued on the principal balance of the Note (outstanding as of the date of such Default Prepayment) at the Applicable Interest Rate (as defined in the Note) from the date of such Default Prepayment to the first day prepayment is permitted pursuant to the Note discounted at a rate equal to the Treasury Rate (as defined in the Note) except that such Treasury Rate shall be based on the U.S. Treasury constant maturity most nearly approximating the date upon which prepayment is first permitted pursuant to the Note, and (ii) the Prepayment Consideration (defined in the Note) which would have been payable to Lender as of the first day of the fourth (4th) Loan Year (as defined in the Note) based on the Treasury Rate in effect at the time of such Default Prepayment; and

(b) if the Default Prepayment occurs at a time when prepayment of the principal balance of the Note is permitted, the Prepayment Consideration and the Interest Shortfall Payment (defined in the Note), if applicable.

For purposes of this Section 9.3, the term "Default Prepayment" shall mean a prepayment of the principal amount of the Note made after the occurrence of any Event of Default or an acceleration of the Maturity Date (as defined in the Note) under any circumstances, including, without limitation, a prepayment occurring in connection with reinstatement of this Security Instrument provided by statute under foreclosure proceedings or exercise of a power of sale, any statutory right of redemption exercised by Borrower or any other party having a statutory right to redeem or prevent foreclosure, any sale in foreclosure or under exercise of a power of sale or otherwise.

Article 10 - DEFAULT

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Section 10.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an "Event of Default":

(a) if any portion of the Debt is not paid on or prior to the date the same is due;

(b) if any of the Taxes or Other Charges is not paid when the same is due and payable except to the extent sums sufficient to pay such Taxes and Other Charges have been deposited with Lender in accordance with the terms of this Security Instrument;

(c) if the Policies are not kept in full force and effect, or if the Policies are not delivered to Lender upon request;

(d) if Borrower violates or does not comply with any of the provisions of Section 3.7 or Article 12 within thirty (30) days after notice from Lender or if Borrower or Principal, as applicable, violates or does not comply with any of the provisions of Section 4.3 or Article 8;

(e) if any representation or warranty of Borrower, any

Indemnitor or any person guaranteeing payment of the Debt or any portion thereof or performance by Borrower of any of the terms of this Security Instrument (a "Guarantor"), or any member, general partner, principal or beneficial owner of any of the foregoing, made herein or in the Environmental Indemnity (defined below) or any guaranty, or in any certificate, report, financial statement or other instrument or document furnished to Lender shall have been false or misleading in any material respect when made;

(f) if (i) Borrower or any managing member or general partner of Borrower, or any Guarantor or Indemnitor shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Borrower or any managing member or general partner of Borrower, or any Guarantor or Indemnitor shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against Borrower or any managing member or general partner of Borrower, or any Guarantor or Indemnitor any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) restrains undischarged, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against the Borrower or any managing member or general partner of Borrower, or any Guarantor or Indemnitor any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of any

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order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) the Borrower or any managing member or general partner of Borrower, or any Guarantor or Indemnitor shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Borrower or any managing member or general partner of Borrower, or any Guarantor or Indemnitor shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(g) if Borrower shall be in default under any other mortgage, deed of trust, deed to secure debt or other security agreement covering any part of the Property whether it be superior or junior in lien to this Security Instrument;

(h) if the Property becomes subject to any mechanic's, materialman's or other lien other than a lien for local real estate taxes and assessments not then due and payable and the lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of thirty (30) days;

(i) if any federal tax lien is filed against Borrower, any member or general partner of Borrower, any Guarantor, any Indemnitor or the Property and same is not discharged of record within thirty (30) days after same is filed;

(j) if any condemnation or eminent domain proceeding has been concluded which renders the use or occupancy of the Property economically unfeasible;

(k) if (i) Borrower fails to timely provide Lender with the written certification and evidence referred to in Section 4.2 hereof, or (ii) Borrower consummates a transaction which would cause the Security Instrument or Lender's exercise of its rights under this Security Instrument, the Note or the Other Security Documents to constitute a nonexempt prohibited transaction under ERISA or result in a violation of a state statute regulating governmental plans, subjecting Lender to liability for a violation of ERISA or a state statute;

(l) if Borrower shall fail to reimburse Lender on demand, with interest calculated at the Default Rate, for all Insurance Premiums or

Taxes, together with interest and penalties imposed thereon, paid by Lender pursuant to this Security Instrument;

(m) if Borrower shall fail to deliver to Lender, within ten (10) days after request by Lender, the estoppel certificates required pursuant to the terms of Subsections 7.4(a) and (c);

(n) if Borrower shall fail to deliver to Lender, within ten (10) days after request by Lender, the statements referred to in Section 3.11 in accordance with the terms thereof;

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(o) if any default occurs under that certain environmental indemnity agreement dated the date hereof given by Borrower and Andrew B. Hascoe (at times hereinafter referred to collectively as "Indemnitor(s)") to Lender (the "Environmental Indemnity") and such default continues after the expiration of applicable notice and grace periods, if any;

(p) if any default occurs under any guaranty or indemnity executed in connection herewith and such default continues after the expiration of applicable grace periods, if any;

(q) if Borrower shall fail in the payment of any rent, additional rent or other charge mentioned in or made payable by the Ground Lease when said rent or other charge is due and payable;

(r) if there shall occur any default by Borrower, as tenant under the Ground Lease, in the observance or performance of any term, covenant or condition of the Ground Lease on the part of Borrower to be observed or performed which shall result in liabilities of the Borrower and said default is not cured following the expiration of any applicable grace and notice periods therein provided, or if the leasehold estate created by the Ground Lease shall be surrendered or in the Ground Lease shall be terminated or cancelled for those reasons herein, or if any of the terms, covenants or conditions of the Ground Lease shall in any manner be modified, changed, supplemented, altered, or amended without a written notice to Lender; or

(s) if for more than ten (10) days after notice from Lender, Borrower shall continue to be in default under any other term, covenant or condition of the Note, this Security Instrument or the Other Security Documents in the case of any default which can be cured by the payment of a sum of money or for thirty (30) days after notice from Lender in the case of any other default, provided that if such default cannot reasonably be cured within such thirty (30) day period and Borrower shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Borrower in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of sixty (60) days.

Notwithstanding the provisions of this Section 10.1 to the contrary, the termination of the Ground Lease by Owner pursuant to Section 2 of the Ground Lease, provided said termination is not the result of any action or inaction by Borrower, shall not constitute an Event of Default hereunder.

Section 10.2 LATE PAYMENT CHARGE. If any monthly installment of principal and interest is not paid on or prior to the date on which it is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of five percent (5%) of such unpaid portion of the outstanding monthly installment of principal and interest then due or the maximum amount permitted by applicable law, to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent

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payment, and such amount shall be secured by this Security Instrument and the Other Security Documents.

Section 10.3 DEFAULT INTEREST. Borrower will pay, from the date of an Event of Default through the earlier of the date upon which the Event of Default is cured or the date upon which the Debt is paid in full, interest on the unpaid principal balance of the Note at a per annum rate equal to the lesser of (a) five percent (5%) plus the Applicable Interest Rate (as defined in the

Note), and (b) the maximum interest rate which Borrower may by law pay or Lender may charge and collect (the "Default Rate").

Article 11 - RIGHTS AND REMEDIES

Section 11.1 REMEDIES. Upon the occurrence of any Event of Default, Borrower agrees that Lender may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower and in and to the Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Lender may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Lender:

(a) declare the entire unpaid Debt to be immediately due and payable;

(b) institute proceedings, judicial or otherwise, for the complete foreclosure of this Security Instrument under any applicable provision of law in which case the Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;

(c) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Security Instrument for the portion of the Debt then due and payable, subject to the continuing lien and security interest of this Security Instrument for the balance of the Debt not then due, unimpaired and without loss of priority;

(d) sell for cash or upon credit the Property or any part thereof and all estate, claim, demand, right, title and interest of Borrower therein and rights of redemption thereof, pursuant to power of sale or otherwise, at one or more sales, as an entity or in parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law;

(e) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition, or agreement contained herein, in the Note or in the Other Security Documents;

(f) recover judgment on the Note either before, during or after any proceedings for the enforcement of this Security Instrument or the Other Security Documents;

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(g) apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without notice and without regard for the adequacy of the security for the Debt and without regard for the solvency of Borrower, any Guarantor, Indemnitor or of any person, firm or other entity liable for the payment of the Debt;

(h) subject to any applicable law, the license granted to Borrower under Section 1.2 shall automatically be revoked and Lender may enter into or upon the Property, either personally or by its agents, nominees or attorneys and dispossess Borrower and its agents and servants therefrom, without liability for trespass, damages or otherwise and exclude Borrower and its agents or servants wholly therefrom, and take possession of all books, records and accounts relating thereto and Borrower agrees to surrender possession of the Property and of such books, records and accounts to Lender upon demand, and thereupon Lender may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Property and conduct the business thereat; (ii) complete any construction on the Property in such manner and form as Lender deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Property; (iv) exercise all rights and powers of Borrower with respect to the Property, whether in the name of Borrower or otherwise, including, without limitation, the right to make, cancel, enforce or modify Leases, obtain and evict tenants, and demand, sue for, collect and receive all Rents of the Property and every part thereof; (v) require Borrower to pay monthly in advance to Lender, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Property as may be occupied by Borrower; (vi) require Borrower to vacate and surrender possession of the Property to Lender or to such receiver and, in default thereof, Borrower may be evicted by summary proceedings or otherwise; and (vii) apply the receipts from the Property to the payment of the Debt, in such order, priority and proportions as Lender shall deem appropriate in its sole discretion after deducting therefrom all expenses (including reasonable attorneys' fees) incurred in connection with the aforesaid operations and all amounts necessary to pay the Taxes, Other Charges, Insurance Premiums

and other expenses in connection with the Property, as well as just and reasonable compensation for the services of Lender, its counsel, agents and employees;

(i) exercise any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing: (i) the right to take possession of the Personal Property or any part thereof, and to take such other measures as Lender may deem necessary for the care, protection and preservation of the Personal Property, and (ii) request Borrower at its expense to assemble the Personal Property and make it available to Lender at a convenient place acceptable to Lender. Any notice of sale, disposition or other intended action by Lender with respect to the Personal Property sent to Borrower in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute commercially reasonable notice to Borrower;

(j) apply any sums then deposited in the Escrow Fund and any other sums held in escrow or otherwise by Lender in accordance with the terms of this Security Instrument

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or any Other Security Document to the payment of the following items in any order in its uncontrolled discretion:

(i) Taxes and Other Charges;

(ii) Insurance Premiums;

(iii) Interest on the unpaid principal balance of the Note;

(iv) Amortization of the unpaid principal balance of the Note;

(v) All other sums payable pursuant to the Note, this Security Instrument and the Other Security Documents, including without limitation advances made by Lender pursuant to the terms of this Security Instrument;

(k) surrender the Policies maintained pursuant to Article 3 hereof, collect the unearned Insurance Premiums and apply such sums as a credit on the Debt in such priority and proportion as Lender in its discretion shall deem proper, and in connection therewith, Borrower hereby appoints Lender as agent and attorney-in-fact (which is coupled with an interest and is therefore irrevocable) for Borrower to collect such Insurance Premiums;

(l) pursue such other remedies as Lender may have under applicable law; or

(m) apply the undisbursed balance of any Net Proceeds Deficiency deposit, together with interest thereon, to the payment of the Debt in such order, priority and proportions as Lender shall deem to be appropriate in its discretion.

In the event of a sale, by foreclosure, power of sale, or otherwise, of less than all of the Property, this Security Instrument shall continue as a lien and security interest on the remaining portion of the Property unimpaired and without loss of priority. Notwithstanding the provisions of this Section 11.1 to the contrary, if any Event of Default as described in clause (i) or (ii) of Subsection 10.1(f) shall occur, the entire unpaid Debt shall be automatically due and payable, without any further notice, demand or other action by Lender.

Section 11.2 APPLICATION OF PROCEEDS. The purchase money, proceeds and avails of any disposition of the Property, or any part thereof, or any other sums collected by Lender pursuant to the Note, this Security Instrument or the Other Security Documents, may be applied by Lender to the payment of the Debt in such priority and proportions as Lender in its discretion shall deem proper.

Section 11.3 RIGHT TO CURE DEFAULTS. Upon the occurrence of any Event of Default or if Borrower fails to make any payment or to do any act as herein provided, Lender may, but without any obligation to do so and without notice to or demand on Borrower and without releasing Borrower from any obligation hereunder, make or do the same in such manner and to such extent as Lender may deem necessary to protect the security hereof. Lender is

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authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property or to foreclose this Security Instrument or collect the Debt, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this Section 11.3, shall constitute a portion of the Debt and shall be due and payable to Lender upon demand. All such costs and expenses incurred by Lender in remedying such Event of Default or such failed payment or act or in appearing in, defending, or bringing any such action or proceeding shall bear interest at the Default Rate, for the period after notice from Lender that such cost or expense was incurred to the date of payment to Lender. All such costs and expenses incurred by Lender together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Debt and be secured by this Security Instrument and the Other Security Documents and shall be immediately due and payable upon demand by Lender therefor.

Section 11.4 ACTIONS AND PROCEEDINGS. Lender has the right to appear in and defend any action or proceeding brought with respect to the Property and to bring any action or proceeding, in the name and on behalf of Borrower, which Lender, in its discretion, decides should be brought to protect its interest in the Property.

Section 11.5 RECOVERY OF SUMS REQUIRED To BE PAID. Lender shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of Lender thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Borrower existing at the time such earlier action was commenced.

Section 11.6 EXAMINATION OF BOOKS AND RECORDS. Lender, its agents, accountants and attorneys shall have the right to examine the records, books, management and other papers of Borrower and its affiliates which reflect upon their financial condition, at the Property or at any office regularly maintained by Borrower, its affiliates where the books and records are located. Lender and its agents shall have the right to make copies and extracts from the foregoing records and other papers. In addition, Lender, its agents, accountants and attorneys shall have the right to examine and audit the books and records of Borrower and its affiliates pertaining to the income, expenses and operation of the Property during reasonable business hours at any office of Borrower, its affiliates where the books and records are located.

Section 11.7 OTHER RIGHTS, ETC. (a) The failure of Lender to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Security Instrument. Borrower shall not be relieved of Borrower's obligations hereunder by reason of (i) the failure of Lender to comply with any request of Borrower, any Guarantor or any Indemnitor to take any action to foreclose this Security Instrument or otherwise enforce any of the provisions hereof or of the Note or the Other Security Documents, (ii) the release, regardless of consideration, of the whole or any part of the Property, or of any person liable for the Debt or any portion thereof, or (iii) any agreement or stipulation by Lender extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Security Instrument or the Other Security Documents.

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(b) It is agreed that the risk of loss or damage to the Property is on Borrower, and Lender shall have no liability whatsoever for decline in value of the Property, for failure to maintain the Policies, or for failure to determine whether insurance in force is adequate as to the amount of risks insured. Possession by Lender shall not be deemed an election of judicial relief, if any such possession is requested or obtained, with respect to any Property or collateral not in Lender's possession.

(c) Lender may resort for the payment of the Debt to any other security held by Lender in such order and manner as Lender, in its discretion, may elect. Lender may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Lender thereafter to foreclose this Security Instrument. The rights of Lender under this Security Instrument shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Lender shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Lender shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

Section 11.8 RIGHT TO RELEASE ANY PORTION OF THE PROPERTY. Lender

may release any portion of the Property for such consideration as Lender may require without, as to the remainder of the Property, in any way impairing or affecting the lien or priority of this Security Instrument, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the obligations hereunder shall have been reduced by the actual monetary consideration, if any, received by Lender for such release, and may accept by assignment, pledge or otherwise any other property in place thereof as Lender may require without being accountable for so doing to any other lienholder. This Security Instrument shall continue as a lien and security interest in the remaining portion of the Property.

Section 11.9 VIOLATION OF LAWS. If the Property is not in compliance with Applicable Laws, Lender may impose additional requirements upon Borrower in connection herewith including, without limitation, monetary reserves or financial equivalents.

Section 11.10 RECOURSE AND CHOICE OF REMEDIES. Notwithstanding any other provision of this Security Instrument, including but not limited to Article 15 hereof, Lender and other Indemnified Parties (defined in Section 13.1 below) are entitled to enforce the obligations of Borrower, Guarantor and Indemnitor contained in Sections 13.2, 13.3 and 13.4 without first resorting to or exhausting any security or collateral and without first having recourse to the Note or any of the Property, through foreclosure or acceptance of a deed in lieu of foreclosure or otherwise, and in the event Lender commences a foreclosure action against the Property, Lender is entitled to pursue a deficiency judgment with respect to such obligations against Borrower, any Guarantor and/or Indemnitor. The provisions of Sections 13.2, 13.3 and 13.4 are exceptions to any non-recourse or exculpation provisions in the Note, this Security Instrument or the Other Security Documents, and Borrower, Guarantor and Indemnitor are fully and personally liable for the obligations pursuant to Subsections 13.2, 13.3 and 13.4. The liability of Borrower, Guarantor and Indemnitor is not limited to the original principal amount of the Note. Notwithstanding the foregoing, nothing herein shall inhibit or prevent Lender from foreclosing pursuant to this Security

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Instrument or exercising any other rights and remedies pursuant to the Note, this Security Instrument and the Other Security Documents, whether simultaneously with foreclosure proceedings or in any other sequence. A separate action or actions may be brought and prosecuted against Borrower, whether or not action is brought against any other person or entity or whether or not any other person or entity is joined in the action or actions. In addition, Lender shall have the right but not the obligation to join and participate in, as a party if it so elects, any administrative or judicial proceedings or actions initiated in connection with any matter addressed in Article 12 or Section 13.4.

Section 11.11 RIGHT OF ENTRY. Lender and its agents shall have the right to enter and inspect the Property at all reasonable times.

Article 12 - ENVIRONMENTAL HAZARDS

Section 12.1 ENVIRONMENTAL REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants, based upon an environmental assessment of the Property and information that Borrower knows or should reasonably have known, that: (a) there are no Hazardous Substances (defined below) or underground storage tanks in, on, or under the Property, except those that are both (i) in compliance with Environmental Laws (defined below) and with permits issued pursuant thereto and (ii) fully disclosed to Lender in writing pursuant to the written reports resulting from the environmental assessments of the Property delivered to Lender (the "Environmental Report"); (b) there are no past, present or threatened Releases (defined below) of Hazardous Substances in, on, under or from the Property except as described in the Environmental Report; (c) there is no threat of any Release of Hazardous Substances migrating to the Property except as described in the Environmental Report; (d) there is no past or present non-compliance with Environmental Laws, or with permits issued pursuant thereto, in connection with the Property except as described in the Environmental Report; (e) Borrower does not know of, and has not received, any written or oral notice or other communication from any person or entity (including but not limited to a governmental entity) relating to Hazardous Substances or Remediation (defined below) thereof, of possible liability of any person or entity pursuant to any Environmental Law, other environmental conditions in connection with the Property, or any actual or potential administrative or judicial proceedings in connection with any of the foregoing; and (f) Borrower has truthfully and fully provided to Lender, in writing, any and all information relating to conditions in, on, under or from the Property that is known to Borrower and that is contained in Borrower's files and records, including but not limited to any reports relating to Hazardous Substances in, on, under or from the Property and/or to the environmental condition of the Property. "Environmental Law" means any present and future federal, state and local laws, statutes, ordinances,

rules, regulations and the like, as well as common law, relating to protection of human health or the environment, relating to Hazardous Substances, relating to liability for or costs of Remediation or prevention of Releases of Hazardous Substances or relating to liability for or costs of other actual or threatened danger to human health or the environment. "Environmental Law" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental

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Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Substances Transportation Act; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; and the River and Harbors Appropriation Act. "Environmental Law" also includes, but is not limited to, any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law: conditioning transfer of property upon a negative declaration or other approval of a governmental authority of the environmental condition of the property; requiring notification or disclosure of Releases of Hazardous Substances or other environmental condition of the Property to any governmental authority or other person or entity, whether or not in connection with transfer of title to or interest in property; imposing conditions or requirements in connection with permits or other authorization for lawful activity; relating to nuisance, trespass or other causes of action related to the Property; and relating to wrongful death, personal injury, or property or other damage in connection with any physical condition or use of the Property. "Hazardous Substances" include but are not limited to any and all substances (whether solid, liquid or gas) defined, listed, or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, or words of similar meaning or regulatory effect under any present or future Environmental Laws or that may have a negative impact on human health or the environment, including but not limited to petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, flammables and explosives. "Release" of any Hazardous Substance includes but is not limited to any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Substances. "Remediation" includes but is not limited to any response, remedial, removal, or corrective action, any activity to cleanup, detoxify, decontaminate, contain or otherwise remediate any Hazardous Substance, any actions to prevent, cure or mitigate any Release of any Hazardous Substance, any action to comply with any Environmental Laws or with any permits issued pursuant thereto, any inspection, investigation, study, monitoring, assessment, audit, sampling and testing, laboratory or other analysis, or evaluation relating to any Hazardous Substances or to anything referred to in Article 12.

Section 12.2 ENVIRONMENT COVENANTS. Borrower covenants and agrees that: (a) all uses and operations on or of the Property, whether by Borrower or any other person or entity, shall be in compliance with all Environmental Laws and permits issued pursuant thereto; (b) there shall be no Releases of Hazardous Substances in, on, under or from the Property; (c) there shall be no Hazardous Substances in, on, or under the Property, except those that are both (i) in compliance with all Environmental Laws and with permits issued pursuant thereto and (ii) fully disclosed to Lender in writing; (d) Borrower shall keep the Property free and clear of all liens and other encumbrances imposed pursuant to any Environmental Law, whether due to any act or omission of Borrower or any other person or entity (the "Environmental Liens"); (e) Borrower shall, at its sole cost and expense, fully and expeditiously cooperate in all activities pursuant to Section 12.3 below, including but not limited to providing all relevant information and

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making knowledgeable persons available for interviews; (f) Borrower shall, at its sole cost and expense, perform any environmental site assessment or other investigation of environmental conditions in connection with the Property, pursuant to any reasonable written request of Lender (including but not limited to sampling, testing and analysis of soil, water, air, building materials and other materials and substances whether solid, liquid or gas), and share with Lender the reports and other results thereof, and Lender and other Indemnified Parties shall be entitled to rely on such reports and other results thereof; (g) Borrower shall, at its sole cost and expense, comply with all reasonable written requests of Lender to (i) reasonably effectuate Remediation of any condition (including but not limited to a Release of a Hazardous Substance) in, on, under or from the Property; (ii) comply with any Environmental Law; (iii) comply with any directive from any governmental authority; and (iv) take any other

reasonable action necessary or appropriate for protection of human health or the environment; (h) Borrower shall not do or allow any tenant or other user of the Property to do any act that materially increases the dangers to human health or the environment, poses an unreasonable risk of harm to any person or entity (whether on or off the Property), impairs or may impair the value of the Property, is contrary to any requirement of any insurer, constitutes a public or private nuisance, constitutes waste, or violates any covenant, condition, agreement or easement applicable to the Property; and (i) Borrower shall immediately notify Lender in writing of (A) any presence or Releases or threatened Releases of Hazardous Substances in, on, under, from or migrating towards the Property; (B) any non-compliance with any Environmental Laws related in any way to the Property; (C) any actual or potential Environmental Lien; (D) any required or proposed Remediation of environmental conditions relating to the Property; and (E) any written or oral notice or other communication which Borrower becomes aware from any source whatsoever (including but not limited to a governmental entity) relating in any way to Hazardous Substances or Remediation thereof, possible liability of any person or entity pursuant to any Environmental Law, other environmental conditions in connection with the Property, or any actual or potential administrative or judicial proceedings in connection with anything referred to in this Article 12. Any failure of Borrower to perform its obligations pursuant to this Section 12.2 shall constitute bad faith waste with respect to the Property.

Section 12.3 LENDER'S RIGHTS. Lender and any other person or entity designated by Lender, including but not limited to any receiver, any representative of a governmental entity, and any environmental consultant, shall have the right, but not the obligation, to enter upon the Property at all reasonable times to assess any and all aspects of the environmental condition of the Property and its use, including but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in Lender's sole and absolute discretion) and taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing. Borrower shall cooperate with and provide access to Lender and any such person or entity designated by Lender.

Article 13 - INDEMNIFICATION

Section 13.1 GENERAL INDEMNIFICATION. Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and

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against any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement, punitive damages, foreseeable and unforeseeable consequential damages, of whatever kind or nature (including but not limited to attorneys' fees and other costs of defense) (the "Losses") imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) ownership of this Security Instrument, the Property or any interest therein or receipt of any Rents; (b) any amendment to, or restructuring of, the Debt, and the Note, this Security Instrument, or any Other Security Documents; (c) any and all lawful action that may be taken by Lender in connection with the enforcement of the provisions of this Security Instrument or the Note or any of the Other Security Documents, whether or not suit is filed in connection with same, or in connection with Borrower, any Guarantor or Indemnitor and/or any member, partner, joint venturer or shareholder thereof becoming a party to a voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding; (d) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (e) any use, nonuse or condition in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (f) any failure on the part of Borrower to perform or be in compliance with any of the terms of this Security Instrument; (g) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof; (h) the failure of any person to file timely with the Internal Revenue Service an accurate Form 1099-B, Statement for Recipients of Proceeds from Real Estate, Broker and Barter Exchange Transactions, which may be required in connection with the Security Instrument, or to supply a copy thereof in a timely fashion to the recipient of the proceeds of the transaction in connection with which this Security Instrument is made; (i) any failure of the Property to be in compliance with any Applicable Laws; (j) the enforcement by any Indemnified Party of the provisions of this Article 13; (k) any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in any Lease; (l) the payment of any commission, charge or brokerage fee to anyone which may be payable in connection with the funding of the Loan evidenced by the Note and secured by this Security Instrument; or (m) any misrepresentation made by Borrower in this

Security Instrument or any Other Security Document. Any amounts payable to Lender by reason of the application of this Section 13.1 shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Lender until paid. For purposes of this Article 13, the term "Indemnified Parties" means Lender and any person or entity who is or will have been involved in the origination of the Loan, any person or entity who is or will have been involved in the servicing of the Loan, any person or entity in whose name the encumbrance created by this Security Instrument is or will have been recorded, persons and entities who may hold or acquire or will have held a full or partial interest in the Loan (including, but not limited to, Investors or prospective Investors in the Securities, as well as custodians, trustees and other fiduciaries who hold or have held a full or partial interest in the Loan for the benefit of third parties) as well as the respective directors, officers, shareholders, partners, members, employees, agents, servants, representatives, contractors, subcontractors, affiliates, subsidiaries, participants, successors and assigns of any and all of the foregoing (including but not

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limited to any other person or entity who holds or acquires or will have held a participation or other full or partial interest in the Loan or the Property, whether during the term of the Loan or as a part of or following a foreclosure of the Loan and including, but not limited to, any successors by merger, consolidation or acquisition of all or a substantial portion of Lender's assets and business).

Section 13.2 MORTGAGE AND/OR INTANGIBLE TAX. Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any tax on the making and/or recording of this Security Instrument, the Note or any of the Other Security Documents.

Section 13.3 ERISA INDEMNIFICATION. Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses (including, without limitation, attorneys' fees and costs incurred in the investigation, defense, and settlement of Losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, in Lender's sole discretion) that Lender may incur, directly or indirectly, as a result of a default under Sections 4.2 or 5.9 or Subsection 4.3(p).

Section 13.4 ENVIRONMENTAL INDEMNIFICATION. Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses and costs of Remediation (whether or not performed voluntarily), engineers' fees, environmental consultants' fees, and costs of investigation (including but not limited to sampling, testing, and analysis of soil, water, air, building materials and other materials and substances whether solid, liquid or gas) imposed upon or incurred by or asserted against any Indemnified Parties, and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) any presence of any Hazardous Substances in, on, above, or under the Property; (b) any past, present or threatened Release of Hazardous Substances in, on, above, under or from the Property; (c) any activity by Borrower, any person or entity affiliated with Borrower or any tenant or other user of the Property in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other Release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Property of any Hazardous Substances at any time located in, under, on or above the Property; (d) any activity by Borrower, any person or entity affiliated with Borrower or any tenant or other user of the Property in connection with any actual or proposed Remediation of any Hazardous Substances at any time located in, under, on or above the Property, whether or not such Remediation is voluntary or pursuant to court or administrative order, including but not limited to any removal, remedial or corrective action; (e) any past, present or threatened non-compliance or violations of any Environmental Laws (or permits issued pursuant to any Environmental Law) in connection with the Property or operations thereon, including but not limited to any failure by Borrower, any person or entity affiliated with Borrower or any tenant or other user of the Property to comply with any order of any governmental authority in connection with any Environmental Laws; (f) the imposition, recording

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or filing or the threatened imposition, recording or filing of any Environmental Lien encumbering the Property; (g) any administrative processes or proceedings or judicial proceedings in any way connected with any matter addressed in Article 12 and this Section 13.4; (h) any past, present or threatened injury to, destruction of or loss of natural resources in any way connected with the Property, including but not limited to costs to investigate and assess such injury, destruction or loss; (i) any acts of Borrower or other users of the Property in arranging for disposal or treatment, or arranging with a transporter for transport for disposal or treatment, of Hazardous Substances owned or possessed by such Borrower or other users, at any facility or incineration vessel owned or operated by another person or entity and containing such or similar Hazardous Substances; (j) any acts of Borrower or other users of the Property, in accepting any Hazardous Substances for transport to disposal or treatment facilities, incineration vessels or sites selected by Borrower or such other users, from which there is a Release, or a threatened Release of any Hazardous Substance which causes the incurrence of costs for Remediation; (k) any personal injury, wrongful death, or property damage arising under any statutory or common law or tort law theory, including but not limited to damages assessed for the maintenance of a private or public nuisance or for the conducting of an abnormally dangerous activity on or near the Property; and (l) any misrepresentation or inaccuracy in any representation or warranty or material breach or failure to perform any covenants or other obligations pursuant to Article 12.

Section 13.5 DUTY TO DEFEND: ATTORNEYS' FEES AND OTHER FEES AND EXPENSES. Upon written request by any Indemnified Party, Borrower shall defend such Indemnified Party (if requested by any Indemnified Party, in the name of the Indemnified Party) by attorneys and other professionals approved by the Indemnified Parties. Notwithstanding the foregoing, any Indemnified Parties may, in their sole and absolute discretion, engage their own attorneys and other professionals to defend or assist them, and, at the option of Indemnified Parties, their attorneys shall control the resolution of any claim or proceeding. Upon demand, Borrower shall pay or, in the sole and absolute discretion of the Indemnified Parties, reimburse, the Indemnified Parties for the payment of reasonable fees and disbursements of attorneys, engineers, environmental consultants, laboratories and other professionals in connection therewith.

Article 14 - WAIVERS

Section 14.1 WAIVER OF COUNTERCLAIM. Borrower hereby waives the right to assert a counterclaim, other than a mandatory or compulsory counterclaim, in any action or proceeding brought against it by Lender arising out of or in any way connected with this Security Instrument, the Note, any of the Other Security Documents, or the Obligations.

Section 14.2 MARSHALLING AND OTHER MATTERS. Borrower hereby waives, to the extent permitted by law, the benefit of all appraisal, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Property or any part thereof or any interest therein. Further, Borrower hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Security Instrument on behalf of Borrower, and on behalf of each and

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every person acquiring any interest in or title to the Property subsequent to the date of this Security Instrument and on behalf of all persons to the extent permitted by Applicable Law.

Section 14.3 WAIVER OF NOTICE. Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Security Instrument specifically and expressly provides for the giving of notice by Lender to Borrower and except with respect to matters for which Lender is required by Applicable Law to give notice, and Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Security Instrument does not specifically and expressly provide for the giving of notice by Lender to Borrower.

Section 14.4 WAIVER OF STATUTE OF LIMITATIONS. Borrower hereby expressly waives and releases to the fullest extent permitted by law, the pleading of any statute of limitations as a defense to payment of the Debt or performance of its Other Obligations.

Section 14.5 SOLE DISCRETION OF LENDER. Wherever pursuant to this Security Instrument (a) Lender exercises any right given to it to approve or disapprove, (b) any arrangement or term is to be satisfactory to Lender, or (c) any other decision or determination is to be made by Lender, the decision of Lender to approve or disapprove, all decisions that arrangements or terms are

satisfactory or not satisfactory and all other decisions and determinations made by Lender, shall be in the sole and absolute discretion of Lender and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

Section 14.6 SURVIVAL. The indemnifications made pursuant to Subsections 13.3 and 13.4 and the representations and warranties, covenants, and other obligations arising under Article 12, shall continue indefinitely in full force and effect and shall survive and shall in no way be impaired by: any satisfaction or other termination of this Security Instrument, any assignment or other transfer of all or any portion of this Security Instrument or Lender's interest in the Property (but, in such case, shall benefit both Indemnified Parties and any assignee or transferee), any exercise of Lender's rights and remedies pursuant hereto including but not limited to foreclosure or acceptance of a deed in lieu of foreclosure, any exercise of any rights and remedies pursuant to the Note or any of the Other Security Documents, any transfer of all or any portion of the Property (whether by Borrower or by Lender following foreclosure or acceptance of a deed in lieu of foreclosure or at any other time), any amendment to this Security Instrument, the Note or the Other Security Documents, and any act or omission that might otherwise be construed as a release or discharge of Borrower from the obligations pursuant hereto.

SECTION 14.7 WAIVER OF TRIAL BY JURY. BORROWER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THE LOAN EVIDENCED BY THE NOTE, THE APPLICATION FOR THE LOAN EVIDENCED BY THE NOTE, THE NOTE, THIS SECURITY INSTRUMENT OR THE OTHER SECURITY DOCUMENTS OR ANY ACTS OR OMISSIONS OF LENDER, ITS OFFICERS, EMPLOYEES, DIRECTORS OR AGENTS IN CONNECTION THEREWITH.

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Article 15 - EXCULPATION

Section 15.1 EXCULPATION. Except as otherwise provided, Lender shall not enforce the liability and obligation of Borrower to perform and observe the obligations contained in the Note or this Security Instrument by any action or proceeding wherein a money judgment shall be sought against Borrower, except that Lender may bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Lender to enforce and realize upon this Security Instrument, the Other Security Documents, and the interest in the Property, the Rents and any other collateral given to Lender created by this Security Instrument and the Other Security Documents; provided, however, that any judgment in any action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Property, in the Rents and in any other collateral given to Lender. Lender, by accepting the Note and this Security Instrument, agrees that it shall not, except as otherwise provided in Section 11.10, sue for, seek or demand any deficiency judgment against Borrower in any action or proceeding, under or by reason of or under or in connection with the Note, the Other Security Documents or this Security Instrument.

Section 15.2 RESERVATION OF CERTAIN RIGHTS. The provisions of Section 15.1 shall not (a) constitute a waiver, release or impairment of any obligation evidenced or secured by the Note, the Other Security Documents or this Security Instrument; (b) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Security Instrument; (c) affect the validity or enforceability of any indemnity, guaranty, master lease or similar instrument made in connection with the Note, this Security Instrument, or the Other Security Documents; (d) impair the right of Lender to obtain the appointment of a receiver; (e) impair the enforcement of the Assignment of Leases and Rents executed in connection herewith; or (f) impair the right of Lender to enforce the provisions of Sections 11.10, 13.2, 13.3 and 13.4 of this Security Instrument.

Section 15.3 EXCEPTIONS TO EXCULPATION. Notwithstanding the provisions of this Article to the contrary, Borrower shall be personally liable to Lender for the Losses it incurs due to: (i) fraud or intentional misrepresentation by Borrower or any other person or entity in connection with the execution and the delivery of the Note, this Security Instrument or the Other Security Documents; (ii) Borrower's misapplication or misappropriation of Rents received by Borrower after the occurrence of an Event of Default; (iii) Borrower's misappropriation of tenant security deposits or Rents collected in advance; (iv) the misapplication or the misappropriation of insurance proceeds or condemnation awards; (v) Borrower's failure to pay Taxes, Other Charges (except to the extent that sums sufficient to pay such amounts have been deposited in escrow with Lender pursuant to the terms of this Security Instrument), charges for labor or materials or other charges that can create liens on the Property (unless properly bonded); (vi) Borrower's failure to return or to reimburse Lender for all Personal Property taken from the Property by or on behalf of Borrower and not replaced with Personal Property of the same

utility and of the same or greater value; (vii) any act of actual waste or arson by Borrower, any principal, affiliate, member or general partner thereof or by any Indemnitor or Guarantor; (viii) any fees or commissions paid by Borrower to any principal, affiliate, member or general partner of Borrower, Indemnitor or Guarantor in violation of the terms of the Note, this Security Instrument or the Other Security

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Documents; or (ix) Borrower's failure to comply with the provisions of Sections 4.2, 7.1, 12.1 and 12.2 of this Security Instrument.

Section 15.4 RECOURSE. Notwithstanding the foregoing, the agreement of Lender not to pursue recourse liability as set forth in Section 15.1 above SHALL BECOME NULL AND VOID and shall be of no further force and effect in the event of Borrower's default under Sections 3.11 (for ten (10) days after notice by Lender), 4.3, or 8.1, 8.2, 8.3 or 8.4, or in the event of Principal's default under Section 4.3 of this Security Instrument, or if the Property or any part thereof shall become an asset in (i) a voluntary bankruptcy or insolvency proceeding, or (ii) an involuntary bankruptcy or insolvency proceeding which is not dismissed within ninety (90) days of filing.

Section 15.5 BANKRUPTCY CLAIMS. Nothing herein shall be deemed to be a waiver of any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provisions of the U.S. Bankruptcy Code to file a claim for the full amount of the Debt secured by this Security Instrument or to require that all collateral shall continue to secure all of the Debt owing to Lender in accordance with the Note, this Security Instrument and the Other Security Documents.

Article 16 - NOTICES

Section 16.1 NOTICES. All notices or other written communications hereunder shall be deemed to have been properly given (i) upon delivery, if delivered in person or by facsimile transmission with receipt acknowledged by the recipient thereof and confirmed by telephone by sender, (ii) one (1) Business Day after having been deposited for overnight delivery with any reputable overnight courier service, or (iii) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Borrower: Port Richmond Associates LLC
c/o Bryant Development Corp.
2900 Westchester Avenue
Purchase, New York 10577
Attention: Daniel Weinreb
Facsimile No.: (914) 251-1787

With a copy to: Wachtel & Masyr
110 East 59th Street
New York, New York 10022
Attention: Robert Stone, Esq.
Facsimile No.: (212) 909-9490

If to Lender: The Chase Manhattan Bank

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c/o Chase Commercial Mortgage Banking Corp.
Servicing Department
380 Madison Avenue
11th Floor
New York, New York 10017
Attention: Ms. Janice Smith
Facsimile No.: (212) 622-3553

and

The Chase Manhattan Bank
Legal Department
270 Park Avenue
39th Floor
New York, New York 10017
Attention: Ronald A. Wilcox, Esq.
Facsimile No.: (212) 270-2934.

With a copy to: Thacher Proffitt & Wood
Two World Trade Center
New York, New York 10048
Attention: Joseph Philip Forte, Esq.
Facsimile No.: (212) 912-7751

or addressed as such party may from time to time designate by written notice to the other parties.

Either party by notice to the other may designate additional or different addresses for subsequent notices or communications.

For purposes of this Subsection, "Business Day" shall mean a day on which commercial banks are not authorized or required by law to close in New York, New York.

Article 17 - SERVICE OF PROCESS

Section 17.1 CONSENT TO SERVICE.

(a) Borrower will maintain a place of business or an agent for service of process in New York, New York and give prompt notice to Lender of the address of such place of business and of the name and address of any new agent appointed by it, as appropriate. Borrower further agrees that the failure of its agent for service of process to give it notice of any service of process will not impair or affect the validity of such service or of any judgment based thereon. If, despite the foregoing, there is for any reason no agent for service of process of Borrower available to be served, and if it at that time has no place of

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business in New York, New York, then Borrower irrevocably consents to service of process by registered or certified mail, postage prepaid, to it at its address given in or pursuant to the first paragraph hereof.

(b) Borrower initially and irrevocably designates Wachtel & Masyr, with offices . on the date hereof at 110 East 59th Street, New York, New York 10022, to receive for and on behalf of Borrower service of process in New York, New York with respect to this Security Instrument.

Section 17.2 SUBMISSION TO JURISDICTION. With respect to any claim or action arising hereunder or under the Note or the Other Security Documents, Borrower (a) irrevocably submits to the nonexclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York, New York, and appellate courts from any thereof, and (b) irrevocably waives any objection which it may have at any time to the laying on venue of any suit, action or proceeding arising out of or relating to this Security Instrument brought in any such court, irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 17.3 JURISDICTION NOT EXCLUSIVE. Nothing in this Security Instrument will be deemed to preclude Lender from bringing an action or proceeding with respect hereto in any other jurisdiction.

Article 18 - APPLICABLE LAW

Section 18.1 CHOICE OF LAW. THIS SECURITY INSTRUMENT SHALL BE DEEMED TO BE A CONTRACT ENTERED INTO PURSUANT TO THE LAWS OF THE STATE OF NEW YORK AND SHALL IN ALL RESPECTS BE GOVERNED, CONSTRUED, APPLIED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, PROVIDED HOWEVER, THAT WITH RESPECT TO THE CREATION, PERFECTION, PRIORITY AND ENFORCEMENT OF THE LIEN OF THIS SECURITY INSTRUMENT, AND THE DETERMINATION OF DEFICIENCY JUDGMENTS, THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED SHALL APPLY.

Section 18.2 USURY LAWS. This Security Instrument and the Note are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the Debt at a rate which could subject the holder of the Note to either civil or criminal liability as a result of being in excess of the maximum interest rate which Borrower is permitted by applicable law to contract or agree to pay. If by the terms of this Security Instrument or the Note, Borrower is at any time required or obligated to pay interest on the Debt at a rate in excess of such maximum rate, the rate of interest under the Security Instrument and the Note shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate and all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in

paid or agreed to be paid to Lender for the use, forbearance, or detention of the Debt shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Note until payment in full so that the rate or amount of interest on account of the Debt does not exceed the maximum lawful rate of interest from time to time in effect and applicable to the Debt for so long as the Debt is outstanding.

Section 18.3 PROVISIONS SUBJECT TO APPLICABLE LAW. All rights, powers and remedies provided in this Security Instrument may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law and are intended to be limited to the extent necessary so that they will not render this Security Instrument invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any Applicable Law. If any term of this Security Instrument or any application thereof shall be invalid or unenforceable, the remainder of this Security Instrument and any other application of the term shall not be affected thereby.

Article 19 - SECONDARY MARKET

Section 19.1 TRANSFER OF LOAN. Lender may, at any time, sell, transfer or assign the Note, this Security Instrument and the Other Security Documents, and any or all servicing rights with respect thereto, or grant participations therein (the "Participations") or issue mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement (the "Securities"). Lender may forward to each purchaser, transferee, assignee, servicer, participant, or investor in such Participations and/or Securities (collectively, the "Investor") or any Rating Agency rating such Participations and/or Securities and each prospective Investor, all documents and information which Lender now has or may hereafter acquire relating to the Debt and to Borrower, any Guarantor, any Indemnitor(s) and the Property, whether furnished by Borrower, any Guarantor, any Indemnitor(s) or otherwise, as Lender determines necessary or desirable. Borrower, any Guarantor and any Indemnitor agree to cooperate with Lender in connection with any transfer made or any Securities created pursuant to this Section, including, without limitation, the delivery of an estoppel certificate required in accordance with Subsection 7.4(c) hereof and such other documents as may be reasonably requested by Lender. Borrower shall also furnish and Borrower, any Guarantor and any Indemnitor consent to Lender furnishing to such Investors or such prospective Investors or such Rating Agency any and all information concerning the Property, the Leases, the financial condition of Borrower, any Guarantor and any Indemnitor as may be requested by Lender, any Investor, any prospective Investor or any Rating Agency in connection with any sale, transfer, Participations or Securities.

Article 20 - COSTS

Section 20.1 PERFORMANCE AT BORROWER'S EXPENSE. Borrower acknowledges and confirms that Lender shall impose certain administrative processing and/or commitment fees in connection with (a) the extension, renewal, modification, amendment and termination of the Loan, (b) the release or substitution of collateral therefor, (c) obtaining certain consents, waivers

and approvals with respect to the Property, or (d) the review of any Lease or proposed Lease or the preparation or review of any subordination, non-disturbance agreement (the occurrence of any of the above shall be called an "Event"). Borrower further acknowledges and confirms that it shall be responsible for the payment of all costs of reappraisal of the Property or any part thereof, whether required by law, regulation, Lender or any governmental or quasi-governmental authority. Borrower hereby acknowledges and agrees to pay, immediately, with or without demand, all such fees (as the same may be increased or decreased from time to time), and any additional fees of a similar type or nature which may be imposed by Lender from time to time, upon the occurrence of any Event or otherwise. Wherever it is provided for herein that Borrower pay any costs and expenses, such costs and expenses shall include, but not be limited to, all reasonable legal fees and disbursements of Lender with respect to retained firms.

Section 20.2 ATTORNEY'S FEES FOR ENFORCEMENT. (a) Borrower shall pay all legal fees incurred by Lender in connection with (i) the preparation of the Note, this Security Instrument and the Other Security Documents and (ii) the items set forth in Section 20.1 above, and (b) Borrower shall pay to Lender

on demand any and all expenses, including legal expenses and attorneys' fees, incurred or paid by Lender in protecting its interest in the Property or Personal Property or in collecting any amount payable hereunder or in enforcing its rights hereunder with respect to the Property or Personal Property, whether or not any legal proceeding is commenced hereunder or thereunder and whether or not any default or Event of Default shall have occurred and is continuing, together with interest thereon at the Default Rate from the date paid or incurred by Lender until such expenses are paid by Borrower.

Article 21 - DEFINITIONS

Section 21.1 GENERAL DEFINITIONS. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Security Instrument may be used interchangeably in singular or plural form and the word "Borrower" shall mean "each Borrower and any subsequent owner or owners of the Property or any part thereof or any interest therein," the word "Lender" shall mean "Lender and any subsequent holder of the Note," the word "Note" shall mean "the Note and any other evidence of indebtedness secured by this Security Instrument," the word "person" shall include an individual, corporation, partnership, limited liability company, trust, unincorporated association, government, governmental authority, and any other entity, the word "Property" shall include any portion of the Property and any interest therein, and the phrases "attorneys' fees" and "counsel fees" shall include any and all attorneys', paralegal and law clerk fees and disbursements, including, but not limited to, fees and disbursements at the pre-trial, trial and appellate levels incurred or paid by Lender in protecting its interest in the Property, the Leases and the Rents and enforcing its rights hereunder.

Article 22 - MISCELLANEOUS PROVISIONS

Section 22.1 NO ORAL CHANGE. This Security Instrument, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated

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orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Section 22.2 LIABILITY. If Borrower consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several. This Security Instrument shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns forever.

Section 22.3 INAPPLICABLE PROVISIONS. If any term, covenant or condition of the Note or this Security Instrument is held to be invalid, illegal or unenforceable in any respect, the Note and this Security Instrument shall be construed without such provision.

Section 22.4 HEADINGS, ETC. The headings and captions of various Sections of this Security Instrument are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 22.5 DUPLICATE ORIGINALS; COUNTERPARTS. This Security Instrument may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. This Security Instrument may be executed in several counterparts, each of which counterparts shall be deemed an original instrument and all of which together shall constitute a single Security Instrument. The failure of any party hereto to execute this Security Instrument, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

Section 22.6 NUMBER AND GENDER. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

Section 22.7 SUBROGATION. If any or all of the proceeds of the Note have been used to extinguish, extend or renew any indebtedness heretofore existing against the Property, then, to the extent of the funds so used, Lender shall be subrogated to all of the rights, claims, liens, titles, and interests existing against the Property heretofore held by, or in favor of, the holder of such indebtedness and such former rights, claims, liens, titles, and interests, if any, are not waived but rather are continued in full force and effect in favor of Lender and are merged with the lien and security interest created herein as cumulative security for the repayment of the Debt, the performance

and discharge of Borrower's obligations hereunder, under the Note and the Other Security Documents and the performance and discharge of the Other Obligations.

Article 23 - SPECIAL PENNSYLVANIA PROVISIONS

Section 23.1 INCONSISTENCIES. In the event of any inconsistencies between the terms and conditions of Article 23 of this Security Instrument and any other terms of this Security Instrument, the terms and conditions of Article 23 shall control and be binding.

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Section 23.2 EJECTMENT. For the purpose of procuring possession of the Property in the event of any default hereunder or under the Note, this Security Instrument or the Other Security Documents, Borrower hereby authorizes and empowers any attorney of any Court of record in the Commonwealth of Pennsylvania or elsewhere, as attorney for Borrower and all persons claiming under or through Borrower, to sign an agreement for entering in any competent court an amicable action in ejectment for possession of the Property and to appear for and confess judgment against Borrower, and against all persons claiming under or through Borrower, for the recovery by Lender of possession of the Property, without any stay of execution, for which this Security Instrument, or a copy thereof verified by affidavit, shall be a sufficient warrant; and thereupon a writ of possession may be issued forthwith, without any prior writ or proceeding whatsoever. Borrower hereby releases Lender from all errors and defects whatsoever in entering such action and judgment and in causing such writ or writs to be issued, and hereby agrees that no writ of error, appeal, petition to open or strike off judgment, or other objection shall be filed or made with respect thereto. If for any reason after such action has been commenced the same shall be discontinued or possession of the Property shall remain in or be restored to Borrower, Lender shall have the right for the same default or any subsequent default to bring one or more further amicable actions as above provided to recover possession of the Property. Lender may bring such amicable action in ejectment before or after the institution of foreclosure proceedings upon this Security Instrument, or after judgment thereon or on said obligation, or after a sale of the Property by the Sheriff.

Section 23.3 REMEDIES. The text of Section 11.1 of this Security Instrument entitled "Remedies" is hereby deleted and the following is substituted therefor:

Upon the occurrence of any Event of Default, Borrower agrees that Lender may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower and in and to the Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Lender may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Lender:

(a) Lender may declare the entire unpaid principal balance of the Note to be due and payable immediately, whereupon the obligations secured hereby shall become immediately due and payable. Thereafter, the default may be cured only by the payment of the entire Debt.

(b) Lender may (i) institute and maintain an action of mortgage foreclosure against any of the Property, through judicial proceedings or by advertisement, at the option of Lender, pursuant to the applicable statutes, ordinances, or rules of civil procedure, (ii) institute and maintain an action on the obligations secured hereby, (iii) have judgment entered pursuant to any power to confess judgment contained in the Note or this Security Instrument, (iv) sell or cause to be sold any of the Property at public sale, and convey the same to the purchaser in accordance with said statutes in a single parcel or in several parcels at the option of Lender, or (v) take such other action at law or in equity for the enforcement of any document evidencing or securing the obligations secured hereby as the law may allow. Lender may proceed in any such action to final judgment and execution thereon for all sums due under Subsection (a) of this Section 11.1,

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together with interest on such sums as provided in the Note, all costs of suit and an attorneys' commission for fees and expenses actually incurred. Interest at a rate equal to the Default Rate shall be due on any judgment obtained by Lender from the date of judgment until actual payment is made of the full amount of the judgment by the Sheriff or otherwise.

(c) Lender may, without releasing Borrower from any obligation under any document evidencing or securing the obligations secured hereby or under any lease or waiving any default: (i) collect any or all of the rents, including any rents past due and unpaid, (ii) perform any obligation or exercise any right or remedy of Borrower under any lease, or (iii) enforce any obligation of any tenant of any of the Property. Lender shall not be obligated to do any of the foregoing, even if Lender may have performed any obligation or exercised any remedy of landlord or have enforced any obligation of a tenant. Lender may exercise any right under this subsection (c) whether or not Lender shall have entered into possession of any of the Property, and nothing contained herein shall be construed as constituting Lender a "mortgagee in possession" unless Lender shall have entered into and shall remain in actual possession of the Property. Borrower hereby authorizes and instructs each and every present and future tenant of any of the Property to pay all rents directly to Lender and to perform all other obligations of that tenant for the direct benefit of Lender as if Lender were the landlord under the lease with that tenant immediately upon receipt of a demand by Lender to make such payment or perform such obligations. No tenant shall have any responsibility to ascertain whether such demand is permitted hereunder or whether an Event of Default shall have occurred; Borrower hereby waives any right, claim or demand it may now or hereafter have against any such tenant by reason of such payment of rents or performance of obligations to Lender; and any such payment or performance to Lender shall discharge the obligations of the tenant to make such payment or performance to Borrower. Borrower agrees to indemnify Lender and hold Lender harmless from any and all liability under any lease and from any and all claims and demands which may be asserted against Lender by reason of any alleged obligations to perform any provision of any lease, except as to Lender's own negligence or willful misconduct.

(d) Lender may, without releasing Borrower from any obligation under any document evidencing or securing the obligations secured hereby or under any lease or waiving any default, enter upon and take possession of any of the Property, with or without legal action and by force if necessary, or have a receiver appointed without proof of depreciation or inadequacy of the value of the Property or other security or proof of the insolvency of Borrower. Lender or said receiver may manage and operate any of the Property; make, cancel, enforce or modify leases; obtain and evict tenants; establish or change the amount of any rents; and perform any acts which Lender deems proper to protect the security of this Security Instrument. After deduction of all costs and expenses of operation and management of the Property and of collection of the rents (including attorneys' fees actually incurred, administration expenses, management fees and brokers' commissions), Lender may apply the rents received by Lender to the payment of any or all of the following, in such order and amounts as Lender, in its sole discretion, may elect: liens on any of the Property, taxes, claims, insurance premiums, other carrying charges, invoices of persons who have supplied goods or services to or for the benefit of any of the Property, costs and expenses of maintenance, repair, restoration, alteration or improvement of any of the Property, costs and expenses of maintenance, repair, restoration, alteration or improvement of any of the

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Property, or any amount outstanding on the obligations secured hereby. Lender may, in its sole discretion, determine the method by which, and extent to which, the rents will be collected and obligations of tenants enforced; and Lender may waive or fail to enforce any right or remedy of the landlord under a lease. Lender shall not be accountable for any rents or other sums it does not actually receive. Borrower hereby appoints Lender as its attorney-in-fact to perform all acts which Borrower is required or permitted to perform under any and all leases.

(e) UPON THE OCCURRENCE OF AN EVENT OF DEFAULT BORROWER HEREBY AUTHORIZES AND EMPOWERS ANY ATTORNEY OR ATTORNEYS OF ANY COURT OF THE COMMONWEALTH OF PENNSYLVANIA TO APPEAR FOR BORROWER AND, AS ATTORNEY FOR BORROWER, TO SIGN AN AGREEMENT FOR ENTERING AN AMICABLE ACTION OF EJECTMENT FOR POSSESSION OF ANY OF THE PROPERTY, AND TO CONFESS JUDGMENT THEREIN AGAINST BORROWER IN FAVOR OF LENDER. FOR SO DOING, THIS SECURITY INSTRUMENT OR A COPY HEREOF CERTIFIED BY AFFIDAVIT SHALL BE A SUFFICIENT WARRANT. THEREUPON, A WRIT OF POSSESSION MAY IMMEDIATELY ISSUE FOR THE POSSESSION OF ANY OF THE PROPERTY, WITHOUT ANY PRIOR WRIT OR PROCEEDING WHATSOEVER. LENDER MAY BRING SUCH AMICABLE ACTION IN EJECTMENT BEFORE OR AFTER: (I) THE INSTITUTION OF FORECLOSURE PROCEEDINGS UNDER THIS SECURITY INSTRUMENT, (II) THE ENTRY OF JUDGMENT THEREUNDER OR UNDER THE NOTE, OR (III) A SHERIFF'S SALE OF ANY OF THE PROPERTY.

BORROWER HEREBY WAIVES THE BENEFIT OF ANY LAWS WHICH NOW OR HEREAFTER MIGHT OTHERWISE AUTHORIZE THE STAY OF ANY EXECUTION TO BE ISSUED ON ANY JUDGMENT RECOVERED ON THIS NOTE, OR THE EXEMPTION OF ANY PROPERTY FROM LEVY OR SALE THEREUNDER.

(f) Lender may obtain a receiver to manage the Property and collect the rents, issues, profits and income therefrom.

(g) Lender may disaffirm and cancel any lease which is subordinate to this Security Instrument at any time before the expiration of sixty (60) days after Lender acquires legal title to the Property by any transfer pursuant to the exercise of a remedy hereunder or otherwise, even though Lender shall have enforced such lease, collected rents thereunder or taken any action that might be deemed by law to constitute an affirmation of the lease. Such disaffirmance shall be made by notice addressed to the tenant at the Property or, at Lender's option, such other address of the tenant as may be provided in that tenant's lease.

(h) Lender may take possession of any of the Property and may sell such property pursuant to the provisions of the applicable Uniform Commercial Code and exercise such other rights and remedies with respect to such property as may be provided by said Code.

(i) Lender may apply on account of the obligations secured hereby the balance of the accumulated installment payments made by Borrower for taxes, water and sewer rents and insurance premiums, and all other items for which Lender has made payment, as set forth herein.

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(j) Upon the acceleration of the maturity of the obligations secured hereby as herein provided, a tender of payment of the amount necessary to satisfy the entire Debt made at any time prior to foreclosure sale by Borrower, its successors or assigns, shall, to the extent permitted by law, constitute an evasion of the prepayment terms of the obligations secured hereby and be deemed to be a voluntary prepayment thereunder, and Lender shall not be obligated to accept any such tender of payment unless such tender of payment includes the additional prepayment premium required under the terms of the prepayment privilege, if any, contained in the Note.

(k) If Lender retains the services of counsel in order to enforce any remedy available to Lender under the Note, this Security Instrument, or any of the Other Security Documents, an attorney's commission equal to five percent (5%) of the outstanding principal amount of the Note shall be payable on demand by Borrower to Lender, and Borrower shall also pay on demand the cost of any title search and all other costs incurred by Lender in connection with proceedings to recover any sums due hereunder. Any such amounts not paid promptly on demand shall be added to the outstanding principal amount of the Note, shall bear interest at the Default Rate from the date of such demand until paid in full and shall be secured by this Security Instrument. Borrower shall also pay on demand any reasonable charge of Lender in connection with the cancellation of this Note and/or the satisfaction of this Security Instrument of record. Nothing contained herein shall limit or impair the obligation of Borrower to pay any and all costs and expenses for which Borrower is otherwise liable under the Note, this Security Instrument, or any of the Other Security Documents, and all costs and expenses provided by law.

In the event of a sale, by foreclosure, power of sale, or otherwise, of less than all of the Property, this Security Instrument shall continue as a lien and security interest on the remaining portion of the Property unimpaired and without loss of priority. Notwithstanding the provisions of this Section 11.1 to the contrary, if any Event of Default as described in clause (i) or (ii) of Subsection 10.1(f) shall occur, the entire unpaid Debt shall be automatically due and payable, without any further notice, demand or other action by Lender.

Section 23.4 FUTURE ADVANCES. It is understood and agreed that this Security Instrument covers present and future advances made by Lender to or for the benefit of Borrower on account of interest which may be deferred and accrued and added to the principal balance of the Note in the maximum amount of \$24,000,000 and that the lien of such future advances shall relate back to the date of this Security Instrument.

Section 23.5 PURCHASE MONEY INSTRUMENT. This Security Instrument is intended to be a purchase money mortgage and shall be entitled to all the benefits as such under the lien priority provisions of the Pennsylvania Judicial Code, 42 Pa. C.S.A. ss. 8141, as amended.

Section 23.6 ENVIRONMENTAL REPRESENTATIONS AND WARRANTIES. The text of Section 12.1 of this Security Instrument entitled "Environmental Representations and Warranties" is hereby amended by inserting after the words "addressing similar issues:" and before the words "the Comprehensive Environmental Response" the words "the Pennsylvania Hazardous Sites Cleanup Act, the Pennsylvania Solid Waste Management Act,".

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Section 23.7 CONSTRUCTION MORTGAGE. This Security Instrument is intended to be a Construction Mortgage within the meaning of 13 Pa. C.S.A. ss. 9313(a).

Article 24 - GROUND LEASE PROVISIONS

Section 24.1 ACQUISITION OF GROUND LEASE. If at any time during the term of the Loan, Borrower shall receive from the Owner a consent to the assignment of Ground Lease dated the date hereof, then (i) this Security Instrument and the lien thereof shall be spread to cover the Ground Lease and (ii) all of the terms, conditions, agreements and provisions hereof, as applicable, shall apply to that property covered by the Ground Lease described on Exhibit B attached hereto. Lender may require Borrower to execute additional documents to confirm such spreading of this Security Instrument and the lien over the Ground Lease parcel.

Section 24.2 THE GROUND LEASE. Borrower shall (i) pay all rents, additional rents and other sums required to be paid by Borrower, as tenant under and pursuant to the provisions of the Ground Lease, (ii) diligently perform and observe all of the terms, covenants and conditions of the Ground Lease on the part of the Borrower, as tenant thereunder, and (iii) promptly notify Lender of the giving of any notice by ground lessor to Borrower of any default by Borrower, as tenant thereunder, and deliver to Lender a true copy of each such notice. Borrower shall not, without the prior consent of Lender, surrender the leasehold estate created by the Ground Lease or terminate or cancel the Ground Lease or modify, change, supplement, alter or amend the Ground Lease, in any respect, either orally or in writing. If Borrower shall default in the performance or observance of any term, covenant or condition of the Ground Lease, Lender shall have the right, but shall be under no obligation, to pay any sums and to perform any act or take any action as may be appropriate to cause all of the terms, covenants and conditions of the Ground Lease on the part of Borrower to be performed or observed on behalf of Borrower, to the end that the rights of Borrower in, to and under the Ground Lease shall be kept unimpaired and free from default. Borrower shall exercise each individual option, if any, to extend or renew the term of the Ground Lease upon demand by Lender made at any time within one (1) year prior to the last day upon which any such option may be exercised.

Section 24.3 SUBLEASES. Notwithstanding anything contained in the Ground Lease to the contrary, Borrower shall not further sublet any portion of the Property, except pursuant to the provisions of Section 3.7, without prior written consent of the Lender. In the event that any portion of the Land shall be sublet pursuant to the terms of this Subsection, such sublease shall be deemed to be included in the Property.

Section 24.4 RELEASES. Lender reserves the right, at any time, to release portions of the Property, including, but not limited to, the leasehold estate created by the Ground Lease, with or without consideration, at Lender's election, without waiving or affecting any rights hereunder or under the Note or the Other Security Documents and any such release shall not affect Lender's rights in connection with the portion of the Property not so released.

[NO FURTHER TEXT ON THIS PAGE]

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IN WITNESS WHEREOF, THIS SECURITY INSTRUMENT has been executed by Borrower the day and year first above written.

ATTEST:

/s/ Emma Dickson

Name: Emma Dickson

PORT RICHMOND ASSOCIATES LLC,
a New York limited liability company

By: PORT RICHMOND LAND, INC., a New York
corporation, its managing member

By: /s/ Andrew B. Hascoe

Andrew B. Hascoe
President

The mailing address of the within-named Lender is:

The Chase Manhattan Bank
380 Madison Avenue, 11th Floor
New York, New York 10017

On behalf of Lender

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

On this, the 2nd day of April, 1998, before me, the subscriber, a Notary Public in and for the State and county aforesaid, personally appeared Andrew B. Hascoe, who acknowledged himself to be President of Port Richmond Land, Inc., a New York corporation, the sole managing member of Port Richmond Associates LLC, a New York limited liability company, who I am satisfied is the person who signed the within instrument and who acknowledged that he executed same as such managing member on behalf of the limited liability company, being authorized to do so, and that the within instrument is the voluntary act and deed of such limited liability company.

WITNESS my hand and seal the day and year aforesaid.

Notary Public

My Commission Expires:

CAROLYN S. CLYNE
NOTARY PUBLIC, State of New York
No. 01CL5085811
Qualified in Kings County
Commission Expires September 29, 1999

EXHIBIT A

ALL THAT CERTAIN parcel of land situate in the Thirty-first Ward of the City of Philadelphia, and Commonwealth of Pennsylvania as shown on a plan prepared by Joseph J. Feldman & Associates entitled Existing Conditions Plan, dated July 25, 1989, last revised May 31, 1990, and being more particularly described, as follows:

BEGINNING at a point of intersection between the westerly line of Cumberland Street (60 feet wide) and the northerly line of Salmon Street 40 feet wide; thence

- (1) along said line of Salmon Street South 41 degrees 29 minutes 03 seconds West a distance of 340.80 feet to a point on the westerly line of York Street (50' wide) thence;
- (2) North 48 degrees 30 minutes 57 seconds West a distance of 7.11 feet to a point; thence
- (3) along a curve to the right having a radius of 2267.957 for an arc distance of 50.237 feet to a point; thence
- (4) South 67 degrees 33 minutes 34 seconds West a distance of 577.172 feet to a point; thence
- (5) North 48 degrees 30 minutes 57 seconds west a distance of 73.395 feet to a point; thence
- (6) North 00 degrees 28 minutes 43 seconds West a distance of 201.406 feet to a point of curvature; thence
- (7) along a curve to the right having a radius of 324.125 feet for an arc distance of 223.36 feet to a point of tangency; thence

(8) North 50 degrees 59 minutes 43 seconds West a distance 17.952 feet to a point on the southerly line of Aramingo Avenue (variable width); thence

(9) along said line of Aramingo Avenue, North 39 degrees 00 minutes 17 seconds East a distance of 221.195 feet to a point within a 50 feet wide drainage right-of-way; thence

(10) still along line of Aramingo Avenue North 57 degrees 35 minutes 34 seconds East a distance of 470.577 feet to a point of curvature; thence

(11) along a curve to the right having a radius of 15.00 feet for an arc distance of 23.562 feet to a point on the aforementioned line of Cumberland Street; thence

(12) along said line of Cumberland Street South 32 degrees 24 minutes 26 seconds East a distance of 470.088 feet to a point on the aforementioned line of Salmon Street and the first mentioned point and place of beginning.

BEING KNOWN AS 2401 Aramingo Avenue, 2401 Aramingo Avenue (Unit 8), 2220 Richmond Street (Unit A) and 2220 Richmond Street (Unit B)

BEING THE SAME PREMISES which Urban Center Associates Limited Partnership by Deed dated September 30, 1996 and recorded December 26, 1996 In Deed Book JTD 185 page 484.

EXHIBIT B

Description of land to be leased to PORT RICHMOND VILLAGE ASSOCIATES Under I-95, Richmond Street, York Street, Aramingo Street

BEGINNING at a point at the intersection of the S.W. side of York Street (50' wide) and the N.W. side of Richmond Street (120' wide), thence S 41°29'03" W along said side of Richmond Street 100'-4 1/4" to a point on the south right of way line of Delaware Expressway L.R. 1000; thence along the following eleven courses and distance along the south right of way line

- 1) line curving to the right with a radius to 2303'-4 1/2" and an arc distance of 191'-3 1/4" to a point of tangent
- 2) S 57(deg)35'34" E 32'-3/8" to a point
- 3) S 48(deg)30'57" E 54'-3 1/4" to a point on the N.W. side of Richmond St.
- 4) S 41(deg)29'03" W 35'-9 1/8" to the intersection of Girard Ave. and Richmond St.
- 5) N 48(deg)30'57" W 64'-7 1/8" to a point
- 6) S 57(deg)35'34" W 69'-3/8" to a point
- 7) S 41(deg)29'03" W 17'-3 7/8" to a point
- 8) N 48(deg)30'57" W 5'-7 1/8" to a point
- 9) S 37(deg)13'283" W 50'3 1/2" to a point
- 10) S 48(deg)30'57" E 7'-8 1/8" to a point
- 11) S 41(deg)29'03" W 135'-1 1/4" to a point on the N.E. side of Norris St.(60' wide):

thence, N 48(deg)30'57" W along the said side of Norris St. produced 316'-1/4" to a point; thence N 22°26'28" W, 133'-3 5/8" to a point on the north side of the right of way line of the Delaware Expressway; thence, along said side of Delaware Expressway the three following courses and distances

- 1)S 48(deg)30'57" E 73'-4 3/4" to a point
- 2)N 67(deg)33'34" E 577'-2" to a point of curve
- 3)along a line curving to the left with a radius of 2267'-11 1/2" and an arc distance of 50'-2 7/8" to a point on the S.W. side of York Street; thence S 48(deg)30'57" E along said side of York Street 165'-1 3/8" to the point and place of beginning.

Subject to columns and piers for I-95 and ramps; limiting air easements; Girard Avenue approachment and existing embankment slopes; and utilizing within the parcel.

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Definitions

The terms set forth below are defined in the following Sections of this Security Instrument:

- (a) Applicable Laws: Article 3, Subsection 3.10(a);
- (b) Attorneys' Fees/Counsel Fees: Article 21, Section 21.1;
- (c) Bankruptcy Code: Article 1, Subsection 1.1(f);
- (d) Borrower: Preamble and Article 21, Section 21.1;
- (e) Business Day: Article 16, Section 16.1;
- (f) Casualty Consultant: Article 4, Subsection 4.4(b)(iii);
- (g) Casualty Retainage: Article 4, Subsection 4.4(b)(iv);
- (h) Debt: Article 2, Section 2.1;
- (i) Default Prepayment: Article 9, Section 9.3;
- (j) Default Rate: Article 10, Section 10.3;
- (k) Environmental Indemnity: Article 10, Subsection 10.1(q);
- (l) Environmental Law: Article 12, Section 12.1;
- (m) Environmental Liens: Article 12, Subsection 12.2(d);
- (n) Environmental Report: Article 12, Subsection 12.1(a)
- (o) ERISA: Article 4, Subsection 4.2(a);
- (p) Escrow Fund: Article 3, Section 3.5;
- (q) Event: Article 20, Section 20.1;
- (r) Event of Default: Article 10, Section 10.1;
- (s) Flood Insurance Acts: Article 3, Subsection 3.3 (a)(vii);
- (t) Full Replacement Cost: Article 3, Subsection 3.3(a)(i)(A);
- (u) GAAP: Article 3, Subsection 3.11(a);

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- (v) Guarantor: Article 10, Subsection 10.1(e);
- (w) Hazardous Substances: Article 12, Section 12.1;
- (x) Improvements: Article 1, Subsection 1.1(c);
- (y) Indemnified Parties: Article 13, Section 13.1;
- (z) Indemnitor(s): Article 10, Subsection 10.1(o);
- (aa) Insurance Premiums: Article 3, Subsection 3.3(b);
- (bb) Investor: Article 19, Section 19.1;
- (cc) Land: Article 1, Section 1.1(a);
- (dd) Lease Guaranty: Article 3, Subsection 3.7(a);
- (ee) Leases: Article 1, Subsection 1.1(f);
- (ff) Lender: Preamble and Article 21, Section 21.1;
- (gg) Loan: Article 5, Subsection 5.12;
- (hh) Loan Application: Article 5, Section 5.15;
- (ii) Losses: Article 13, Section 13.1;
- (jj) Net Proceeds: Article 4, Subsection 4.4(b);
- (kk) Net Proceeds Deficiency: Article 4, Subsection 4.4(b)(vi);
- (ll) Note: Recitals and Article 21, Section 21.1;
- (mm) Obligations: Article 2, Section 2.3;
- (nn) Other Charges: Article 3, Subsection 3.4(a);
- (oo) Other Obligations: Article 2, Section 2.2;
- (pp) Other Security Documents: Article 3, Section 3.2;
- (qq) Participations: Article 19, Section 19.1;

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- (rr) Permitted Exceptions: Article 5, Section 5.1;
- (ss) Person: Article 21, Section 21.1;
- (tt) Personal Property: Article 1, Subsection 1.1(e);
- (uu) Policies/Policy: Article 3, Subsection 3.3(b);
- (vv) Principal: Article 4, Section 4.3;
- (ww) Personal: Article 1, Section 1.1 and Article 21, Section 21.1;
- (xx) Qualifier Insurer: Article 3, Subsection 3.3(b);
- (yy) Rating Agency: Article 3, Subsection 3.3(b);
- (zz) Release: Article 12, Section 12.1;
- (aaa) Remediation: Article 12, Section 12.1;
- (bbb) Rents: Article 1, Subsection 1.1(f);
- (ccc) Restoration: Article 3, Subsection 3.3(h);
- (ddd) Security Deposits: Article 19, Section 19.1;
- (eee) Security Deposits: Article 3, Subsection 3.7(c);
- (fff) Security Instrument: Preamble;
- (ggg) Taxes: Article 3, Subsection 3.4(a);
- (hhh) Uniform Commercial Code: Article 1, Subsection 1.1(e),

PROMISSORY NOTE

\$12,000,000

New York, New York
As of April 2, 1998

FOR VALUE RECEIVED PORT RICHMOND ASSOCIATES LLC, a New York limited liability company, as maker, having its principal place of business at c/o Bryant Development Corp., 2900 Westchester Avenue, Purchase, New York 10577 ("Borrower"), hereby unconditionally promises to pay to the order of THE CHASE MANHATTAN BANK, a New York banking corporation, as payee, having an address at 380 Madison Avenue, 11th Floor, New York, New York 10017 ("Lender"), or at such other place as the holder hereof may from time to time designate in writing, the principal sum of TWELVE MILLION AND 00/100 DOLLARS (\$12,000,000), in lawful money of the United States of America with interest thereon to be computed from the date of this Note at the Applicable Interest Rate (defined below), and to be paid in installments as follows:

ARTICLE 1: PAYMENT TERMS

(a) A payment of interest only on April 10, 1998;

(b) A payment of \$81,243.48 on the tenth day of May, 1998 and on the tenth day of each calendar month thereafter up to and including the tenth day of March, 2008;

each of the payments to be applied as follows:

- (i) first; to the payment of interest computed at the Applicable Interest Rate; and
- (ii) the balance toward the reduction of the principal sum;

and the balance of the principal sum and all interest thereon shall be due and payable on the tenth day of April, 2008 (the "Maturity Date"). Interest on the principal sum of this Note shall be calculated on the basis of the actual number of days elapsed in a three hundred sixty (360) day year.

ARTICLE 2: INTEREST

The term "Applicable Interest Rate" as used in the Security Instrument (defined below) and this Note shall mean an interest rate equal to seven and one hundred seventy four thousands percent (7.174 %) per annum.

ARTICLE 3. DEFAULT AND ACCELERATION

(a) The whole of the principal sum of this Note, (b) interest, default interest, late charges and other sums, as provided in this Note, the Security Instrument or the Other Security Documents (defined below), (c) all other monies agreed or provided to be paid by Borrower in this Note, the Security Instrument or the Other Security Documents, (d) all sums advanced pursuant to the Security Instrument to protect and preserve the Property (defined below) and the lien and the security interest created thereby, and (e) all sums advanced and costs and expenses incurred by Lender in connection with the Debt (defined below) or any part thereof, any renewal, extension, or change of or substitution for the Debt or any part thereof, or the acquisition or perfection of the security therefor, whether made or incurred at the request of Borrower or Lender (all the sums referred to in (a) through (e) above shall collectively be referred to as the "Debt") shall without notice become immediately due and payable at the option of Lender if any payment required in this Note is not paid on or prior to the date when due or on the Maturity Date or on the happening of any other default, after the expiration of any applicable notice and grace periods, herein or under the terms of the Security Instrument or any of the Other Security Documents (collectively, an "Event of Default").

ARTICLE 4. DEFAULT INTEREST

Borrower does hereby agree that upon the occurrence of an Event of Default, Lender shall be entitled to receive and Borrower shall pay interest on the entire unpaid principal sum at a rate equal to the lesser of (a) five percent (5%) plus the Applicable Interest Rate and (b) the maximum interest rate which Borrower may by law pay (the "Default Rate"). The Default Rate shall be computed from the occurrence of the Event of Default until the earlier of the date upon which the Event of Default is cured or the date upon which the Debt is paid in full. Interest calculated at the Default Rate shall be added to the Debt, and shall be deemed secured by the Security Instrument. This clause,

however, shall not be construed as an agreement or privilege to extend the date of the payment of the Debt, nor as a waiver of any other right or remedy accruing to Lender by reason of the occurrence of any Event of Default.

ARTICLE 5. PREPAYMENT

(a) The principal balance of this Note may not be prepaid in whole or in part prior to the fourth Loan Year (defined below). During the fourth Loan Year or any time thereafter, the principal balance of this Note may be prepaid in whole, but not in part, upon not less than thirty (30) days and not more than forty (40) days prior written notice to Lender specifying the date on which prepayment is to be made (the "Prepayment Date") and upon payment of:

- (i) all accrued interest to and including the Prepayment Date;
- (ii) all interest which would have accrued on the principal balance of this Note after the Prepayment Date to and including the next succeeding ninth day of a calendar month following the Prepayment Date (the "Interest Shortfall

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Payment"), if such prepayment occurs on a date which is not the tenth day of a month;

- (iii) all other sums due under this Note, the Security Instrument and all Other Security Documents; and
- (iv) a prepayment consideration (the "Prepayment Consideration") in an amount equal to the present value as of the Prepayment Date of the Calculated Payments (defined below) from the Prepayment Date through the Maturity Date determined by discounting such payments at the Discount Rate (defined below).

Notwithstanding anything to the contrary herein, provided no Event of Default exists under this Note, the Security Instrument or the Other Security Documents, in the event of any prepayment which occurs during the three (3) months prior to the Maturity Date, no Prepayment Consideration shall be due in connection therewith, but Borrower shall be required to pay all other sums due hereunder, including, without limitation, the Interest Shortfall Payment, if any.

(b) The "Calculated Payments" are monthly payments of interest only which would be due based on the principal amount outstanding on the Prepayment Date and assuming an interest rate per annum equal to the difference (if such difference is greater than zero) between (i) the Applicable Interest Rate minus (ii) the Treasury Rate (defined below). The "Discount Rate" is the rate which, when compounded monthly, is equivalent to the Treasury Rate (defined below) when compounded semi-annually. The "Treasury Rate" is the yield calculated by the linear interpolation of the yields, as reported in the Federal Reserve Statistical Release H.15-Selected Interest Rates under the heading U.S. Government Securities/Treasury constant maturities for the week ending prior to the Prepayment Date, of the U.S. Treasury constant maturities with maturity dates (one longer and one shorter) most nearly approximating the Maturity Date. In the event Release H.15 is no longer published, Lender shall select a comparable publication to determine the Treasury Rate. Lender shall notify Borrower of the amount and the basis of determination of the required Prepayment Consideration which shall be conclusive and binding on Borrower absent manifest error. "Loan Year" as used in this Note shall mean each 365 or 366, as applicable, day period commencing on the next succeeding tenth day of a calendar month after the date of this Note (or the date of this Note if it is dated the tenth day of a calendar month).

(c) If any notice of prepayment is given under this Article 5, the principal balance of this Note and the other sums required under this prepayment section shall be due and payable on the Prepayment Date. Lender shall not be obligated to accept any prepayment of the principal balance of this Note unless it is accompanied by all sums due in connection therewith. Notwithstanding anything contained in this Article 5 to the contrary, provided no Event of Default exists, no Prepayment Consideration shall be due in connection with a complete or partial prepayment resulting from the application of insurance proceeds or condemnation awards pursuant to Sections 3.3 and 3.6 of the Security Instrument, but Borrower shall be required to pay all other sums due hereunder, including, without limitation, the Interest Shortfall Payment, if applicable.

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(d) If a Default Prepayment (defined below) occurs, Borrower shall pay to Lender the entire Debt, including, without limitation, the following amounts:

- (i) if the Default Prepayment occurs prior to the time when prepayment of the principal balance of this Note is permitted, an amount equal to the sum of (A) the present value of the interest payments which would have accrued on the principal balance of this Note (outstanding as of the date of such Default Prepayment) at the Applicable Interest Rate from the date of such Default Prepayment to the first day prepayment is permitted pursuant to this Note discounted at a rate equal to the Treasury Rate except that such Treasury Rate shall be based on the U.S. Treasury constant maturity most nearly approximating the date upon which prepayment is first permitted pursuant to this Note, and (B) an amount equal to the greater of (1) one percent (1%) of the principal balance of this Note outstanding on the date of such Default Prepayment, and (2) the present value as of the first day of the fourth Loan Year of the Calculated Payments based on the Treasury Rate in effect at the time of such Default Prepayment from the first day of the fourth Loan Year through the Maturity Date determined by discounting such payments at the Discount Rate; and
- (ii) if the Default Prepayment occurs at a time when prepayment of the principal balance of this Note is permitted, the Prepayment Consideration and the Interest Shortfall Payment, if applicable.

For purposes of this Note, the term "Default Prepayment" shall mean a prepayment of the principal amount of this Note made after the occurrence of any Event of Default or an acceleration of the Maturity Date under any circumstances, including, without limitation, a prepayment occurring in connection with reinstatement of the Security Instrument provided by statute under foreclosure proceedings or exercise of a power of sale, any statutory right of redemption exercised by Borrower or any other party having a statutory right to redeem or prevent foreclosure, any sale in foreclosure or under exercise of a power of sale or otherwise.

ARTICLE 6. SECURITY

This Note is secured by the Security Instrument and the Other Security Documents. The term "Security Instrument" as used in this Note shall mean the mortgage and security agreement dated the date hereof in the principal sum of \$12,000,000 given by Borrower to (or for the benefit of) Lender covering the fee estate and a contemplated leasehold estate as described in Article 24 of the Security Instrument of Borrower in certain premises located in Philadelphia County, Commonwealth of Pennsylvania, and other property, as more particularly described therein (collectively, the "Property") and intended to be duly recorded in said County. The term "Other Security Documents" as used in this Note shall mean all and any of the documents other than this Note or the Security Instrument now or hereafter executed by Borrower and/or others and by or in favor of Lender, which wholly or partially secure or guarantee payment of this Note. Whenever used, the singular number shall include the plural, the plural number shall include the

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singular, and the words "Lender" and "Borrower" shall include their respective successors, assigns, heirs, executors and administrators.

All of the terms, covenants and conditions contained in the Security Instrument and the Other Security Documents are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein.

ARTICLE 7. SAVINGS CLAUSE

This Note is subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance due hereunder at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the maximum interest rate which Borrower is permitted by applicable law to contract or agree to pay. If by the terms of this Note, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of such maximum rate, the Applicable Interest Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to such maximum rate and all previous payments in excess of the maximum rate shall be deemed to have been

payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the Debt, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Note until payment in full so that the rate or amount of interest on account of the Debt does not exceed the maximum lawful rate of interest from time to time in effect and applicable to the Debt for so long as the Debt is outstanding.

ARTICLE 8. LATE CHARGE

If any sum payable under this Note is not paid on or prior to the date on which it is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of five percent (5%) of the unpaid sum or the maximum amount permitted by applicable law to defray the expenses incurred by Lender in handling and processing the delinquent payment and to compensate Lender for the loss of the use of the delinquent payment and the amount shall be secured by the Security Instrument and the Other Security Documents.

ARTICLE 9. NO ORAL CHANGE

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

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ARTICLE 10. JOINT AND SEVERAL LIABILITY

If Borrower consists of more than one person or party, the obligations and liabilities of each person or party shall be joint and several.

ARTICLE 11. WAIVERS

Borrower and all others who may become liable for the payment of all or any part of the Debt do hereby severally waive presentment and demand for payment, notice of dishonor, protest and notice of protest and non-payment and all other notices of any kind. No release of any security for the Debt or extension of time for payment of this Note or any installment hereof, and no alteration, amendment or waiver of any provision of this Note, the Security Instrument or the Other Security Documents made by agreement between Lender or any other person or party shall release, modify, amend, waive, extend, change, discharge, terminate or affect the liability of Borrower, and any other person or entity who may become liable for the payment of all or any part of the Debt, under this Note, the Security Instrument or the Other Security Documents. No notice to or demand on Borrower shall be deemed to be a waiver of the obligation of Borrower or of the right of Lender to take further action without further notice or demand as provided for in this Note, the Security Instrument or the Other Security Documents. If Borrower is a partnership, the agreements contained herein shall remain in full force and effect, notwithstanding any changes in the individuals or entities comprising the partnership, and the term "Borrower," as used herein, shall include any alternate or successor partnership, but any predecessor partnership and its partners shall not thereby be released from any liability. If Borrower is a corporation, the agreements contained herein shall remain in full force and effect notwithstanding any changes in the shareholders comprising, or the officers and directors relating to, the corporation, and the term "Borrower" as used herein, shall include any alternate or successor corporation, but any predecessor corporation shall not be relieved of liability hereunder. If Borrower is a limited liability company, the agreements herein contained shall remain in full force and effect, notwithstanding any changes in the individuals or entities comprising the limited liability company and the term "Borrower," as used herein, shall include any alternate or successor limited liability company, but any predecessor limited liability company and its members shall not be released from any liability. (Nothing in the foregoing sentence shall be construed as a consent to, or a waiver of, any prohibition or restriction on transfers of interests in such partnership, corporation or limited liability company which may be set forth in the Security Instrument or any Other Security Document.)

ARTICLE 12. TRANSFER

Upon the transfer of this Note, Borrower hereby waiving notice of any such transfer, Lender may deliver all the collateral mortgaged, granted, pledged or assigned pursuant to the Security Instrument and the Other Security Documents, or any part thereof, to the transferee who shall thereupon become vested with all the rights herein or under applicable law given to Lender with respect thereto, and Lender shall thereafter forever be relieved and fully discharged from any liability or responsibility in the matter; but Lender shall retain all rights hereby given to it with respect to any liabilities and the collateral not so transferred.

ARTICLE 13. WAIVER OF TRIAL BY JURY

BORROWER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THE LOAN EVIDENCED BY THIS NOTE, THE APPLICATION FOR THE LOAN EVIDENCED BY THIS NOTE, THIS NOTE, THE SECURITY INSTRUMENT OR THE OTHER SECURITY DOCUMENTS OR ANY ACTS OR OMISSIONS OF LENDER, ITS OFFICERS, EMPLOYEES, DIRECTORS OR AGENTS IN CONNECTION THEREWITH.

ARTICLE 14. EXCULPATION

(a) Except as otherwise provided herein, in the Security Instrument or in the Other Security Documents, Lender shall not enforce the liability and obligation of Borrower to perform and observe the obligations contained in this Note or the Security Instrument by any action or proceeding wherein a money judgment shall be sought against Borrower, except that Lender may bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Lender to enforce and realize upon this Note, the Security Instrument, the Other Security Documents, and the interest in the Property, the Rents (as defined in the Security Instrument) and any other collateral given to Lender created by this Note, the Security Instrument and the Other Security Documents; provided, however, that any judgment in any such action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Property, in the Rents and in any other collateral given to Lender. Lender, by accepting this Note and the Security Instrument, agrees that it shall not, except as otherwise provided in Section 11.10 of the Security Instrument, sue for, seek or demand any deficiency judgment against Borrower in any such action or proceeding, under or by reason of or under or in connection with this Note, the Other Security Documents or the Security Instrument. The provisions of this Section shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Note, the Other Security Documents or the Security Instrument; (ii) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under the Security Instrument; (iii) affect the validity or enforceability of any indemnity, guaranty, master lease or similar instrument made in connection with this Note, the Security Instrument, or the Other Security Documents; (iv) impair the right of Lender to obtain the appointment of a receiver; (v) impair the enforcement of the Assignment of Leases and Rents executed in connection herewith; or (vi) impair the right of Lender to enforce the provisions of Sections 11.10, 13.2, 13.3 and 13.4 of the Security Instrument.

(b) Notwithstanding the provisions of this Article 14 to the contrary, Borrower shall be personally liable to Lender for the Losses (as defined in the Security Instrument) it incurs due to: (i) fraud or intentional misrepresentation by Borrower or any other person or entity in connection with the execution and the delivery of this Note, the Security Instrument or the Other Security Documents; (ii) Borrower's misapplication or misappropriation of Rents received by Borrower after the occurrence of an Event of Default; (iii) Borrower's misapplication or misappropriation of tenant security deposits or Rents collected in advance; (iv) the misapplication

or the misappropriation of insurance proceeds or condemnation awards; (v) Borrower's failure to pay Taxes (as defined in the Security Instrument), Other Charges (as defined in the Security Instrument) (except to the extent that sums sufficient to pay such amounts have been deposited in escrow with Lender pursuant to the terms of the Security Instrument), charges for labor or materials or other charges that can create liens on the Property (unless bonded pursuant to the terms of the Security Instrument); (vi) Borrower's failure to return or to reimburse Lender for all Personal Property (as defined in the Security Instrument) taken from the Property by or on behalf of Borrower and not replaced with Personal Property of the same utility and of the same or greater value; (vii) any act of actual waste or arson by Borrower, any principal, affiliate, member or general partner thereof or by any Indemnitor (as defined in the Security Instrument) or Guarantor (as defined in the Security Instrument); (viii) any fees or commissions paid by Borrower to any principal, affiliate, member or general partner of Borrower, Indemnitor or Guarantor in violation of the terms of this Note, the Security Instrument or the Other Security Documents; or (ix) Borrower's failure to comply with the provisions of Sections 4.2, 7.1, 12.1 and 12.2 of the Security Instrument.

(c) Notwithstanding the foregoing, the agreement of Lender not to pursue recourse liability as set forth in Subsection (a) above SHALL BECOME NULL AND VOID and shall be of no further force and effect in the event of Borrower's default under Sections 3.11 (for ten (10) days after notice by Lender), 4.3 or 8.1, 8.2, 8.3 or 8.4 of the Security Instrument, or in the

event of Principal's (as defined in the Security Instrument) default under Section 4.3 of the Security Instrument or if the Property or any part thereof shall become an asset in (i) a voluntary bankruptcy or insolvency proceeding, or (ii) an involuntary bankruptcy or insolvency proceeding which is not dismissed within ninety (90) days of filing.

(d) Nothing herein shall be deemed to be a waiver of any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provision of the U.S. Bankruptcy Code to file a claim for the full amount of the indebtedness secured by the Security Instrument or to require that all collateral shall continue to secure all of the indebtedness owing to Lender in accordance with this Note, the Security Instrument and the Other Security Documents.

ARTICLE 15. AUTHORITY

Borrower (and the undersigned representative of Borrower, if any) represents that Borrower has full power, authority and legal right to execute and deliver this Note, the Security Instrument and the Other Security Documents and that this Note, the Security Instrument and the Other Security Documents constitute valid and binding obligations of Borrower.

ARTICLE 16. APPLICABLE LAW

This Note shall be deemed to be a contract entered into pursuant to the laws of the State of New York and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York.

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ARTICLE 17. SERVICE OF PROCESS

(a) (i) Borrower will maintain a place of business or an agent for service of process in New York, New York and give prompt notice to Lender of the address of such place of business and of the name and address of any new agent appointed by it, as appropriate. Borrower further agrees that the failure of its agent for service of process to give it notice of any service of process will not impair or affect the validity of such service or of any judgment based thereon. If, despite the foregoing, there is for any reason no agent for service of process of Borrower available to be served, and if it at that time has no place of business in New York, New York, then Borrower irrevocably consents to service of process by registered or certified mail, postage prepaid, to it at its address given in or pursuant to the first paragraph hereof.

(ii) Borrower initially and irrevocably designates Wachtel & Masyr, LLP, with offices on the date hereof at 110 East 59th Street, New York, New York 10022, to receive for and on behalf of Borrower service of process in New York, New York with respect to this Note.

(b) With respect to any claim or action arising hereunder or under the Security Instrument or the Other Security Documents, Borrower (a) irrevocably submits to the nonexclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York, New York, and appellate courts from any thereof, and (b) irrevocably waives any objection which it may have at any time to the laying on venue of any suit, action or proceeding arising out of or relating to this Note brought in any such court, irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) Nothing in this Note will be deemed to preclude Lender from bringing an action or proceeding with respect hereto in any other jurisdiction.

ARTICLE 18. COUNSEL FEES

In the event that it should become necessary to employ counsel to collect the Debt or to protect or foreclose the security therefor, Borrower also agrees to pay all reasonable fees and expenses of Lender, including, without limitation, reasonable attorney's fees for the services of such counsel whether or not suit be brought.

ARTICLE 19. NOTICES

All notices or other written communications hereunder shall be deemed to have been properly given (i) upon delivery, if delivered in person or by facsimile transmission with receipt acknowledged by the recipient thereof and confirmed by telephone by sender, (ii) one (1) Business Day (defined below) after having been deposited for overnight delivery with any reputable overnight courier service, or (iii) three (3) Business Days after having been

deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

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If to Borrower: Port Richmond Associates LLC
c/o Bryant Development Corp.
2900 Westchester Avenue
Purchase, New York 10577
Attention: Daniel Weinreb
Facsimile No.: (914) 251-1787

With a copy to: Wachtel & Masyr
110 East 59th Street
New York, New York 10022
Attention: Robert Stone, Esq.
Facsimile No.: (212) 909-9490

If to Lender: The Chase Manhattan Bank
c/o Chase Commercial Mortgage Banking Corp.
Servicing Department
380 Madison Avenue
11th Floor
New York, New York 10017
Attention: Janice Smith
Facsimile No.: (212) 622-3553

and

The Chase Manhattan Bank
Legal Department
270 Park Avenue
39th Floor
New York, New York 10017
Attention: Ronald A. Wilcox, Esq.
Facsimile No.: (212) 270-2934

With a copy to: Thacher Proffitt & Wood
Two World Trade Center
New York, New York 10048
Attention: Joseph Philip Forte, Esq.
Facsimile No.: (212) 912-7751

or addressed as such party may from time to time designate by written notice to the other parties.

Either party by notice to the other may designate additional or different addresses for subsequent notices or communications.

"Business Day" shall mean a day upon which commercial banks are not authorized or required by law to close in New York, New York.

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ARTICLE 20. MISCELLANEOUS

(a) Wherever pursuant to this Note (i) Lender exercises any right given to it to approve or disapprove, (ii) any arrangement or term is to be satisfactory to Lender, or (iii) any other decision or determination is to be made by Lender, the decision of Lender to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by Lender, shall be in the sole and absolute discretion of Lender and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

(b) Wherever pursuant to this Note it is provided that Borrower pay any costs and expenses, such costs and expenses shall include, but not be limited to, reasonable legal fees and disbursements of Lender with respect to retained firms.

ARTICLE 21. DEFINITIONS

The terms set forth below are defined in the following Sections of this Note:

(a) Applicable Interest Rate: Article 2;

- (b) Borrower: Preamble, Articles 6 and 11;
- (c) Business Day: Article 19;
- (d) Calculated Payments: Article 5, Section (b);
- (e) Debt: Article 3;
- (f) Default Prepayment: Article 5, Section (d);
- (g) Default Rate: Article 4;
- (h) Discount Rate: Article 5, Section (b);
- (i) Event of Default: Article 3;
- (j) Interest Shortfall Payment: Article 5, Subsection (a)(ii);
- (k) Lender: Preamble and Article 6;
- (l) Loan Year: Article 5, Section (b);
- (m) Maturity Date: Article 1, Section (b);
- (n) Other Security Documents: Article 6;

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- (o) Payment Consideration: Article 5, Subsection (a)(iv);
- (p) Prepayment Date: Article 5, Section (a);
- (q) Property: Article 6;
- (r) Security Instrument: Article 6; and
- (s) Treasury Rate: Article 5, Section (b).

Article 22 - SPECIAL PENNSYLVANIA PROVISIONS

Section 22.1 DEFAULT AND ACCELERATION. Article 3 of this Note entitled "Default and Acceleration" is hereby amended by inserting the following words after "Other Security Documents (collectively, an "Event of Default)":

If Lender retains the services of counsel in order to enforce any remedy available to Lender under this Note, the Security Instrument or any of the Other Security Document, an attorney's commission equal to five percent (5%) of the outstanding principal amount of this Note shall be payable on demand by Borrower to Lender, and Borrower shall also pay on demand the cost of any title search and all other costs incurred by Lender in connection with proceedings to recover any sums due hereunder. Any such amounts not paid promptly on demand shall be added to the outstanding principal amount of this Note, shall bear interest at the Default Rate from the date of such demand until paid in full and shall be secured by the Security Instrument. Borrower shall also pay on demand any actual charge of Lender in connection with the cancellation of this Note and/or the satisfaction of the Security Instrument of record. Nothing contained herein shall limit or impair the obligation of Borrower to pay any and all costs and expenses for which Borrower is otherwise liable under this Note, the Security Instrument or any of the Other Security Document and all costs and expenses provided by law.

[NO FURTHER TEXT ON THIS PAGE]

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IN WITNESS WHEREOF, Borrower has duly executed this Note as of the day and year first above written.

PORT RICHMOND ASSOCIATES LLC, a New
York limited liability company

By: PORT RICHMOND LAND, INC., a New
York corporation, its managing member

By: /s/ Andrew B. Hascoe

Andrew B. Hascoe
President

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

On this, the 2nd day of April, 1998, before me, the subscriber, a Notary Public in and for the State and county aforesaid, personally appeared Andrew B. Hascoe, who acknowledged himself to be President of Port Richmond Land, Ice., a New York corporation, the sole managing member of Port Richmond Associates LLC, a New York limited liability company, who I am satisfied is the person who signed the within instrument and who acknowledged that he executed same as such managing member on behalf of the limited liability company, being authorized to do so, and that the within instrument is the voluntary act and deed of such limited liability company.

WITNESS my hand and seal the day and year aforesaid.

/s/

Notary Public

My Commission Expires:

CAROLYN S. CLYNE
NOTARY PUBLIC, State of New Yorkk
No. 01CL5085811
Qualified in Kings County
Commission Expires September 29, 1999

This instrument prepared by |
and when recorded return to: |
Monica Cunill-Fals, Esquire |
Bilzin Sumberg Dunn Baena |
Price & Axelrod LLP |
2300 First Union Financial Center |
Miami, Florida 33131-2336 |

(Space above for Recorder's use only)

NOTE AND MORTGAGE
ASSUMPTION AGREEMENT
(CSFB 1997-C2; Loan No. 36-0000060)

THIS NOTE AND MORTGAGE ASSUMPTION AGREEMENT ("Agreement") dated as of October __, 2001, among WELLS FARGO BANK MINNESOTA, NATIONAL ASSOCIATION, FORMERLY KNOWN AS NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, AS TRUSTEE FOR CREDIT SUISSE FIRST BOSTON MORTGAGE SECURITIES CORP., COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES SERIES 1997-C2 ("Lender"), having an address at 11000 Broken Land Parkway, Columbia, Maryland 21044-3564, Re: CSFB 1997-C2; Loan No. 36-0000060; WASHINGTON CENTRE SHOPS, L.P., a Delaware limited partnership ("Original Borrower"), having an address c/o Bryant Asset Management, 2900 Westchester Avenue, Purchase, New York 10577; and WASHINGTON CENTER L.L.C. 1, a Delaware limited liability company ("New Borrower"), having an address c/o Cedar Bay Realty Advisors, Inc., 44 South Bayles Avenue, Port Washington, New York 11050. New Borrower's taxpayer identification number is 11-3620386. Original Borrower and New Borrower are hereinafter sometimes collectively referred to as "Borrower Parties".

PRELIMINARY STATEMENT

A. Original Borrower is the current owner of fee title to that certain real property ("Land") and the buildings and improvements thereon ("Improvements"), commonly known as the Washington Center Shops located in the City of Sewell, County of Gloucester, State of New Jersey, more particularly described in Exhibit A attached hereto and made a part hereof (the Land and the Improvements are hereinafter sometimes collectively referred to as the "Project").

B. Lender is the current owner and holder of a loan ("Loan") in the original principal amount of \$6,200,000.00 evidenced by that certain Promissory Note dated November 7, 1997 (the Promissory Note, as same may be renewed, consolidated, replaced, extended, substituted, amended or otherwise modified, shall hereinafter be referred to as the "Note") made by Original Borrower in favor of Credit Suisse First Boston Mortgage Capital LLC ("Original Lender") in the original principal amount of \$6,200,000.00 and secured by, among other things: (i) that certain Mortgage, Assignment of Leases and Rents and Security Agreement dated as of November 7, 1997 ("Mortgage") made by Original Borrower in favor of Original Lender, and

encumbering the Project, recorded in Mortgage Book 3519, at Page 297 in the Gloucester County Clerk's Office, New Jersey ("Records"); (ii) that certain Assignment of Leases and Rents dated as of November 7, 1997 ("Assignment of Rents") made by Original Borrower in favor of Original Lender, recorded in Deed Book 2823, Page 240 in the Records; (iii) that certain Environmental and Hazardous Substance Indemnification Agreement dated as of November 7, 1997 ("Environmental Indemnity") made by Original Borrower in favor of Original Lender; (iv) those certain UCC-1 Financing Statements ("Financing Statements") reflecting Original Borrower, as debtor, and Original Lender, as secured party, recorded under No. 44034 of the Records and filed under File No. 1804981 with the Office of the Secretary of State of New Jersey ("Secretary"); (v) that certain Assignment and Subordination of Management Agreement dated as of November 7, 1997 ("Assignment of Management Agreement") made by Original Borrower and Bryant Development Corporation, Inc. in favor of Original Lender (vi) that certain Cash Management Agreement dated as of November 7, 1997 (the "Cash Management Agreement") made by Original Borrower in favor of Original Lender; and (vii) that certain Operations and Maintenance Agreement dated as of November 7, 1997 (the "Operations and Maintenance Agreement") made by Original Borrower in favor of Original Lender.

C. The Note, Mortgage, Assignment of Rents, Environmental Indemnity, Financing Statements, Assignment of Management Agreement, Cash Management Agreement, Operations and Maintenance Agreement and any and all other agreements, documents and other instruments evidencing, securing or in any manner related to the documents referenced therein shall hereinafter be

collectively referred to as the "Loan Documents."

D. New Borrower desires to purchase the Project from Original Borrower and to assume the obligations of Original Borrower under the Loan Documents.

E. A sale of the Project to and the assumption of the Loan by a third party without the consent of the holder of the Mortgage is prohibited by the terms thereof.

F. The Lender has agreed to consent to the following requested actions ("Requested Actions"): Original Borrower selling the Project to New Borrower and New Borrower assuming all of Original Borrower's obligations under the Loan Documents, on the terms and conditions hereinafter set forth.

In consideration of \$10.00 paid by each of the parties to the other, the mutual covenants set forth below, and other good and valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

ARTICLE 1

ACKNOWLEDGMENTS, WARRANTIES AND REPRESENTATIONS

1.1 Original Borrower Representations. As a material inducement to Lender to enter into this Agreement and to consent to the Requested Actions, Original Borrower acknowledges, warrants, represents and agrees to and with Lender as follows:

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(a) Authority of Original Borrower.

(i) Original Borrower. Original Borrower is a duly organized, validly existing limited partnership in good standing under the laws of the State of Delaware and is duly authorized to transact business in the State of New Jersey. Washington Centre Land, Inc., a Delaware corporation ("Original Borrower General Partner"), is the sole general partner of Original Borrower. Original Borrower General Partner, acting alone without the joinder of any other partner of Original Borrower or any other party, has the power and authority to execute this Agreement on behalf of and to duly bind Original Borrower under this Agreement. The execution and delivery of, and performance under, this Agreement by Original Borrower has been duly and properly authorized pursuant to all requisite partnership action and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to Original Borrower or the certificate of limited partnership or the limited partnership agreement of Original Borrower or (ii) result in a breach of or constitute or cause a default under any indenture, agreement, lease or instrument to which Original Borrower is a party or by which the Project may be bound or affected.

(ii) Original Borrower General Partner. Original Borrower General Partner is a duly organized, validly existing corporation in good standing under the laws of the State of Delaware and is duly authorized to transact business in the State of New Jersey. Andrew B. Hascoe is the President of Original Borrower General Partner. Andrew B. Hascoe, on behalf of Original Borrower General Partner, acting alone without the joinder of any other officer or director of Original Borrower General Partner or any other party, has the power and authority to execute this Agreement on behalf of and to duly bind Original Borrower General Partner and Original Borrower under this Agreement and the Loan Documents. The execution and delivery of, and performance under, this Agreement by Original Borrower General Partner on behalf of Original Borrower has been duly and properly authorized pursuant to all requisite partnership action and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to Original Borrower General Partner or the articles of incorporation or the by-laws of Original Borrower General Partner or (ii) result in a breach of or constitute or cause a default under any indenture, agreement, lease or instrument to which Original Borrower General Partner is a party or by which the Project may be bound or affected.

(b) Compliance with Laws. Original Borrower has not received any written notice from any governmental entity claiming that Original Borrower or the Project is not presently in compliance with any laws, ordinances, rules and regulations bearing upon the use and operation of the Project.

(c) Rent Roll. The Rent Roll ("Rent Roll") attached hereto and made a part hereof as Exhibit B is a true, complete and accurate summary of all tenant leases ("Leases") affecting the Project as of the date of this Agreement.

(d) Leases. The Leases are the only leases affecting the Project and are currently in full force and effect, and unless otherwise indicated in the Rent Roll, are unmodified. Original Borrower has not been notified of any landlord default under any of the Leases that is

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continuing or remains uncured; there are no leasing broker's or finder's commissions of any kind due or to become due with respect to the Leases or the Project; the rents and security deposits under the Leases shown on the Rent Roll are true and correct; Original Borrower has not received any prepaid rents or given any concessions for free or reduced rent under the Leases and will not accept any prepaid rents for more than one month in advance.

(e) Title to Project and Legal Proceedings. Original Borrower is the current owner of fee title in the Project. Except as specifically disclosed to Lender in writing, there are no pending or threatened suits, judgments, arbitration proceedings, administrative claims, executions or other legal of equitable actions or proceedings against Original Borrower or the Project, or any pending or threatened condemnation proceedings or annexation proceedings affecting the Project, or any agreements to convey any portion of the Project, or any rights thereto to any person or entity not disclosed in this Agreement, including, without limitation, any government or governmental agency.

(f) Additional Loans. Neither Original Borrower nor any partner, principal or affiliated entity of Original Borrower currently has any outstanding loans with Lender other than the Loan or makes payments with respect to a loan to First Union National Bank, as servicer.

1.2 Acknowledgments, Warranties and Representations of New Borrower. As a material inducement to Lender to enter into this Agreement and to consent to the Requested Actions, New Borrower acknowledges, warrants, represents and agrees to and with Lender as follows:

(a) Authority of New Borrower.

(i) New Borrower. New Borrower is a duly organized, validly existing limited liability company in good standing under the laws of the State of Delaware and is duly authorized to conduct business in the State of New Jersey. Washington Center L.L.C. 2, a Delaware limited liability company ("New Borrower Sole Member"), is the sole member of New Borrower. New Borrower Sole Member, acting alone without the joinder of any other party, has the power and authority to execute this Agreement on behalf of and to duly bind New Borrower under this Agreement and the Loan Documents. The execution and delivery of, and performance under, this Agreement by New Borrower has been duly and properly authorized pursuant to all requisite company action and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to New Borrower or the articles of organization or the operating agreement of New Borrower or (ii) result in a breach of or constitute or cause a default under any indenture, agreement, lease or instrument to which New Borrower is a party or by which the Project may be bound or affected.

(ii) New Borrower Sole Member. New Borrower Sole Member is a duly organized, validly existing limited liability company in good standing under the laws of the State of Delaware. Cedar Center Holding L.L.C. 3, a Delaware limited liability company ("Cedar LLC"), is the sole member of New Borrower Sole Member. Cedar LLC, acting alone without the joinder of any other party, has the power and authority to execute this Agreement on behalf of and to duly bind New Borrower Sole Member and New Borrower under this Agreement and the Loan Documents. The execution and delivery of, and performance under,

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this Agreement by New Borrower Sole Member on behalf of New Borrower has been duly and properly authorized pursuant to all requisite company action and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to New Borrower Sole Member or the articles of organization or the operating agreement of New Borrower Sole Member or (ii) result in a breach of or constitute or cause a default under any indenture, agreement, lease or instrument to which New Borrower Sole Member is a party or by which the Project may be bound or affected.

(iii) Cedar LLC. Cedar LLC is a duly organized, validly existing limited liability company in good standing under the laws of the State of Delaware. Cedar Income Fund Partnership, L.P., a Delaware limited

partnership ("Cedar Fund L.P."), is the sole member of Cedar LLC. Cedar Fund L.P., acting alone without the joinder of any other partner or party, has the power and authority to execute this Agreement on behalf of and to duly bind Cedar LLC, New Borrower Sole Member and New Borrower under this Agreement and the Loan Documents. The execution and delivery of, and performance under, this Agreement by Cedar LLC has been duly and properly authorized pursuant to all requisite company action and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to Cedar LLC or the articles of organization or the operating agreement of Cedar LLC or (ii) result in a breach of or constitute or cause a default under any indenture, agreement, lease or instrument to which Cedar LLC is a party or by which the Project may be bound or affected.

(iv) Cedar Fund L.P. Cedar Fund L.P. is a duly organized, validly existing limited partnership in good standing under the laws of the State of Delaware. Cedar Income Fund, Ltd., a Maryland corporation ("Cedar Fund Ltd."), is the managing general partner of Cedar Fund L.P. Cedar Fund Ltd., acting alone without the joinder of any other partner or party, has the power and authority to execute this Agreement on behalf of and to duly bind Cedar Fund L.P., Cedar LLC, New Borrower Sole Member and New Borrower under this Agreement and the Loan Documents. The execution and delivery of, and performance under, this Agreement by Cedar Fund L.P. has been duly and properly authorized pursuant to all requisite company action and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to Cedar Fund L.P. or the limited partnership agreement or the certificate of limited partnership of Cedar Fund L.P. or (ii) result in a breach of or constitute or cause a default under any indenture, agreement, lease or instrument to which Cedar Fund L.P. is a party or by which the Project may be bound or affected.

(v) Cedar Fund Ltd. Cedar Fund Ltd. is a duly organized, validly existing corporation in good standing under the laws of the State of Maryland. Leo S. Ullman, the President of Cedar Fund Ltd., acting alone without the joinder of any other officer or party, has the power and authority to execute this Agreement on behalf of and to duly bind Cedar Fund Ltd., Cedar Fund L.P., Cedar LLC, New Borrower Sole Member and New Borrower under this Agreement and the Loan Documents. The execution and delivery of, and performance under, this Agreement by Cedar Fund Ltd. has been duly and properly authorized pursuant to all requisite company action and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to Cedar Fund Ltd. or the articles of incorporation or by-laws of Cedar Fund Ltd. or

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(ii) result in a breach of or constitute or cause a default under any indenture, agreement, lease or instrument to which Cedar Fund Ltd. is a party or by which the Project may be bound or affected.

(b) Financial Statements. The financial statements and other information ("Financial Statements") of Cedar Fund L.P. which have been previously delivered to Lender are true, complete and accurate in every material respect and accurately represent the financial condition of Cedar Fund L.P. as of the date thereof. There has not been any material adverse change to the financial condition of Cedar Fund L.P. between the date of the Financial Statements and the date of this Agreement. New Borrower acknowledges that the Financial Statements have been provided to Lender to induce Lender to enter into this Agreement and are being relied upon by Lender for such purposes.

(c) Bankruptcy Proceedings. Neither New Borrower nor any of New Borrower's partners, members, officers, shareholders or directors or other entities which may be owned or controlled directly or indirectly by New Borrower or its partners, members, officers, shareholders or directors ("Related Entities") has been a party to any Debtor Proceeding (as hereinafter defined) within seven (7) years prior to the date of this Agreement.

(d) Defaults on Other Indebtedness. Neither of New Borrower nor any Related Entities has materially defaulted under its or their obligations with respect to any other indebtedness, and, with respect to immaterial defaults by New Borrower or any Related Entities under its or their obligations with respect to any other indebtedness, such immaterial defaults have been cured prior to the date of this Agreement.

(e) Title to Project and Legal Proceedings. There are no pending or, to the best of New Borrower's knowledge, threatened suits, judgments, arbitration proceedings, administrative claims, executions or other legal or equitable actions or proceedings against New Borrower, New Borrower Sole Member, Cedar LLC, Cedar Fund L.P. and Cedar Fund Ltd.

(f) New Borrower's Organizational Documents. New Borrower is in compliance with, and its organizational documents do not conflict with, any of the requirements of Paragraph 12 of the Mortgage. New Borrower is not in violation and will not violate of any of the terms, covenants, conditions or other provisions of its organizational documents or the single purpose entity requirements set forth in the Loan Documents.

(g) Assets of New Borrower. The only assets of New Borrower are the Project and cash or cash equivalents.

(h) Management of Project. New Borrower is entering into that certain Property Management Agreement with Brentway Management LLC, a New York limited liability company ("Project Manager"), for the management of the Project (the "New Management Agreement"). The term "Management Agreement" in the Loan Documents shall hereafter refer to the New Management Agreement. New Borrower covenants and agrees to comply with all terms and conditions of the Loan Documents concerning the management of the Project, including without limitation the obligation to obtain Lender's consent to the management of the Project by any entity other than Project Manager.

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(i) Loans to Related Entities. There are no loans payable by New Borrower to any partners, members, officers, directors or shareholders of New Borrower or Related Entities.

(j) New Borrower Parties' Interests. Neither of New Borrower nor any of its partners, members, officers, directors or shareholders is obtaining a loan to finance its interest in New Borrower or the Project or pledging its interest in New Borrower to any party, and none of New Borrower's partners, members, officers, directors or shareholders have any right to take over control from any of such other partners, members, officers, directors or shareholders.

(k) Additional Loans. Neither New Borrower nor any member, partner, principal or affiliated entity of New Borrower currently has any outstanding loans with Lender or makes payments with respect to a loan to First Union National Bank, as servicer.

1.3 Acknowledgments, Warranties and Representations of Borrower Parties. As a material inducement to Lender to enter into this Agreement and to consent to the Requested Actions, Borrower Parties acknowledge, warrant, represent and agree to and with Lender as follows:

(a) Indebtedness. As of September 17, 2001, the outstanding principal balance of the Loan was \$5,986,155.14, and the following escrow and reserve balances (collectively, "Escrow Balances") are being held by Lender: (i) a tax escrow balance of \$24,234.45; and (ii) a replacement reserve escrow balance of \$190,884.66 (the "Replacement Escrow").

Further, Borrower Parties acknowledge and agree that Lender will continue to hold the Escrow Balances for the benefit of New Borrower in accordance with the terms of the Loan Documents. In the event of an error or omission of the foregoing information, Lender does not in any way prejudice its right and entitlement to all monies lawfully due Lender.

(b) Loan Documents. The Loan Documents constitute valid and legally binding obligations of Original Borrower and, from and after the date hereof, are valid and legally binding obligations of New Borrower, enforceable against Original Borrower, New Borrower and the Project in accordance with their terms. Borrower Parties have no defenses, setoffs, claims, counterclaims or causes of action of any kind or nature whatsoever against Lender or any of Lender's officers, directors, servicers or predecessors in interest with respect to (i) the Loan, (ii) the Loan Documents, (iii) the "Indebtedness" (as such term is defined in the Mortgage), (iv) any other documents or instruments now or previously evidencing, securing or in any way relating to the Loan, (v) the administration or funding of the Loan or (vi) the development, operation or financing of the Project. To the extent any of Borrower Parties would be deemed to have any such defenses, setoffs, claims, counterclaims or causes of action, Borrower Parties knowingly waive and relinquish them. New Borrower acknowledges that it has received copies of all of the Loan Documents.

(c) Bankruptcy. None of Borrower Parties has any intent to (i) file any voluntary petition under any Chapter of the Bankruptcy Code, Title 11, U.S.C.A. ("Bankruptcy Code"), or in any manner to seek any proceeding for relief, protection, reorganization, liquidation, dissolution or similar relief for debtors ("Debtor Proceeding") under any local, state,

federal or other insolvency law or laws providing relief for debtors or (ii) directly or indirectly to cause any involuntary petition under any Chapter of the Bankruptcy Code to be filed against any of Borrower Parties or (iii) directly or indirectly to cause the Project or any portion or any interest of any of Borrower Parties in the Project to become the property of any bankrupt estate or the subject of any Debtor Proceeding.

(d) No Default. To Original Borrower's knowledge, New Borrower's actual knowledge and Lender's knowledge, no event, fact or circumstance has occurred or failed to occur which constitutes, or with the lapse or passage of time, giving of notice or both, could constitute a default as such term is defined in the Mortgage.

(e) Compliance with Laws. To Original Borrower's knowledge, all permits, licenses or other evidences of authority to use and operate the Project as it is presently being operated and as contemplated by the Loan Documents are current, valid and in full force and effect.

(f) Further Assurances. Borrower Parties shall execute and deliver to Lender such agreements, instruments, documents, financing statements and other writings as may be requested from time to time by Lender to perfect and to maintain the perfection of Lender's security interest in and to the Project, and to consummate the transactions contemplated by or in the Loan Documents and this Agreement.

1.4 Reaffirmations. Original Borrower reaffirms, and, to the best of New Borrower's knowledge, New Borrower affirms and confirms the truth and accuracy of all representations and warranties set forth in the Loan Documents as if made on the date hereof. Original Borrower acknowledges and agrees that nothing contained in this Agreement, nor the Requested Actions, shall release or relieve Original Borrower from its obligations, agreements, duties, liabilities, covenants and undertakings under the Loan Documents arising prior to the date hereof, provided, however, by its execution hereof, Lender hereby releases Original Borrower for any acts or events occurring or obligations arising under the Loan Documents (with the exception of the Environmental Indemnity, the provisions for the release of Original Borrower being set forth in the Reaffirmation of Environmental and Hazardous Substance Indemnification Agreement and Consent of Indemnitor being executed in connection herewith, and the Environmental Remediation Agreement being executed in connection herewith) after the date of the closing of the purchase and sale of the Property and the assumption of the loan by New Borrower.

ARTICLE 2

COVENANTS OF BORROWER PARTIES

Borrower Parties covenant and agree with Lender that:

2.1 Assumption of Loan. New Borrower hereby assumes the indebtedness due under the Note and all of Original Borrower's other obligations, as grantor, mortgagor, borrower, trustor, indemnitor, guarantor, or maker, as the case may be, under the Loan Documents to the same extent as if New Borrower had signed such instruments. New Borrower agrees to comply with and be bound by all the terms, covenants and agreements, conditions and provisions set forth in the Loan Documents.

2.2 Assumption Fee. Simultaneously with or prior to the execution hereof, any or both of Borrower Parties shall pay to or has paid Lender: (i) a transfer fee equal to \$59,861.55, which is 1% of the outstanding principal balance of the Loan; and (ii) an administration and recording fee equal to \$125.00, each of which Borrower Parties agree are fees for new consideration and are not interest charged in connection with the Loan.

2.3 Release and Covenant Not To Sue. Borrower Parties, jointly and severally, on behalf of themselves and all of their respective heirs, successors and assigns, remise, release, acquit, satisfy and forever discharge Lender or any of Lender's predecessors in interest and any subsidiary or affiliate of Lender or any of Lender's predecessors in interest, and all of the past, present and future officers, directors, contractors, employees, agents, servicers (including, but not limited to, Lennar Partners, Inc.), attorneys, representatives, participants, successors and assigns of Lender and Lender's predecessors in interest (collectively, "Lender Parties") from any and all manner of debts, accountings, bonds, warranties, representations, covenants, promises, contracts, controversies, agreements, liabilities, obligations, expenses, damages, judgments, executions, actions, inactions, claims, demands

and causes of action of any nature whatsoever, at law or in equity, known or unknown, either now accrued or subsequently maturing, which any of Borrower Parties now has or hereafter can, shall or may have by reason of any matter, cause or thing, from the beginning of the world to and including the date of this Agreement, including, without limitation, matters arising out of or relating to (a) the Loan, including, but not limited to, its administration or funding, (b) the Loan Documents, (c) the Debt (as defined in the Mortgage) and as otherwise described in the Loan Documents, (d) the Indebtedness described in Section 1.3 hereof, (e) any other agreement or transaction between any of Borrower Parties and any of Lender Parties, and (f) the Project or its development, financing and operation. Borrower Parties, jointly and severally, for themselves and all of their respective heirs, successors and assigns, covenant and agree never to institute or cause to be instituted or continue prosecution of any suit or other form of action or proceeding of any kind or nature whatsoever against any of Lender Parties by reason of or in connection with any of the foregoing matters, claims or causes of action.

2.4 Same Indebtedness; Priority of Liens Not Affected. This Agreement and the execution of other documents contemplated hereby do not constitute the creation of a new debt or the extinguishment of the debt evidenced by the Loan Documents, nor will they in any way affect or impair the liens and security interests created by the Loan Documents, which New Borrower acknowledges to be valid and existing liens and security interests in the Project. New Borrower agrees that the lien and security interests created by the Mortgage continue to be in full force and effect, unaffected and unimpaired by this Agreement or by the transfer of the Project or any collateral described in financing statements filed in connection with the Loan Documents and that said liens and security interests shall so continue in their perfection and priority until the debt secured by the Loan Documents is fully discharged.

2.5 Payment of Transaction Costs and Expenses. Any or both of Borrower Parties shall pay at the time of execution of this Agreement by Lender: (i) the legal fees and disbursements of Lender's counsel, Bilzin Sumberg Dunn Baena Price & Axelrod LLP, in connection with the preparation of this Agreement and the transactions contemplated in this Agreement; (ii) all recording costs and documentary stamps, or other taxes if any, due upon the recording of this Agreement; and (iii) the costs of updating Lender's policy of title insurance

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insuring the Mortgage to a current date and endorsing such policy to include this Agreement in the description of the Mortgage with no additional exceptions, or, at Lender's option, the cost of obtaining a new Lender's policy of title acceptable to Lender insuring the Mortgage as affected by this Agreement.

ARTICLE 3

ADDITIONAL PROVISIONS

3.1 Consent of Lender. Subject to the terms of this Agreement, Lender hereby consents to the Requested Actions. Borrower Parties agree that this Agreement shall not be deemed an agreement by Lender to consent to any other transfer or conveyance of the Project or assumption of the Loan, or a consent to any secondary financing or secondary encumbrance on the Project or New Borrower or any interests in New Borrower.

3.2 Additional Documents. Contemporaneously with the execution and delivery of this Agreement and as a material inducement to Lender to enter into this Agreement: (a) Original Borrower and New Borrower shall have executed and delivered to Lender UCC Statements of Change amending the Financing Statements for recording with the Records and with the Secretary to add New Borrower as an additional debtor; (b) New Borrower shall have executed and delivered to Lender UCC-1 Financing Statement for filing with the Secretary of State of Delaware; (c) Original Borrower shall have executed and delivered to Lender a Reaffirmation of Hazardous Materials Indemnity Agreement and Consent of Indemnitor; (d) New Borrower, Cedar Fund L.P. and Cedar Fund Ltd. shall have executed and delivered to Lender an Environmental and Hazardous Substance Indemnification Agreement; (e) Original Borrower and New Borrower shall have executed and delivered to Lender an Environmental Remediation Agreement; and (f) New Borrower and Project Manager shall have executed and delivered an Assignment and Subordination of Management Agreement, all in form acceptable to Lender.

3.3 References to Loan Documents. All references to the term "Loan Documents" in the Mortgage, the Assignment of Rents and the other Loan Documents shall hereinafter mean and refer to: (i) all of the Loan Documents described therein; (ii) this Agreement; and (iii) any and all other agreements, documents and other instruments evidencing, securing or in any manner related to the documents executed in connection with or otherwise pertaining to this Agreement.

ARTICLE 4

MISCELLANEOUS PROVISIONS

4.1 No Limitation of Remedies. No right, power or remedy conferred upon or reserved to or by Lender in this Agreement is intended to be exclusive of any other right, power or remedy conferred upon or reserved to or by Lender under this Agreement, the Loan Documents or at law, but each and every remedy shall be cumulative and concurrent, and shall be in addition to each and every other right, power and remedy given under this Agreement, the Loan Documents or now or subsequently existing at law.

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4.2 No Waivers. Except as otherwise expressly set forth in this Agreement, nothing contained in this Agreement shall constitute a waiver of any rights or remedies of Lender under the Loan Documents or at law. No delay or failure on the part of any party hereto in the exercise of any right or remedy under this Agreement shall operate as a waiver, and no single or partial exercise of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. No action or forbearance by any party hereto contrary to the provisions of this Agreement shall be construed to constitute a waiver of any of the express provisions. Any party hereto may in writing expressly waive any of such party's rights under this Agreement without invalidating this Agreement.

4.3 Successors or Assigns. Whenever any party is named or referred to in this Agreement, the heirs, executors, legal representatives, successors, successors-in-title and assigns of such party shall be included. All covenants and agreements in this Agreement shall bind and inure to the benefit of the heirs, executors, legal representatives, successors, successors-in-title and assigns of the parties, whether so expressed or not.

4.4 Construction of Agreement. Each party hereto acknowledges that it has participated in the negotiation of this Agreement and no provision shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured, dictated or drafted such provision. Borrower Parties at all times have had access to an attorney in the negotiation of the terms of and in the preparation and execution of this Agreement. Borrower Parties have had the opportunity to review and analyze this Agreement for a sufficient period of time prior to execution and delivery. No representations or warranties have been made by or on behalf of Lender, or relied upon by Borrower Parties, pertaining to the subject matter of this Agreement, other than those set forth in this Agreement. All prior statements, representations and warranties, if any, are totally superseded and merged into this Agreement, which represent the final and sole agreement of the parties with respect to the subject matters. All of the terms of this Agreement were negotiated at arm's length, and this Agreement was prepared and executed without fraud, duress, undue influence or coercion of any kind exerted by any of the parties upon the others. The execution and delivery of this Agreement is the free and voluntary act of Borrower Parties.

4.5 Invalid Provision to Affect No Others. If, from any circumstances whatsoever, fulfillment of any provision of this Agreement or any related transaction at the time performance of such provision shall be due, shall involve transcending the limit of validity presently prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity. If any clause or provision operates or would prospectively operate to invalidate this Agreement, in whole or in part, then such clause or provision only shall be deemed deleted, as though not contained, and the remainder of this Agreement shall remain operative and in full force and effect.

4.6 Notices. Except as otherwise specifically provided to the contrary, any and all notices, elections, approvals, consents, demands, requests and responses ("Communications") permitted or required to be given under this Agreement and the Loan Documents shall not be effective unless in writing, signed by or on behalf of the party giving the same, and sent by certified or registered mail, postage prepaid, return receipt requested, or by hand delivery or

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overnight courier service (such as Federal Express), to the party to be notified at the address of such party set forth below or at such other address within

the continental United States as such other party may designate by notice specifically designated as a notice of change of address and given in accordance with this Section. Any Communications shall be effective upon the earlier of their receipt or three days after mailing in the manner indicated in this Section. Receipt of Communications shall occur upon actual delivery but if attempted delivery is refused or rejected, the date of refusal or rejection shall be deemed the date of receipt. Any Communication, if given to Lender, must be addressed as follows, subject to change as provided above:

Wells Fargo Bank Minnesota, National
Association, formerly known as Norwest Bank
Minnesota, National Association, as Trustee
for Credit Suisse First Boston Mortgage
Securities Corp., Commercial Mortgage
Pass-Through Certificates Series 1997-C2
c/o First Union National Bank
Capital Markets Group
Structured Products Servicing
8739 Research Drive, URP4
NC 1075
Charlotte, North Carolina 28262-1075
Attn: Lisa Traylor
Re: CSFB 1997-C2; Loan No. 36-0000060

With a copy to: Lennar Partners, Inc.
760 N.W. 107th Avenue, Suite 400
Miami, Florida 33172
Attn: Director of Servicing
Re: CSFB 1997-C2; Loan No. 36-0000060

and, if given to Original Borrower, must be addressed as follows, notwithstanding any other address set forth in the Loan Documents to the contrary, subject to change as provided above:

Washington Centre Shops, L.P.
c/o Bryant Asset Manager
2900 Westchester Avenue
Purchase, New York 10577
Attn: Andrew B. Hascoe
Facsimile: (914) 701-4310

With a copy to: Pryor Cashman Sherman & Flynn LLP
410 Park Avenue
New York, New York 10022
Attn: Ronald B. Kremnitzer, Esquire
Facsimile: (212) 326-0806

and, if given to New Borrower, must be addressed as follows, subject to change as provided above:

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Washington Center L.L.C. 1
c/o Cedar Bay Realty Advisors, Inc.
44 South Bayles Avenue
Port Washington, New York 11050
Facsimile: (516) 767-6497

With a copy to: Stuart H. Widowski, Esquire
Cedar Bay Realty Advisors, Inc.
44 South Bayles Avenue
Port Washington, New York 11050
Facsimile: (516) 767-6497

4.7 Governing Law. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of New Jersey.

4.8 Headings; Exhibits. The headings of the articles, sections and subsections of this Agreement are for the convenience of reference only, are not to be considered a part of this Agreement and shall not be used to construe, limit or otherwise affect this Agreement.

4.9 Modifications. The terms of this Agreement may not be changed, modified, waived, discharged or terminated orally, but only by an instrument or instruments in writing, signed by the Party against whom the enforcement of the change, modification, waiver, discharge or termination is asserted.

4.10 Time of Essence; Consents. Time is of the essence of this Agreement and the Loan Documents. Any provisions for consents or approvals in

this Agreement shall mean that such consents or approvals shall not be effective unless in writing and executed by Lender.

4.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same instrument.

4.12 WAIVER OF TRIAL BY JURY. ORIGINAL BORROWER, NEW BORROWER AND LENDER HEREBY AGREE NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT OR THE LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY ORIGINAL BORROWER, NEW BORROWER AND LENDER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. ORIGINAL BORROWER, NEW BORROWER AND LENDER ARE HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER.

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The parties have executed and delivered this Agreement as of the day and year first above written.

Witnesses: LENDER:
WELLS FARGO BANK MINNESOTA,
NATIONAL ASSOCIATION, FORMERLY
KNOWN AS NORWEST BANK MINNESOTA,
NATIONAL ASSOCIATION, AS TRUSTEE FOR
CREDIT SUISSE FIRST BOSTON MORTGAGE
SECURITIES CORP., COMMERCIAL MORTGAGE
PASS-THROUGH CERTIFICATES SERIES
1997-C2

By: Lennar Partners, Inc., as attorney-in-fact

/s/ Robert Gellman

Print Name: Robert Gellman
By: /s/ Ronald E. Schrager (SEAL)

Name: Ronald E. Schrager
Title: Vice President

/s/ Isaura Scandecca

Print Name: Isaura Scandecca

STATE OF FLORIDA)
) SS.:
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me, a notary public this 25th day of September, 2001, by Ronald E. Schrager, as Vice President of Lennar Partners, Inc., a Florida corporation, on behalf of said corporation as attorney-in-fact for WELLS FARGO BANK MINNESOTA, NATIONAL ASSOCIATION, FORMERLY KNOWN AS NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, AS TRUSTEE FOR CREDIT SUISSE FIRST BOSTON, MORTGAGE SECURITIES CORP., COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES SERIES 1997-C2 on behalf of the trust. He/She is personally known to me or has produced a driver's license as identification.

/s/ Genevieve M. Jouanny

Notary Public
My Commission Expires:

May 31, 2005

[SEAL] GENEVIEVE M. JOUANNY
Notary Public State of Florida
My Commission Expires May 31, 2005
Commission #DD030396

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Witnesses:

ORIGINAL BORROWER:

/s/ Samson R. Bechkoff

Print Name: Samson R. Bechkoff

By: WASHINGTON CENTRE SHOPS, L.P.,
a Delaware limited partnership

/s/ Janice Castillo

Print Name: Janice Castillo

By: /s/ Andrew B. Hascoe

Andrew B. Hascoe, President

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

BE IT REMEMBERED, that on this 28th day of September, 2001, before me, the subscriber, personally appeared Andrew B. Hascoe, who, I am satisfied, is the person who signed the within instrument as President of Washington Centre Land, Inc., a Delaware corporation, the general partner of Washington Centre Shops, L.P., the Delaware limited partnership named therein, and this person thereupon acknowledged that the said instrument made by said limited partnership was signed, sealed and delivered by this person as such officer and is the voluntary act and deed of the limited partnership.

/s/ Sheila M. DuPell

NOTARY PUBLIC

SHEILA M. DUPELL
Notary Public, State of New York
No. 4998045
Qualified in Westchester County
Commission Expires June 22, 2002

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Witnesses:

NEW BORROWER:

WASHINGTON CENTER L.L.C. 1, a Delaware
limited Liability company

By: Washington Center L.L.C. 2, a Delaware
limited liability company, its sole
member

By: Cedar Center Holdings L.L.C. 3,
a Delaware limited liability company,
its sole member

By: Cedar Income Fund, Ltd., a
Maryland corporation, its
managing general partner

/s/ John P Fasciano

Print Name: John P Fasciano

By: /s/ Brenda J. Walker

Brenda J. Walker
Vice President

/s/ Stuart H. Widowski

Print Name: Stuart H. Widowski

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

BE IT REMEMBERED, that on this 4th day of October, 2001, before me, the subscriber, personally appeared Brenda J. Walker, who, I am satisfied, is the person who signed the within instrument as Vice President of Cedar

Income Fund, Ltd., a Maryland corporation, the managing general partner of Cedar Income Fund Partnership, L.P., a Delaware limited partnership, the sole member of Cedar Center Holdings L.L.C. 3, a Delaware limited liability company, the sole member of Washington Center L.L.C. 2, a Delaware limited liability company, the sole member of Washington Center L.L.C. 1, a Delaware limited liability company, the limited liability company named therein, and this person thereupon acknowledged that the said instrument made by said limited liability company was signed, sealed and delivered by this person as such officer and is the voluntary act and deed of the limited liability company.

MONIQUE SAGE
Notary Public, State of New York
No. 01SA4777890
Qualified in New York County
Commission Expires on August 31, 2002

/s/ Monique Sage

NOTARY PUBLIC

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EXHIBIT A

LEGAL DESCRIPTION

Land Title Agency, Inc.
464 Valley Brook Avenue
Lyndhurst, NJ 07071
(209)804-8844

Title No. 01-LT-0242

DESCRIPTION

ALL that certain tract or parcel of land and premises, situate, lying and being in the Township of Washington, in the County of Gloucester, and State of New Jersey, more particularly described as follows:

PARCEL 1

BEGINNING as a monumented point for corner in the division line of lands N/F Getty Oil Company, Lot 5-B, Block 193, and lands N/F R and J Contarino Brothers, Lot 5-A, Block 193, said point being the southwesterly right-of-way line of Egg Harbor Road (70 feet wide) (County Route #40), said point being located the following two courses from the centerline intersection of Egg Harbor Road and Greentree Road (70 feet wide) (County Route #113):

- A) Proceeding from said intersection, South 25 degrees 04 minutes 16 seconds East, along the centerline of Egg Harbor Road, a distance of 198.86 feet to a point in Egg Harbor Road; thence
 - B) Along the division line of 5-A and 5-B extended, South 56 degrees 24 minutes 00 seconds West, a distance of 35.39 feet to a concrete monument in the southwesterly right-of-way line of Egg Harbor Road and the place of beginning, and extending from said point of beginning; thence
- 1) Along the southwesterly right-of-way line of Egg Harbor Road, South 25 degrees 04 minutes 16 seconds East, a distance of 972.77 feet to a point;
 - 2) South 64 degrees 55 minutes 00 seconds West, a distance of 619.67 feet to a point; thence
 - 3) North 25 degrees 05 minutes 00 seconds West, a distance of 400.00 feet to a point; thence
 - 4) North 64 degrees 55 minutes 00 seconds East, a distance of 130.00 feet to a point of curvature; thence
 - 5) Along said curve turning to the left, along a radius of 30.00 feet, an arc distance of 47.12 feet to a point of tangency; thence
 - 6) North 25 degrees 05 minutes 00 seconds West, 258.34 feet to a point for angle; thence

(Continued)

Title No. 01-LT-0242

- 7) North 69 degrees 55 minutes 22 seconds West, 100.00 feet to a point for angle; thence
- 8) North 33 degrees 32 minutes 00 seconds West, 295.00 feet to a point for corner in the southerly right-of-way line of Greentree Road, aforementioned; thence
- 9) Along said right-of-way line, North 56 degrees 28 minutes 00 seconds East, 254.42 feet to a point for corner, thence
- 10) South 33 degrees 36 minutes 00 seconds East, 186.82 feet to a monumented point for corner in the division line of lands N/F Richard Leslie, Lot 5, Block 193; thence
- 11) Still along lands of aforesaid Richard Leslie, North 56 degrees 24 minutes 00 seconds East, 180.00 feet to a monumented point for corner in same; thence
- 12) Along lands N/F Richard Leslie, North 25 degrees 09 minutes 00 seconds West, 25.00 feet to a monumented point for corner in the division line of lands N/F Getty Oil Company, Lot 5-B, Block 193; thence
- 13) North 56 degrees 24 minutes 00 seconds East, 117.73 feet to a monumented point for corner in the southwesterly right-of-way line of Egg Harbor Road, said point being the point and place of BEGINNING:

FOR INFORMATION ONLY:

Being known as Lot 5.41 in Block 193 on the Official Tax Map of the Township of Washington in the County of Gloucester and State of New Jersey.

Being also known as 415 Egg Harbor Road.

PARCEL 2

BEGINNING at a point in the centerline of Egg Harbor Road (70 feet wide), said point being measured South 25 degrees 04 minutes 16 seconds East, along said centerline, a distance of 198.86 feet from a point forming the intersection of the centerline of Egg Harbor Road with the centerline of Greentree Road (70 feet wide), said beginning point also being in the extended division line between N/F of Getty Oil Co. and lands N/F of American Stores Realty Corp.; and from said point thence:

(Continued)

Land Title Agency, Inc.
464 Valley Brook Avenue Suite 2R Lyndhurst, New Jersey 07071
(201) 804-8844 Fax (201) 804-9501

Title No. 01-LT-0242

- 1) South 25 degrees 04 minutes 16 seconds East, along the centerline of said Egg Harbor Road, a distance of 1172.50 feet to a point in the extended division line between lands N/F of American Stores Realty Corp. and lands N/F of Joseph Devine; thence
- 2) South 50 degrees 00 minutes 14 seconds West, along said division line of lands, a distance of 753.47 feet to a point in the division line between lands N/F of Joseph Devine, lands N/F of Washington Township Board of Education, and lands N/F of American Stores Realty Corp.; thence
- 3) North 45 degrees 15 minutes 46 seconds West, along the division line between lands N/F of Washington Township Board of Education, lands N/F of Bunker Hill Presbyterian Church, and lands N/F of American Stores Realty Corp, a distance of 1442.45 feet to a point in the centerline of Greentree Road; thence
- 4) North 51 degrees 58 minutes 15 seconds East, along the centerline of Greentree Road, a distance of 368.97 feet to an angle point in same; thence

- 5) North 56 degrees 28 minutes 00 seconds East, still along the centerline of Greentree Road, a distance of 509.60 feet to a point in the extended division line between lands N/F of Leslie Richards and lands N/F of American Stores Realty Corp.; thence
- 6) South 33 degrees 36 minutes 00 seconds East, along said division line, a distance of 221.82 feet to a point in same; thence
- 7) North 56 degrees 24 minutes 00 seconds East, still along said division line, a distance of 180.00 feet to a point in same; thence
- 8) North 25 degrees 09 minutes 00 seconds West, still along said division line, a distance of 25.00 feet to a point in the division line between lands N/F of Leslie Richards, lands N/F of Getty Oil Co., and lands N/F of American Stores Realty Corp.; thence
- 9) North 56 degrees 24 minutes 00 seconds East, along the division line of lands N/F of Getty Oil Co., and lands N/F of American Stores Realty Corp., a distance of 153.12 feet to a point in the centerline of Egg Harbor Road, being the point and place of BEGINNING.

EXCEPTING and reserving therefrom and thereout, the following described parcel of land:

BEGINNING at a point in the centerline of Egg Harbor Road, County Road #40 (70.00 feet wide), said point being the following courses from the intersecting centerlines of said Egg Harbor Road and Greentree Road, County Route #113 (70.00 feet wide); thence

(Continued)

 Land Title Agency, Inc.
 464 Valley Brook Avenue Suite 2R Lyndhurst, New Jersey 07071
 (201) 804-8844 Fax (201) 804-9501

Title No. 01-LT-0242

- A) Along said centerline of Egg Harbor Road, South 25 degrees 04 minutes 16 seconds East, 198.86 feet to a point in same and said point of beginning, thence
- 1) Still along said centerline, South 25 degrees 04 minutes 16 seconds East, 978.00 feet to a point; thence
- 2) Leaving said centerline, South 64 degrees 55 minutes 00 seconds West, 654.67 feet to a point for corner; thence
- 3) North 25 degrees 05 minutes 00 seconds West, a distance of 400.00 feet to a point; thence
- 4) North 64 degrees 55 minutes 00 seconds East, a distance of 130.00 feet to a point of curvature, thence
- 5) Along said curve turning to the left, along a radius of 30.00 feet, an arc distance of 47.12 feet to a point of tangency; thence
- 6) North 25 degrees 05 minutes 00 seconds West, 258.34 feet to a point for angle; thence
- 7) North 69 degrees 55 minutes 22 seconds West, 100.00 feet to a point for angle; thence
- 8) North 33 degrees 32 minutes 00 seconds West, 330.00 feet to the centerline of Greentree Road, aforementioned; thence
- 9) Along said centerline, North 56 degrees 28 minutes 00 seconds East, 254.38 feet to a point; thence
- 10) Leaving said centerline, South 33 degrees 36 minutes 00 seconds East and passing over a concrete monument set 0.74 feet North of the southerly right-of-way of Greentree Road, 221.82 feet to a monumented point for corner in the division line of lands N/F Richard Leslie, Lot 5, Block 193; thence
- 11) Still along lands of aforesaid Richard Leslie, North 56 degrees 24 minutes 00 seconds East, 180.00 feet to a monumented point for corner in same; thence
- 12) Along lands N/F Richard Leslie, North 25 degrees 09 minutes 00 seconds West, 25.00 feet to a monumented point for corner in the division line of lands N/F Getty Oil Company, Lot 5B, Block 193; thence

(Continued)

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Title No. 01-LT-0242

- 13) North 56 degrees 24 minutes 00 seconds East, and passing over a mounmented point set 3.12 feet West of the southwesterly right-of-way line of Egg Harbor Road, 153.12 feet to a point in the centerline of Egg Harbor Road, said point being the point and place of BEGINNING.

FOR INFORMATION ONLY:

Being known as Lot 6 in Block 193 on the Official Tax Map of the Township of Washington in the County of Gloucester and State of New Jersey.

Excluding from the above two parcels premises as set forth in Notice of Lis Pendens in Book 19, page 347; Declaration of Taking in Deed Book 2816, page 25; Notice of Lis Pendens in Book 20, page 65; and Declaration of Taking in Deed Book 2915, page 253.

The above two parcels are described pursuant to a survey drawn by Albert N. Floyd and Son, Land Surveyors, dated October 28, 1996, and last revised June 8, 2001, as follows:

BEGINNING at a point in the new right-of-way of Egg Harbor Road (County Route 630) variable width, in the division line between Lot 5.01 and Lot 5.02 (lands N/F Power Test Realty Co., Ltd. Partnership), Block 193 on the official tax map, said point being the following two courses from a point in the centerline of Greentree Road (County Route 651) 70 feet wide;

- A) South 25 degrees 04 minutes 16 seconds East along the centerline of Egg Harbor Road, a distance of 198.86 feet to a point and corner, thence
 - B) South 56 degrees 24 minutes West along the division line between Lot 5.01 and Lot 5.02, Block 193, on the official tax map, a distance of 50.56 feet to the point and place of beginning; thence
- 1) South 25 degrees 04 minutes 16 seconds East along said right-of-way line of Egg Harbor Road, a distance of 677.00 feet to a point and corner in same; thence
 - 2) North 64 degrees 55 minutes 44 seconds East along same, a distance of 10.00 feet to a point and corner, thence
 - 3) South 25 degrees 04 minutes 16 seconds East along same, a distance of 293.52 feet to a point and corner; thence

(Continued)

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Title No. 01-LT-0242

- 4) South 64 degrees 55 minutes 00 seconds West, a distance of 4.00 feet to a point and corner; thence
- 5) South 25 degrees 04 minutes 16 seconds East along the said right-of-way line of Egg Harbor Road, a distance of 206.22 feet to a point in the division line between Lot 6.01 (lands N/F K.M. Connor) and Lot 6, Block 193; thence
- 6) South 50 degrees 00 minutes 14 seconds West along last-mentioned division line, a distance of 707.93 feet to a point in the division line between

Lot 6 and Lot 2.07 (leads N/F Washington Township Board of Education),
Block 193; thence

- 7) North 45 degrees 15 minutes 46 seconds West along the division line between Lot 6 and Lot Nos. 2.07 (lands N/F Washington Township Board of Education), 2.06 (lands N/F M.U.A.), 2.07 (aforementioned), and Lots 2.05 and 4.06 (lands N/F Bunker Hill Presbyterian Church, Block 193, a distance of 1398.10 feet to a point in the new right-of-way line of Greentree Road; thence
- 8) North 53 degrees 06 minutes 23 seconds East along the new right-of-way line of Greentree Road, a distance of 483.63 feet to a point; thence
- 9) South 33 degree 32 minutes 00 seconds East, a distance of 6.0 feet to a point in the new right-of-way line of Greentree Road; thence
- 10) North 56 degrees 27 minutes 00 seconds East along said right-of-way line, a distance of 320.06 feet to a point in the division line between Lot 5.01 and Lot 5 (lands N/F Greentree Road Land, Inc.), Block 193; thence
- 11) South 33 degrees 36 minutes East along last-mentioned division line, a distance of 171.82 feet to a point and corner in same; thence
- 12) North 56 degrees 24 minutes East continuing along, a distance of 180.00 feet to a point and corner, thence
- 13) North 25 degrees 09 minutes West continuing along same, a distance of 25.00 feet to a point and corner, thence
- 14) North 56 degrees 24 minutes East along the division line between Lot 5.01 and Lot 5.02 (lands N/F Power Test Realty Co., Ltd. Partnership), Block 193, a distance of 102.56 feet to the point and place of BEGINNING.

FOR INFORMATION ONLY:

Being known as Lots 5.01 and 6 in Block 193 on the Official Tax Map of the Township of Washington in the County of Gloucester and State of New Jersey.

Land Title Agency, Inc.
464 Valley Brook Avenue Suite 2R Lyndhurst, New Jersey 07071
(201) 804-8844 Fax (201) 804-9501

EXHIBIT B

RENT ROLL

(INTENTIONALLY DELETED FOR PURPOSES OF RECORDING)

WASHINGTON CENTRE SHOPS, L.P.
(Mortgagor)

and

CREDIT SUISSE FIRST BOSTON MORTGAGE CAPITAL LLC
(Mortgagee)

MORTGAGE, ASSIGNMENT OF LEASES
AND RENTS AND SECURITY AGREEMENT

Dated: As of November 7, 1997

PROPERTY LOCATION:
Sewell, New Jersey

DOCUMENT PREPARED BY AND WHEN RECORDED, RETURN TO:

Jeffrey A. Altabef, Esq.
Cadwalader, Wickersham & Taft
100 Maiden Lane
New York, New York 10038

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EXHIBIT A

LEGAL DESCRIPTION

THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT (the "Mortgage"), made as of November 7, 1997, by Washington Centre Shops, L.P., a Delaware limited partnership, having its principal place of business at 2900 Westchester Avenue, Purchase, New York 10577 ("Mortgagor"), and to Credit Suisse First Boston Mortgage Capital LLC, a Delaware limited liability company ("Mortgagee"), having its principal office at 11 Madison Avenue, New York, New York 10010.

W I T N E S S E T H:

To secure the payment of an indebtedness in the original principal sum of SIX MILLION TWO HUNDRED THOUSAND and no/100 Dollars (\$6,200,000.00), lawful money of the United States of America, to be paid with interest according to a certain mortgage note of even date herewith made by Mortgagor to Mortgagee (the mortgage note together with all extensions, renewals or modifications thereof being hereinafter collectively called the "Note", and the loan evidenced by the Note hereinafter being referred to as the "Loan") and all other sums due hereunder, under the other Loan Documents (hereinafter defined) and under the Note (said indebtedness and interest due under the Note and all other sums due hereunder under the Note and the other Loan Documents being hereinafter collectively referred to as the "Debt"), Mortgagor has mortgaged, given, granted, bargained, sold, alienated, enfeoffed, conveyed, confirmed, warranted, pledged, assigned, and hypothecated and by these presents does hereby mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm, warrant, pledge, assign and hypothecate unto Mortgagee, the real property described in Exhibit A attached hereto (the "Premises") and the buildings, structures,

fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter located thereon (the "Improvements");

TOGETHER WITH: all right, title, interest and estate of Mortgagor now owned, or hereafter acquired, in and to the following property, rights, interests and estates (the Premises, the Improvements, and such property, rights, interests and estates hereinafter described are collectively referred to herein as the "Mortgaged Property"):

GRANTING CLAUSE ONE

All easements, rights-of-way, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, all rights to oil, gas, minerals, coal and other substances of any kind or character, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to the Premises and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road, highway, alley or avenue, opened, vacated or proposed, in front of or adjoining the Premises, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of

Mortgagor of, in and to the Premises and the Improvements and every part and parcel thereof, with the appurtenances thereto;

GRANTING CLAUSE TWO

All machinery, furniture, furnishings, equipment, computer software and hardware, fixtures (including, without limitation, all heating, air conditioning, plumbing, lighting, communications and elevator fixtures) and other property of every kind and nature, whether tangible or intangible, whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest, now or hereafter located upon the Premises and the Improvements, or appurtenant thereto, and usable in connection with the present or future operation and occupancy of the Premises and the Improvements and all building equipment, materials and supplies of any nature whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest, now or hereafter located upon the Premises and the Improvements, or appurtenant thereto, or usable in connection with the present or future operation, enjoyment and occupancy of the Premises and the Improvements (hereinafter collectively referred to as the "Equipment"), including any leases of any of the foregoing, any deposits existing at any time in connection with any of the foregoing, and the proceeds of any sale or transfer of the foregoing, and the right, title and interest of Mortgagor in and to any of the Equipment that may be subject to any "security interests" as defined in the Uniform Commercial Code, as adopted and enacted by the State or States where any of the Mortgaged Property is located (the "Uniform Commercial Code"), superior in lien to the lien of this Mortgage;

GRANTING CLAUSE THREE

Awards or payments, including interest thereon, that may heretofore and hereafter be made with respect to the Premises and the Improvements, whether from the exercise of the right of eminent domain or condemnation (including, without limitation, any transfer made in lieu of or in anticipation of the exercise of said rights), or for a change of grade, or for any other injury to or decrease in the value of the Premises and Improvements;

GRANTING CLAUSE FOUR

All leases and other agreements or arrangements heretofore or hereafter entered into affecting the use, enjoyment or occupancy of, or the conduct of any activity upon or in, the Premises and the Improvements, including any extensions, renewals, modifications or amendments thereof (the "Leases") and all rents, rent equivalents, moneys payable as damages or in lieu of rent or rent equivalents, royalties (including, without limitation, all oil and gas or other mineral royalties and bonuses), income, receivables, receipts, revenues, deposits (including, without limitation, security, utility and other deposits), accounts, cash, issues, profits, charges for services rendered, and other consideration of whatever form or nature received by or paid to or for the account of or benefit of Mortgagor or its agents or employees from any and all sources arising from or attributable to the Premises and the Improvements (the "Rents"), together with all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Debt;

GRANTING CLAUSE FIVE

All proceeds of and any unearned premiums on any insurance policies covering the Mortgaged Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Mortgaged Property;

GRANTING CLAUSE SIX

The right, in the name and on behalf of Mortgagor, to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to commence any action or proceeding to protect the interest of Mortgagee in the Mortgaged Property;

GRANTING CLAUSE SEVEN

All accounts, escrows, documents, instruments, chattel paper, claims, deposits and general intangibles, as the foregoing terms are defined in the Uniform Commercial Code, and all franchises, trade names, trademarks, symbols, service marks, books, records, plans, specifications, designs, drawings, permits, consents, licenses, management agreements, contract rights (including, without limitation, any contract with any architect or engineer or with any other provider of goods or services for or in connection with any construction, repair, or other work upon the Mortgaged Property), approvals, actions, refunds of real estate taxes and assessments (and any other governmental impositions related to the Mortgaged Property), and causes of action that now or hereafter relate to, are derived from or are used in connection with the Mortgaged Property, or the use, operation, maintenance, occupancy or enjoyment thereof or the conduct of any business or activities thereon (hereinafter collectively referred to as the "Intangibles"); and

GRANTING CLAUSE EIGHT

All proceeds, products, offspring, rents and profits from any of the foregoing, including, without limitation, those from sale, exchange, transfer, collection, loss, damage, disposition, substitution or replacement of any of the foregoing.

TO HAVE AND TO HOLD the above granted and described Mortgaged Property unto and to the use and benefit of Mortgagee, forever;

PROVIDED, HOWEVER, these presents are upon the express condition that, if Mortgagor shall well and truly pay to Mortgagee the Debt at the time and in the manner provided in the Note and this Mortgage and shall well and truly abide by and comply with each and every covenant and condition set forth herein, in the Note and in the other Loan Documents (hereinafter defined) in a timely manner, these presents and the estate hereby granted shall cease, terminate and be void;

AND Mortgagor represents and warrants to and covenants and agrees with Mortgagee as follows:

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PART I

GENERAL PROVISIONS

1. Payment of Debt and Incorporation of Covenants, Conditions and Agreements. Mortgagor shall pay the Debt at the time and in the manner provided in the Note and in this Mortgage. All the covenants, conditions and agreements contained in (a) the Note and (b) all and any of the documents including the Note and this Mortgage now or hereafter executed by Mortgagor and/or others and by or in favor of Mortgagee, which evidences, secures or guarantees all or any portion of the payments due under the Note or otherwise is executed and/or delivered in connection with the Note and this Mortgage (the "Loan Documents") are hereby made a part of this Mortgage to the same extent and with the same force as if fully set forth herein.

2. Warranty of Title. Mortgagor warrants that Mortgagor has good, marketable and insurable title to the Mortgaged Property and has the full power, authority and right to execute, deliver and perform its obligations under this Mortgage and to encumber, mortgage, give, grant, bargain, sell, alienate, enfeoff, convey, confirm, pledge, assign and hypothecate the same and that Mortgagor possesses an unencumbered fee estate in the Premises and the Improvements and that it owns the Mortgaged Property free and clear of all liens, encumbrances and charges whatsoever except for those exceptions shown in the title insurance policy insuring the lien of this Mortgage (the "Permitted Exceptions") and that this Mortgage is and will remain a valid and enforceable first lien on and security interest in the Mortgaged Property, subject only to said exceptions. Mortgagor shall forever warrant, defend and preserve such title and the validity and priority of the lien of this Mortgage and shall forever

warrant and defend the same to Mortgagee against the claims of all persons whomsoever.

3. Insurance

(a) Mortgagor, at its sole cost and expense, for the mutual benefit of Mortgagor and Mortgagee, shall obtain and maintain during the entire term of this Mortgage (the "Term") policies of insurance against loss or damage by fire, lightning and such other perils as are included in a standard "all-risk" endorsement, and against loss or damage by all other risks and hazards covered by a standard extended coverage insurance policy including, without limitation, riot and civil commotion, vandalism, malicious mischief, burglary and theft. Such insurance shall be in an amount equal to the greatest of (i) the then full replacement cost of the Improvements and Equipment, without deduction for physical depreciation, (ii) the outstanding principal balance of the Loan, and (iii) such amount that the insurer would not deem Mortgagor a co-insurer under said policies. The policies of insurance carried in accordance with this paragraph shall be paid annually in advance and shall contain a "Replacement Cost Endorsement" with a waiver of depreciation, and shall have a deductible no greater than \$25,000.00 unless so agreed by Mortgagee.

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(b) Mortgagor, at its sole cost and expense, for the mutual benefit of Mortgagor and Mortgagee, shall also obtain and maintain during the Term the following policies of insurance:

(i) Flood insurance if any part of the Mortgaged Property is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Program in an amount at least equal to the outstanding principal amount of the Loan or the maximum limit of coverage available with respect to the Improvements and Equipment under said Program, whichever is less.

(ii) Comprehensive public liability insurance, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverages and containing minimum limits per occurrence of \$1,000,000 and \$2,000,000 in the aggregate for any policy year. In addition, at least \$5,000,000 excess and/or umbrella liability insurance shall be obtained and maintained for any and all claims, including all legal liability imposed upon Mortgagor and all court costs and attorneys' fee incurred in connection with the ownership, operation and maintenance of the Mortgaged Property.

(iii) Rental loss and/or business interruption insurance in an amount equal to the greater of (A) estimated gross revenues for eighteen (18) months from the operations of the Mortgaged Property or (B) the projected operating expenses (including debt service) for twelve (12) months for the maintenance and operation of the Mortgaged Property. The amount of such insurance shall be increased from time to time during the Term as and when new Leases and renewal Leases are entered into and the Rents increase or the estimate of (or the actual) gross revenue, as may be applicable, increases.

(iv) Insurance against loss or damage from (A) leakage of sprinkler systems and (B) explosion of steam boilers, air conditioning equipment, high pressure piping, machinery and equipment, pressure vessels or similar apparatus now or hereafter installed in the Improvements (without exclusion for explosions), to the extent that such items now or hereafter exist upon the Mortgaged Property, in an amount at least equal to the outstanding principal amount of the Note or \$2,000,000, whichever is less.

(v) If the Mortgaged Property includes commercial property, worker's compensation insurance with respect to any employees of Mortgagor, as required by any governmental authority or legal requirement.

(vi) During any period of repair or restoration, builder's "all risk" insurance in an amount equal to not less than the full insurable value of the Mortgaged Property insuring against such risks (including, without limitation, fire and extended coverage and collapse of the Improvements to agreed limits) as Mortgagee may request, in form and substance acceptable to Mortgagee.

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(vii) Ordinance or law coverage to compensate for the cost of demolition and the increased cost of construction.

(viii) Such other insurance as may from time to time be reasonably required by Mortgagee in order to protect its interests.

(c) All policies of insurance (the "Policies") required pursuant to this paragraph: (i) shall be issued by companies approved by Mortgagee and licensed to do business in the state where the Mortgaged Property is located, with a claims paying ability rating of "A" or better by Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc.; (ii) shall name Mortgagee and its successors and/or assigns as their interest may appear as the beneficiary/mortgagee; (iii) shall contain a non-contributory standard mortgagee clause and a Mortgagee's loss payable endorsement or their equivalents, naming Mortgagee as the person to which all payments made by such insurance company shall be paid; (iv) shall contain a waiver of subrogation against Mortgagee; (v) shall be maintained throughout the Term without cost to Mortgagee; (vi) shall be assigned and the originals delivered to Mortgagee; (vii) shall contain such provisions as Mortgagee deems reasonably necessary or desirable to protect its interest including, without limitation, endorsements providing that neither Mortgagor, Mortgagee nor any other party shall be a co-insurer under said Policies and that Mortgagee shall receive at least thirty (30) days prior written notice of any modification, reduction or cancellation; and (viii) shall be satisfactory in form and substance to Mortgagee and shall be approved by Mortgagee as to amounts, form, risk coverage, deductibles, loss payees and insureds. Mortgagor shall pay the premiums for such Policies (the "Insurance Premiums") as the same become due and payable and shall furnish to Mortgagee evidence of the renewal of each of the Policies with receipts for the payment of the Insurance Premiums or other evidence of such payment reasonably satisfactory to Mortgagee (provided, however, that Mortgagor is not required to furnish such evidence of payment to Mortgagee in the event that such Insurance Premiums have been paid by Mortgagee pursuant to Paragraph 6 hereof). If Mortgagor does not furnish such evidence and receipts at least thirty (30) days prior to the expiration of any expiring Policy, then Mortgagee may procure, but shall not be obligated to procure, such insurance and pay the Insurance Premiums therefor, and Mortgagor agrees to reimburse Mortgagee for the cost of such Insurance Premiums promptly on demand. Within thirty (30) days after request by Mortgagee, Mortgagor shall obtain such increases in the amounts of coverage required hereunder as may be reasonably requested by Mortgagee, taking into consideration changes in the value of money over time, changes in liability laws, changes in prudent customs and practices.

4. Casualty

(a) If the Mortgaged Property shall be damaged or destroyed, in whole or in part, by fire or other casualty (an "Insured Casualty"), Mortgagor shall give prompt notice thereof to Mortgagee. Following the occurrence of an Insured Casualty, Mortgagor, regardless of whether insurance proceeds are available, shall promptly proceed to restore, repair, replace or rebuild the same to be of at least equal value and of substantially the same character as prior to such damage or destruction, all to be effected in accordance with

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applicable law. The expenses incurred by Mortgagee in the adjustment and collection of insurance proceeds shall become part of the Debt and be secured hereby and shall be reimbursed by Mortgagor to Mortgagee upon-demand.

(b) In case of loss or damages covered by any of the Policies, the following provisions shall apply:

(i) In the event of an Insured Casualty that does not exceed the lesser of (a) \$500,000.00 or (b) ten percent (10%) of the then outstanding principal balance of the Note, Mortgagor may settle and adjust any claim without the consent of Mortgagee and agree with the insurance company or companies on the amount to be paid upon the loss; provided that such adjustment is carried out in a competent and timely manner. In such case, Mortgagor is hereby authorized to collect and receipt for any such insurance proceeds.

(ii) In the event an Insured Casualty shall exceed the lesser of (a) \$500,000.00 or (b) ten percent (10%) of the then outstanding principal balance of the Note, then and in that event, Mortgagee may settle and adjust any claim without the consent of Mortgagor and agree with the insurance company or companies on the amount to be paid on the loss and the proceeds of any such policy shall be due and payable solely to Mortgagee and held in escrow by Mortgagee in accordance with the terms of this Mortgage.

(iii) In the event of an Insured Casualty where the loss is in an aggregate amount less than sixty percent (60%) of the original principal balance of the Note, and if, in the reasonable judgment of Mortgagee, the Mortgaged Property can be restored within twelve (12) months and prior to Anticipated Repayment Date (as defined in the Note) to an economic unit not materially less valuable (including an assessment of the impact of the termination of any Leases due to such Insured Casualty) and not less useful than the same was prior to the Insured Casualty, and after such restoration

will adequately secure the outstanding balance of the Debt, then, if no Event of Default (as hereinafter defined) shall have occurred and be then continuing, the proceeds of insurance (after reimbursement of any expenses incurred by Mortgagee) shall be applied to reimburse Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Mortgaged Property or part thereof subject to the Insured Casualty, in the manner set forth below. Mortgagor hereby covenants and agrees to commence and diligently to prosecute such restoring, repairing, replacing or rebuilding; provided always, that Mortgagor shall pay all costs (and if required by Mortgagee, Mortgagor shall deposit the total thereof with Mortgagee in advance) of such restoring, repairing, replacing or rebuilding in excess of the net proceeds of insurance made available pursuant to the terms hereof.

(iv) Except as provided above, the proceeds of insurance collected upon any Insured Casualty shall, at the option of Mortgagee in its sole discretion, be applied to the payment of the Debt or applied to reimburse Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Mortgaged Property or part thereof subject to the Insured Casualty, in the manner set forth below. Any such application to the Debt shall be without any prepayment consideration except that if an Event of Default, or an event with notice and/or the passage of time would constitute an Event of Default, has occurred, then the Mortgagor

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shall pay to Mortgagee an additional amount equal to the Yield Maintenance Premium (hereinafter defined), if any, that would be required under Paragraph 55 hereof if Defeasance Collateral (hereinafter defined) was to be purchased by Mortgagor. Any such application to the Debt shall be applied to those payments of principal and interest last due under the Note but shall not postpone or reduce any payments otherwise required pursuant to the Note other than such last due payments.

(v) In the event Mortgagor is entitled to reimbursement out of insurance proceeds held by Mortgagee, such proceeds shall be disbursed from time to time (with respect to requests in excess of \$10,000, as work is performed and payment is due) upon Mortgagee being furnished with (1) evidence satisfactory to it of the estimated cost of completion of the restoration, repair, replacement and rebuilding, (2) fiends or, at Mortgagee's option, assurances satisfactory to Mortgagee that such funds are available, sufficient in addition to the proceeds of insurance to complete the proposed restoration, repair, replacement and rebuilding, and (3) such architect's certificates, waivers of lien, contractor's sworn statements, title insurance endorsements, bonds, plats of survey and such other reasonable evidences of cost, payment and performance as Mortgagee may reasonably require and approve. Mortgagee may, in any event, require that all plans and specifications for such restoration, repair, replacement and rebuilding be submitted to and reasonably approved by Mortgagee prior to commencement of work. In the event that Mortgagor is required to deliver the plans and specifications to the Mortgagee for its approval, Mortgagor shall submit to Mortgagee a request for consent stating in bold 12 point (or larger) type that failure to respond to such request within fourteen (14) Business Days shall be deemed approval of the proposed plans and specifications. In the event that Mortgagee shall be unwilling to grant consent to any proposed plans and specifications, Mortgagee will give written notice to Mortgagor within fourteen (14) Business Days of Mortgagor's request setting forth the reasons for its refusal to consent. Mortgagee's failure to respond to a request for consent within fourteen (14) Business Days after Mortgagee's receipt of the request and of materials and information set forth above, or such further material and information that Mortgagee shall reasonably request, shall be deemed approval. No payment made prior to the final completion of the restoration, repair, replacement and rebuilding shall exceed ninety percent (90%) of the value of the work performed from time to time; funds other than proceeds of insurance shall be disbursed prior to disbursement of such proceeds; and at all times, the undisbursed balance of such proceeds remaining in the hands of Mortgagee, together with funds deposited for that purpose or irrevocably committed to the satisfaction of Mortgagee by or on behalf of Mortgagor for that purpose, shall be at least sufficient in the reasonable judgment of Mortgagee to pay for the cost of completion of the restoration, repair, replacement or rebuilding, free and clear of all liens or claims for lien. Any surplus which may remain out of insurance proceeds held by Mortgagee after payment of such costs of restoration, repair, replacement or rebuilding shall be paid to the Mortgagor.

5. Payment of Taxes. Etc, Mortgagor shall pay all taxes, assessments, water rates and sewer rents, now or hereafter levied or assessed or imposed against the Mortgaged Property or any part thereof (the "Taxes") and all ground rents, maintenance charges, other impositions, and other charges, including, without limitation, vault charges and

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license fees for the use of vaults, chutes and similar areas adjoining the Premises, now or hereafter levied or assessed or imposed against the Mortgaged Property or any part thereof (the "Other Charges") as the same become due and payable. Mortgagor will deliver to Mortgagee receipts for payment or other evidence satisfactory to Mortgagee that the Taxes and Other Charges have been so paid or are not then delinquent no later than thirty (30) days prior to the date on which the Taxes and/or Other Charges would otherwise be delinquent if not paid. Mortgagor shall not suffer and shall promptly cause to be paid and discharged any lien or charge whatsoever which may be or become a lien or charge against the Mortgaged Property, and shall promptly pay for all utility services provided to the Mortgaged Property. Mortgagor shall furnish to Mortgagee receipts for the payment of the Taxes and the Other Charges prior to the date the same shall become delinquent (provided, however, that Mortgagor is not required to furnish such receipts for payment of Taxes is the event that such Taxes have been paid for by Mortgagee pursuant to Paragraph 6 hereof).

6. Tax and Insurance Impound Fund: Replacement Escrow Fund:
Leasing Escrow Fund.

(a) Mortgagor shall pay to Mortgagee on the eleventh day of each calendar month (a) one-twelfth of the Taxes that Mortgagee estimates will be payable during the next ensuing twelve (12) months in order to accumulate with Mortgagee sufficient funds to pay all such Taxes at least thirty (30) days prior to their respective due dates, and (b) one-twelfth of the Insurance Premiums that Mortgagee estimates will be payable for the renewal of the coverage afforded by the Policies upon the expiration thereof in order to accumulate with Mortgagee sufficient funds to pay all such Insurance Premiums at least thirty (30) days prior to the expiration of the Policies (said amounts in (a) and (b) above hereinafter called the "Tax and Insurance Impound Fund"). The Tax and Insurance Impound Fund and the payments of interest or principal or both, payable pursuant to the Note, shall be added together and shall be paid as an aggregate sum by Mortgagor to Mortgagee. Mortgagee will apply the Tax and Insurance Impound Fund to payments of Taxes and Insurance Premiums required to be made by Mortgagor pursuant to Paragraphs 3 and 5 hereof. In making any payment relating to the Tax and Insurance Impound Fund, Mortgagee may do so according to any bill, statement or estimate procured from the appropriate public office (with respect to Taxes) or insurer or agent (with respect to Insurance Premiums), without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof. If the amount of the Tax and Insurance Impound Fund shall exceed the amounts due for Taxes and Insurance Premiums pursuant to Paragraphs 3 and 5 hereof, Mortgagee shall, in its sole discretion, return any excess to Mortgagor or credit such excess against future payments to be made to the Tax and Insurance Impound Fund. In allocating such excess, Mortgagee may deal with the person shown on the records of Mortgagee to be the owner of the Mortgaged Property. If at any time Mortgagee determines that the Tax and Insurance Impound Fund is not or will not be sufficient to pay the items set forth in (a) and (b) above, Mortgagee shall notify Mortgagor of such determination and Mortgagor shall increase its monthly payments to Mortgagee by the amount that Mortgagee estimates is sufficient to make up the deficiency at least thirty (30) days prior to delinquency of the Taxes and/or expiration of the Policies, as the case may be. The Tax and Insurance Impound Fund shall be held in an interest

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bearing account in Mortgagee's name at a financial institution selected by Mortgagee in its sole discretion. All earnings or interest on the Tax and Insurance Impound Fund shall be and become part of such Tax and Insurance Impound Fund and shall be disbursed as provided in this Paragraph 6(a). Until expended or applied as above provided, any amounts in the Tax and Insurance Impound Fund shall constitute additional security for the Debt. The Tax and Insurance Impound Fund shall not constitute a trust fund and may be commingled with other monies held by Mortgagee. No earnings or interest on the Tax and Insurance Impound Fund shall be payable to Mortgagor. If Mortgagee so elects at any time, Mortgagor shall provide, at Mortgagor's expense, a tax service contract for the Term issued by a tax reporting agency acceptable to Mortgagee. If Mortgagee does not so elect, Mortgagor shall reimburse Mortgagee for the cost of making annual tax searches throughout the Term.

(b) Mortgagor shall pay to Mortgagee on the eleventh day of each calendar month the sum of One Thousand One Hundred Sixty Six and 66/100 Dollars (\$1,166.66) which shall be deposited with and held by Mortgagee for replacement and repairs required to be made to the Mortgaged Property during the calendar year and for any other work approved by Mortgagee ("Replacement Escrow Fund"). Mortgagee may in its reasonable discretion reassess its estimate of the amount necessary for the Replacement Escrow Fund from time to time and in its discretion, and may adjust the monthly amounts required to be deposited into the Replacement Escrow Fund by thirty (30) days notice to Mortgagor. Mortgagee shall make disbursements from the Replacement Escrow Fund as requested by Mortgagor, and approved by Mortgagee in its sole discretion, no more frequently than once in any thirty (30) day period of no less than \$5,000.00 upon delivery by Mortgagor of Mortgagee's standard form of draw request accompanied by copies

of paid invoices for the amounts requested and, if required by Mortgagee for requests in excess of \$10,000.00, lien waivers and releases from all parties furnishing materials and/or services in connection with the requested payment. Mortgagee may require an inspection of the Mortgaged Property at Mortgagor's expense prior to making a monthly disbursement in order to verify completion of replacements and repairs of items in excess of \$10,000.00 for which reimbursement is sought. The Replacement Escrow Fund shall be held in an interest bearing account in Mortgagee's name at a financial institution selected by Mortgagee in its sole discretion. All earnings or interest on the Replacement Escrow Fund shall be and become part of such Replacement Escrow Fund and shall be disbursed as provided in this Paragraph 6(b). Until expended or applied as above provided, the Replacement Escrow Fund shall constitute additional security for the Debt. The Replacement Escrow Fund shall not constitute a trust fund and may be commingled with other monies held by Mortgagee.

(c) Mortgagor shall pay to Mortgagee on the eleventh day of each calendar month one-twelfth of \$50,000, which shall be deposited with and held by Mortgagee for tenant improvement and leasing commission obligations incurred following the date hereof (the "Leasing Escrow Fund") until the amount on deposit in the Leasing Escrow Fund equals \$150,000 (the "Maximum Balance"). In the event that the amount on deposit in the Leasing Escrow Fund, after achieving the Maximum Balance, decrease below the Maximum Balance then the Mortgagee shall resume making monthly deposits as otherwise required pursuant to this Paragraph 6(c). In addition, Mortgagor shall pay to Mortgagee for deposit in the Leasing

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Escrow Fund all funds received by Mortgagor from tenants in connection with the cancellation of any Leases (excluding the return of unamortized leasehold improvement advances), including, but not limited to, any cancellation fees, penalties, leasing commissions or other charges. Mortgagor hereby pledges to Mortgagee any and all monies now or hereafter deposited in the Leasing Escrow Fund as additional security for the payment of the Debt. Mortgagee may reassess its estimate of the monthly amount necessary to be deposited into the Leasing Escrow Fund and, upon notice to Mortgagor, Mortgagor shall be required to deposit into the Leasing Escrow Fund each month such reassessed amount. Mortgagee shall make disbursements from the Leasing Escrow Fund for expenses reasonably incurred by Mortgagor for new Leases and renewals of Leases entered into by Mortgagor in accordance with the provisions of Paragraph 8 below. All such expenses shall be approved by Mortgagee in its reasonable discretion. Mortgagee shall make disbursements as requested by Mortgagor on a quarterly basis in increments of no less than \$5,000.00 upon delivery by Mortgagor of Mortgagee's standard form of draw request accompanied by copies of paid invoices for the amounts requested for tenant improvements and leasing commissions, the newly executed Lease (taking into account the existing market conditions), extension, renewal, or modification, with terms commensurate with the expired Lease, and, if required by Mortgagee, lien waivers and releases from all parties furnishing materials and/or services in connection with the requested payment. Mortgagee may require an inspection of the Mortgaged Property at Mortgagor's reasonable expense prior to making a quarterly disbursement in order to verify completion of improvements for which reimbursement is sought. The Leasing Escrow Fund shall be held in an interest bearing account in Mortgagee's name at a financial institution selected by Mortgagee in its sole discretion. All earnings or interest on the Leasing Escrow Fund shall be and become part of such Leasing Escrow Fund and shall be disbursed as provided in this Paragraph 6(b). Until expended or applied as above provided, the Leasing Escrow Fund shall constitute additional security for the Debt. The Leasing Escrow Fund shall not constitute a trust fund and may be commingled with other monies held by Mortgagee.

(d) Mortgagor hereby pledges to Mortgagee and grants to Mortgagee a security interest in any and all monies now or hereafter deposited in the Tax and Insurance Impound Fund, the Replacement Escrow Fund and the Leasing Escrow Fund as additional security for the payment of the Debt. Upon the occurrence of an Event of Default, Mortgagee may apply any sums then present in the Tax and Insurance Impound Fund, the Replacement Escrow Fund and/or the Leasing Escrow Fund to thaw payment of the Debt in any order in its sole discretion.

7. Condemnation. Mortgagor shall promptly give Mortgagee written notice of the actual or threatened commencement of any condemnation or eminent domain proceeding (a "Condemnation") and shall deliver to Mortgagee copies of any and all papers served in connection with such Condemnation. The Mortgagee hereby acknowledges that it has received notice of a present proposed condemnation of an eight (8) foot wide strip of the Mortgaged Property as shown on the survey delivered in connection with the origination of the Loan (such proposed condemnation the "Proposed Street Widening"). Following the occurrence of a Condemnation, Mortgagor, regardless of whether an Award (hereinafter defined) is available, shall promptly proceed to restore, repair, replace or rebuild the same to

the extent practicable to be of at least equal value and of substantially the same character as prior to such Condemnation, all to be effected in accordance with applicable law.

(a) Mortgagee is hereby irrevocably appointed as Mortgagor's attorney-in-fact, coupled with an interest, with exclusive power to collect, receive and retain any award or payment ("Award") for any taking accomplished through a Condemnation (a "Taking") and to make any compromise or settlement in connection with such Condemnation, subject to the provisions of this Mortgage. Notwithstanding any Taking by any public or quasi-public authority (including, without limitation, any transfer made in lieu of or in anticipation of such a Taking), Mortgagor shall continue to pay the Debt at the time and in the manner provided for in the Note, in this Mortgage and the other Loan Documents and the Debt shall not be reduced unless and until any Award shall have been actually received and applied by Mortgagee to expenses of collecting the Award and to discharge of the Debt. Mortgagee shall not be limited to the interest paid on the Award by the condemning authority but shall continue to be entitled to receive interest at the rate or rates provided in the Note for the Loan. Mortgagor shall cause any Award that is payable to Mortgagor to be paid directly to Mortgagee.

(b) In the event of any Condemnation where the Award is in an aggregate amount less than sixty percent (60%) of the outstanding original principal balance of the Note, and if, in the reasonable judgment of Mortgagee, the Mortgaged Property can be restored within twelve (12) months and prior to the Anticipated Repayment Date to an economic unit not less valuable (including an assessment of the impact of the termination of any Leases due to such Condemnation) and not less useful than the same was prior to the Condemnation, and after such restoration will adequately secure the outstanding balance of the Debt, then, if no Event of Default shall have occurred and be then continuing, the proceeds of the Award (after reimbursement of any expenses incurred by Mortgagee) shall be applied to reimburse Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Mortgaged Property or part thereof subject to Condemnation, in the manner set forth below. Mortgagor hereby covenants and agrees to commence and diligently to prosecute such restoring, repairing, replacing or rebuilding; provided always, that Mortgagor shall pay all costs (and if required by Mortgagee, Mortgagor shall deposit the total thereof with Mortgagee in advance) of such restoring, repairing, replacing or rebuilding in excess of the Award made available pursuant to the terms hereof.

(c) Except as provided above, the Award collected upon any Condemnation shall, at the option of Mortgagee in its sole discretion, be applied to the payment of the Debt or applied to reimburse Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Mortgaged Property or part thereof subject to the Condemnation, in the manner set forth below. Any such application to the Debt shall be without any prepayment consideration except that if an Event of Default, or an event with notice and/or the passage of time would constitute an Event of Default, has occurred then the Mortgagor shall pay to Mortgagee an additional amount equal to the Yield Maintenance Premium, if any, that would be required under Paragraph 55 hereof if Defeasance Collateral was to be purchased by Mortgagor. Any such application to the Debt shall be applied to those payments of principal

and interest last due under the Note but shall not postpone or reduce any payments otherwise required pursuant to the Note other than such last due payments. If the Mortgaged Property is sold, through foreclosure or otherwise, prior to the receipt by Mortgagee of such Award, Mortgagee shall have the right, whether or not a deficiency judgment on the Note shall be recoverable or shall have been sought, recovered or denied, to receive all or a portion of said Award sufficient to pay the Debt.

(d) In the event Mortgagor is entitled to reimbursement out of the Award received by Mortgagee, such proceeds shall be disbursed from time to time upon Mortgagee being furnished with (1) evidence satisfactory to it of the estimated cost of completion of the restoration, repair, replacement and rebuilding resulting from such condemnation, (2) funds or, at Mortgagee's option, assurances satisfactory to Mortgagee that such funds are available, sufficient in addition to the proceeds of the Award to complete the proposed restoration, repair, replacement and rebuilding, and (3) such architect's certificates, waivers of lien, contractor's sworn statements, title insurance endorsements, bonds, plats of survey and such other evidences of costs, payment and performance as Mortgagee may reasonably require and approve; and Mortgagee may, in any event, require that all plans and specifications for such restoration, repair, replacement and rebuilding be submitted to and reasonably approved by Mortgagee prior to commencement of work. In the event that Mortgagor is required to deliver the plans and specifications to the Mortgagee for its approval, Mortgagor shall submit to Mortgagee a request for consent stating in bold 12 point (or larger) type that failure to respond to such

request within fourteen (14) Business Days shall be deemed approval of the proposed plans and specifications. In the event that Mortgagee shall be unwilling to grant consent to any proposed plans and specifications, Mortgagee will give written notice to Mortgagor within fourteen (14) Business Days of Mortgagor's request setting forth the reasons for its refusal to consent. Mortgagee's failure to respond to a request for consent within fourteen (14) Business Days after Mortgagee's receipt of the request and of materials and information set forth above, or such further material and information that Mortgagee shall reasonably request, shall be deemed approval. No payment made prior to the final completion of the restoration, repair, replacement and rebuilding shall exceed ninety percent (90%) of the value of the work performed from time to time; funds other than proceeds of the Award shall be disbursed prior to disbursement of such proceeds; and at all times, the undisbursed balance of such proceeds remaining in hands of Mortgagee, together with funds deposited for that purpose or irrevocably committed to the satisfaction of Mortgagee by or on behalf of Mortgagor for that purpose, shall be at least sufficient in the reasonable judgment of Mortgagee to pay for the costs of completion of the restoration, repair, replacement or rebuilding, free and clear of all liens or claims for lien. Any surplus which may remain out of the Award received by Mortgagee after payment of such costs of restoration, repair, replacement or rebuilding shall, in the sole and absolute discretion of Mortgagee, be retained by Mortgagee and applied to payment of the Debt.

8. Leases and Rents.

(a) Mortgagor does hereby absolutely and unconditionally assign to Mortgagee, all Mortgagor's right, title and interest in all current and future Leases and Rents,

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it being intended by Mortgagor that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Such assignment to Mortgagee shall not be construed to bind Mortgagee to the performance of any of the covenants, conditions or provisions contained in any such Lease or otherwise impose any obligation upon Mortgagee. Mortgagor agrees to execute and deliver to Mortgagee such additional instruments, in form and substance satisfactory to Mortgagee, as may hereafter be requested by Mortgagee to further evidence and confirm such assignment. Nevertheless, subject to the terms of this paragraph, Mortgagee grants to Mortgagor a revocable license to operate and manage the Mortgaged Property and to collect the Rents. Mortgagor shall hold the Rents, or a portion thereof, sufficient to discharge all current sums due on the Debt, in trust for the benefit of Mortgagee for use in the payment of such sums. Upon an Event of Default, without the need for notice or demand, the license granted to Mortgagor herein shall automatically be revoked, and Mortgagee shall immediately be entitled to possession of all Rents, whether or not Mortgagee enters upon or takes control of the Mortgaged Property. Mortgagee is hereby granted and assigned by Mortgagor the right, at its option, upon revocation of the license granted herein, to enter upon the Mortgaged Property in person, by agent or by court-appointed receiver to collect the Rents. Any Rents collected after the revocation of the license may be applied toward payment of the Debt in such priority and proportions as Mortgagee in its sole discretion shall deem proper.

(b) All Leases shall provide that they are subordinate to this Mortgage and that the tenant agrees to attorn to Mortgagee. Except as described in the rent roll (the "Rent Roll") delivered to the Mortgagee in connection with the closing of the Loan, none of the Leases shall contain any option to purchase, any right of first refusal to lease or purchase or any right to terminate the lease term on the part of the tenant thereunder (except in the event of the destruction of all or substantially all of the Mortgaged Property). Leases executed after the date hereof shall not contain any provisions which adversely affect the Mortgaged Property or which might adversely affect the rights of any holder of the Loan without the prior written consent of Mortgagee. Each tenant shall conduct business only in that portion of the Mortgaged Property covered by its lease. Upon request, Mortgagor shall furnish Mortgagee with executed copies of all Leases.

(c) Mortgagor shall not, without the prior consent of Mortgagee (i) enter into any Lease of all or any part of the Mortgaged Property in excess of 5,000 rentable square feet (a "Major Lease"), (ii) cancel, terminate, abridge or otherwise modify the terms of any Major Lease, or accept a surrender thereof, (iii) consent to any assignment of or subletting under any Major Lease not in accordance with its terms, (iv) cancel, terminate, abridge or otherwise modify any guaranty of any Major Lease or the terms thereof, (v) accept prepayments of installments of Rents for a period of more than one (1) month in advance or (vi) further assign the whole or any part of the Leases or the Rents. In addition to the foregoing, Mortgagor shall not (A) lease all or any part of the Mortgaged Property, (B) cancel, terminate, abridge or otherwise modify the terms of any Lease, or accept a surrender thereof, (C) consent to any assignment of or subletting under any Lease not in accordance with its terms or (D) cancel, terminate, abridge or otherwise modify any guaranty of any Lease or the

terms thereof unless such actions are exercised for a commercially reasonable purpose in length transactions for market rate terms.

(d) Mortgagor (i) shall observe and perform all the obligations imposed upon the lessor under the Leases and shall not do or permit to be done anything to impair the value of the Leases as security for the Debt; (ii) shall promptly send copies to Mortgagee of all notices of default which Mortgagor shall send or receive thereunder; (iii) shall enforce all the terms, covenants and conditions contained in the Leases upon the part the lessee thereunder to be observed or performed, short of termination thereof; (iv) shall not collect any of the Rents more than one (1) month in advance; (v) shall not execute any other assignment of the lessor's interest in the Leases or the Rents; (vi) shall use its commercially reasonable efforts to deliver to Mortgagee, upon request, tenant estoppel certificates from each commercial tenant at the Mortgaged Property in form and substance reasonably satisfactory to Mortgagee, provided that Mortgagor shall not be required to deliver such certificates more frequently than one (1) time in any calendar year; and (vii) shall execute and deliver at the request of Mortgagee all such further assurances, confirmations and assignments in connection with the Mortgaged Property as Mortgagee shall from time to time require.

(e) All security deposits of tenants, whether held in cash or any other form, shall not be commingled with any other funds of Mortgagor and, if cash, shall be deposited by Mortgagor at such commercial or savings bank or banks, or otherwise held in compliance with applicable law, as may be reasonably satisfactory to Mortgagee. It is hereby agreed by Mortgagee that The Chase Manhattan Bank, N.A., First Union National Bank, Merrill Lynch International Bank Limited and the Bank of New York are satisfactory to Mortgagee for purposes of the preceding sentence. Any bond or other instrument which Mortgagor is permitted to hold in lieu of cash security deposits under any applicable legal requirements shall be maintained in full force and effect in the full amount of such deposits unless replaced by cash deposits as hereinabove described, shall be issued by an institution reasonably satisfactory to Mortgagee, shall, if permitted pursuant to any legal requirements, name Mortgagee as payee or mortgagee thereunder (or at Mortgagee's option, be fully assignable to Mortgagee) and shall, in all respects, comply with any applicable legal requirements and otherwise be reasonably satisfactory to Mortgagee. Mortgagor shall, upon request, provide Mortgagee with evidence reasonably satisfactory to Mortgagee of Mortgagor's compliance with the foregoing. Following the occurrence and during the continuance of any Event of Default, Mortgagor shall, upon Mortgagee's request, if permitted by any applicable legal requirements, turn over to Mortgagee the security deposits (and any interest theretofore earned thereon) with respect to all or any portion of the Mortgaged Property, to be held by Mortgagee subject to the terms of the Leases.

9. Maintenance and Use of Mortgaged Property. Mortgagor shall cause the Mortgaged Property to be maintained in a good and safe condition and repair. The Improvements and the Equipment shall not be removed, demolished or materially altered (except for normal replacement of the Equipment) without the consent of Mortgagee. Mortgagor shall promptly comply with all laws, orders and ordinances affecting the Mortgaged Property, or the use thereof. Mortgagor shall promptly repair, replace or rebuild any part of

the Mortgaged Property that is destroyed by any casualty, or becomes damaged, worn or dilapidated or that is affected by any proceeding of the character referred to in Paragraph 7 hereof and shall complete and pay for any structure at any time in the process of construction or repair on the Premises. Mortgagor shall not initiate, join in, acquiesce in, or consent to any change in any private restrictive covenant, zoning law or other public or private restriction, limiting or defining the uses which may be made of the Mortgaged Property or any part thereof. If under applicable zoning provisions the use of all or any portion of the Mortgaged Property is or shall become a nonconforming use, Mortgagor will not cause or permit such nonconforming use to be discontinued or abandoned without the express written consent of Mortgagee. Mortgagor shall not (i) change the use of the Mortgaged Property, (ii) permit or suffer to occur any waste on or to the Mortgaged Property or to any portion thereof or (iii) take any steps whatsoever to convert the Mortgaged Property, or any portion thereof, to a condominium or cooperative form of ownership. Mortgagor will not install or permit to be installed on the Premises any underground storage tank.

10. Transfer or Encumbrance of the Mortgaged Property.

(a) Mortgagor acknowledges that Mortgagee has examined and relied on the creditworthiness and experience of Mortgagor in owning and operating

properties such as the Mortgaged Property in agreeing to make the Loan, and that Mortgagee will continue to rely on Mortgagor's ownership of the Mortgaged Property as a means of maintaining the value of the Mortgaged Property as security for repayment of the Debt. Mortgagor acknowledges that Mortgagee has a valid interest in maintaining the value of the Mortgaged Property so as to ensure that, should Mortgagor default in the repayment of the Debt, Mortgagee can recover the Debt by a sale of the Mortgaged Property. Mortgagor shall not, without the prior written consent of Mortgagee, sell, convey, alienate, mortgage, encumber, pledge or otherwise transfer the Mortgaged Property or any part thereof, or permit the Mortgaged Property or any part thereof to be sold, conveyed, alienated, mortgaged, encumbered, pledged or otherwise transferred.

(b) A sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer within the meaning of this Paragraph 10 shall be deemed to include (i) an installment sales agreement wherein Mortgagor agrees to sell the Mortgaged Property or any part thereof for a price to be paid in installments; (ii) an agreement by Mortgagor leasing all or a substantial part of the Mortgaged Property for other than actual occupancy by a space tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Mortgagor's right, title and interest in and to any Leases or any Rents; (iii) if Mortgagor, Guarantor or any general partner or managing member of Mortgagor or Guarantor is a corporation, the voluntary or involuntary sale, conveyance or transfer of such corporation's stock (or the stock of any corporation directly or indirectly controlling such corporation by operation of law or otherwise) or the creation or issuance of new stock in one or a series of transactions by which an aggregate of more than 10% of such corporation's stock shall be vested in a party or parties who are not now stockholders or any change in the control of such corporation; (iv) if Mortgagor, any Guarantor or any general partner of Mortgagor or any Guarantor is a limited or general partnership, joint venture or limited liability company, the

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change, removal, resignation or addition of a general partner, managing partner, joint venturer or the transfer, assignment or pledge of any ownership interest of any general partner, managing partner or joint venturer in Mortgagor or the transfer, assignment or pledge of any ownership interest in any general partner, managing partner or joint venturer; or (v) if Mortgagor or any Guarantor is a limited partnership or limited liability company, the voluntary or involuntary sale, conveyance, transfer or pledge of any limited partnership interests or membership interests or the creation or issuance of new limited partnership interests or membership interests, by which an aggregate of more than 30% of such limited partnership interests or membership interests are held by, or pledged to, parties who are not currently limited partners or members.

(c) Mortgagee shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon Mortgagor's sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property without Mortgagee's consent. This provision shall apply to every sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property regardless of whether voluntary or not, or whether or not Mortgagee has consented to any previous sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property.

(d) Mortgagee's consent to one sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property shall not be deemed to be a waiver of Mortgagee's right to require such consent to any future occurrence of same. Any sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property made in contravention of this paragraph shall be null and void and of no force and effect.

(e) Mortgagor agrees to bear and shall pay or reimburse Mortgagee on demand for all reasonable expenses (including, without limitation, reasonable attorneys' fees and disbursements, title search costs and title insurance endorsement premiums) incurred by Mortgagee in connection with the review, approval and documentation of any such sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer.

(f) Mortgagee's consent to the sale or transfer of the Mortgaged Property will not be unreasonably withheld after consideration of all relevant factors, provided that:

- (i) no Event of Default or event which with the giving of notice or the passage of time would constitute an Event of Default shall have occurred and remain uncured;
- (ii) the proposed transferee ("Transferee") shall be a reputable entity or person of good character, creditworthy, with sufficient financial worth considering the obligations assumed and

undertaken, as evidenced by financial statements and other information reasonably requested by Mortgagee;

- (iii) the Transferee and its property manager shall have sufficient experience in the ownership and management of properties similar to the Mortgaged Property, and Mortgagee shall be provided with reasonable evidence thereof (and Mortgagee reserves the right to approve the Transferee without approving the substitution of the property manager);
- (iv) Mortgagee shall have recommendations in writing from the Rating Agencies to the effect that such transfer will not result in a requalification, reduction or withdrawal of any current securities rating assigned in a Securitization. The term "Rating Agencies" as used herein shall mean each of Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies, Inc., Moody's Investors Service, Inc., Duff and Phelps Credit Rating Co. and Fitch Investors Service, L.P., or any other nationally-recognized statistical rating agency which has been approved by Mortgagee;
- (v) the Transferee shall have executed and delivered to Mortgagee an assumption agreement in form and substance acceptable to Mortgagee, evidencing such Transferee's agreement to abide and be bound by the terms of the Note, this Mortgage and the other Loan Documents, together with such legal opinions and title insurance endorsements as may be reasonably requested by Mortgagee; and
- (vi) Mortgagee shall have received an assumption fee equal to one percent (1%) of the Debt on the date of such assumption and the payment of, or reimbursement for, all costs and expenses incurred by Mortgagee in connection with such assumption (including reasonable attorneys' fees and costs).

(g) Notwithstanding anything to the contrary contained in this paragraph 10, holders of interests in Mortgagor (or holders of interests in any entity directly or indirectly holding an interest in Mortgagor) as of the date of this Mortgage (the "Interest Holders") shall have the right to transfer their interest in Mortgagor (or any entity directly or indirectly holding an interest in Mortgagor) without Mortgagee's consent to members of their immediate family and other Interest Holders; provided, however, that (1) after taking into account any prior transfers pursuant to this paragraph 10, whether to the proposed transferee or otherwise, no such transfer (or series of transfers) shall result in (x) the proposed transferee owning in the aggregate (directly, indirectly or beneficially) more than 49% of the interests in Mortgagor (or any entity directly or indirectly holding an interest in Mortgagor), or (y) a transfer in the aggregate of more than 49% of the interests in Mortgagor as of the date hereof, (2) no such

transfer of interest shall result in a change of control of Mortgagor or the day to day operations of the Mortgaged Property, (3) Mortgagor shall give Mortgagee notice of such transfer together with copies of all instruments effecting such transfer not less than ten (10) business days prior to the date of such transfer; (4) no Event of Default has occurred and remains uncured; and (5) the legal and financial structure of Mortgagor after such transfer and its shareholders or members and the single purpose nature of Mortgagor and any shareholders satisfy Mortgagee's then current applicable underwriting criteria and requirements including, without limitation, the requirement at the request of Mortgagee, to deliver evidence reasonably satisfactory to Mortgagee that the single purpose nature of Mortgagor following such transfer is in accordance with the standards of two of the Rating Agencies or, if a Secondary Market Transaction (hereinafter defined) has occurred, the Rating Agencies rating the Secondary Market Transaction such that the Mortgaged Property continues to be owned by a single purpose entity. For purposes of the foregoing, an "immediate family member" shall mean a parent, spouse or a child of any Interest Holder. For the purposes of this paragraph 10, a change of control of Mortgagor shall be deemed to have occurred if there is any change in the identity of the individual or group of individuals who have the right, by virtue of the articles of organization, the operating agreement or any other agreement, with or without taking any formative action, to cause Mortgagor to take some action or to block Mortgagor from taking some action which, in either case, Mortgagor could take or could refrain from taking were it not for the rights of such individuals.

(h) Notwithstanding anything to the contrary contained in this

Paragraph 10, Interest Holders shall have the right to transfer their interest in Mortgagor (or any entity directly or indirectly holding an interest in Mortgage) to another person or entity who is not an Interest Holder, without Mortgagee's consent and Mortgagor shall not be required to pay the assumption fee otherwise required pursuant to this Paragraph 10; provided, however, that:

- (i) after taking into account any prior transfers pursuant to this sentence, whether to the proposed transferee or otherwise, no such transfer (or series of transfers) shall result in (x) the proposed transferee, together with all members of his/her immediate family or any affiliates thereof, owning in the aggregate (directly, indirectly or beneficially) more than 30% of the interests in Mortgagor (or any entity directly or indirectly holding an interest in Mortgagor), or (y) a transfer in the aggregate of more than 30% of the interests in Mortgagor as of the date hereof;
- (ii) no such transfer of interest shall result in a change of control of Mortgagor or the day to day operations of the Mortgaged Property;
- (iii) Mortgagor shall give Mortgagee notice of such transfer together with copies of all instruments effecting such transfer not less than ten (10) days prior to the date of such transfer;

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- (iv) no Event of Default has occurred and remains uncured; and
- (v) the legal and financial structure of Mortgagor after such transfer and its shareholders, partners or members and the single purpose nature and bankruptcy remoteness of Mortgagor and its shareholders, partners or members satisfies Mortgagee's then current applicable underwriting criteria and requirements, including without limitation the requirement at the request of Mortgagee to deliver written confirmations from the Rating Agencies that such transfer or series of transfers will not result in a qualification, downgrade or withdrawal of the then applicable ratings.

11. Representations and Covenants Concerning the Mortgagor and Property. Mortgagor represents, warrants and covenants as follows:

- (a) Organization and Existence. Mortgagor is duly organized and validly existing as a limited partnership in good standing under the laws of Delaware and in all other jurisdictions in which Mortgagor is transacting business. Mortgagor has the power and authority to execute, deliver and perform the obligations imposed on it under the Loan Documents and to consummate the transactions contemplated by the Loan Documents.
- (b) Authorization. Mortgagor has taken all necessary actions for the authorization of the borrowing on account of the Loan and for the execution and delivery of the Loan Documents, including, without limitation, that those partners of Mortgagor whose approval is required by the terms of Mortgagor's organizational documents have duly approved the transactions contemplated by the Loan Documents and have authorized execution and delivery thereof by the respective signatories. To the best of Mortgagor's knowledge, no other consent by any local, state or federal agency is required in connection with the execution and delivery of the Loan Documents.
- (c) Valid Execution and Delivery. All of the Loan Documents requiring execution by Mortgagor have been duly and validly executed and delivered by Mortgagor.
- (d) Enforceability. All of the Loan Documents constitute valid, legal and binding obligations of Mortgagor and are fully enforceable against Mortgagor in accordance with their terms by Mortgagee and its successors, transferees and assigns, subject only to bankruptcy laws and general principles of equity.
- (e) No Defenses. The Note, this Mortgage and the other Loan Documents are not subject to any right of rescission,

defense, nor would the operation of any of the terms of the Note, this Mortgage or any of the other Loan Documents, or the exercise of any right thereunder, render this Mortgage unenforceable, in whole or in part, or subject to any right of rescission, set-off, counterclaim or defense, including the defense of usury.

- (f) Defense of Usurer. Mortgagor knows of no facts that would support a claim of usury to defeat or avoid its obligation to repay the principal of, interest on, and other sums or amounts due and payable under, the Loan Documents.
- (g) No Conflict/Violation of Law. The execution, delivery and performance of the Loan Documents by the Mortgagor will not cause or constitute a default under or conflict with the organizational documents of Mortgagor, any Guarantor or any general partner or managing member of Mortgagor or any Guarantor. The execution, delivery and performance of the obligations imposed on Mortgagor under the Loan Documents will not cause Mortgagor to be in default, including after due notice or lapse of time or both, under the provisions of any agreement, judgment or order to which Mortgagor is a party or by which Mortgagor is bound.
- (h) Compliance with & Applicable Laws and Regulations. All of the Improvements and the use of the Mortgaged Property comply with, and shall remain in compliance with, all applicable statutes, rules, regulations and private covenants now or hereafter relating to the ownership, construction, use or operation of the Mortgaged Property, including all applicable statutes, rules and regulations pertaining to requirements for equal opportunity, anti-discrimination, fair housing, environmental protection, zoning and land use. The Improvements comply with, and shall remain in compliance with, applicable health, fire and building codes. There is no evidence of any illegal activities relating to controlled substances on the Mortgaged Property. All certifications, permits, licenses and approvals, including, without limitation, certificates of completion and occupancy permits required for the legal use, occupancy and operation of the Mortgaged Property as a shopping center have been obtained and are in full force and effect. All of the Improvements comply with all material requirements of any applicable zoning and subdivision laws and ordinances.
- (i) Consents Obtained. All consents, approvals, authorizations, orders or filings with any court or governmental agency or body, if any, required for the execution, delivery and performance of the Loan Documents by Mortgagor have been obtained or made.

- (j) No Litigation. There are no pending actions, suits or proceedings, arbitrations or governmental investigations against the Mortgaged Property, an adverse outcome of which would materially affect the Mortgagor's performance under the Note, the Mortgage or the other Loan Documents.
- (k) Tide. The Mortgagor has good and marketable fee simple title to the Mortgaged Property, and good title to the Equipment, subject to no liens, charges or encumbrances other than the Permitted Exceptions. The possession of the Mortgaged Property has been peaceful and undisturbed and title thereto has not been disputed or questioned to the best of Mortgagor's knowledge
- (i) Permitted Exceptions. The Permitted Exceptions do not and will not materially and adversely affect (1) the ability of the Mortgagor to pay in full the principal and interest on the Note in a timely manner or (2) the use of the Mortgaged Property for the use currently being made thereof, the operation of the Mortgaged Property as currently being operated or the value of the Mortgaged Property.

- (m) First Lien. Upon the execution by the Mortgagor and the recording of this Mortgage, and upon the execution and filing of UCC-1 financing statements or amendments thereto, the Mortgagee will have a valid first lien on the Mortgaged Property and a valid security interest in the Equipment subject to no liens, charges or encumbrances other than the Permitted Exceptions.
- (n) ERISA. The Mortgagor has made and shall continue to make all required contributions to all employee benefit plans, if any, and 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 multi-employer plan, and each such plan has been administered in compliance with its terms and the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and any other federal or state law.
- (o) Contingent Liabilities. The Mortgagor has no known material contingent liabilities.
- (p) No Other Obligations: The Mortgagor has no material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Mortgagor is a party or by which the Mortgagor or the Mortgaged Property is otherwise bound, other than obligations incurred in the ordinary course of the operation of

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the Mortgaged Property and other than obligations under this mortgage and the other Loan Documents.

- (q) No Other Debt. The Mortgagor has not borrowed or received other debt financing that has not been heretofore repaid in full.
- (r) Fraudulent Conveyance. The Mortgagor (1) has not entered into the Loan or any Loan Document with the actual intent to hinder, delay, or defraud any creditor and (2) received reasonably equivalent value in exchange for its obligations under the Loan Documents. Giving effect to the Loans contemplated by the Loan Documents, the fair saleable value of the Mortgagor's assets exceed and will, immediately following the execution and delivery of the Loan Documents, exceed the Mortgagor's total liabilities, including, without limitation, subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Mortgagor's assets is and will, immediately following the execution and delivery of the Loan Documents, be greater than the Mortgagor's probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Mortgagor's assets do not and, immediately following the execution and delivery of the Loan Documents will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Mortgagor does not intend to, and does not believe that it will, incur debts and liabilities (including, without limitation, contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Mortgagor).
- (s) Investment Company Act. The Mortgagor is not (1) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (2) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (3) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.
- (t) Access/Utilities. The Mortgaged Property has adequate rights of access to public ways and is served by adequate water, sewer, sanitary sewer and storm drain facilities. All public utilities necessary to the continued use and enjoyment of the mortgaged property as presently used and enjoyed are located in the public right-of-way abutting the mortgaged property,

and all such utilities are connected so as to serve the mortgaged property without passing over other property. All roads necessary for

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the full utilization of the mortgaged property for its current purpose have been completed and dedicated to public use and accepted by all governmental authorities or are the subject of access easements for the benefit of the mortgaged property:

- (u) Taxes Paid. Mortgagor has filed all federal, state, county and municipal tax returns required to have been filed by Mortgagor, and has paid all taxes which have become due pursuant to such returns or to any notice of assessment received by Mortgagor, and Mortgagor has no knowledge of any basis for additional assessment with respect to such taxes.
- (v) Single Tax Lot. The Premises consists of a single lot or multiple tax lots; no portion of said tax lot(s) covers property other than the Premises or a portion of the Premises and no portion of the Premises lies in any other tax lot.
- (w) Special Assessments. Except as disclosed in the title insurance policy, there are no pending or, to the knowledge of the Mortgagor, proposed special or other assessments for public improvements or otherwise affecting the Mortgaged Property, nor, to the knowledge of the Mortgagor, are there any contemplated improvements to the Mortgaged Property that may result in such special or other assessments.
- (x) Flood Zone. The Mortgaged Property is not located in a flood hazard area as defined by the Federal Insurance Administration.
- (y) Seismic Exposure. The Premises are not located Zone 3 or Zone 4 of the "Seismic Zone Map of the U.S.".
- (z) Misstatements of Fact. No statement of fact made in the Loan Documents contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not misleading. There is no fact presently known to the Mortgagor which has not been disclosed which adversely affects, nor as far as the Mortgagor can foresee, might adversely affect the business, operations or condition (financial or otherwise) of the representing party.
- (aa) Condition of Improvements. The Mortgaged Property has not been damaged by fire, water, wind or other cause of loss or any previous damage to the Mortgaged Property has been fully restored.
- (bb) No Insolvency or Judgment. Neither Mortgagor, nor any general partner of Mortgagor is currently (a) the subject of or a party to any completed or pending bankruptcy, reorganization or insolvency proceeding; or (b) the subject of any judgment unsatisfied of record or docketed in any court of the state in which the Mortgaged Property is

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located or in any other court located in the United States. The purposed Loan will not render the Mortgagor nor any general partner of Mortgagor insolvent. As used in this Certificate, the term "insolvent" means that the sum total of all of an entity's liabilities (whether secured or unsecured, contingent or fixed, or liquidated or unliquidated) is in excess of the value of all such entity's non-exempt assets, i.e., all of the assets of the entity that are available to satisfy claims of creditors.

- (cc) No Condemnation. No part of any property subject to the Mortgage has been taken in condemnation or other like proceeding to an extent which would impair the value of the Mortgaged Property, the Mortgage or the Loan or the usefulness of such property for the purposes contemplated by the loan application relating to the Loan (the "Loan Application"), nor is any proceeding pending, threatened or known to be contemplated for the partial or total

condemnation or taking of the Mortgaged Property other than the Proposed Street Widening.

- (dd) No Subordinate Financing. Except as otherwise expressly approved by Mortgagee in writing, no part of any property subject to the Mortgage is, or will become, subject to a second mortgage, deed of trust or other type of subordinate lien.
- (ee) No Labor or Materialmen Claims. All parties furnishing labor and materials have been paid in full and, except for such liens or claims insured against by the policy of title insurance to be issued in connection with the Loan, there are no mechanics', laborers' or materialmens' liens or claims outstanding for work, labor or materials affecting the Mortgaged Property, whether prior to, equal with or subordinate to the lien of the Mortgage.
- (ff) No Purchase Options. No tenant, person, party, firm, corporation or other entity has an option to purchase the Mortgaged Property, any portion thereof or any interest therein.
- (gg) Leases. The Mortgaged Property is not subject to any Leases other than the Leases described in the rent roll delivered to Mortgagee in connection with this Mortgage. No person has any possessory interest in the Mortgaged Property or right to occupy the same except under and pursuant to the provisions of the Leases. As of the date hereof, (i) the Mortgagor is the owner and holder of the landlord's interest under each Lease; (ii) there are no prior assignments of any Lease or any portion of Rents which are presently outstanding and have priority over the Assignment of Leases and Rents (the "Assignment of Leases and Rents"), dated the date hereof, given by Mortgagor to Mortgagee and intended to be duly recorded; (iii) with respect to new Leases entered

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into after the date hereof, such Leases shall be on the standard form of lease approved by Mortgagee and have not been modified or amended, except as disclosed to Mortgagee in writing on the date hereof; (iv) each Lease is in full force and effect; (v) neither Mortgagor nor any tenant (unless otherwise noted on the Rent Roll) under any Lease is in default under any of the terms, covenants or provisions of the Lease, and Mortgagor knows of no event which, but for the passage of time or the giving of notice or both, would constitute an event of default under any Lease; (vi) there are no offsets or defenses to the payment of any portion of the Rents; and (vii) all Rents due and payable under each Lease (unless otherwise noted on the Rent Roll) have been paid in full and no said Rents have been paid more than one (1) month in advance of the due dates thereof.

- (hh) Appraisal. All requirements and conditions of the appraisal of the Property submitted to Mortgagee as part of the Loan Application, upon which the value of the Mortgaged Property was conditioned, have been fully satisfied.
- (ii) Boundary Lines. All of the Improvements which were included in determining the appraised value of the Mortgaged Property lie wholly within the boundaries and building restriction lines of the Mortgaged Property, and no improvements on adjoining properties encroach upon the Mortgaged Property, and no easements or other encumbrances upon the Premises encroach upon any of the Improvements, so as to affect the value or marketability of the Mortgaged Property except those which are insured against by title insurance.
- (jj) Survey. The survey of the Mortgaged Property delivered to Mortgagee in connection with this Mortgage, has been performed by a duly licensed surveyor or registered professional engineer in the jurisdiction in which the Mortgaged Property is situated, is certified to the Mortgagee, its successors and assigns, and the title insurance company, and is in accordance with the most current minimum standards for title surveys as determined by the American Land Title Association, with the signature and seal of a licensed engineer or surveyor affixed thereto, and does not fail to reflect any material matter affecting the Mortgaged Property or the title thereto.

- (kk) Forfeiture. There has not been and shall never be committed by Mortgagor or any other person in occupancy of or involved with the operation or use of the Mortgaged Property any act or omission affording the federal government or any state or local government the right of forfeiture as against the Mortgaged Property or any part thereof

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or any monies paid in performance of Mortgagor's obligations under any of the Loan Documents.

- (ll) Management Agreement. The Management Agreement dated August 1, 1996 (the "Management Agreement") between Mortgagor and Bryant Development Corporation, Inc. ("Manager") pursuant to which Manager operates the Mortgaged Property is in full force and effect and there is no default or violation by any party thereunder. The fee due under the Management Agreement, and the terms and provisions of the Management Agreement, are subordinate to this Mortgage and Manager shall attorn to Mortgagee. Mortgagor shall not terminate, cancel, modify, renew or extend the Management Agreement, or enter into any agreement relating to the management or operation of the Mortgaged Property with Manager or any other party without the express written consent of Mortgagee, which consent shall not be unreasonably withheld. If at any time Mortgagee consents to the appointment of a new Manager, such new Manager and Mortgagor shall, as a condition of Mortgagee's consent, execute a Consent and Agreement of Manager in the form then used by Mortgagee.
- (mm) No Broker. No financial advisors, brokers, underwriters, placement agents, agents or finders have been dealt with by the Mortgagor in connection with the Loan other than Houlihan-Parnes Realtors, LLC.

12. Single Purpose Entity & Separateness. Mortgagor represents, warrants and covenants as follows:

(a) Mortgagor does not own and will not own any asset or property other than (i) the Mortgaged Property, and (ii) incidental personal property necessary for the ownership or operation of the Mortgaged Property.

(b) Mortgagor will not engage in any business other than the ownership, management and operation of the Mortgaged Property and Mortgagor will conduct and operate its business as presently conducted and operated.

(c) Mortgagor will not enter into any contract or agreement with any affiliate of the Mortgagor, any constituent party of Mortgagor, any guarantor (a "Guarantor") of the Debt or any part thereof or any affiliate of any constituent party or Guarantor, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any such party.

(d) Mortgagor has not incurred and will not incur any indebtedness, secured or unsecured, direct or indirect, absolute or contingent (including guaranteeing any obligation), other than (i) the Debt, (ii) trade and operational debt incurred in the ordinary course of business with trade creditors and in amounts as are normal and reasonable under the circumstances, and (iii) debt incurred in the financing of equipment and other personal

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property used on the Premises. No indebtedness other than the Debt may be secured (subordinate or pari passu) by the Mortgaged Property.

(e) Mortgagor has not made and will not make any loans or advances to any third party (including any affiliate or constituent party, any Guarantor or any affiliate of any constituent party or Guarantor), and shall not acquire obligations or securities of its affiliates.

(f) Mortgagor is and will remain solvent and Mortgagor will pay its debts and liabilities (including, as applicable, shared personnel and overhead expenses) from its assets as the same shall become due.

(g) Mortgagor has done or caused to be done and will do all things necessary to observe organizational formalities and preserve its

existence, and Mortgagor will not, nor will Mortgagor permit any constituent party or Guarantor to amend, modify or otherwise change the partnership certificate, partnership agreement, articles of incorporation and bylaws, operating agreement, certificate of organization, trust or other organizational documents of Mortgagor or such constituent party or Guarantor without the prior written consent of Mortgagee which consent shall not be unreasonably withheld, conditioned or delayed.

(h) Mortgagor will maintain all of its books, records, financial statements and bank accounts separate from those of its affiliates and any constituent party and Mortgagor will file its own tax returns unless required otherwise by applicable law. Mortgagor shall maintain its books, records, resolutions and agreements as official records.

(i) Mortgagor will be, and at all times will hold itself out to the public as, a legal entity separate and distinct from any other entity (including any affiliate of Mortgagor, any constituent party of Mortgagor, any Guarantor or any affiliate of any constituent party or Guarantor), shall correct any known misunderstanding regarding its status as a separate entity, shall conduct business in its own name, shall not identify itself or any of its affiliates as a division or part of the other and shall maintain and utilize separate stationery, invoices and checks.

(j) Mortgagor is adequately capitalized and will maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations.

(k) Neither Mortgagor nor any constituent party will effectuate the dissolution, winding up, liquidation, consolidation or merger in whole or in part, of the Mortgagor.

(l) Mortgagor will not commingle the funds and other assets of Mortgagor with those of any affiliate or constituent party, any Guarantor, or any affiliate of any constituent party of Guarantor, or any other person.

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(m) Mortgagor has and will maintain its assets in such a manner it will not be costly or difficult to segregate, ascertain or identify its individual assets those of any affiliate or constituent party, any Guarantor, or any affiliate of any constituent party or Guarantor, or any other person.

(n) Mortgagor does not and will not guarantee, become obligated for or hold itself out to be responsible for the debts or obligations of any other person or entity or the decisions or actions respecting the daily business or affairs of any other person or entity.

(o) If Mortgagor is a limited partnership or a limited liability company, the general partner or managing member (the "SPC Entity") shall be a corporation whose sole asset is its interest in Mortgagor and the SPC Entity will at all times comply, and will cause Mortgagor to comply, with each of the representations, warranties, and covenants contained in this Paragraph 12 as if such representation, warranty or covenant was made directly by such general partner or managing member.

13. Estoppel Certificates and No Default Affidavits.

(a) After request by Mortgagee, Mortgagor shall within ten (10) days furnish Mortgagee with a statement, duly acknowledged and certified, setting forth (i) the amount of the original principal amount of the Note, (ii) the unpaid principal amount of the Note, (iii) the rate of interest of the Note, (iv) the date installments of interest and/or principal were last paid, (v) any offsets or defenses to the payment of the Debt, if any, (vi) that the Note, this Mortgage and the other Loan Documents are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification; and (vii) reaffirming all representations and warranties of Mortgagor set forth herein and in the other Loan Documents as of the date requested by Mortgagee or, to the extent of any changes to any such representations and warranties, so stating such changes.

(b) Mortgagor shall deliver to Mortgagee upon request, tenant estoppel certificates from each commercial tenant at the Mortgaged Property in form and substance reasonably satisfactory to Mortgagee provided that Mortgagor shall not be required to deliver such certificates more frequently than one (1) time in any calendar year.

14. Controlling Agreement. It is expressly stipulated and agreed to be the intent of Mortgagor, and Mortgagee at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits Mortgagee to contract for, charge, take, reserve, or receive a greater amount of interest than under state law) and that this Paragraph 14 (and the

similar paragraph contained in the Note) shall control every other covenant and agreement in this Mortgage and the other Loan Documents. If the applicable law (state or federal) is ever judicially interpreted so as to render usurious any amount called for under the Note or under any of the other Loan Documents, or contracted for, charged, taken, reserved, or received with respect to the Debt, or if Mortgagee's exercise of the option to accelerate the maturity of the Note, or if any prepayment by Mortgagor results in Mortgagor having paid any interest in excess of that permitted by applicable law, then it is Mortgagor's

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and Mortgagee's express intent that all excess amounts theretofore collected by Mortgagee shall be credited on the principal balance of the Note and all other Debt (or, if the Note and all other Debt have been or would thereby be paid in full, refunded to Mortgagor), and the provisions of the Note and the other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Mortgagee for the use, forbearance, or detention of the Debt shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Debt until payment in full so that the rate or amount of interest on account of the Debt does not exceed the maximum lawful rate from time to time in effect and applicable to the Debt for so long as the Debt is outstanding. Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, it is not the intention of Mortgagee to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

15. Changes in Laws Regarding Taxation. If any law is enacted or adopted or amended after the date of this Mortgage which deducts the Debt from the value of the Mortgaged Property for the purpose of taxation or which imposes a tax, either directly or indirectly, on the Debt or Mortgagee's interest in the Mortgaged Property, Mortgagor will pay such tax, with interest and penalties thereon, if any. In the event Mortgagee is advised by counsel chosen by it that the payment of such tax or interest and penalties by Mortgagor would be unlawful or taxable to Mortgagee or unenforceable or provide the basis for a defense of usury, then in any such event, Mortgagee shall have the option, by written notice of not less than one hundred twenty (120) days, to declare the Debt immediately due and payable.

16. No Credits on Account of the Debt. Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Mortgaged Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Mortgaged Property, or any part thereof, for real estate tax purposes by reason of this Mortgage or the Debt. In the event such claim, credit or deduction shall be required by law, Mortgagee shall have the option, by written notice of not less than one hundred twenty (120) days, to declare the Debt immediately due and payable.

17. Documentary Stamps. If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note or this Mortgage, or impose any other tax or charge on the same, Mortgagor will pay for the same, with interest and penalties thereon, if any.

18. Books and Records.

(a) The financial statements heretofore furnished to Mortgagee are, as of the dates specified therein, complete and correct and fairly present the financial condition of the Mortgagor and any other persons or entities that are the subject of such financial

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statements, and are prepared in accordance with generally accepted accounting principles. Mortgagor does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Mortgagor and reasonably likely to have a materially adverse effect on the Mortgaged Property or the operation thereof as a shopping center, except as referred to or reflected in said financial statements. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operation or business of Mortgagor from that set forth in said financial statements.

(b) Mortgagor will maintain full and accurate books of accounts

and other records reflecting the results of the operations of the Mortgaged Property and will furnish to Mortgagee on or before forty-five (45) days after the end of each calendar quarter the following items, each certified by Mortgagor as being true and correct: (i) a written statement (rent roll) dated as of the last day of each such calendar quarter identifying each of the Leases by the term, space occupied, rental required to be paid, security deposit paid, any rental concessions, and identifying any defaults or payment delinquencies thereunder; (ii) monthly and year to date operating statements prepared for each calendar month during each such calendar quarter, noting Net Operating Income (as hereinafter defined), Gross Income from Operations (as hereinafter defined), and Operating Expenses (as hereinafter defined), and including an itemization of actual (not pro forma) capital and other information necessary and sufficient under generally accepted accounting practices to fairly represent the financial position and results of operation of the Mortgaged Property during such calendar month, all in form satisfactory to Mortgagee; (iii) a property balance sheet for each such calendar quarter; and (iv) a comparison of the budgeted income and expenses and the actual income and expenses for each calendar quarter and year to date together with a detailed explanation of any variances of five percent (5%) or more between budgeted and actual amounts for such quarterly periods and year to date. Until a Securitization has occurred, the Mortgagor shall furnish monthly each of the items listed in the immediately preceding sentence within twenty (20) days after the end of such month. Within ninety (90) days following the end of each calendar year, Mortgagor shall furnish statements of its financial affairs and condition including a balance sheet and a statement of profit and loss for the Mortgagor in such detail as Mortgagee may request, and setting forth the financial condition and the income and expenses for the Mortgaged Property for the immediately preceding calendar year, which statements shall be prepared by Mortgagor. Mortgagor's annual financial statements shall include (i) a list of the tenants, if any, occupying more than twenty (20%) percent of the total floor area of the Improvements, and (ii) a breakdown showing the year in which each Lease then in effect expires and the percentage of total floor area of the Improvements and the percentage of base rent with respect to which Leases shall expire in each such year, each such percentage to be expressed on both a per year and a cumulative basis. Mortgagor's annual financial statements shall be accompanied by a certificate executed by the chief financial officer of Mortgagor or the general partner of Mortgagor, as applicable, stating that each such annual financial statement presents fairly the financial condition of the Mortgaged Property being reported upon. Each such annual financial statement shall be prepared in accordance with generally accepted accounting principles consistently applied. At any time and from time to time Mortgagor shall deliver to Mortgagee or its agents such other financial data as Mortgagee

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or its agents shall reasonably request with respect to the ownership, maintenance, use and operation of the Mortgaged Property.

(c) For the purposes of this Mortgage, the following terms shall have the following meanings:

(i) The term "Net Operating Income" shall mean the amount obtained by subtracting Operating Expenses from Gross Income from Operations.

(ii) The term "Operating Expenses" shall mean the total of all expenditures, computed in accordance with generally accepted accounting principles, of whatever kind relating to the operation, maintenance and management of the Mortgaged Property that are incurred on a regular monthly or other periodic basis, including without limitation, utilities, ordinary repairs and maintenance, insurance, license fees, property taxes and assessments, advertising expenses, management fees equal to the greater of actual or 4% of Gross Income from Operations, payroll and related taxes, computer processing charges, operational equipment or other lease payments as approved by Mortgagee, and other similar costs, but excluding depreciation, debt service, capital expenditures, and contributions to the Replacement Escrow Fund, the Leasing Escrow Fund, the Tax and Insurance Impound Fund, and any other reserves required under the Loan Documents.

(iii) The term "Gross Income from Operations" shall mean all income, computed in accordance with generally accepted accounting principles, derived from the ownership and operation of the Mortgaged Property from whatever source, including, but not limited to, Rents, utility charges, escalations, forfeited security deposits, interest on credit accounts, service fees or charges, license fees, parking fees, rent concessions or credits, and other pass-through or reimbursements paid by tenants under the Leases of any nature but excluding sales, use and occupancy or other taxes on receipts required to be accounted for by Mortgagor to any government or governmental agency, refunds and uncollectible accounts, sales of furniture, fixtures and equipment, proceeds of casualty insurance and condemnation awards (other than business interruption or other loss of income insurance), and any disbursements to the Mortgagor from the Tax and Insurance Impound Fund, the Replacement Escrow Fund, the Leasing Escrow Fund, or any other escrow fund established by

the Loan Documents.

(iv) The term "Debt Service Coverage Ratio" shall mean a ratio for the applicable period in which: (A) the numerator is the Net Operating Income (excluding interest on credit accounts) for such period as set forth in the statements required hereunder; and (B) the denominator is the aggregate amount of principal and interest due and payable on the Note. For purposes of such calculation, a constant equal to 9.23% shall be used.

19. Performance of Other Agreements. Mortgagor shall observe and perform each and every term to be observed or performed by Mortgagor pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Mortgaged Property.

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20. Further Acts, Etc. Mortgagor will, at the cost of Mortgagor, and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignment, Uniform Commercial Code financing statements or continuation statements, transfers and assurances as Mortgagee shall, from time to time, require, for the better assuring, conveying, assigning, transferring, and confirming unto Mortgagee the property and rights hereby deeded, mortgaged, given, granted, bargained, sold, alienated, enfeoffed, conveyed, confirmed, pledged, assigned and hypothecated or intended now or hereafter so to be, or which Mortgagor may be or may hereafter become bound to convey or assign to Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage or for filing, registering or recording this Mortgage or for facilitating the sale of the Loan and the Loan Documents as described in Paragraph 20(b) below. Mortgagor, on demand, will execute and deliver and hereby authorizes Mortgagee to execute in the name of Mortgagor or without the signature of Mortgagor to the extent Mortgagee may lawfully do so, one or more financing statements, chattel mortgages or other instruments, to evidence more effectively the security interest of Mortgagee in the Mortgaged Property. Upon foreclosure, the appointment of a receiver or any other relevant action, Mortgagor will, at the cost of Mortgagor and without expense to Mortgagee, cooperate fully and completely to effect the assignment or transfer of any license, permit, agreement or any other right necessary or useful to the operation of or the Mortgaged Property. Mortgagor grants to Mortgagee an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Mortgagee at law and in equity, including, without limitation, such rights and remedies available to Mortgagee pursuant to this paragraph.

21. Recording of Mortgage Etc. Mortgagor forthwith upon the execution and delivery of this Mortgage and thereafter, from time to time, will cause this Mortgage, and any security instrument creating a lien or security interest or evidencing the lien hereof upon the Mortgaged Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien or security interest hereof upon, and the interest of Mortgagee in, the Mortgaged Property. Mortgagor will pay all filing, registration or recording fees, and all expenses incident to the preparation, execution and acknowledgment of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property and any instrument of further assurance, and all federal, state, county and municipal, taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property or any instrument of further assurance, except where prohibited by law so to do. Mortgagor shall hold harmless and indemnify Mortgagee, its successors and assigns, against any liability incurred by reason of the imposition of any tax on the making and recording of this Mortgage.

22. Reporting Requirements. Mortgagor agrees to give prompt notice to Mortgagee of the insolvency or bankruptcy filing of Mortgagor or the death, insolvency or bankruptcy filing of any Guarantor.

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23. Events of Default. The Debt shall become immediately due and payable at the option of Mortgagee upon the happening of any one or more of the following events of default (each an "Event of Default"):

(a) if any portion of the Debt is not paid on or before the related Payment Date or, for any payment other than a Monthly Payment Amount, the date on which such payment is due;

(b) subject to Mortgagor's right to contest as provided herein,

if any of the Taxes or Other Charges are not paid when the same are due and payable (unless sums equaling the amount of Taxes and Other Charges then due and payable have been delivered to Mortgagee in accordance with Paragraph 6 hereof);

(c) if the Policies are not kept in full force and effect, or if the Policies are not delivered to Mortgagee upon request;

(d) if Mortgagor transfers or encumbers any portion of the Mortgaged Property without Mortgagee's prior written consent;

(e) if any representation or warranty of Mortgagor, or of any Guarantor, made herein or in any other Loan Document or in any certificate, report, financial statement or other instrument or document furnished to Mortgagee shall have been false or misleading in any material respect when made;

(f) if Mortgagor or any Guarantor shall make an assignment for the benefit of creditors or if Mortgagor shall generally not be paying its debts as they become due;

(g) if a receiver, liquidator or trustee of Mortgagor or of any Guarantor shall be appointed or if Mortgagor or any Guarantor shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Mortgagor or any Guarantor or if any proceeding for the dissolution or liquidation of Mortgagor or of any Guarantor shall be instituted; however, if such appointment, adjudication, petition or proceeding was involuntary and not consented to by Mortgagor or such Guarantor, upon the same not being discharged, stayed or dismissed within ninety (90) days;

(h) if Mortgagor shall be in default under any other mortgage or security agreement covering any part of the Mortgaged Property whether it be superior or junior in lien to this Mortgage;

(i) subject to Mortgagor's right to contest as provided herein, if the Mortgaged Property becomes subject to any mechanic's, materialman's or other lien and such lien is not removed or recorded within thirty (30) days of the filing or recording of such lien (except a lien for local real estate taxes and assessments not then due and payable);

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(j) if Mortgagor fails to cure properly any violations of laws or ordinances affecting or which may be interpreted to affect the Mortgaged Property within thirty (30) days after Mortgagor first receives notice of any such violations; provided, however, if such violation is reasonably susceptible of cure, but not within such thirty (30) day period, then Mortgagor may be permitted up to an additional sixty (60) days to cure such default provided that Mortgagor diligently and continuously pursues such cure.

(k) except as permitted in this Mortgage, the alteration, improvement, demolition or removal of any of the Improvements without the prior consent of Mortgagee;

(l) if Mortgagor shall continue to be in default under any term, covenant, or provision of the Note or any of the other Loan Documents, beyond applicable cure periods contained in those documents;

(m) if Mortgagor fails to cure a default under any other term, covenant or provision of this Mortgage within thirty (30) days after Mortgagor first receives notice of any such default; provided, however, if such default is reasonably susceptible of cure, but not within such thirty (30) day period, then Mortgagor may be permitted up to an additional one hundred twenty (120) days to cure such default provided that Mortgagor diligently and continuously pursues such cure;

(n) if without Mortgagee's prior written consent, (i) the Management Agreement is terminated, (ii) the ownership, management or control of Manager is transferred, (iii) there is a material change in the Management Agreement, or (iv) if there shall be a material default by Mortgagor under the Management Agreement; or

(o) if Mortgagor ceases to continuously operate the Mortgaged Property or any material portion thereof as a shopping center for any reason whatsoever (other than temporary cessation in connection with any repair or renovation thereof undertaken with the consent of Mortgagee).

24. Late Payment Charge. If any portion of the Debt is not paid on or before the date on which such payment is due, Mortgagor shall pay to Mortgagee upon demand an amount equal to the lesser of three percent (3%) of such unpaid portion of the Debt or the maximum amount permitted by applicable

law in order to defray a portion of the expenses incurred by Mortgagee in handling and processing such delinquent payment and to compensate Mortgagee for the loss of the use of such delinquent payment, and such amount shall be secured by this Mortgage.

25. Right To Cure Defaults. Upon the occurrence of any Event of Default or if Mortgagor fails to make any payment (including, without limitation, any required payments for taxes, insurance or to discharge any liens with respect to the Property) or to do any act as herein provided, Mortgagee may, but without any obligation to do so and without notice to or demand on Mortgagor and without releasing Mortgagor from any obligation hereunder, make or do the same in such manner and to such extent as Mortgagee may deem

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necessary to protect the security hereof. Mortgagee is authorized to enter upon the Mortgaged Property for such purposes or appear in, defend, or bring any action or proceeding to protect its interest in the Mortgaged Property or to foreclose this Mortgage or collect the Debt, and the cost and expense thereof (including reasonable attorneys' fees and disbursements to the extent permitted by law), with interest at the Default Rate (as defined in the Note) for the period after notice from Mortgagee that such cost or expense was incurred to the date of payment to Mortgagee, shall constitute a portion of the Debt, shall be secured by this Mortgage and the other Loan Documents and shall be due and payable to Mortgagee upon demand.

26. Additional Remedies.

(a) Upon the occurrence of any Event of Default, Mortgagee may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Mortgagor and in and to the Mortgaged Property by Mortgagee itself or otherwise, including, without limitation, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Mortgagee:

(i) declare the entire Debt to be immediately due and payable;

(ii) institute a proceeding or proceedings, judicial or nonjudicial, by advertisement or otherwise, for the complete foreclosure of this Mortgage in which case the Mortgaged Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;

(iii) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Mortgage for the portion of the Debt then due and payable, subject to the continuing lien of this Mortgage for the balance of the Debt not then due;

(iv) sell for cash or upon credit the Mortgaged Property or any part thereof and all estate, claim, demand, right, title and interest of Mortgagor therein and rights of redemption thereof, pursuant to the power of sale contained herein or otherwise, at one or more sales, as an entirety or in parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law;

(v) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, or in any of the other Loan Documents;

(vi) recover judgment on the Note either before, during or after any proceedings for the enforcement of this Mortgage;

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(vii) apply for the appointment of a trustee, receiver, liquidator or conservator of the Mortgaged Property, without notice and without regard for the adequacy of the security for the Debt and without regard for the solvency of the Mortgagor, any Guarantor or of any person, firm or other entity liable for the payment of the Debt;

(viii) enforce Mortgagee's interest in the Leases and Rents and enter into or upon the Mortgaged Property, either personally or by its agents, nominees or attorneys and dispossess Mortgagor and its agents and servants therefrom, and thereupon Mortgagee may (A) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and

every part of the Mortgaged Property and conduct the business thereat; (B) complete any construction on the Mortgaged Property in such manner and form as Mortgagee deems advisable; (C) make alterations, additions, renewals, replacements and improvements to or on the Mortgaged Property; (D) exercise all rights and powers of Mortgagor with respect to the Mortgaged Property, whether in the name of Mortgagor or otherwise, including, without limitation, the right to make, cancel, enforce or modify Leases, obtain and evict tenants, and demand, sue for, collect and receive all Rents; and (E) apply the receipts from the Mortgaged Property to the payment of Debt, after deducting therefrom all expenses (including reasonable attorneys' fees and disbursements) incurred in connection with the aforesaid operations and all amounts necessary to pay the taxes, assessments insurance and other charges in connection with the Mortgaged Property, as well as just and reasonable compensation for the services of Mortgagee, its counsel, agents and employees;

(ix) require Mortgagor to pay monthly in advance to Mortgagee, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of any portion of the Mortgaged Property occupied by Mortgagor and require Mortgagor to vacate and surrender possession to Mortgagee of the Mortgaged Property or to such receiver and, in default thereof, evict Mortgagor by summary proceedings or otherwise; or

(x) pursue such other rights and remedies as may be available at law or in equity or under the Uniform Commercial Code including without limitation the right to receive and/or establish a lock box for all Rents proceeds from the Intangibles and any other receivables or rights to payments of Mortgagor relating to the Mortgaged Property.

In the event of a sale, by foreclosure or otherwise, of less than all of the Mortgaged Property, this Mortgage shall continue as a lien on the remaining portion of the Mortgaged Property.

(b) The proceeds of any sale made under or by virtue of this paragraph, together with any other sums which then may be held by Mortgagee under this Mortgage, whether under the provisions of this paragraph or otherwise, shall be applied by Mortgagee to the payment of the Debt in such priority and proportion as Mortgagee in its sole discretion shall deem proper.

(c) Mortgagee may adjourn from time to time any sale by it to be made under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, except as otherwise provided by any

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applicable provision of law, Mortgagee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

(d) Upon the completion of any sale or sales pursuant hereto, Mortgagee, or an officer of any court empowered to do so, shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument, or good and sufficient instruments, conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. Mortgagee is hereby irrevocably appointed the true and lawful attorney of Mortgagor, in its name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the Mortgaged Property and rights so sold and for that purpose Mortgagee may execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons with like power, Mortgagor hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof. Any sale or sales made under or by virtue of this paragraph, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Mortgagor in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against Mortgagor and against any and all persons claiming or who may claim the same, or any part thereof from, through or under Mortgagor.

(e) Upon any sale made under or by virtue of this paragraph, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Mortgagee may bid for and acquire the Mortgaged Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the Debt the net sales price after deducting therefrom the expenses of the sale and costs of the action and any other sums which Mortgagee is authorized to deduct under this Mortgage.

(f) No recovery of any judgment by Mortgagee and no levy of an execution under any judgment upon the Mortgaged Property or upon any other

property of Mortgagor shall affect in any manner or to any extent the lien of this Mortgage upon the Mortgaged Property or any part thereof, or any liens, rights, powers or remedies of Mortgagee hereunder, but such liens, rights, powers and remedies of Mortgagee shall continue unimpaired as before.

(g) Mortgagee may terminate or rescind any proceeding or other action brought in connection with its exercise of the remedies provided in this paragraph at any time before the conclusion thereof, as determined in Mortgagee's sole discretion and without prejudice to Mortgagee.

(h) Mortgagee may resort to any remedies and the security given by the Note, this Mortgage or the Loan Documents in whole or in part, and in such portions and in such order as determined by Mortgagee's sole discretion. No such action shall in any way be considered a waiver of any rights, benefits or remedies evidenced or provided by the Note,

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this Mortgage or any of the other Loan Documents. The failure of Mortgagee to exercise any right, remedy or option provided in the Note, this Mortgage or any of the other Loan Documents shall not be deemed a waiver of such right, remedy or option or of any covenant or obligation secured by the Note, this Mortgage or the other Loan Documents. No acceptance by Mortgagee of any payment after the occurrence of any Event of Default and no payment by Mortgagee of any obligation for which Mortgagor is liable hereunder shall be deemed to waive or cure any Event of Default with respect to Mortgagor, or Mortgagor's liability to pay such obligation. No sale of all or any portion of the Mortgaged Property, no forbearance on the part of Mortgagee, and no extension of time for the payment of the whole or any portion of the Debt or any other indulgence given by Mortgagee to Mortgagor, shall operate to release or in any manner affect the interest of Mortgagee in the remaining Mortgaged Property or the liability of Mortgagor to pay the Debt. No waiver by Mortgagee shall be effective unless it is in writing and then only to the extent specifically stated. All costs and expenses of Mortgagee in exercising the rights and remedies under this Paragraph 26 (including reasonable attorneys' fees and disbursements to the extent permitted by law), shall be paid by Mortgagor immediately upon notice from Mortgagee, with interest at the Default Rate for the period after notice from Mortgagee and such costs and expenses shall constitute a portion of the Debt and shall be secured by this Mortgage.

(i) The interests and rights of Mortgagee under the Note, this Mortgage or in any of the other Loan Documents shall not be impaired by any indulgence, including (i) any renewal, extension or modification which Mortgagee may grant with respect to any of the Debt, (ii) any surrender, compromise, release, renewal, extension, exchange or substitution which Mortgagee may grant with respect to the Mortgaged Property or any portion thereof; or (iii) any release or indulgence granted to any maker, endorser, Guarantor or surety of any of the Debt.

27. Right of Entry. In addition to any other rights or remedies granted under this Mortgage, Mortgagee, and its agents, during the Term, shall have the right to enter and inspect the Mortgaged Property during normal business hours. The cost of such inspections or audits shall be borne by Mortgagor should Mortgagee determine that an Event of Default exists, including the cost of all follow up or additional investigations or inquiries deemed reasonably necessary by Mortgagee. The cost of such inspections, if not paid for by Mortgagor following demand, may be added to the principal balance of the sums due under the Note and this Mortgage and shall bear interest thereafter until paid at the Default Rate.

28. Security Agreement.

(a) This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code. The Mortgaged Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Mortgagor in the Mortgaged Property. Mortgagor by executing and delivering this Mortgage has granted and hereby grants to Mortgagee, as security for the Debt, a security interest in the Mortgaged Property to the full extent that the Mortgaged Property may be subject to the Uniform Commercial Code (said portion of the Mortgaged Property so

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subject to the Uniform Commercial Code being called in this paragraph the "Collateral"). Mortgagor hereby agrees with Mortgagee to execute and deliver to Mortgagee, in form and substance satisfactory to Mortgagee, such financing statements and such further assurances as Mortgagee may from time to time,

reasonably consider necessary to create, perfect, and preserve Mortgagee's security interest herein granted. This Mortgage shall also constitute a "fixture filing" for the purposes of the Uniform Commercial Code. As such, this Mortgage covers all items of the Collateral that are or are to become fixtures. Information concerning the security interest herein granted may be obtained from the parties at the addresses of the parties set forth in the first paragraph of this Mortgage.

(b) If an Event of Default shall occur, Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Collateral or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Collateral. Upon request or demand of Mortgagee, Mortgagor shall at its expense assemble the Collateral and make it available to Mortgagee at a convenient place acceptable to Mortgagee. Mortgagor shall pay to Mortgagee on demand any and all expenses, including attorneys' fees and disbursements, incurred or paid by Mortgagee in protecting the interest in the Collateral and in enforcing the rights hereunder with respect to the Collateral. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Collateral sent to Mortgagor in accordance with the provisions hereof at least five (5) business days prior to such action, shall constitute commercially reasonable notice to Mortgagor. The proceeds of any disposition of the Collateral, or any part thereof, may be applied by Mortgagee to the payment of the Debt in such priority and proportions as Mortgagee in its sole discretion shall deem proper. In the event of any change in name, identity or structure of any Mortgagor, such Mortgagor shall notify Mortgagee thereof and promptly after request shall execute, file and record such Uniform Commercial Code forms as are necessary to maintain the priority of Mortgagee's lien upon and security interest in the Collateral, and shall pay all expenses and fees in connection with the filing and recording thereof. If Mortgagee shall require the filing or recording of additional Uniform Commercial Code forms or continuation statements, Mortgagor shall, promptly after request, execute, file and record such Uniform Commercial Code forms or continuation statements as Mortgagee shall deem necessary, and shall pay all expenses and fees in connection with the filing and recording thereof, it being understood and agreed, however, that no such additional documents shall increase Mortgagor's obligations under the Note, this Mortgage and any of the other Loan Documents. Mortgagor hereby irrevocably appoints Mortgagee as its attorney-in-fact, coupled with an interest, to file with the appropriate public office on its behalf any financing or other statements signed only by Mortgagee, as secured party, in connection with the Collateral covered by this Mortgage.

29. Actions and Proceedings. Mortgagee has the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to bring any action or proceeding, in the name and on behalf of Mortgagor, which Mortgagee, in its sole discretion, decides should be brought to protect their interest in the Mortgaged Property.

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Mortgagee shall, at its option, be subrogated to the lien of any mortgage or other security instrument discharged in whole or in part by the Debt, and any such subrogation rights shall constitute additional security for the payment of the Debt.

30. Waiver of Setoff and Counterclaim. All amounts due under this Mortgage, the Note and the other Loan Documents shall be payable without setoff, counterclaim or any deduction whatsoever. Mortgagor hereby waives the right to assert a setoff, counterclaim (other than a mandatory or compulsory counterclaim) or deduction in any action or proceeding in which Mortgagee is a participant, or arising out of or in any way connected with this Mortgage, the Note, any of the other Loan Documents, or the Debt.

31. Contest of Certain Claims. Notwithstanding the provisions of Paragraphs 5 and 23 hereof, Mortgagor shall not be in default for failure to pay or discharge Taxes, Other Charges or mechanic's or materialman's lien asserted against the Mortgaged Property if, and so long as, (a) Mortgagor shall have notified Mortgagee of same within five (5) business days of obtaining knowledge thereof; (b) Mortgagor shall diligently and in good faith contest the same by appropriate legal proceedings which shall operate to prevent the enforcement or collection of the same and the sale of the Mortgaged Property or any part thereof, to satisfy the same; (c) Mortgagor shall have furnished to Mortgagee a cash deposit, or an indemnity bond satisfactory to Mortgagee with a surety reasonably satisfactory to Mortgagee, in an amount equal to 125% of the amount of the Taxes, Other Charges or mechanic's or materialman's lien claim, plus a reasonable additional sum to pay all costs, interest and penalties that may be imposed or incurred in connection therewith, to assure payment of the matters under contest and to prevent any sale or forfeiture of the Mortgaged Property or any part thereof; (d) Mortgagor shall promptly upon final determination thereof

pay the amount of any such Taxes, Other Charges or claim so determined, together with all costs, interest and penalties which may be payable in connection therewith; (e) the failure to pay the Taxes, Other Charges or mechanic's or materialman's lien claim does not constitute a default under any other mortgage or security interest covering or affecting any part of the Mortgaged Property; and (f) notwithstanding the foregoing, Mortgagor shall immediately upon request of Mortgagee pay (and if Mortgagor shall fail so to do, Mortgagee may, but shall not be required to, pay or cause to be discharged or bonded against) any such Taxes, Other Charges or claim notwithstanding such contest, if in the opinion of Mortgagee, the Mortgaged Property or any part thereof or interest therein may be in danger of being sold, forfeited, foreclosed, terminated, cancelled or lost. Mortgagee may pay over any such cash deposit or part thereof to the claimant entitled thereto at any time when, in the judgment of Mortgagee, the entitlement of such claimant is established.

32. Recovery of Sums Required to be Paid. Mortgagee shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of Mortgagee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Mortgagor existing at the time such earlier action was commenced.

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33. Marshalling and Other Matters. Mortgagor hereby waives, to the extent permitted by law, the benefit of all appraisal, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Mortgaged Property or any part thereof or any interest therein. Further, Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of Mortgagor, and on behalf of each and every person acquiring any interest in or title to the Mortgaged Property subsequent to the date of this Mortgage and on behalf of all persons to the extent permitted by applicable law.

34. Hazardous Substances. Mortgagor hereby represents and warrants to Mortgagee that, to the best of Mortgagor's knowledge, after due inquiry and investigation except as disclosed in the report dated December 20, 1996, prepared by Certified Environmental Inc. (the "Phase I Report") and delivered to Mortgagee in connection with the Loan: (a) the Mortgaged Property is not in direct or indirect violation of any local, state, federal or other governmental authority, statute, ordinance, code, order, decree, law, rule or regulation pertaining to or imposing liability or standards of conduct concerning environmental regulation, contamination or clean-up including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), the Resource Conservation and Recovery Act, as amended ("RCRA"), the Emergency Planning and Community Right-to-Know Act of 1986, as amended, the Hazardous Substances Transportation Act, as amended, the Solid Waste Disposal Act, as amended, the Clean Water Act, as amended, the Clean Air Act, as amended, the Toxic Substance Control Act, as amended, the Safe Drinking Water Act, as amended, the Occupational Safety and Health Act, as amended, any state super-lien and environmental clean-up statutes and all rules and regulations adopted in respect to the foregoing laws whether presently in force or coming into being and/or effectiveness hereafter (collectively, "Environmental Laws"); (b) the Mortgaged Property is not subject to any private or governmental lien or judicial or administrative notice or action or inquiry, investigation or claim relating to hazardous and/or toxic, dangerous and/or regulated, substances, wastes, materials, raw materials which include hazardous constituents, pollutants or contaminants including without limitation, petroleum, tremolite, anthophyllite, actinolite or polychlorinated biphenyls and any other substances or materials which are included under or regulated by Environmental Laws or which are considered by scientific opinion to be otherwise dangerous in terms of the health, safety and welfare of humans (collectively, "Hazardous Substances"); (c) no Hazardous Substances are or have been (including the period prior to Mortgagor's acquisition of the Mortgaged Property) discharged, generated, treated, disposed of or stored on, incorporated in, or removed or transported from the Mortgaged Property other than in compliance with all Environmental Laws; (d) no Hazardous Substances are present in, on or under any nearby real property which could migrate to or otherwise affect the Mortgaged Property; and (e) no underground storage tanks exist on any of the Mortgaged Property. So long as Mortgagor owns or is in possession of the Mortgaged Property, Mortgagor (i) shall keep or cause the Mortgaged Property to be kept free from Hazardous Substances and in compliance with all Environmental Laws, (ii) shall promptly notify Mortgagee if Mortgagor shall become aware of any Hazardous Substances on or near the Mortgaged Property and/or if Mortgagor shall become aware that the Mortgaged

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Property is in direct or indirect violation of any Environmental Laws and/or if Mortgagor shall become aware of any condition on or near the Mortgaged Property which shall pose a threat to the health, safety or welfare of humans, and (iii) Mortgagor shall remove such Hazardous Substances and/or cure such violations and/or remove such threats, as applicable, as required by law (or as shall be required by Mortgagee in the case of removal which is not required by law, but in response to the opinion of a licensed hydrogeologist, licensed environmental engineer or other qualified consultant engaged by Mortgagee ("Mortgagee's Consultant")), promptly after Mortgagor becomes aware of same, at Mortgagor's sole expense. Notwithstanding anything to the contrary in this paragraph, the Mortgagor and the tenants under the Leases may use and store immaterial amounts of Hazardous Substances at the Mortgaged Property if such use or storage is in connection with the ordinary cleaning and maintenance of the Mortgaged Property so long as such use and storage (A) does not violate any applicable Environmental Laws and (B) is not the subject of any specific recommendations in the Phase I Report. Nothing herein shall prevent Mortgagor from recovering such expenses from any other party that may be liable for such removal or cure. The obligations and liabilities of Mortgagor under this Paragraph 34 shall survive any termination, satisfaction, or assignment of this Mortgage and the exercise by Mortgagee of any of its rights or remedies hereunder, including, without limitation, the acquisition of the Mortgaged Property by foreclosure or a conveyance in lieu of foreclosure.

35. Asbestos. Mortgagor represents and warrants that, to the best of Mortgagor's knowledge, after due inquiry and investigation, no asbestos or any substance or material containing asbestos ("Asbestos") is located on the Mortgaged Property except as may have been disclosed in the Phase I Report delivered to Mortgagee in connection with the Loan. Mortgagor shall not install in the Mortgaged Property, nor permit to be installed in the Mortgaged Property, Asbestos and shall remove any Asbestos promptly upon discovery to the satisfaction of Mortgagee, at Mortgagor's sole expense. Mortgagor shall in all instances comply with, and ensure compliance by all occupants of the Mortgaged Property with, all applicable federal, state and local laws, ordinances, rules and regulations with respect to Asbestos, and shall keep the Mortgaged Property free and clear of any liens imposed pursuant to such laws, ordinances, rules or regulations. In the event that Mortgagor receives any notice or advice from any governmental agency or any source whatsoever with respect to Asbestos on, affecting or installed on the Mortgaged Property, Mortgagor shall immediately notify Mortgagee. The obligations and liabilities of Mortgagor under this Paragraph 35 shall survive any termination, satisfaction, or assignment of this Mortgage and the exercise by Mortgagee of any of its rights or remedies hereunder, including but not limited to, the acquisition of the Mortgaged Property by foreclosure or a conveyance in lieu of foreclosure.

36. Environmental Monitoring. Mortgagor shall give prompt written notices to Mortgagee of: (a) any proceeding or inquiry by any party with respect to the presence of any Hazardous Substance or Asbestos on, under, from or about the Mortgaged Property, (b) all claims made or threatened by any third party against Mortgagor or the Mortgaged Property relating to any loss or injury resulting from any Hazardous Substance or Asbestos, and (c) Mortgagor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Mortgaged Property that could cause the Mortgaged Property

to be subject to any investigation or cleanup pursuant to any Environmental Law. Mortgagor shall permit Mortgagee to join and participate in, as a party if it so elects, any legal proceedings or actions initiated with respect to the Mortgaged Property in connection with any Environmental Law or Hazardous Substance, and Mortgagor shall pay all attorneys' fees and disbursements incurred by Mortgagee in connection therewith. Upon Mortgagee's request, at any time and from time to time while this Mortgage is in effect but not more frequently than once per calendar year, unless Mortgagee has determined (in the exercise of its good faith judgment) that reasonable cause exists for the performance of an environmental inspection or audit of the Mortgaged Property, Mortgagor shall provide at Mortgagor's sole expense, (i) an inspection or audit of the Mortgaged Property prepared by a licensed hydrogeologist or licensed environmental engineer approved by Mortgagee indicating the presence or absence of Hazardous Substances on, in or near the Mortgaged Property, and (ii) an inspection or audit of the Mortgaged Property prepared by a duly qualified engineering or consulting firm approved by Mortgagee, indicating the presence or absence of Asbestos on the Mortgaged Property; provided, however, any such inspection or audit requested by Mortgagee, during the Term, in excess of one (1) inspection during each five (5) year period commencing upon the date hereof, shall be performed at Mortgagee's expense unless an Event of Default exists or Mortgagee has determined (in the exercise of its good faith and judgment) that reasonable cause exists for the performance of an environmental inspection or audit. If Mortgagor fails to provide such inspection or audit within thirty (30) days after such request Mortgagee may order same, and Mortgagor hereby grants to

Mortgagee and its employees and agents access to the Mortgaged Property and a license to undertake such inspection or audit. The cost of such inspection or audit may be added to the Debt and shall bear interest thereafter until paid at the Default Rate. In the event that any environmental site assessment report prepared in connection with such inspection or audit recommends that an operations and maintenance plan be implemented for Asbestos or any Hazardous Substance, Mortgagor shall cause such operations and maintenance plan to be prepared and implemented at Mortgagor's expense upon request of Mortgagee. In the event that any investigation, site monitoring, containment cleanup, removal, restoration, or other work of any kind is reasonably necessary or desirable under an applicable Environmental Law (the "Remedial Work"), Mortgagor shall commence and thereafter diligently prosecute to completion all such Remedial Work within thirty (30) days after written demand by Mortgagee for performance thereof (or any such shorter period of time as may be required under applicable law.) All Remedial Work shall be performed by contractors approved in advance by Mortgagee, and under the supervision of a consulting engineer approved by Mortgagee. All costs and expenses of such Remedial Work shall be paid by Mortgagor including, without limitation, Mortgagee's reasonable attorneys' fees and disbursements incurred in connection with monitoring or review of such Remedial Work. In the event Mortgagor shall fail to timely commence, or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Mortgagee may, but shall not be required to, cause such Remedial Work to be performed, and all costs and expenses thereof, or incurred in connection therewith, may be added to the Debt and shall bear interest thereafter until paid at the Default Rate.

37. Handicapped Access.

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(a) Mortgagor agrees that the Mortgaged Property shall at all times strictly comply to the extent applicable with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988 (if applicable), all state and local laws and ordinances related to handicapped access and all rules, regulations, and orders issued pursuant thereto including, without limitation, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (collectively "Access Laws").

(b) Notwithstanding any provisions set forth herein or in any other document regarding Mortgagee's approval of alterations of the Mortgaged Property, Mortgagor shall not alter the Mortgaged Property in any manner which would increase Mortgagor's responsibilities for compliance with the applicable Access Laws without the prior written approval of Mortgagee. The foregoing shall apply to tenant improvements constructed by Mortgagor or by any of its tenants. Mortgagee may condition any such approval upon receipt of a certificate of Access Law compliance from an architect, engineer, or other person acceptable to Mortgagee.

(c) Mortgagor agrees to give prompt notice to Mortgagee of the receipt by Mortgagor of any complaints related to violation of any Access Laws and of the commencement of any proceedings or investigations which relate to compliance with applicable Access Laws.

38. Indemnification. In addition to any other indemnifications provided herein or in the other Loan Documents, Mortgagor shall protect, defend, indemnify and save harmless Mortgagee from and against all liabilities, obligations, claims, demands, damages, penalties, causes of action, losses, fines, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements), imposed upon or incurred by or asserted against Mortgagee by reason of (a) ownership of this Mortgage, the Mortgaged Property or any interest therein or receipt of any Rents; (b) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Mortgaged Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (c) any use, nonuse or condition in, on or about the Mortgaged Property or any part thereof or on adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (d) any failure on the part of Mortgagor to perform or comply with any of the terms of this Mortgage; (e) performance of any labor or services or the furnishing of any materials or other property in respect of the Mortgaged Property or any part thereof; (f) the presence, disposal, escape, seepage, leakage, spillage, discharge, emission, release, or threatened release of any Hazardous Substance or Asbestos on, from, or affecting the Mortgaged Property; (g) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Substance or Asbestos; (h) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Substance or Asbestos; (i) any violation of the Environmental Laws, which are based upon or in any way related to such Hazardous Substance or Asbestos including, without limitation, the costs and expenses of any Remedial Work, attorney and consultant fees and disbursements, investigation and laboratory fees, court costs, and litigation

expenses; (j) any failure of the Mortgaged Property to comply with any Access Laws; (k) any representation or warranty made in the

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Note, this Mortgage or any of the other Loan Documents being false or misleading in any material respect as of the date such representation or warranty was made; (l) any claim by brokers, finders or similar persons claiming to be entitled to a commission in connection with the Loan, any Lease or other transaction involving the Mortgaged Property or any part thereof under any legal requirement or any liability asserted against Mortgagee with respect thereto; and (m) the claims of any lessee of any or any portion of the Mortgaged Property or any person acting through or under any lessee or otherwise arising under or as a consequence of any Lease. Any amounts payable to Mortgagee by reason of the application of this paragraph shall be secured by this Mortgage and shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Mortgagee until paid. The obligations and liabilities of Mortgagor under this Paragraph 38 shall survive the termination, satisfaction, or assignment of this Mortgage and the exercise by Mortgagee of any of its rights or remedies hereunder, including, but not limited to, the acquisition of the Mortgaged Property by foreclosure or a conveyance in lieu of foreclosure.

39. Notices. Any notice, demand, statement, request or consent made hereunder shall be in writing, addressed to the address, as set forth above, of the party to whom such notice is to be given, or to such other address as Mortgagor or Mortgagee, as the case may be, shall designate in writing, and shall be deemed to be received by the addressee on (i) the day such notice is personally delivered to such addressee and receipted for, (ii) the third (3rd) day following the day such notice is deposited with the United States postal service first class certified mail, return receipt requested, (iii) the day following the day on which such notice is delivered to a nationally recognized overnight courier delivery service, or (iv) the day facsimile transmission is confirmed after transmission of such notice by telecopy to such telecopier number as Mortgagor or Mortgagee, as the case may be, shall have previously designated in writing.

40. Authority.

(a) Mortgagor (and the undersigned representative of Mortgagor, if any) represent and warrant that it (or they, as the case may be) has full power, authority and right to execute, deliver and perform its obligations pursuant to this Mortgage, and to mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm, warrant, pledge, hypothecate and assign the Mortgaged Property pursuant to the terms hereof and to keep and observe all of the terms of this Mortgage on Mortgagor's part to be performed.

(b) Mortgagor represents and warrants that Mortgagor is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended and the related Treasury Department regulations, including temporary regulations.

41. Waiver of Notice. Mortgagor shall not be entitled to any notices of any nature whatsoever from Mortgagee except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by Mortgagee to Mortgagor and except with respect to matters for which Mortgagee is required by applicable law to give

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notice, and Mortgagor hereby expressly waives the right to receive any notice from Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by Mortgagee to Mortgagor.

42. Remedies of Mortgagor. In the event that a claim or adjudication is made that Mortgagee has acted unreasonably or unreasonably delayed acting in any case where by law or under the Note, this Mortgage or any of the other Loan Documents, it has an obligation to act reasonably or promptly, Mortgagee shall not be liable for any monetary damages, and Mortgagor's remedies shall be limited to injunctive relief or declaratory judgment.

43. Sole Discretion of Mortgagee. Wherever pursuant to this Mortgage, Mortgagee exercises any right given to it to consent or not consent or approve or disapprove, or any arrangement or term is to be satisfactory to Mortgagee, the decision of Mortgagee to consent or not consent, to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of Mortgagee and shall be final

and conclusive, except as may be otherwise expressly and specifically provided herein.

44. Non-Waiver. The failure of Mortgagee to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Mortgage. Mortgagor shall not be relieved of Mortgagor's obligations hereunder by reason of (a) the failure of Mortgagee to comply with any request of Mortgagor or Guarantor to take any action to foreclose this Mortgage or otherwise enforce any of the provisions hereof or of the Note, or the other Loan Documents, (b) the release, regardless of consideration, of the whole or any part of the Mortgaged Property, or of any person liable for the Debt or any portion thereof, or (c) any agreement or stipulation by Mortgagee extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Mortgage or any of the other Loan Documents. Mortgagee may resort for the payment of the Debt to any other security held by Mortgagee in such order and manner as Mortgagee, in its sole discretion, may elect. Mortgagee may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Mortgagee thereafter to foreclosure this Mortgage. The rights and remedies of Mortgagee under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Mortgagee shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

45. No Oral Change. This Mortgage, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Mortgagor or Mortgagee, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

46. Liability. If Mortgagor consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several. Subject to

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the provisions hereof requiring Mortgagee's consent to any transfer of the Mortgaged Property, this Mortgage shall be binding upon and inure to the benefit of Mortgagor and Mortgagee and their respective successors and assigns forever.

47. Inapplicable Provisions. If any term, covenant or condition of the Note or this Mortgage is held to be invalid, illegal or unenforceable in any respect, the Note and this Mortgage shall be construed without such provision.

48. Headings, Etc. The headings and captions of various paragraphs of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

49. Duplicate Originals. This Mortgage may be executed in any number of duplicate originals and each such duplicate original shall be deemed to be an original.

50. Definitions. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Mortgage may be used interchangeably in singular or plural form and the word "Mortgagor" shall mean "each Mortgagor and any subsequent owner or owners of the Mortgaged Property or any part thereof or any interest therein," the word "Mortgagee" shall mean "Mortgagee and any subsequent holder of the Note," the word "Note" shall mean "the Note and any other evidence of indebtedness secured by this Mortgage," the word "person" shall include an individual, corporation, partnership, trust, unincorporated association, government, governmental authority, and any other entity, and the words "Mortgaged Property" shall include any portion of the Mortgaged Property and any interest therein and the words "attorneys' fees" shall include any and all attorneys' fees, paralegal and law clerk fees, including, without limitation, fees at the pre-trial, trial and appellate levels incurred or paid by Mortgagee in protecting its interest in the Mortgaged Property and Collateral and enforcing its rights hereunder. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

51. Homestead. Mortgagor hereby waives and renounces all homestead and exemption rights provided by the Constitution and the laws of the United States and of any state, in and to the Mortgaged Property as against the collection of the Debt, or any part hereof.

52. Assignments. Mortgagee shall have the right to assign or transfer its rights under this Mortgage without limitation. Any assignee or transferee shall be entitled to all the benefits afforded Mortgagee under this Mortgage.

53. Waiver of Jury Trial. MORTGAGOR HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE

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NOTE, THIS MORTGAGE, OR THE OTHER LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY MORTGAGOR, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. MORTGAGEE IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY MORTGAGOR.

54. Recourse Provisions. Subject to the qualifications below, Mortgagee shall not enforce the liability and obligation of Mortgagor, to perform and observe the obligations contained in this Mortgage, the Note or any of the other Loan Documents by any action or proceeding wherein a money judgment shall be sought against Mortgagor, except that Mortgagee may bring a foreclosure action, an action for specific performance or any other appropriate action or proceeding to enable Mortgagee to enforce and realize upon its interests under the Note, this Mortgage or the other Loan Documents or in the Mortgaged Property, the Rents or any other collateral given to Mortgagee pursuant to this Mortgage and the other Loan Documents; provided, however, that, except as specifically provided herein, any judgment in any such action or proceeding shall be enforceable against Mortgagor only to the extent of Mortgagor's interest in the Mortgaged Property, the Rents and in any other collateral given to Mortgagee, and Mortgagee, by accepting this Mortgage, the Note and the other Loan Documents, agrees that it shall not sue for, seek or demand any deficiency judgment against Mortgagor in any such action or proceeding under or by reason of or in connection with this Mortgage, the Note or any of the other Loan Documents. The provisions of this paragraph shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Mortgage, the Note or any of the other Loan Documents; (ii) impair the right of Mortgagee to name Mortgagor, as a party defendant in any action or suit for foreclosure and sale under this Mortgage; (iii) affect the validity or enforceability of any guaranty made in connection with the Loan or any rights and remedies of Mortgagee thereunder; (iv) impair the right of Mortgagee to obtain the appointment of a receiver; (v) impair the enforcement of the Assignment of Leases and Rents executed in connection herewith; or (vi) constitute a waiver of the right of Mortgagee to enforce the liability and obligation of Mortgagor, by money judgment or otherwise, to the extent of any loss, damage, cost, expense, liability, claim or other obligation incurred by Mortgagee (including attorneys' fees and costs reasonably incurred) arising out of or in connection with the following:

- (a) fraud or intentional misrepresentation by Mortgagor or any Guarantor in connection with the Loan;
- (b) the gross negligence or willful misconduct of Mortgagor;
- (c) physical waste of the Mortgaged Property;
- (d) the breach of any representation, warranty, covenant or indemnification provision in that certain Environmental and Hazardous Substance

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Indemnification Agreement of even date herewith given by Mortgagor to Mortgagee or in this Mortgage concerning Environmental Laws, Hazardous Substances and Asbestos;

- (e) the removal or disposal of any portion of the Mortgaged Property after an Event of Default;

- (f) the misapplication or conversion by Mortgagor of (i) any insurance proceeds paid by reason of any loss, damage or destruction to the Mortgaged Property, (ii) any awards or other amounts received in connection with the condemnation of all or a portion of the Mortgaged Property, (iii) any Rents following an Event of Default or (iv) any Rents paid more than one month in advance;

(g) subject to the right of Mortgagor to contest pursuant to Paragraph 31 of this Mortgage, failure to pay charges for labor or materials or taxes or other charges that can create liens on any portion of the Mortgaged Property; and

(h) any security deposits collected with respect to the Mortgaged Property which are not delivered to Mortgagee upon a foreclosure of the Mortgaged Property or action in lieu thereof, except to the extent any such security deposits were applied in accordance with the terms and conditions of any of the Leases prior to the occurrence of the Event of Default that gave rise to such foreclosure or action in lieu thereof.

Notwithstanding anything to the contrary in any of the Loan Documents (i) Mortgagee shall not be deemed to have waived any right which Mortgagee may have under Section 506(a), 506(b), 1111(b) or any other provisions of the U.S. Bankruptcy Code to file a claim for the full amount of the Debt secured by this Mortgage or to require that all collateral shall continue to secure all of the Debt owing to Mortgagee in accordance with the Loan Documents, and (ii) the Debt shall become fully recourse to Mortgagor in the event that: (A) the first full monthly payment of principal and interest under the Note is not paid when due; (B) Mortgagor fails to maintain its status as a single purpose entity in accordance with the provisions of this Mortgage; (C) Mortgagor fails to obtain Mortgagee's prior written consent to any subordinate financing or other voluntary lien encumbering the Mortgaged Property; (D) Mortgagor fails to obtain Mortgagee's prior written consent to any assignment, transfer, or conveyance of the Mortgaged Property or any interest therein as required by this Mortgage; or (E) a receiver, liquidator or trustee of Mortgagor or the Guarantor shall be appointed or if Mortgagor or the Guarantor shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Mortgagor or the Guarantor or if any proceeding for the dissolution or liquidation of Mortgagor or the Guarantor shall be instituted; however, if such appointment, adjudication, petition or proceeding was involuntary and not consented to by Mortgagor or the Guarantor, upon the same not being discharged, stayed or dismissed within sixty (60) days; or (F) Mortgagor, any Guarantor or any of their respective affiliates or agents hinders, delays or interferes with the exercise by Mortgagee of any of its

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limitation, such instruments as may be required by the depository institution holding such securities to effectuate book-entry transfers and pledges through the book-entry facilities of such institution) in order to create a first priority security interest therein in favor of the Mortgagee in conformity with all applicable state and federal laws governing granting of such security interests;

- (B) a pledge and security agreement, in form and substance satisfactory to Mortgagee in its sole discretion, creating a first priority security interest in favor of Mortgagee in the Defeasance Collateral (the "Defeasance Security Agreement"), which shall provide, among other things, that any excess received by Mortgagee from the Defeasance Collateral over the amounts payable by Mortgagor hereunder shall be refunded to Mortgagor promptly after each Payment Date;
- (C) a certificate of Mortgagor certifying that all of the requirements set forth in this Paragraph 55 have been satisfied;
- (D) an opinion of counsel for Mortgagor in form and substance and delivered by counsel satisfactory to Mortgagee in its sole discretion stating, among other things, that (1) Mortgagee has a perfected first priority security interest in the Defeasance Collateral and that the Defeasance Security Agreement is enforceable against Mortgagor in accordance with its terms; and (2) that any REMIC Trust formed pursuant to a securitization will not fail to maintain its status as a "real estate mortgage investment conduit" within the meaning of Section 860D of the Code as a result of such defeasance;
- (E) Mortgagor shall deliver evidence in writing from the applicable Rating Agencies to the effect that the collateral substitution will not result in a downgrading, withdrawal or qualification of the respective ratings in effect immediately prior to such defeasance event for any securities issued in connection with the securitization which are then

outstanding;

- (F) a certificate from a firm of independent public accountants acceptable to Mortgagee certifying that the Defeasance Collateral is sufficient to satisfy the provisions of paragraph A above; and
- (G) such other certificates, documents or instruments as Mortgagee may reasonably require.

(b) Upon compliance with the requirements of this paragraph, the Mortgaged Property shall be released from the lien of this Mortgage and the other Loan

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Documents, and the Defeasance Collateral shall constitute the only collateral which shall secure the Note and all other obligations under the Loan Documents. Mortgagee will, at Mortgagor's expense, execute and deliver any agreements reasonably requested by Mortgagor to release the lien of the Mortgage from the Mortgaged Property. Mortgagor, pursuant to the Defeasance Security Agreement, shall authorize and direct that the payments received from Defeasance Collateral be made directly to Mortgagee and applied to satisfy the obligations of the Mortgagor under the Note.

(c) Upon the release of the Mortgaged Property in accordance with this paragraph, Mortgagor may, or at option of Mortgagee shall, assign all its obligations under the Note, together with the pledged Defeasance Collateral, to a successor entity designated by Mortgagor and approved by Mortgagee in its sole discretion. Such successor entity shall execute an assumption agreement in form and substance satisfactory to Mortgagee in its sole discretion pursuant to which it shall assume Mortgagor's obligations under the Note and the Defeasance Security Agreement. As conditions to such assignment and assumption, Mortgagor shall (i) deliver to Mortgagee an opinion of counsel in form and substance and delivered by counsel satisfactory to Mortgagee in its sole discretion stating, among other things, that such assumption agreement is enforceable against Mortgagor and such successor entity in accordance with its terms and that the Note, the Defeasance Security Agreement and the other Loan Documents, as so assumed, are enforceable against such successor entity in accordance with their respective terms, and (ii) pay all costs and expenses incurred by Mortgagee or its agents in connection with such assignment and assumption (including, without limitation, the review of the proposed transferee and the preparation of the assumption agreement and related documentation). Upon such assumption, Mortgagor shall be relieved of its obligations hereunder, under the other Loan Documents and under the Defeasance Security Agreement other than those obligations which are specifically intended to survive the termination, satisfaction or assignment of this Mortgage or the exercise of Mortgagee's rights and remedies hereunder.

(d) Upon the release of the Mortgaged Property in accordance with this paragraph, Mortgagor shall have no further right to prepay the Note pursuant to the other provisions of this paragraph or otherwise. In connection with the conditions set forth in subparagraph (a) (iii) (A) above, Mortgagor hereby appoints Mortgagee as its agent and attorney-in-fact for the purpose of purchasing the Defeasance Collateral with funds provided by the Mortgagor. Mortgagor shall pay any and all expenses incurred in the purchase of the Defeasance Collateral and any revenue, documentary stamp or intangible taxes or any other tax or charge due in connection with the transfer of the Note or otherwise required to accomplish the agreements of this paragraph.

(e) For purposes of this Mortgage, the Note and the other Loan Documents, the term "Yield Maintenance Premium" shall mean the amount, if any, which, when added to the remaining principal amount of the Note, will be sufficient to purchase the Defeasance Collateral.

56. Cash Management Agreement. On or before the date hereof Mortgagor covenants and agrees to enter into one or more servicing account agreements and

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lockbox servicing agreements acceptable to Mortgagee between Mortgagor, Manager, Mortgagee and one or more certain financial institutions (together with any modification, amendment, substitution or replacement thereof, hereinafter collectively referred to as the "Cash Management Agreement"). During any Sweep Period (as defined in the Cash Management Agreement), all Rents shall be applied as set forth in the Cash Management Agreement and the escrows and reserves required hereunder shall be funded as provided therein. The Mortgagor shall pay all costs and expenses required under the Cash Management Agreement. Upon the occurrence of an Event of Default, Mortgagee may apply any sums then held

pursuant to the Cash Management Agreement to the payment of the Debt in any order in its sole discretion. Until expended or applied, amounts held pursuant to the Cash Management Agreement shall constitute additional security for the Debt.

57. Miscellaneous.

(a) Any consent or approval by Mortgagee in any single instance shall not be deemed or construed to be Mortgagee's consent or approval in any like matter arising at a subsequent date, and the failure of Mortgagee to promptly exercise any right, power, remedy, consent or approval provided herein or at law or in equity shall not constitute or be construed as a waiver of the same nor shall Mortgagee be estopped from exercising such right, power, remedy, consent or approval at a later date. Any consent or approval requested of and granted by Mortgagee pursuant hereto shall be narrowly construed to be applicable only to Mortgagor and the matter identified in such consent or approval and no third party shall claim any benefit by reason thereof, and any such consent or approval shall not be deemed to constitute Mortgagee a venturer or partner with Mortgagor nor shall privity of contract be presumed to have been established with any such third party. If Mortgagee deems it to be in its best interest to retain assistance of persons, firms or corporations (including, without limitation, attorneys, title insurance companies, appraisers, engineers and surveyors) with respect to a request for consent or approval, Mortgagor shall reimburse Mortgagee for all costs reasonably incurred in connection with the employment of such persons, firms or corporations.

(b) Mortgagor covenants and agrees that during the Term, unless Mortgagee shall have previously consented in writing, (a) Mortgagor will take no action that would cause it to become an "employee benefit plan" as defined in 29 C.F.R. Section 2510.3-101, or "assets of a governmental plan" subject to regulation under the state statutes, and (b) Mortgagor will not sell, assign or transfer the Mortgaged Property, or any portion thereof or interest therein, to any transferee that does not execute and deliver to Mortgagee its written assumption of the obligations of this covenant. Mortgagor further covenants and agrees to protect, defend, indemnify and hold Mortgagee harmless from and against all loss, cost, damage and expense (including without limitation, all attorneys' fees and excise taxes, costs of correcting any prohibited transaction or obtaining an appropriate exemption) that Mortgagee may incur as a result of Mortgagor's breach of this covenant. This covenant and indemnity shall survive the extinguishment of the lien of this Mortgage by foreclosure or action in lieu thereof; furthermore, the foregoing indemnity shall supersede any limitations on Mortgagor's liability under any of the Loan Documents.

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(c) If there is more than one party comprising Mortgagor then the obligations and liabilities of each party under this Mortgage shall be joint and several.

(d) The Loan Documents contain the entire agreement between Mortgagor and Mortgagee relating to or connected with the Loan. Any other agreements relating to or connected with the Loan not expressly set forth in the Loan Documents are null and void and superseded in their entirety by the provisions of the Loan Documents.

(e) Mortgagor hereby covenants and agrees not to commit, permit or suffer to exist any act, omission or circumstance affording such right of forfeiture. In furtherance thereof, Mortgagor hereby indemnifies Mortgagee and agrees to defend and hold Mortgagee harmless from and against any loss, damage or injury by reason of the breach of the covenants and agreements or the representations and warranties set forth in this paragraph. Without limiting the generality of the foregoing, the filing of formal charges or the commencement of proceedings against Mortgagor or all or any part of the Mortgaged Property under any federal or state law for which forfeiture of the Mortgaged Property or any part thereof or of any monies paid in performance of Mortgagor's obligations under the Loan Documents is a potential result, shall, at the election of Mortgagee, constitute an Event of Default hereunder without notice or opportunity to cure.

(f) Mortgagor acknowledges that, with respect to the Loan, Mortgagor is relying solely on its own judgment and advisors in entering into the Loan without relying in any manner on any statements, representations or recommendations of Mortgagee or any parent, subsidiary or affiliate of Mortgagee. Mortgagor acknowledges that Mortgagee engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of the Mortgagor or its affiliates. Mortgagor acknowledges that it is represented by competent counsel and has consulted counsel before executing the Loan Documents.

(g) Mortgagor covenants and agrees to pay Mortgagee upon receipt of written notice from Mortgagee, all reasonable costs and expenses

(including reasonable attorneys' fees and disbursements) incurred by Mortgagee in connection with (i) the preparation, negotiation, execution and delivery of this Mortgage and the other Loan Documents; (ii) Mortgagor's performance of and compliance with Mortgagor's respective agreements and covenants contained in this Mortgage and the other Loan Documents on its part to be performed or complied with after the date hereof; (iii) Mortgagee's performance and compliance with all agreements and conditions in this Mortgage and the other Loan Documents on its part to be performed or complied with after the date hereof; (iv) the negotiation, preparation, execution, delivery and administration of any consents, amendments, waivers or other modifications to this Mortgage and the other Loan Documents; and (v) the filing and recording fees and expenses, title insurance fees and expenses, and other similar expenses incurred in creating and perfecting the lien in favor of Mortgagee pursuant to this Mortgage and the other Loan Documents.

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(h) This Mortgage shall be governed by and construed in accordance with the laws of the State in which the Premises are located and the applicable laws of the United States of America.

58. Management of the Mortgaged Property.

Mortgagor shall maintain the Management Agreement for the operation of the Mortgaged Property in full force and effect and timely perform all of Mortgagor's obligations thereunder and enforce performance of all obligations of the Manager thereunder, and not permit the termination or amendment of such Management Agreement unless the prior written consent of Mortgagee is first obtained. Mortgagor will enter into and cause the Manager to enter into an assignment and subordination of such Management Agreement in form satisfactory to Mortgagee, assigning and subordinating the Manager's interest in the Mortgaged Property and all fees and other rights of the manager pursuant to such Management Agreement to the rights of Mortgagee. Upon an Event of Default or upon a material default under the Management Agreement, Mortgagor at Mortgagee's request made at any time while such Event of Default continues, shall terminate the Management Agreement and replace the Manager with a Manager approved by Mortgagee.

59. Sale of Notes and Securitization.

Mortgagor acknowledges that Mortgagee and its successors and assigns may (i) sell this Mortgage, the Note and other Loan Documents to one or more investors as a whole loan, (ii) participate the Loan secured by this Mortgage to one or more investors, (iii) deposit this Mortgage, the Note and other Loan Documents with a trust, which trust may sell certificates to investors evidencing an ownership interest in the trust assets, or (iv) otherwise sell the Loan or interest therein to investors (the transactions referred to in clauses (i) through (iv) are hereinafter each referred to as "Secondary Market Transaction"). Mortgagor shall cooperate with Mortgagee in effecting any such Secondary Market Transaction and shall cooperate to implement all requirements imposed by any Rating Agency involved in any Secondary Market Transaction. Mortgagor, however, shall not be required to modify any documents evidencing or securing the Loan which would modify (A) the interest rate payable under the Note, (B) the stated maturity of the Note, (C) the amortization of principal of the Note, (D) the non-recourse provisions of the Loan or (E) any other material economic term of the Loan. Mortgagor shall provide such information, legal opinions and documents relating to Mortgagor, Guarantor, if any, the Mortgaged Property and any tenants of the Improvements as Mortgagee may reasonably request in connection with such Secondary Market Transaction. In addition, Mortgagor shall make available to Mortgagee all information concerning its business and operations that Mortgagee may reasonably request. Mortgagee shall be permitted to share all such information with the investment banking firms, Rating Agencies, accounting firms, law firms and other third-party advisory firms involved with the Loan and the Loan Documents or the applicable Secondary Market Transaction. It is understood that the information provided by Mortgagor to Mortgagee may ultimately be incorporated into the offering documents for the Secondary Market Transaction and thus various investors may also see some or all of the information. Mortgagee and all of the aforesaid third-party advisors and

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professional firms shall be entitled to rely on the information supplied by, or on behalf of, Mortgagor and Mortgagor indemnifies Mortgagee as to any losses, claims, damages or liabilities that arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in such information or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in such information or

necessary in order to make the statements in such information, or in light of the circumstances under which they were made, not misleading. Mortgagee may publicize the existence of the Loan in connection with its marketing for a Secondary Market Transaction or otherwise as part of its business development.

60. Servicer. At the option of Mortgagee, the Loan may be serviced by a servicer/trustee (the "Servicer") selected by Mortgagee and Mortgagee may delegate all or any portion of its responsibilities under this Mortgage and the other Loan Documents to the Servicer pursuant to a servicing agreement (the "Servicing Agreement") between Mortgagee and Servicer.

61. Letter of Credit.

(a) As additional security for the performance by Mortgagor of its obligations under the Loan Documents, Mortgagor has delivered to Mortgagee an irrevocable, unconditional, transferable, clean sight draft letter of credit for an amount equal to \$436,000 in favor of Mortgagee and entitling Mortgagee to draw thereon in New York, New York, issued by a financial institution, the long term unsecured debt rating of which is in the three highest ratings given by each of the Rating Agencies (the "Letter of Credit"). At least thirty days prior to the expiration date for the Letter of Credit then in effect, Mortgagor shall deliver an extension or replacement of the Letter of Credit for a term of a least one year from such expiration date. Any Letter of Credit delivered pursuant hereto cannot be secured in whole or in part by the Mortgaged Property.

(b) Mortgagee shall have the right to draw upon the Letter of Credit, in whole or in part, immediately and without notice to Borrower, upon the occurrence of any one or more of the following events:

(i) an Event of Default occurs;

(ii) Mortgagor fails to deliver to Mortgagee, no less than thirty (30) days prior to the expiration date of the Letter of Credit (including any renewal, extension or replacement thereof), a renewal, extension or replacement of the Letter of Credit from a financial institution, the long term unsecured debt rating of which is in the three highest ratings given by each of the Rating Agencies;

(iii) Mortgagee has received notice from the issuing financial institution that the Letter of Credit will be terminated;

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(iv) any action by Mortgagor or the issuing financial institution which, in Mortgagee's sole discretion, may jeopardize its rights to properly draw on the Letter of Credit in whole or in part in accordance with the terms thereof; and

(v) Mortgagor fails to qualify for the release of the Letter of Credit as provided in subparagraph (d) below within two years after the date hereof.

(c) Proceeds of any draw upon the Letter of Credit may be applied to the payment of the Debt in any order in the Mortgagee's sole discretion. No delay by or omission of Mortgagee in exercising any right to draw on the Letter of Credit shall impair any such right, or shall be construed as a waiver of or acquiescence in, any default or event of default giving rise to such rights.

(d) The Letter of Credit shall be released if the Debt Service Coverage Ratio for the Mortgaged Property (based on a trailing three month collections), as reasonably determined by Mortgagee, is equal to or greater than 1.25.

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PART II

STATE SPECIFIC PROVISIONS

62. Conflicts. In the event of any inconsistencies between the terms and conditions of Part I and Part II of this Mortgage, the terms of Part II shall control and be binding.

63. Future Remedies. Paragraph 26(a)(ii) of this Mortgage is amended by deleting the words, "judicial or nonjudicial," contained in the

first line thereof.

64. Fixture Filing. The following sentence shall be added to the end of Paragraph 28(a) of this Mortgage:

"This Mortgage is a fixture filing to be filed on record in the real estate records pursuant to N.J.S.A. 12A:9-402."

65. Hazardous Substances. Paragraph 34 of this Mortgage is hereby deleted in its entirety and the following Paragraph 34 is substituted therefor:

"34. Hazardous Substances. (a) Mortgagor hereby represents and warrants to Mortgagee that, to the best of Mortgagor's knowledge, after due inquiry and investigation except as disclosed in the report dated December 20, 1996, prepared by Certified Environmental Inc. (the "Phase I Report") delivered to Mortgagee in connection with the Loan: (a) the Mortgaged Property is not in direct or indirect violation of any local, state, federal or other governmental authority, statute, ordinance, code, order, decree, law, rule or regulation pertaining to or imposing liability or standards of conduct concerning environmental regulation, contamination or clean-up including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), the Resource Conservation and Recovery Act, as amended ("RCRA"), the Emergency Planning and Community Right-to-Know Act of 1986, as amended, the Hazardous Materials Transportation Act, as amended, the Solid Waste Disposal Act, as amended, the Clean Water Act, as amended, the Clean Air Act, as amended, the Toxic Substance Control Act, as amended, the Safe Drinking Water Act, as amended, the Occupational Safety and Health Act, as amended, the New Jersey Industrial Site Recovery Act, as amended ("ISRA"), the New Jersey Spill Compensation and Control Act, as amended, the New Jersey Underground Storage of Hazardous Substances Act, as amended, the New Jersey Water Pollution Control Act, as amended, any

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state super-lien and environmental clean-up statutes and all regulations adopted in respect to the foregoing laws (collectively, "Environmental Laws"); (b) the Mortgaged Property is not subject to any private or governmental lien or judicial or administrative notice or action or inquiry, investigation or claim relating to hazardous and/or toxic, dangerous and/or regulated, substances, wastes, materials, raw materials which include hazardous constituents, pollutants or contaminants including without limitation, petroleum, tremolite, anthlophyllie, actinolite or polychlorinated biphenyls, radon, formaldehyde insulation and any other substances or materials which are included under or regulated by Environmental Laws or which are considered by scientific opinion to be otherwise dangerous in terms of the health, safety and welfare of humans (collectively, "Hazardous Substances"); (c) no Hazardous Substances are or have been (including the period prior to Mortgagor's acquisition of the Mortgaged Property), discharged, generated, treated, disposed of or stored on, incorporated in, or removed or transported from the Mortgaged Property other than in compliance with all Environmental Laws; (d) no Hazardous Substances are present in, on or under any nearby real property which could migrate to or otherwise affect the Mortgaged Property; (e) no underground storage tanks exist on any of the Mortgaged Property; and (f) the Mortgaged Property is not located within a "freshwater wetlands" or a "transition area," each as defined by N.J.S.A. 13:9B-3, and is not subject to the terms of the New Jersey Freshwater Wetlands Protection Act, as amended, N.J.S.A. 13:9B-1 et. seq., or the rules and regulations promulgated thereunder. So long as Mortgagor owns or is in possession of the Mortgaged Property, Mortgagor (i) shall keep or cause the Mortgaged Property to be kept free from Hazardous Substances and in compliance with all Environmental Laws, (ii) shall promptly notify Mortgagee if Mortgagor shall become aware of any Hazardous Substances on or near the Mortgaged Property and/or if Mortgagor shall become aware that the Mortgaged Property is in direct or indirect violation of any Environmental Laws and/or if Mortgagor shall become aware of any condition on or near the Mortgaged Property which shall pose a threat to

the health, safety or welfare of humans, and (iii) shall remove such Hazardous Substances and/or cure such violations and/or remove such threats, as applicable, as required by law (or as shall be required by Mortgagee in the case of removal which is not required by law, but in response to the opinion of a licensed hydrogeologist or licensed environmental engineer approved by Mortgagee

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("Mortgagee's Consultant"), promptly after Mortgagee becomes aware of same, at Mortgagee's sole expense. Notwithstanding anything to the contrary in this paragraph, the Mortgagee and the tenants under Leases may use and store immaterial amounts of Hazardous Substances at the Mortgaged Property if such use or storage is in connection with the ordinary cleaning and maintenance of the Mortgaged Property so long as such use and storage (a) does not violate any applicable Environmental Laws and (b) is not the subject of any specific recommendations in the Phase I Report. Nothing herein shall prevent Mortgagee from recovering such expenses from any other party that may be liable for such removal or cure. The obligations and liabilities of Mortgagee under this Paragraph 34 shall survive any termination, satisfaction, or assignment of this Mortgage and the exercise by Mortgagee of any of its rights or remedies hereunder, including, without limitation, the acquisition of the Mortgaged Property by foreclosure or a conveyance in lieu of foreclosure.

(b) Mortgagee shall not conduct or cause or permit to be conducted on the Mortgaged Property any activity which constitutes an Industrial Establishment (as such term is defined in ISRA) without the prior written consent of Mortgagee. In the event that the provisions of ISRA become applicable to the Mortgaged Property subsequent to the date hereof, Mortgagee shall give prompt written notice thereof to Mortgagee and shall take immediate requisite action to insure full compliance therewith. Mortgagee shall deliver to Mortgagee copies of all correspondence, notices and submissions that it sends to or receives from the New Jersey Department of Environmental Protection in connection with such ISRA compliance. Mortgagee's obligation to comply with ISRA shall, notwithstanding its general applicability, also specifically apply to sale, transfer, closure or termination of operations associated with any foreclosure action, including, without limitation, a foreclosure action brought with respect to this Mortgage. In connection with the purchase of the Mortgaged Property, Mortgagee required that the seller of the Mortgaged Property comply with the provisions of ISRA and the Seller did comply therewith.

(c) The Mortgaged Property has not been and is not now being used as a Major Facility (as defined in the Environmental Laws), and Mortgagee shall not use any such property as a Major Facility in the future without the prior written consent of Mortgagee. If Mortgagee ever becomes an

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owner or operator of a Major Facility, then Mortgagee shall furnish the New Jersey Department of Environmental Protection with all the information required by N.J.S.A. 58:10-23.11d, and shall duly file with the Director of the Division of Taxation in the New Jersey Department of the Treasury a tax report or return, and shall pay all taxes due therewith, in accordance with N.J.S.A. 58:10-23, 11b."

66. Continuing Enforcement of Mortgage. If, after receipt of any payment of all or any part of the Debt, Mortgagee is compelled or agrees, for settlement purposes, to surrender such payment to any person or entity for any reason (including, without limitation, a determination that such payment is void or voidable as a preference or fraudulent conveyance, an impermissible setoff, or a diversion of trust funds), then this Mortgage and the other Loan Documents shall continue in full force and effect, and Mortgagee shall be liable for, and shall indemnify, defend and hold harmless Mortgagee with respect to the full amount so surrendered. The provisions of this Paragraph 66 shall survive the cancellation or discharge of this Mortgage and shall remain effective notwithstanding the payment of the Debt, the cancellation of the Note, the release of any security interest, lien or encumbrance securing the

Debt or any other action which Mortgagee may have taken in reliance upon its receipt of such payment. Any cancellation, release or other such action by Mortgagee shall be deemed to have been conditioned upon any payment of the Debt having become final and irrevocable.

67. Mortgagor Acknowledgment. Mortgagor acknowledges that Mortgagor has received a true copy of this Mortgage without charge.

68. Mortgage Modification. The Mortgagor and the Mortgagee may agree to change the interest rate, due date or other terms and conditions of the Loan. If the parties agree to a change, which change is a "modification" as defined in N.J.S.A. 46:9-8.1, then this Mortgage shall be subject to the priority provisions of the law.

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IN WITNESS WHEREOF, Mortgagor has executed this instrument the day and year first above written.

WASHINGTON CENTRE SHOPS, L.P.,
a Delaware limited partnership

By: Washington Centre Land, Inc.,
a Delaware corporation, it's
general partner

By: /s/ Andrew B. Hascoe

Name: Andrew. B. Hascoe
Title: President

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

BE IT REMEMBERED, that on this 6th day of November, 1997, before me, the subscriber, personally appeared Andrew Hascoe who, I am satisfied, is the person who signed the within instrument as President of Washington Centre Land, Inc.. a Delaware corporation, the general partner of Washington Centre Shops, L.P., the Delaware limited partnership named therein, and this person thereupon acknowledged that the said instrument made by said limited partnership was signed, sealed and delivered by this person as such officer and is the voluntary act and deed of the limited partnership.

/s/ Linda J. Trachter

LINDA J. TRACHTER
Notary Public, State of New York
No. 81-4871568
Qualified in New York County
Commission Expires September 2, 1998

MORTGAGE NOTE

\$6,200,000.00

November 7, 1997

For value received, Washington Centre Shops, L.P., a Delaware limited partnership, having its principal place of business at 2900 Westchester Avenue, Purchase, New York 10577 (hereinafter referred to as "Maker"), promises to pay to the order of Credit Suisse First Boston Mortgage Capital LLC, a Delaware limited liability company ("Lender" and also sometimes "Payee"), having its principal office at 11 Madison Avenue, New York, New York 10010, or at such place as the holder hereof may from time to time designate in writing, the principal sum of SIX MILLION TWO HUNDRED THOUSAND and no/100 Dollars (\$6,200,000.00), in lawful money of the United States of America, with interest thereon to be computed on the unpaid principal balance from time to time outstanding at the Applicable Interest Rate (as hereinafter defined), and to be paid in installments as follows:

- A. A payment of interest only on the date hereof for the period from the date hereof through and including November 10, 1997;
- B. A constant payment of \$43,478.74 (such amount hereinafter the "Monthly Payment Amount"), on the eleventh day of December, 1997 and on the eleventh day of each calendar month thereafter up to and including the eleventh day of October, 2027; (each a "Payment Date"); each of such payments to be applied (a) to the payment of interest computed at the Initial Term Interest Rate (as hereinafter defined); and (b) the balance applied toward the reduction of the principal sum;

and the balance of said principal sum together with all accrued and unpaid interest thereon shall be due and payable on the eleventh day of November, 2027 (the "Maturity Date"). Interest on the principal sum of this Note shall be calculated on the basis of the actual number of days elapsed and a three-hundred-sixty (360) day year. The constant payment required hereunder is based on an amortization schedule of three-hundred-sixty (360) months. For purposes of making payments hereunder, but not for purposes of calculating interest accrual periods if the eleventh (11th) day of a given month is not a Business Day (as hereinafter defined), then the Payment Date for such month shall be the next succeeding Business Day. All amounts due under this Note shall be payable without setoff, counterclaim or any other deduction whatsoever.

1. As used in this Note:

(a) The term "Annual Budget" shall mean an annual budget submitted by Maker to Payee in accordance with the terms of paragraph 8(b) herein.

(b) The term "Anticipated Repayment Date" shall mean, November 11, 2007.

(c) The term "Applicable Interest Rate" shall mean from (a) the date of this Note through but not including the Anticipated Repayment Date, the Initial Term Interest Rate, and (b) from and after the Anticipated Repayment Date through and including the date this Note is paid in full, the Extended Term Rate.

(d) The term "Approved Annual Budget" shall mean each Annual Budget approved by Payee in accordance with terms herein.

(e) The term "Assignment of Leases" shall mean that certain Assignment of Leases and Rents of even date herewith executed by Maker in favor of Payee.

(f) The term "Business Day" shall mean a day other than (i) a Saturday or Sunday, or (ii) any day on which commercial banks in New York City are not open for general banking business.

(g) The term "Capital Expenditures" shall mean for any

period, the amount expended for items capitalized under generally accepted accounting principles including expenditures for building improvements or major repairs, leasing commissions and tenant improvements.

(h) The term "Cash Expenses" shall mean for any period, the operating expenses for the Mortgaged Property as set forth in an Approved Annual Budget to the extent that such expenses are actually incurred by Maker minus payments into the Tax and Insurance Impound Fund (as defined in the Mortgage) and the Replacement Escrow Fund (as defined in the Mortgage).

(i) The term "Debt" shall mean, collectively, the whole of the principal sum of this Note, together with all interest accrued and unpaid thereon and all other sums due under the Loan Documents.

(j) The term "Default Rate" shall mean, a rate per annum which is equal to the lesser of (a) the maximum rate permitted by applicable law, or (b) five percent (5%) above the Applicable Interest Rate.

(k) The term "Defeasance Option" shall mean the right and option of maker to release the Mortgaged Property (as defined in the Mortgage) from the lien of the Mortgage in accordance with the provision set forth in Paragraph 55 of the Mortgage.

(l) The term "Extended Term Rate" shall mean a rate per annum equal to the greater of (i) the Initial Term Interest Rate plus five (5) percentage points or (ii) the Treasury Rate plus five (5) percentage points.

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(m) The term "Excess Cash Flow" shall mean, for any period, the sum (determined in accordance with generally accepted accounting principles, consistently applied) of (a) net operating income (calculated as all income derived from the operation of the Mortgaged Property after payment of taxes and expenses), plus (b) depreciation and amortization (to the extent deducted in determining net operating income) for such period, plus (c) disbursements from the Tax and Insurance Impound Fund, the Replacement Escrow Fund, the Leasing Escrow Fund or any other escrows or reserves approved by Payee or provided for under the Loan Documents, but only to the extent disbursed by Maker and not applied to the payment of, or reimbursement for, taxes, insurance and other amounts for which such reserves were set aside, minus (d) actual payments of the regularly scheduled principal and interest payments (calculated at the Applicable Interest Rate, or at the Default Rate, if applicable) due and payable in accordance with this Note during an applicable period, minus (e) actual capital improvement expenditures in excess of payments from the Replacement Escrow Fund, the Leasing Escrow Fund and funding of reserves for working capital and extraordinary expenses as approved by Lender in its sole discretion, and minus (f) payments into the Replacement Escrow Fund, the Tax and Insurance Impound Fund, the Leasing Escrow Fund and other reserves required under the Loan Documents.

(n) The term "Extraordinary Expense" shall mean an extraordinary operating expense or capital expense not set forth in the Approved Annual Budget or allotted for in the Replacement Escrow Fund.

(o) The term "Initial Term Interest Rate" shall mean a rate of Seven and Fifty Three Hundredths of a percent (7.53%) per annum.

(p) The term "Loan" shall mean that certain loan made by Payee to Maker contemporaneously herewith.

(q) The term "Loan Documents" shall mean collectively this Note, the Mortgage, the Assignment of Leases and any and all other documents securing, evidencing, or guaranteeing all or any portion of the Loan or otherwise executed and/or delivered in connection with this Note and the Loan.

(r) The term "Mortgage" shall mean that certain Mortgage, Assignment of Leases and Rents and Security Agreement of even date herewith in the amount of this Note given by Maker for the use and benefit of Payee covering the fee estate of Maker in certain premises as more particularly described therein.

(s) The term "Net Capital Expenditures" shall mean for any period the amount by which Capital Expenditures during such period exceeds reimbursements for such items during such period from any fund established pursuant to the Loan Documents.

(t) The term "Treasury Rate" shall mean, as of the Anticipated Repayment Date, the yield, calculated by linear interpolation (rounded to the nearest one-thousandth of one percent (i.e., 0.001%)) of the yields of noncallable United States Treasury obligations with terms (one longer and one shorter) most nearly approximating the period from the

Anticipated Repayment Date to the Maturity Date, as determined by Payee on the basis of Federal Reserve Statistical Release H.15-Selected Interest Rates under the heading U.S. Governmental Security/Treasury Constant Maturities, or other recognized source of financial market information selected by Payee.

2. This Note is evidence of the Loan and of the obligation of the Maker to repay the Loan in accordance with the terms hereof. This Note is secured inter alia by (a) the Mortgage, (b) an Assignment of Leases, and (c) the other Loan Documents.

3. If any sum payable under this Note is not paid on or before the date on which it is due, Maker shall pay to Payee upon demand an amount equal to the lesser of three percent (3%) of such unpaid sum or the maximum amount permitted by applicable law in order to defray a portion of the expenses incurred by Payee in handling and processing such delinquent payment and to compensate Payee for the loss of the use of such delinquent payment. If the day when any payment required under this Note is due is not a Business Day, then payment shall be due on the first Business Day thereafter.

4. The Debt or any portion thereof, shall without notice become immediately due and payable at the option of Payee if any payment required in this Note is not paid on or before the date on which it is due or upon the happening of any other Event of Default (as defined in the Mortgage). In the event that it should become necessary to employ counsel to collect or enforce the Debt or to protect or foreclose the security therefor, Maker also shall pay on demand all costs of collection incurred by Payee, including attorneys' fees and costs reasonably incurred for the services of counsel whether or not suit be brought.

5. Maker does hereby agree that upon the occurrence of an Event of Default (including upon the failure of Maker to pay the Debt in full on the Maturity Date), Payee shall be entitled to receive and Maker shall pay interest on the entire unpaid principal sum and any other amounts due at the Default Rate.

6. Maker hereby agrees that upon the occurrence of an Event of Default Maker shall pay to Payee on the eleventh day of each month while such Event of Default continues, an aggregate amount equal to the Excess Cash Flow for the period from the eleventh day of the prior month through and including the tenth day of the month in question, such Excess Cash Flow to be applied by Payee to the payment of the Debt in such order as Payee shall determine in its sole discretion, including, without limitation, alternating applications thereof between interest and principal. Interest at the Default Rate and Excess Cash Flow shall both be computed from the occurrence of the Event of Default until the actual receipt and collection of the Debt. Interest at the Default Rate shall be added to the Debt and shall be secured by the Mortgage. This paragraph, however, shall not be construed as an agreement or privilege to extend the date of the payment of the Debt, nor as a waiver of any other right or remedy accruing to Payee by reason of the occurrence of any Event of Default; the acceptance of any payment of Excess Cash Flow shall not be deemed to cure or constitute a waiver of any Event of Default; and Payee retains its rights under this Note to accelerate and

to continue to demand payment of the Debt upon the happening of any Event of Default despite any payment of Excess Cash Flow.

7. This Note may not be prepaid prior to the Anticipated Repayment Date; provided, however, Maker shall have the right and option to release the Mortgaged Property from the lien of the Mortgage in accordance with the terms and provisions of the Defeasance Option. Notwithstanding the foregoing sentence, Maker shall have the privilege to prepay the entire principal balance of this Note and any other amounts outstanding on any Payment Date during the ninety (90) days preceding the Anticipated Repayment Date without payment of the Yield Maintenance Premium (as defined in the Mortgage) or any other premium or penalty. In addition, on the Anticipated Repayment Date or on any Payment Date thereafter, the Maker may, at its option and upon thirty (30) days prior written notice from Maker to Payee, prepay in whole or in part, in \$100,000 increments only, the outstanding principal balance of this Note and any other amounts outstanding without payment of the Yield Maintenance Premium or any other premium or penalty. If prior to the Anticipated Repayment Date and following the occurrence of any Event of Default, Maker shall tender payment of an amount sufficient to satisfy the Debt at any time prior to a sale of the Mortgaged Property, either through foreclosure or the exercise of the other remedies available to Payee under the Mortgage, such tender by Maker shall be deemed to be voluntary and Maker shall pay, in addition to the Debt, the Yield Maintenance Premium, if any, that would be required under the Defeasance Option.

8. For each fiscal year commencing with the fiscal year in which the Anticipated Repayment Date occurs, the Maker shall submit to the Payee for the Payee's written approval an Annual Budget not later than sixty (60) days prior to the commencement of such fiscal year, in form satisfactory to Payee setting forth in reasonable detail budgeted monthly operating income and monthly operating capital and other expenses for the Mortgaged Property. Each Annual Budget shall contain, among other things, limitations on management fees, third party service fees, and other expenses as the Maker may reasonably determine. Payee shall have the right to approve such Annual Budget which approval shall not be unreasonably withheld, and in the event that Payee objects to the proposed Annual Budget submitted by Maker, Payee shall advise Maker of such objections within fifteen (15) days after receipt thereof (and deliver to Maker a reasonably detailed description of such objections) and Maker shall within three (3) days after receipt of notice of any such objections revise such Annual Budget and resubmit the same to Payee. Payee shall advise Maker of any objections to such revised Annual Budget within ten (10) days after receipt thereof (and deliver to Maker a reasonably detailed description of such objections) and Maker shall revise the same in accordance with the process described in this subparagraph until the Payee approves an Annual Budget, provided, however, that if Payee shall not advise Maker of its objections to any proposed Annual Budget within the applicable time period set forth in this paragraph, then such proposed Annual Budget shall be deemed approved by Payee. Until such time that Payee approves a proposed Annual Budget, the most recently Approved Annual Budget shall apply; provided that, such Approved Annual Budget shall be adjusted to reflect actual increases in real estate taxes, insurance premiums and utilities expenses.

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9. In the event that the Maker does not pay the Debt in full prior to the Anticipated Repayment Date, the provisions of paragraph 8 as set forth above shall remain in full force and effect, and the following subparagraphs also shall apply:

(a) From and after the Anticipated Repayment Date, interest shall accrue on the unpaid principal balance from time to time outstanding on this Note at the Extended Term Rate. Interest accrued at the Extended Term Rate and not paid pursuant to this paragraph 9 shall be deferred and added to the Debt and shall earn interest at the Extended Term Rate to the extent permitted by applicable law (such accrued interest is hereinafter defined as "Accrued Interest"). All of the Debt, including any Accrued Interest, shall be due and payable on the Maturity Date.

(b) Maker shall, on the Anticipated Repayment Date and the eleventh day of each calendar month thereafter up to and including the Maturity Date, pay to Payee all Rents (as defined in the Mortgage) received on or after the Anticipated Repayment Date and not theretofore paid to Payee hereunder, which amounts shall be applied in the listed order of priority:

- (i) First, payments to the Tax and Insurance Impound Fund in accordance with the terms and conditions of the Mortgage;
- (ii) Second, the payment of the Monthly Payment Amount to be applied first to the payment of interest computed at the Initial Term Interest Rate with the remainder applied to the reduction of the outstanding principal balance of this Note;
- (iii) Third, payments to the Replacement Escrow Fund and Leasing Escrow Fund, each in accordance with the terms and conditions of the Mortgage;
- (iv) Fourth, payments for monthly Cash Expenses, less management fees payable to affiliates of Maker, pursuant to the terms and conditions of the related Approved Annual Budget;
- (v) Fifth, payment for monthly Net Capital Expenditures, pursuant to the terms and conditions of the related Approved Annual Budget;
- (vi) Sixth, payment for Extraordinary Expenses approved by Payee, if any;
- (vii) Seventh, payments to the Payee to be applied against the outstanding principal due under this Note until such principal amount is paid in full;
- (viii) Eighth, payments to the Payee for Accrued Interest;
- (ix) Ninth, payments to the Payee of any other amounts due under the Loan Documents; and

(x) Lastly, payment to the Maker of any excess amounts.

(c) In the event that the Maker must incur an Extraordinary Expense, then the Maker shall promptly deliver to Payee a reasonably detailed explanation of such proposed Extraordinary Expense for the Payee's approval.

(d) Nothing in this paragraph 9 shall limit, reduce or otherwise affect Maker's obligations to make payments of the Monthly Payment Amount, payments to the Tax and Insurance Impound Fund, the Replacement Escrow Fund due hereunder and under the other Loan Documents, whether or not Rents are available to make such payments.

10. It is expressly stipulated and agreed to be the intent of Maker and Payee at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits Payee to contract for, charge, take, reserve, or receive a greater amount of interest than under state law) and that this paragraph (and the similar paragraph contained in the Mortgage) shall control every other covenant and agreement in this Note and the other Loan Documents. If the applicable law (state or federal) is ever judicially interpreted so as to render usurious any amount called for under this Note or under any of the other Loan Documents, or contracted for, charged, taken, reserved, or received with respect to the Debt, or if Payee's exercise of the option to accelerate the Maturity Date, or if any prepayment or the exercise of any Defeasance Option by Maker results in Maker having paid any interest in excess of that permitted by applicable law, then it is Payee's express intent that all excess amounts theretofore collected by Payee shall be credited on the principal balance of this Note and all other Debt and the provisions of this Note and the other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Payee for the use, forbearance, or detention of the Debt shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Debt until payment in full so that the rate or amount of interest on account of the Debt does not exceed the maximum lawful rate from time to time in effect and applicable to the Debt for so long as the Debt is outstanding. Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, it is not the intention of Payee to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

11. This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Maker or Payee, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought. Whenever used, the singular number shall include the plural, the plural the singular, and the words "Payee" and "Maker" shall include their respective successors, assigns, heirs, executors and administrators. If Maker consists of more than one person or party, the obligations and liabilities of each such person or party shall be joint and several.

12. Maker and all others who may become liable for the payment of all or any part of the Debt do hereby severally waive presentment and demand for payment, notice of dishonor, protest, notice of protest, notice of nonpayment, notice of intent to accelerate the maturity hereof and of acceleration. No release of any security for the Debt or any person liable for payment of the Debt, no extension of time for payment of this Note or any installment hereof, and no alteration, amendment or waiver of any provision of the Loan Documents made by agreement between Payee and any other person or party shall release, modify, amend, waive, extend, change, discharge, terminate or affect the liability of Maker, and any other person or party who may become liable under the Loan Documents for the payment of all or any part of the Debt.

13. Subject to the qualifications below, Payee shall not enforce the liability and obligation of Maker or its constituent members, partners, shareholders, directors, employees or agents to perform and observe the obligations contained in this Note, the Mortgage or the other Loan Documents by any legal, equitable or other action or proceeding wherein a judgment shall be sought against Maker or its constituent members, partners, shareholders, directors, employees or agents, except that Payee may bring a foreclosure action, an action for specific performance or any other appropriate action or proceeding to enable Payee to enforce and realize upon its interest under this Note, the Mortgage and the other Loan Documents, or in the Mortgaged Property, the Rents, or any other collateral given to Payee pursuant to the Loan Documents; provided, however, that, except as specifically provided

herein, any judgment in any such action or proceeding shall be enforceable against Maker only to the extent of Maker's interest in the Mortgaged Property, in the Rents and in any other collateral given to Payee, and Payee, by accepting this Note, the Mortgage and the other Loan Documents, agrees that it shall not sue for, seek or demand any deficiency judgment against Maker in any such action or proceeding under or by reason of or under or in connection with this Note, the Mortgage or the other Loan Documents. The provisions of this paragraph shall not, however, (a) constitute a waiver, release or impairment of any obligation evidenced or secured by any of the Loan Documents; (b) impair the right of Payee to name Maker as a party defendant in any action or suit for foreclosure and sale under the Mortgage; (c) affect the validity or enforceability of or any guaranty made in connection with the Loan or any of the rights and remedies of the Payee thereunder; (d) impair the right of Payee to obtain the appointment of a receiver; (e) impair the enforcement of the Assignment of Leases; or (f) constitute a waiver of the right of Payee to enforce the liability and obligation of Maker, by money judgment or otherwise, to the extent of any loss, damage, cost, expense, liability, claim or other obligation incurred by Payee (including attorneys' fees and costs reasonably incurred) arising out of or in connection with the following:

- (i) fraud or intentional misrepresentation by Maker or any guarantor in connection with the Loan;
 - (ii) the gross negligence or willful misconduct of Maker;
 - (iii) physical waste of the Mortgaged Property;
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- (iv) the breach of any representation, warranty, covenant or indemnification provision in that certain Environmental and Hazardous Substance Indemnification Agreement of even date herewith given by Maker to Payee or in the Mortgage concerning environmental laws, hazardous substances or asbestos;
 - (v) the removal or disposal of any portion of the Mortgaged Property after an Event of Default;
 - (vi) the misapplication or conversion by Maker of (A) any insurance proceeds paid by reason of any loss, damage or destruction to the Mortgaged Property, (B) any awards or other amounts received in connection with the condemnation of all or a portion of the Mortgaged Property, (C) any Rents following an Event of Default, or (D) any Rents paid more than one month in advance;
 - (vii) failure to pay charges for labor or materials or taxes or other charges that can create liens on any portion of the Mortgaged Property; and
 - (viii) any security deposits collected with respect to the Mortgaged Property which are not delivered to Payee upon a foreclosure of the Mortgaged Property or other action in lieu thereof, except to the extent any such security deposits were applied in accordance with the terms and conditions of any of the Leases (as defined in the Mortgage) prior to the occurrence of the Event of Default that gave rise to such sale or foreclosure or action in lieu thereof.

Notwithstanding anything to the contrary in this Note or any of the Loan Documents, (A) Payee shall not be deemed to have waived any right which Payee may have under Section 506(a), 506(b), 1111(b) or any other provisions of the U.S. Bankruptcy Code to file a claim for the full amount of the Debt secured by the Mortgage or to require that all collateral shall continue to secure all of the Debt owing to Payee in accordance with the Loan Documents, and (B) the Debt shall be fully recourse to Maker in the event that: (i) the first full monthly payment of principal and interest under this Note is not paid when due; (ii) Maker fails to maintain its status as a single purpose entity, as required by, and in accordance with the terms and provisions of, the Mortgage; (iii) Maker fails to obtain Payee's prior written consent to any subordinate financing or other voluntary lien encumbering the Mortgaged Property; (iv) Maker fails to obtain Payee's prior written consent to any assignment, transfer, or conveyance of the Mortgaged Property or any interest therein as required by the Mortgage; or (v) a receiver, liquidator or trustee of Maker or of any guarantor shall be appointed or if Maker or any guarantor shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Maker or any guarantor or if any proceeding for the dissolution or liquidation of Maker or of any guarantor shall be instituted;

however, if such appointment, adjudication, petition or proceeding was involuntary and not consented to by Maker or such guarantor, upon the same not being discharged, stayed or dismissed within sixty (60) days; or (vi) Maker, any guarantor or any of their respective affiliates or agents hinders, delays or interferes with the exercise by Payee of any of its rights or remedies under the Loan Documents after the occurrence and continuance of an Event of Default.

14. Maker (and the undersigned representative of Maker, if any) represents that Maker has full power, authority and legal right to execute, deliver and perform its obligations pursuant to this Note, the Mortgage and the other Loan Documents and that this Note, the Mortgage and the other Loan Documents constitute valid and binding obligations of Maker.

15. All notices or other communications required or permitted to be given pursuant hereto shall be given in the manner specified in the Mortgage directed to the parties at their respective addresses as provided therein.

16. MAKER HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY MAKER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. PAYEE IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY MAKER.

17. This Note shall be governed by and construed in accordance with the laws of the State in which the Mortgaged Property is located and the applicable laws of the United States of America.

Maker has duly executed this Note the day and year first above written.

MAKER:

WASHINGTON CENTRE SHOPS, L.P.,
a Delaware limited partnership

By: Washington Centre Land, Inc., a Delaware
corporation, its general partner

/s/ ANDREW B. HASCOE

By: -----

Name: Andrew B. Hascoe
Title: President

Pay to the order of _____,
without recourse.

CREDIT SUISSE FIRST BOSTON MORTGAGE CAPITAL LLC,
a Delaware limited liability company

/s/ WILLIAM ADAMSKI

By: -----

Name: William Adamski
Title: Authorized Signatory

LOAN AGREEMENT
 BY AND BETWEEN
 SWH FUNDING CORP.,
 AS LENDER
 AND
 CEDAR INCOME FUND PARTNERSHIP, L.P.,
 AS BORROWER

AS OF OCTOBER ____, 2001

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LOAN AGREEMENT

THIS LOAN AGREEMENT (as amended, modified, supplemented, extended, restated or replaced from time to time, this "Agreement"), dated as of October __, 2001, by and between SWH FUNDING CORP., a New Jersey corporation, having an office at Two University Plaza, Hackensack, New Jersey 07601 (together with its successors, assigns and/or participants, "Lender"), and CEDAR INCOME FUND PARTNERSHIP, L.P., a Delaware limited partnership, having an office c/o Cedar Bay Realty Advisors, Inc., 44 South Bayles Avenue, Suite 304, Port Washington, New York 11050 ("Borrower").

W I T N E S S E T H:

WHEREAS, Borrower has heretofore acquired fee title in and to those certain tracts or parcels of land located in Jacksonville, Florida, as more particularly described in Exhibit A attached hereto and made a part hereof (the "Land"), together with the building(s) and other improvements situate thereon (collectively, the "Premises"); and

WHEREAS, Borrower desires to borrow the sum of \$6,000,000.00 (the "Loan Amount") from Lender (the "Loan") in order to provide a portion of the equity required to purchase the Shopping Centers (as hereinafter defined) and to pay a portion of the Permitted Closing Fees and Costs (as hereinafter defined); and

WHEREAS, Lender has advised Borrower that, subject to the terms and conditions of this Agreement and of the Loan Documents (as hereinafter defined), and in reliance upon the representations, warranties, covenants and undertakings of Borrower herein and therein contained, Lender is willing to make the Loan to Borrower on the terms and conditions set forth herein and therein.

NOW, THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and the recitals hereinabove set forth which are hereby incorporated herein and made a part hereof, and the mutual promises and agreements herein contained, Lender and Borrower hereby agree as follows:

ARTICLE 1
PARTICULAR TERMS; DEFINITIONS

The following terms shall have the respective meanings hereinafter specified for all purposes of this Agreement, and shall be applicable equally to the singular and plural forms of such terms:

"Academy Plaza Loan" shall mean that certain loan in the original principal amount of \$11,080,000.00 made by The Chase Manhattan Bank to Academy

Store, L.P., which loan (a) is secured by, inter alia, a mortgage encumbering the Shopping Center known as Academy Plaza and (b) is being or has been assumed by Academy Plaza L.L.C. 1.

"Affiliate" shall mean, with respect to a specified Person, (a) a Person who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the specified Person, (b) any Person who is an officer, director, partner, manager, employee, or trustee of, or serves in a similar capacity with respect to, the specified Person or of which the specified Person is an officer, partner, manager or trustee, or with respect to which the specified Person serves in a similar capacity, (c) if the Person is an individual, the spouse, issue, or parent of the specified Person, and (d) any Person which would constitute an Affiliate of any such Person described in clauses (a) through (d) immediately above.

"Affirmative Covenant" shall mean a promise or covenant by any Person to perform, act, suffer, permit or consent.

"Agreement" shall have the meaning ascribed thereto in the introductory paragraph hereof.

"Allowed Financing" shall have the meaning ascribed thereto in Section 4.26 hereof.

"Allowed Sale" shall have the meaning ascribed thereto in Section 4.26 hereof.

"Approved Accountants" shall mean one of the so-called "Big Five" accounting firms or such other independent certified public accountants of nationally recognized standing selected by the Person required to deliver the applicable Financial Statements and other reports provided for herein, which Approved Accountants, if not one of the so-called "Big Five" accounting firms, shall be subject to Lender's prior written approval not unreasonably to be withheld.

"Approved Base Building Work" shall mean any capital improvements to be made to any portion of the Premises not occupied or intended to be occupied by a Tenant.

"Approved Base Building Work Contractor(s)" shall mean, with respect to any Approved Base Building Work, the contractor(s) selected or approved by Borrower to perform the Approved Base Building Work, which contractor(s) shall have been approved by Lender, such approval not unreasonably to be withheld or delayed. From and after the Effective Date, Borrower shall obtain at least three (3) arms-length bids from qualified contractors who are not Affiliates of Borrower or any other Significant Party in respect of all other Approved Base Building Work and shall provide to Lender all bid materials prepared by or on behalf of Borrower in connection therewith and all bids received by Borrower.

"Approved Base Building Work Plans and Specifications" shall mean the designs, plans and specifications for any Approved Base Building Work, which designs, plan and specifications shall have been approved by Lender, such approval not unreasonably to be withheld or delayed.

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"Approved Contracts" shall mean the Contracts set forth on Exhibit B attached hereto and made a part hereof and any other Contract entered into after the date hereof in accordance with Section 4.23 hereof.

"Approved Leases" shall mean all Leases as set forth on Exhibit C attached hereto and made a part hereof and all Leases entered into after the Effective Date in accordance with Section 4.6 hereof.

"Approved Operating Budget" shall have the meaning ascribed thereto in

Section 4.14(d) hereof.

"Approved Operating Expenses" shall mean all Expenses set forth on the Approved Operating Budget then in effect in respect of the Premises.

"Approved Permitted Encumbrances" shall mean the encumbrances set forth on Schedule B of the Title Policy.

"Approved Tenant Improvement Contractor(s)" shall mean, with respect to any Approved Tenant Improvements, the contractor(s) selected or approved by Borrower to perform any Landlord Work and/or to oversee any Tenant Work, which contractor(s) have been approved by Lender, such approval not unreasonably to be withheld. From and after the Effective Date, Borrower shall obtain at least three (3) arms-length bids from qualified contractors who are not Affiliates of Borrower or any other Significant Party in respect of all Approved Tenant Improvements and shall provide to Lender all bid materials prepared by or on behalf of Borrower in connection therewith and all bids received by Borrower.

"Approved Tenant Improvement Plans and Specifications" shall mean the designs, plans and specifications for any Approved Tenant Improvements, which designs, plans and specifications have been approved by Lender, such approval not unreasonably to be withheld.

"Approved Tenant Improvements" shall mean any Tenant Work or Landlord Work under an Approved Lease which has been approved by Lender. The performance of the required alterations in accordance with a certain "design intent plan" under a certain Supplemental Lease Agreement, dated August 17, 2001, between Borrower and the United States of America, is hereby approved by Lender.

"Assignees" shall have the meaning ascribed thereto in Section 7.8.1 hereof.

"Assignment of Agreements, Licenses, Permits and Contracts" shall mean that certain Assignment of Agreements, Licenses, Permits and Contracts, dated as of the Effective Date, given by Borrower, as assignor, to Lender, as assignee, as the same may be amended, modified, supplemented, restated or replaced from time to time.

"Assignment of Leases and Rents" shall mean that certain Absolute Assignment of Leases and Rents, dated as of the Effective Date, given by Borrower, as assignor, to Lender, as assignee, as the same may be amended, modified, supplemented, restated or replaced from time to time.

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"Awards" shall have the meaning ascribed thereto in Section 5.7(a) hereof.

"Bankruptcy Code" shall mean Title 11 of the United States Code, 11 U.S.C.ss.ss.101 et seq., as amended.

"Basic Interest" shall mean interest due on the Outstanding Principal Balance and the aggregate amount of all Monthly Shortfalls calculated at the Basic Interest Rate on the basis of a 360 day year for the actual number of days elapsed.

"Basic Interest Rate" shall mean a fixed rate equal to (a) twelve and one-half percent (12.5%) per annum, for any Interest Accrual Period or portion thereof during and through and including the Initial Maturity Date, (b) if the First Extension is exercised in accordance with and pursuant to Section 2.4(b) hereof, the greater of (i) fourteen percent (14%) per annum and (ii) the sum of LIBOR plus eight and one-quarter percent (8.25%) per annum, for any Interest Accrual Period or portion thereof after the Initial Maturity Date through and including the First Extension Maturity Date and (c) if the Second Extension is exercised in accordance with and pursuant to Section 2.4(c) hereof, the greater of (i) fifteen percent (15%) per annum and (ii) the sum of LIBOR plus nine and one quarter percent (9.25%) per annum, for any Interest Accrual Period or portion thereof after the First Extension Maturity Date through and including the Second Extension Maturity Date.

"best knowledge" or "knowledge" shall mean, for the purpose of this Agreement and the other Loan Documents, the actual knowledge of the Person in question, after having made due inquiry. If any Person with respect to which this term would be applicable is a corporation, knowledge of such Person shall refer to actual knowledge of its officers or directors, after having made due inquiry. If any such Person is a partnership, knowledge of such entity shall refer to actual knowledge of each of its partners who participates in the management of such partnership (directly or indirectly), after having made due inquiry. If any such Person is a limited liability company, knowledge of such entity shall refer to actual knowledge of its managing member(s), after having made due inquiry. The knowledge of Borrower for purposes of this definition shall also include the knowledge of the Manager if it is an Affiliate of Borrower.

"Boiler Insurance" shall have the meaning ascribed thereto in Section

5.1.7 hereof.

"Borrower" shall have the meaning ascribed thereto in the recitals to this Agreement.

"Broker" shall have the meaning ascribed thereto in Section 3.28 hereof.

"Builder's Risk Insurance" shall have the meaning ascribed thereto in Section 5.1.5 hereof.

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"Business Day" shall mean any day except a Saturday, Sunday or other day on which commercial banks are required or permitted by law to close in New York City.

"Business Insurance" shall have the meaning ascribed thereto in Section 5.1.3 hereof.

"Capital Adequacy Events" shall have the meaning ascribed thereto in Section 2.5(a) hereof.

"Cash Collateral Account" shall have the meaning ascribed thereto in the Cash Management Agreement.

"Cash Management Agreement" shall mean that certain Cash Management Agreement, dated as of the Effective Date, between Borrower and Lender.

"Change in Control Event" shall mean any transaction or series of transactions (including by way of merger, consolidation, exchange, dividend, hypothecation, Transfer, distribution, redemption or similar event) or any other event (including death, disability, incapacity, dissolution, insolvency, resignation, withdrawal or similar occurrence) the result of which is either (a) that Guarantor no longer controls, directly or indirectly, Borrower and/or (b) that Brentway Management LLC no longer manages the Premises or the Shopping Centers and/or (c) Leo Ullman no longer controls, directly or indirectly, Brentway Management LLC.

"Claim" shall have the meaning ascribed thereto in Section 7.5(b) hereof.

"Clearing Account" shall have the meaning ascribed thereto in the Cash Management Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations promulgated thereunder.

"Collateral" shall mean all collateral pledged to Lender in respect of the Loan hereunder or under any of the other Loan Documents.

"Competitive Business" shall mean the relocation, solicitation, enticement, inducement, interference with occupancy or other act or omission by Borrower or the Manager or any other Significant Party or any of their respective Affiliates concerning any Tenant of the Premises which results in or may reasonably be anticipated to result in the relocation, surrender, termination, takeover, removal or movement of any such Tenant from its occupancy (including any renewal, extension or expansion right and options of such Tenant), lease, sublease or tenancy at the Premises to any property or building other than the Premises without Lender's prior written consent in its sole and absolute discretion.

"Contract" shall mean (a) any management, brokerage or leasing agreement or (b) any cleaning, maintenance, service, construction, engineering, architectural or other contract or agreement of any kind (other than Leases) of a material nature (materiality for these purposes to include contracts in excess

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of \$10,000 or which extend beyond one year (unless cancelable on thirty (30) days or less notice without penalty or premium)), in either case relating to the ownership, leasing, management, use, operation, maintenance, design, demolition, construction, repair or restoration of the Premises, whether written or oral.

"control" (and the correlative terms "controlled by" and "controlling") shall mean, with respect to a specified Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; provided, however, that, without limiting the generality of the foregoing, (a) any Person (including immediate family members of such Person) which owns, directly or indirectly, securities representing ten percent (10%) or more of the value or ordinary voting power of a corporation or ten percent (10%) or more of the partnership or membership or other ownership interests (based upon value or

vote) of any other Person shall always be deemed to control such corporation or other Person, (b) a general partner shall always be deemed to control any partnership of which it is a general partner, and (c) a manager or member-manager of a limited liability company shall always be deemed to control any limited liability company of which it is a manager or member-manager, as the case may be.

"Default" shall have the meaning ascribed thereto in Section 6.1 hereof.

"Default Rate" shall mean a per annum rate of interest equal to the lesser of (a) the sum of five percent (5%) plus the then otherwise applicable Basic Interest Rate per annum and (b) the highest rate permitted by law to be paid.

"Designated Officer" shall mean with respect to any Person (a) if such Person is a corporation, the chief financial officer of such corporation or such other officer of such corporation as is fully familiar with the financial affairs of such Person and is reasonably approved by Lender, (b) if such Person is a partnership, the chief financial officer of such Person's managing general partner or such other officer of such Person's managing general partner as is fully familiar with the financial affairs of such Person and is reasonably approved by Lender, or (c) if such Person is a limited liability company, the chief financial officer of such Person's managing member or such other officer of such Person's managing member as is fully familiar with the financial affairs of such Person and is reasonably approved by Lender.

"Disbursement Instructions" shall have the meaning ascribed thereto in the Cash Management Agreement.

"Discretionary Expenses" shall mean all Expenses which are not Nondiscretionary Expenses.

"Disqualified Person" shall have the meaning ascribed thereto in Section 3.31 hereof.

"Dollar" or "\$" shall mean lawful money of the United States of America.

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"Easements" shall have the meaning ascribed thereto in Section 3.17 hereof.

"Effective Date" shall mean the date on which this Agreement is executed and delivered by Borrower to Lender, as set forth in the introductory paragraph hereof.

"Environmental Covenants and Indemnities" shall mean the covenants set forth in Section 3, and the indemnities set forth in Section 4, of the Hazardous Waste Indemnity.

"Environmental Representations" shall mean the representations set forth in Section 2 of the Hazardous Waste Indemnity.

"Environmental Reserve Deposits" shall have the meaning ascribed thereto in Section 7.29 hereof.

"Environmental Reserve Escrow Account" shall have the meaning ascribed thereto in Section 7.29 hereof.

"Environmental Work" shall have the meaning ascribed thereto in Section 7.29 hereof.

"Equity Fee" shall mean an amount equal to the greater of (a) \$350,000.00 and (b) ten percent (10%) of the difference between (i) the fair market value of the Shopping Centers and (ii) the acquisition and closing costs in connection with the purchase of the Shopping Centers, which fair market value shall be determined by an appraiser reasonably selected by Lender.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder from time to time.

"Eurodollar Business Day" shall mean any Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London, England.

"Event of Default" shall have the meaning ascribed thereto in Section 6.1 hereof.

"Exit Fee" shall mean an amount equal to \$120,000.00 and, if the Obligations are not paid and/or performed in full on or prior to October 5, 2002, such amount shall accrue interest compounded monthly until paid in full at

the following rates:

(a) from and including October 5, 2002, through and including the Initial Maturity Date, at a rate of one-third percent (1/3%) per month;

(b) from the Initial Maturity Date through and including November 1, 2005, at a rate of one-half percent (1/2%) per month;

(c) from November 1, 2005, through and including the Second Extension Maturity Date, at a rate of two-thirds percent (2/3%) per month; and

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(d) thereafter, at a rate of two percent (2%) per month.

"Expenses" shall mean, in respect of any Interest Accrual Period, all reasonable and customary costs and expenses actually incurred during such Interest Accrual Period by Borrower in respect of the ownership and operation of the Premises (as reasonably adjusted by Lender to reflect, inter alia, timing of the payment of expenses and such other factors as Lender shall reasonably determine to be relevant), calculated on a cash basis, including, without limitation (a) Impositions, (b) Insurance Premiums and (c) management fees in an amount not to exceed five percent (5%) of Receipts or such greater percentage as shall be approved by Lender, but expressly excluding, however, (i) costs which under GAAP are properly classified as capital expenditures and not currently expensed, (ii) accounting, and legal fees and disbursements not directly related to the operation of the Premises, (iii) payments of principal or interest under the Loan, (iv) leasing commissions, tenant improvements, tenant inducements and allowances and base building work, from time to time (v) amounts expended on items for which reserves have been established previously and (vi) depreciation and amortization.

"Financial Statements" shall mean the financial statements and other documentation required to be delivered pursuant to Section 4.14 hereof.

"First Extension" shall have the meaning ascribed thereto in Section 2.4(b) hereof.

"First Extension Maturity Date" shall mean May 1, 2006.

"First Extension Notice" shall have the meaning ascribed thereto in Section 2.4(b) hereof.

"First Extension Period" shall have the meaning ascribed thereto in Section 2.4(b) hereof.

"First Mandatory Prepayment" shall have the meaning ascribed thereto in Section 2.6 hereof.

"Flood Insurance" shall have the meaning ascribed thereto in Section 5.1.4 hereof.

"Funding Fee" shall mean the sum of \$225,000.00.

"GAAP" shall mean generally accepted accounting principles as adopted by the American Institute of Certified Public Accountants, consistently applied.

"Governmental Authority" shall mean the United States, the State of New York, the State of Florida, the City of Jacksonville, the State of Delaware, the State of Maryland, the State of Pennsylvania, the State of New Jersey, any jurisdiction in which any of the Collateral is located, and any political subdivision of any of the foregoing, and any agency, department, commission, board, court, bureau or instrumentality of any of the foregoing.

"Guarantor" shall mean Cedar Income Fund, Ltd., a Maryland corporation.

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"Guaranty" shall mean that certain Guaranty, dated as of the Effective Date, given by Guarantor in favor of Lender, as the same may hereafter be amended, modified, supplemented, restated or replaced from time to time.

"Hazardous Substances" shall have the meaning ascribed thereto in the Hazardous Waste Indemnity.

"Hazardous Waste Indemnity" shall mean that certain Hazardous Waste Indemnity with respect to the Premises, dated as of the Effective Date, made jointly and severally by Borrower and Guarantor to Lender, as same may be amended, modified, supplemented, restated or replaced from time to time.

"Holdings" shall mean Cedar Center Holdings L.L.C. 3, a Delaware limited liability company.

"Holdings Agreement" shall mean that certain Limited Liability Company Agreement of Holdings, dated as of September 14, 2001, between Borrower and SWH

Bryant Member LLC, a Delaware limited liability company.

"Impositions" shall mean all real estate taxes, assessments (including, without limitation, all assessments for public improvements or benefits), frontage and sewer rents, water meter charges, charges for public or private utilities, license or permit fees, inspection fees and other governmental levies or payments, of every kind and nature whatsoever, general and special, ordinary and extraordinary, unforeseen as well as foreseen, which at any time may be assessed, levied, confirmed, imposed or which may become a Lien upon the Premises, or any portion thereof, or which are payable with respect thereto, or upon the rents, issues, revenues, income or profits thereof, or on the occupancy, operation, use, possession or activities thereof, whether any or all of the same be levied directly or indirectly or as excise taxes or as income taxes and, except for Lender's Taxes, all taxes, assessments or charges which may be levied on this Agreement or the Note.

"Impositions and Insurance Deposits" shall have the meaning ascribed thereto in Section 7.27.1 hereof.

"Impositions and Insurance Escrow Account" shall have the meaning ascribed thereto in Section 7.27.1 hereof.

"Improvements" shall mean the buildings and improvements now or hereafter situate on the Land.

"Indebtedness" shall mean any and all liabilities and obligations owing by any Person to any Person, including principal, interest, charges, fees, reimbursements and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, original, renewed or extended, (a) in respect of any borrowed money (whether by loans, the issuance and sale of debt

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securities or the sale of any property to another Person subject to an understanding, agreement, contract or otherwise to repurchase such property) or for the deferred purchase price of any property or services (other than trade accounts payable or accrued expenses that are or would be incurred in the ordinary course of business of such Person ("Trade Payables") and payable within ninety (90) days after the date of delivery of the respective property or the rendering of the respective service), (b) as lessee under any leases (other than the Leases) which shall have been or should be, in accordance with GAAP, recorded as capital leases, (c) under direct or indirect guarantees and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise assure any creditor against loss in respect of the obligations of others, (d) in respect of letters of credit or similar instruments issued or accepted by banks and other financial institutions for the account of such indebted Person, or (e) in respect of unfunded vested benefits under plans covered by ERISA or any similar liabilities to, for the benefit of, or on behalf of any employees of such indebted Person.

"Indemnified Parties" shall mean each of Lender, its Affiliates, Assignees, Participants and their respective successors, assigns, partners, members, shareholders, officers, directors, employees, agents and attorneys.

"Initial Maturity Date" shall mean November 1, 2004.

"Insolvency Laws" shall have the meaning ascribed thereto in Section 7.20 hereof.

"Insolvent" shall mean (a) the inability of a Person to pay its debts as they become due and/or (b) if the fair value of such Person's debts is greater than the fair value of such Person's assets.

"Insurance Premiums" shall have the meaning ascribed thereto in Section 7.27 hereof.

"Interest Accrual Period" shall mean, with respect to any Payment Date, the calendar month preceding such Payment Date, provided that no Interest Accrual Period shall end later than the Maturity Date (other than for purposes of calculating interest at the Default Rate), and the initial Interest Accrual Period under the Loan shall begin on the Effective Date.

"Interest Reserve Deposit" shall have the meaning ascribed thereto in Section 7.28 hereof.

"Interest Reserve Escrow Account" shall have the meaning ascribed thereto in Section 7.28 hereof.

"Land" shall have the meaning ascribed thereto in the recitals to this Agreement.

"Landlord Work" shall mean any Approved Tenant Improvements required to

be performed by Borrower under the related Approved Lease.

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"Late Charge" shall have the meaning ascribed thereto in Section 2.7(b) hereof.

"Law Change" shall have the meaning ascribed thereto in Section 2.9(c) hereof.

"Lease" shall mean any lease now or hereafter on or affecting the Premises, or any part thereof, whether written or oral, and all licenses and other agreements for the use and/or occupancy of the Premises, or any part thereof as the same shall have been or shall hereafter be amended.

"Legal Requirement" shall mean any law, statute, ordinance, order, rule, regulation, decree or other requirement of a Governmental Authority, and all conditions of any Permit.

"Lender" shall have the meaning ascribed to such term in the introductory paragraph of this Agreement.

"Lender's Counsel" shall mean Solomon and Weinberg LLP, located in New York, New York, and any other law firm acting as counsel to Lender.

"Lender's Counsel Fees" shall mean all reasonable fees and disbursements of Lender's Counsel.

"Liability Insurance" shall have the meaning ascribed thereto in Section 5.1.2 hereof.

"LIBOR" shall mean, with respect to any Interest Accrual Period, the rate per annum (rounded upwards, if necessary, to the nearest one-sixteenth (1/16th) of one percent (1%)) reported, with respect to the initial Interest Accrual Period, at 11:00 a.m. London time on the date of this Agreement (or if such date is not a Eurodollar Business Day, the immediately preceding Eurodollar Business Day), and thereafter, at 11:00 a.m. London time on the date three (3) Eurodollar Business Days after the tenth (10th) day of the calendar month in which such Interest Accrual Period commences (each such date, a "LIBOR Determination Date"), on Dow Jones TeleRate Service Page 3750 (British Bankers Association Settlement Rate) as the non-reserve adjusted London Interbank Offered Rate for U.S. dollar deposits having a thirty (30) day term and in an amount of \$1,000,000.00 or more (or on such other page as may replace said Page 3750 on that service or such other service or services as may be nominated by the British Bankers Association for the purpose of displaying such rate, all as determined by Lender in its sole but good faith discretion). In the event that (i) more than one such LIBOR is provided, the average of such rates shall apply, or (ii) no such LIBOR is published, then LIBOR shall be determined from such comparable financial reporting company as Lender in its sole but good faith discretion shall determine. LIBOR for any Interest Accrual Period shall be adjusted from time to time by increasing the rate thereof to compensate Lender for any increase in aggregate reserve requirements (including, without limitation, all basic, supplemental, marginal and other reserve requirements and taking into account any transitional adjustments or other scheduled changes in reserve requirements during any Interest Accrual Period) after the date hereof

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which are required to be maintained by Lender with respect to "Eurocurrency Liabilities" (as presently defined in Regulation D of the Board of Governors of the Federal Reserve System) of the same term under Regulation D, or any other regulations of a Governmental Authority having jurisdiction over Lender of similar effect.

"LIBOR Determination Date" shall have the meaning ascribed to such term in the definition of "LIBOR" above.

"Liens" shall have the meaning ascribed thereto in Section 4.3 hereof.

"Limited Partners" shall have the meaning ascribed thereto in Section 3.1.3 hereof.

"Loan" shall have the meaning ascribed thereto in the recitals of this Agreement.

"Loan Amount" shall have the meaning ascribed thereto in the recitals of this Agreement.

"Loan Documents" shall mean this Agreement, the Note, the Mortgage, the Assignment of Leases and Rents, the Assignment of Agreements, Licenses, Permits and Contracts, the Hazardous Waste Indemnity, the Guaranty, the Cash Management Agreement, the Pledge and any other document, assignment or agreement now or

hereafter executed by Borrower, or any other Person for the benefit of Lender, securing, evidencing or otherwise relating to the Loan, including, without limitation, all Uniform Commercial Code financing statements in connection with any of the foregoing.

"Loan Taxes" shall have the meaning ascribed thereto in Section 2.9(a) hereof.

"Major Decision" shall mean any decision of or on behalf of any Significant Party (other than Guarantor) to: (a) engage in any business or activity other than as set forth in such Significant Party's Organizational Documents in effect as of the Effective Date; (b) incur any Indebtedness or assume or guaranty any Indebtedness of any other Person, other than in connection with any business or activity as set forth in such Significant Party's Organizational Documents in effect as of the Effective Date; (c) voluntarily dissolve or liquidate, in whole or in part; (d) consolidate or merge with or into any other Person or convey or transfer its properties and assets substantially as an entirety to any other Person other than as set forth in such Significant Party's Organizational Documents in effect as of the Effective Date; (e) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, including, without limitation, the Bankruptcy Code, or seek the appointment of a trustee, receiver, liquidator, custodian, examiner or other similar official of it or any substantial part of its property, or consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or make a general assignment for the benefit of creditors, or fail generally to pay its debts as they become due, or take any action to authorize any of the foregoing; or (f) amend such Significant Party's Organizational Documents.

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"Major Lease" shall mean any Lease which demises more than 10% of the leasable square feet of the Premises.

"Manager" shall have the meaning ascribed thereto in Section 4.13(a) hereof, and any replacement thereof pursuant to Section 4.13(a) hereof.

"Material Adverse Change Event" shall mean any change in circumstances or conditions with respect to the Loan, the Premises, any Tenant under an Approved Lease, Borrower, any other Significant Party, the Shopping Centers, any SC Tenant under an SC Approved Lease or any SC Affiliate or prevailing market conditions which Lender determines, in its sole discretion, may have a material and adverse effect on (a) the property, business, operations, financial condition or liabilities of Borrower, any other Significant Party or any SC Affiliate, (b) the ability of any Significant Party to perform its material obligations under any of the Loan Documents, including, without limitation, the timely payment of principal of or interest on the Loan or other amounts payable in connection therewith by any Significant Party liable therefor, (c) the ability of Borrower to perform its material obligations under any Approved Contract or Approved Lease, (d) the ability of any SC Affiliate or any Significant Party to perform its material obligations under any of the SC Loan Documents, including, without limitation, the timely payment of principal of or interest on the applicable SC Loan or other amounts payable in connection therewith by any SC Affiliate or any Significant Party liable therefor, (e) the ability of any SC Affiliate or Borrower to perform its material obligations under any SC Approved Contract or SC Approved Lease, (f) the validity or enforceability of any of the Loan Documents by or against Borrower or any other Significant Party, (g) the rights and remedies of Lender under any of the Loan Documents, (h) without limiting the foregoing, the Premises or any use or occupancy thereof and/or the Collateral and/or the priority of the Liens thereon in favor of Lender or (i) without limiting the foregoing, the Shopping Centers or any use or occupancy thereof.

"Maturity Date" shall mean the day which is the earlier to occur of (a) the Initial Maturity Date, if the First Extension is exercised in accordance with Section 2.4(b) hereof, the First Extension Maturity Date or, if the Second Extension is exercised in accordance with Section 2.4(c) hereof, the Second Extension Maturity Date, as applicable, (b) the date on which payment of the Obligations shall have been accelerated pursuant to the terms of this Agreement and (c) the date on which Borrower elects in accordance with this Agreement, in a Prepayment Notice, to pay in full the Obligations.

"Maximum Amount" shall have the meaning ascribed thereto in Section 2.8 hereof.

"Mortgage" shall mean that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement, dated as of the Effective Date, made by Borrower in favor of Lender, as the same may hereafter be amended, modified, supplemented, increased, consolidated, extended, restated, replaced, split or severed from time to time.

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"Mortgage Subaccount" shall have the meaning ascribed thereto in the Cash Management Agreement.

"Negative Covenant" shall mean a promise or covenant by any Person to not act, perform, suffer, permit or consent to.

"Net Proceeds" means the net proceeds of any Allowed Sale, Allowed Financing or any other sale or financing of the Premises permitted hereunder after the payment of customary closing costs in connection therewith, which in any case shall not exceed six percent (6%) of the gross proceeds.

"Nondiscretionary Expenses" shall mean (a) utilities, wages and benefits of building employees, payments under Contracts for service and maintenance and other Expenses attributable to the maintenance, repair and operation of the Premises which are not in the nature of capital expenditures in accordance with GAAP, (b) fees payable pursuant to the Management Agreement, subject to the limitations contained herein, and (c) Impositions and (d) Insurance Premiums.

"Note" shall mean that certain Promissory Note, of even date herewith, made by Borrower to Lender, in the original principal amount of \$6,000,000.00, as the same may hereafter be amended, modified, supplemented, increased, consolidated, restated, replaced, split, severed, extended or substituted from time to time.

"Notices" shall have the meaning ascribed thereto in Section 7.6 hereof.

"Obligations" shall mean (a) Borrower's obligation to pay the principal, interest and any other sums payable to Lender in respect of the Loan hereunder, under the Note, the Mortgage or any of the other Loan Documents, including, without limitation, all Basic Interest, and (b) as applicable, Borrower's, Guarantor's and any other Significant Parties' obligation to perform and observe all of the terms, covenants and provisions of each of the Loan Documents to which each is a party.

"Organizational Documents" shall mean, with respect to any Person who is not a natural person, the certificate or articles of incorporation, memorandum of association, articles of association, trust agreement, by-laws, partnership agreement, limited partnership agreement, certificate of partnership or limited partnership, limited liability company articles of organization, limited liability company operating agreement or any other organizational document, and all shareholder agreements, voting trusts and similar arrangements with respect to its stock, partnership interests, membership interests or other equity interests.

"Outstanding Principal Balance" shall mean, as of any date, the outstanding principal balance of the Loan.

"Participants" shall have the meaning ascribed thereto in Section 7.8.1 hereof.

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"Partner" and "Partners" shall have the respective meanings ascribed thereto in Section 3.1.4 hereof.

"Party In Interest" shall have the meaning ascribed thereto in Section 3.31 hereof.

"Payment Date" shall mean December 1, 2001 and the first day of each month thereafter during the Term of the Loan.

"Permit" shall mean all approvals, consents, registrations, franchises, permits, licenses, variances, certificates of occupancy and other authorizations with regard to zoning, landmark, ecological, environmental, air quality, subdivision, planning, building or land use required by any Governmental Authority for the construction, lawful occupancy and operation of the Improvements and the actual and contemplated uses thereof.

"Permitted Closing Fees and Costs" shall mean (a) the Funding Fee payable to Lender on the Effective Date, and (b) the costs and fees in connection with the closing of the Loan described on the closing statement to be executed by Borrower and Lender on the Effective Date.

"Permitted Transfer" shall mean any Transfer (a) to a Permitted Transferee (i) made prior to the occurrence of an Event of Default and (ii) which does not result in a Change in Control Event, (b) by a Limited Partner of its limited partnership interest in Borrower which does not result in a Change in Control Event, (c) of any publicly traded shares of Guarantor which does not result in a Change in Control Event and (d) to any Person of (i) additional limited partnership interest in Borrower or (ii) additional shares in Guarantor, which in either case, does not result in a Change in Control Event.

"Permitted Transferee" shall mean, at any time after the Effective Date for so long as there shall not have occurred and be continuing any Event of Default and provided that there shall not result therefrom a Change in Control Event, a Transfer by an individual, to (i) such Person's estate, (ii) such Person's spouse, parent or child or lineal descendant of such Person's spouse, parent or child, (iii) any trust established for the benefit of such Person or such Person's spouse, parent or child or lineal descendant of such Persons' spouse, parent or child, and (iv) the legal representative of such Person in the event such Person is no longer legally competent to conduct such Person's affairs.

"Person" shall mean any individual, partnership, corporation (including a business trust), limited liability company, joint stock company, estate, trust, unincorporated association, joint venture or other entity or a government or an agency or political subdivision thereof.

"Port Richmond Village Loan" shall mean that certain loan in the original principal amount of \$12,000,000.00, made by The Chase Manhattan Bank to Port Richmond Associates LLC, which loan (a) is secured by, inter alia, a mortgage encumbering the Shopping Center commonly known as Port Richmond Village and (b) is being or has been assumed by Port Richmond L.L.C. 1.

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"Premises" shall have the meaning ascribed thereto in the recitals to this Agreement.

"Prepayment Notice" shall have the meaning ascribed thereto in Section 2.6(b) hereof.

"Prohibited Transaction" shall mean a prohibited transaction as described under Section 406 of ERISA or Section 4975 of the Code which is not the subject of a statutory exemption under Section 408(b) of ERISA or an administrative exemption granted pursuant to Section 408(a) of ERISA.

"Property Insurance" shall have the meaning ascribed thereto in Section 5.1.1 hereof.

"Receipts" shall mean, with respect to the applicable periods set forth in this Agreement, all gross receipts, rents, revenues, income, fees, payments and consideration derived from any and all sources in any way, manner or respect relating to and/or arising from the Premises including, without limitation, (a) gross fixed, minimum and guaranteed rentals or other sums paid by lessees, sublessees, tenants, subtenants or other occupants, licensees or users of the Premises to or for the account or benefit of Borrower or any Affiliate thereof, (b) percentage, overage, additional and similar rentals paid by lessees, sublessees, tenants, subtenants or other occupants, licensees or users of the Premises to or for the account or benefit of Borrower or any Affiliate thereof, (c) amounts paid by lessees, sublessees, tenants, subtenants or other occupants, licensees or users of the Premises to or for the account or benefit of Borrower or any Affiliate thereof, pursuant to escalation provisions in Leases or other agreements or on account of maintenance, operating and tax expenses for the Premises or utility reimbursements, or otherwise, (d) late charges and interest paid to or for the account or benefit of Borrower or any Affiliate thereof pursuant to Leases and amounts paid to or for the account or benefit of Borrower or any Affiliate thereof as a result of provisions in Leases permitting the landlord thereunder to receive or share in receipt from the subleasing of space demised under, or the assignment of, Leases, (e) automobile parking fees and rentals, if any, other fees, charges or payments, whether or not denominated as rental, but paid to or for the account or benefit of Borrower or any Affiliate thereof for or in connection with the rental of any portion of the Premises and (f) proceeds of any Property Insurance, Business Insurance or Awards received by or for the account or benefit of Borrower or any Affiliate thereof.

"Rent Roll" shall mean each rent roll hereafter delivered to Lender pursuant to Section 4.14 hereof, each of which must indicate, among other things, whether any Tenant is in arrears in the payment of rent or expense reimbursement obligations under its Lease, and the duration and amount of any such arrears. References in this Agreement to the term "Rent Roll" shall mean and be deemed to refer to the most recent rent roll delivered to Lender, unless the context otherwise requires.

"Required Insurance" shall have the meaning ascribed thereto in Section 5.1.8 hereof.

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"Restoration" shall have the meaning ascribed thereto in Section 5.6(b) hereof.

"SC Affiliates" shall mean, collectively, each SC Owner, each SC Member and Holdings and each of them is referred to herein individually as a "SC

Affiliate."

"SC Approved Base Building Work" shall mean any capital improvements to be made to any portion of the Shopping Centers not occupied or intended to be occupied by a SC Tenant.

"SC Approved Base Building Work Contractor(s)" shall mean, with respect to any SC Approved Base Building Work, the contractor(s) selected or approved by the applicable SC Owner to perform the SC Approved Base Building Work, which contractor(s) shall have been approved by Lender, such approval not unreasonably to be withheld or delayed.

"SC Approved Base Building Work Plans and Specifications" shall mean the designs, plans and specifications for any SC Approved Base Building Work, which designs, plan and specifications shall have been approved by Lender, such approval not unreasonably to be withheld or delayed.

"SC Approved Contracts" shall mean the SC Contracts set forth on Exhibit D attached hereto and made a part hereof.

"SC Approved Leases" shall mean the SC Leases set forth on Exhibit E attached hereto and made a part hereof.

"SC Approved Operating Budget" shall have the meaning ascribed thereto in Section 4.35 hereof.

"SC Approved Operating Expenses" shall mean all SC Expenses set forth on the SC Approved Operating Budget then in effect in respect of each Shopping Center.

"SC Approved Permitted Encumbrances" shall mean the encumbrances set forth on Schedule B of each SC Title Policy and each SC Loan.

"SC Approved Tenant Improvement Contractor(s)" shall mean, with respect to any SC Approved Tenant Improvements, the contractor(s) selected or approved by the respective SC Owner to perform any SC Landlord Work and/or to oversee any SC Tenant Work, which contractor(s) have been approved by Lender, such approval not unreasonably to be withheld. From and after the Effective Date, Borrower shall cause the applicable SC Affiliate to obtain at least three (3) arms-length bids from qualified contractors who are not Affiliates of Borrower, any SC Affiliate or any other Significant Party in respect of all SC Approved Tenant Improvements and shall provide to Lender all bid materials prepared by or on behalf of Borrower or the applicable SC Affiliate in connection therewith and all bids received by Borrower.

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"SC Approved Tenant Improvement Plans and Specifications" shall mean the designs, plans and specifications for any SC Approved Tenant Improvements, which designs, plans and specifications have been approved by Lender, such approval not unreasonably to be withheld.

"SC Approved Tenant Improvements" shall mean any SC Tenant Work or SC Landlord Work under an SC Approved Lease which has been approved by Lender.

"SC Contracts" shall mean (a) any management, brokerage or leasing agreement or (b) any cleaning, maintenance, service, construction, engineering, architectural or other contract or agreement of any kind (other than Leases) of a material nature (materiality for these purposes to include contracts in excess of \$10,000 or which extend beyond one year (unless cancelable on thirty (30) days or less notice without penalty or premium)), in either case relating to the ownership, leasing, management, use, operation, maintenance, design, demolition, construction, repair or restoration of the Shopping Centers, whether written or oral.

"SC Environmental Covenants and Indemnities" shall mean the covenants set forth in Section 3, and the indemnities set forth in Section 4, of the SC Hazardous Waste Indemnity.

"SC Environmental Representations" shall mean the representations set forth in Section 2 of the SC Hazardous Waste Indemnity.

"SC Expenses" shall mean, in respect of any calendar month, all reasonable and customary costs and expenses actually incurred during such calendar month by Borrower or any SC Affiliate in respect of the ownership and operation of the Shopping Centers (as reasonably adjusted by Lender to reflect, inter alia, timing of the payment of expenses and such other factors as Lender shall reasonably determine to be relevant), calculated on a cash basis, including, without limitation (a) SC Impositions, (b) SC Insurance Premiums and (c) management fees in an amount not to exceed five percent (5%) of SC Receipts or such greater percentage as shall be approved by Lender, but expressly excluding, however, (i) costs which under GAAP are properly classified as capital expenditures and not currently expensed, (ii) accounting, and legal fees and disbursements not directly related to the operation of the Shopping Centers, (iii) payments of principal or interest under the Loan, (iv) leasing

commissions, tenant improvements, tenant inducements and allowances and base building work, from time to time (v) amounts expended on items for which reserves have been established previously and (vi) depreciation and amortization.

"SC Financial Statements" shall mean the financial statements and other documentation required to be delivered pursuant to Section 3.65 hereof.

"SC Hazardous Waste Indemnity" shall mean that certain Hazardous Waste Indemnity with respect to the Shopping Centers, dated as of the Effective Date, made jointly and severally by Borrower and Guarantor, as the same may be amended, modified, supplemented, restated or replaced from time to time.

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"SC Impositions" shall mean all real estate taxes, assessments (including, without limitation, all assessments for public improvements or benefits), frontage and sewer rents, water meter charges, charges for public or private utilities, license or permit fees, inspection fees and other governmental levies or payments, of every kind and nature whatsoever, general and special, ordinary and extraordinary, unforeseen as well as foreseen, which at any time may be assessed, levied, confirmed, imposed or which may become a Lien upon any Shopping Center, or any portion thereof, or which are payable with respect thereto, or upon the rents, issues, revenues, income or profits thereof, or on the occupancy, operation, use, possession or activities thereof, whether any or all of the same be levied directly or indirectly or as excise taxes or as income taxes.

"SC Improvements" shall mean the buildings and improvements now or hereafter situate on the SC Land.

"SC Insurance Premiums" shall mean the premiums for the SC Required Insurance.

"SC Land" shall mean, with respect to each Shopping Center, those certain tracts or parcels of land more particularly described in Exhibits F through H, inclusive, attached hereto and made a part hereof.

"SC Landlord Work" shall mean any SC Approved Tenant Improvements required to be performed by the applicable SC Owner under the related SC Approved Lease.

"SC Lease" shall mean any lease now or hereafter on or affecting the Shopping Centers, or any part thereof, whether written or oral, and all licenses and other agreements for the use and/or occupancy of the Shopping Centers, or any part thereof as the same shall have been or shall hereafter be amended.

"SC Lenders" shall mean holders of the SC Loans from time to time.

"SC Loan Documents" shall mean each of the documents executed or delivered in connection with each SC Loan.

"SC Loans" shall mean the Academy Plaza Loan, the Port Richmond Village Loan and the Washington Center Loan, and each is referred to herein individually as a "SC Loan."

"SC Major Lease" shall mean any SC Lease which demises more than 10% of the leasable square feet of the respective Shopping Center.

"SC Members" shall mean Academy Plaza L.L.C. 2, Port Richmond L.L.C. 2 and Washington Center L.L.C. 2, and each is referred to herein individually as a "SC Member."

"SC Nondiscretionary Expenses" shall mean (a) utilities, wages and benefits of building employees, payments under SC Contracts for service and maintenance and other SC Expenses attributable to the maintenance, repair and operation of the Shopping Centers which are not in the nature of capital

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expenditures in accordance with GAAP, (b) fees payable pursuant to the SC Management Agreements, subject to the limitations contained herein, (c) Impositions, (d) Insurance Premiums and (e) ground rent payable to the Department of Transportation.

"SC Owners" shall mean Academy Plaza L.L.C. 1, Port Richmond L.L.C. 1 and Washington Center L.L.C. 1, and each is referred to herein individually as a "SC Owner."

"SC Permits" shall mean all approvals, consents, registrations, franchises, permits, licenses, variances, certificates of occupancy and other authorizations with regard to zoning, landmark, ecological, environmental, air

quality, subdivision, planning, building or land use required by any applicable Governmental Authority for the construction, lawful occupancy and operation of the SC Improvements and the actual and contemplated uses thereof.

"SC Receipts" shall mean, with respect to the applicable periods set forth in this Agreement, all gross receipts, rents, revenues, income, fees, payments and consideration derived from any and all sources in any way, manner or respect relating to and/or arising from the Shopping Centers including, without limitation, (a) gross fixed, minimum and guaranteed rentals or other sums paid by lessees, sublessees, tenants, subtenants or other occupants, licensees or users of the Shopping Centers to or for the account or benefit of the respective SC Affiliate or any Affiliate thereof, (b) percentage, overage, additional and similar rentals paid by lessees, sublessees, tenants, subtenants or other occupants, licensees or users of the Shopping Centers to or for the account or benefit of the respective SC Affiliate or any Affiliate thereof, (c) amounts paid by lessees, sublessees, tenants, subtenants or other occupants, licensees or users of the Shopping Centers to or for the account or benefit of the respective SC Affiliate or any Affiliate thereof, pursuant to escalation provisions in SC Leases or other agreements or on account of maintenance, operating and tax expenses for the Shopping Centers or utility reimbursements, or otherwise, (d) late charges and interest paid to or for the account or benefit of the respective SC Affiliate or any Affiliate thereof pursuant to SC Leases and amounts paid to or for the account or benefit of the respective SC Affiliate or any Affiliate thereof as a result of provisions in SC Leases permitting the landlord thereunder to receive or share in receipt from the subleasing of space demised under, or the assignment of, SC Leases, (e) automobile parking fees and rentals, if any, other fees, charges or payments, whether or not denominated as rental, but paid to or for the account or benefit of the respective SC Affiliate or any Affiliate thereof for or in connection with the rental of any portion of the Shopping Centers and (f) proceeds of any insurance or Awards received by or for the account or benefit of the respective SC Affiliate or any Affiliate thereof.

"SC Rent Rolls" shall mean the Rent Roll for each Shopping Center as set forth on Exhibit L attached hereto and made a part hereof.

"SC Required Insurance" shall mean the insurance required pursuant to Section 5.8 hereof.

"SC Security Deposits" shall mean, with respect to any SC Lease, all security deposits, letters of credit, cash, certificates of deposit, securities,

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treasury bills, instruments, collateral or other property deposited with the landlord or otherwise for the landlord's benefit as security for the performance by the SC Tenant of its obligations under such SC Lease.

"SC Surveys" shall mean (a) that certain survey of Academy Plaza, dated August __, 2000 (revised June 13, 2001 and September 27, 2001), prepared by John T. Butler, Pennsylvania Registered Professional Land Surveyor No. 27268, as certified to, without limitation, Borrower, Lender, SWH Bryant Member LLC, Academy Plaza L.L.C. 1 and Title Company; (b) that certain survey of Port Richmond Village, dated September 5, 2000 (revised on June 4, 2001 and September 27, 2001), prepared by Langan Engineering and Environmental Services, as certified to, without limitation, Borrower, Lender, SWH Bryant Member LLC, Port Richmond L.L.C. 1 and Title Company; and (c) that certain survey of Washington Center, dated October 10, 1996 (revised January 24, 1997; October 31, 1997; September 13, 2000; and June 8, 2001), prepared by Albert N. Floyd & Son, as certified to, without limitation, Borrower, Lender, SWH Bryant Member LLC, Washington Center L.L.C. 1 and Title Company.

"SC Tenant" shall mean any tenant, sub-tenant, licensee, concessionaire or occupant of any space located at any of the Shopping Centers.

"SC Tenant Allowance(s)" shall mean allowances payable by any SC Owner to a SC Tenant (or to contractors on behalf of such SC Tenant) under an SC Approved Lease to compensate such SC Tenant for completed SC Approved Tenant Improvements or for any other purpose approved by Lender in Lender's reasonable discretion.

"SC Tenant Work" shall mean any work to be performed for a SC Tenant at the Shopping Centers by any Person other than Borrower or any SC Affiliate and paid for by Borrower or any SC Affiliate pursuant to an SC Approved Lease on the basis of the progress of completion of such work.

"SC Title Policies" shall mean (a) that certain title insurance policy in respect of Academy Plaza, of even date herewith, issued by Title Company to Academy Plaza L.L.C. 1 under Policy No. 01-2560 A; (b) that certain title insurance policy in respect of Port Richmond Village, of even date herewith, issued by Title Company to Port Richmond L.L.C. 1 under Policy No. 01-256013; and (c) that certain title insurance policy in respect of Washington Center, of even date herewith, issued by Title Company to Washington Center L.L.C. 1 under Policy No. 01-LT-0242.

"Second Extension" shall have the meaning ascribed thereto in Section 2.4(c) hereof.

"Second Extension Maturity Date" shall mean November 1, 2007.

"Second Extension Notice" shall have the meaning ascribed thereto in Section 2.4(c) hereof.

"Second Extension Period" shall have the meaning ascribed thereto in Section 2.4(c) hereof.

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"Second Mandatory Prepayment" shall have the meaning ascribed thereto in Section 2.6 hereof.

"Security Deposits" shall mean, with respect to any Lease, all security deposits, letters of credit, cash, certificates of deposit, securities, treasury bills, instruments, collateral or other property deposited with the landlord or otherwise for the landlord's benefit as security for the performance by the Tenant of its obligations under such Lease.

"Servicer" shall have the meaning ascribed thereto in Section 2.10 hereof.

"Shopping Centers" shall mean, collectively, (a) the fee simple interest of Washington Center L.L.C. 1, a Delaware limited liability company, in that certain parcel of real property and the improvements situate thereon and the personal property used in connection therewith, commonly known as Washington Center and located in Sewell, New Jersey, as more particularly described on Exhibit F attached hereto and made a part hereof, (b) the fee simple interest of Academy Plaza L.L.C. 1, a Delaware limited liability company, in that certain parcel of real property and the improvements situate thereon and the personal property used in connection therewith, commonly known as Academy Plaza and located in Philadelphia, Pennsylvania, as more particularly described on Exhibit G attached hereto and made a part hereof, and (c) the fee simple interest of Port Richmond L.L.C. 1, a Delaware limited liability company, in that certain parcel of real property and the improvements situate thereon and the personal property used in connection therewith, commonly known as Port Richmond Village and located in Philadelphia, Pennsylvania, as more particularly described on Exhibit H attached hereto and made a part hereof. Each of the Shopping Centers is referred to herein individually as a "Shopping Center."

"Short Period Interest" shall mean Basic Interest at the Basic Interest Rate on the Outstanding Principal Balance for the period commencing on the date hereof through and including October 31, 2001.

"Significant Party" shall mean each of Borrower, Guarantor and Manager.

"Survey" shall mean those certain surveys of the Land, dated December 14, 1985 (revised January 27, 1984; January 7, 1985; April 11, 1986; April 29, 1998; and May 2, 2000) and July 30, 1991 (revised August 19, 1991; September 17, 1991; April 29, 1998; and May 2, 2000), prepared by Robert M. Angas Associates, Inc., as certified to Borrower, Lender and the Title Company.

"Tax or Taxes" shall mean any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature and whatever called, by, any Governmental Authority and whenever imposed, levied, collected, withheld or assessed which are not Impositions; provided, however, that "Tax on the overall net income" of a Person shall be construed as a reference to a tax imposed by the jurisdiction in which that Person's principal office (and/or, in the case of Lender, its lending office) is located on all or part of the net income of that Person.

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"Tenant" shall mean any tenant, sub-tenant, licensee, concessionaire or occupant of any space located at any of the Premises.

"Tenant Allowance(s)" shall mean allowances payable by the Borrower to a Tenant of the Premises (or to contractors on behalf of such Tenant) under an Approved Lease to compensate such Tenant for completed Approved Tenant Improvements.

"Tenant Work" shall mean any work to be performed for a Tenant at the Premises by any Person other than Borrower and paid for by Borrower pursuant to an Approved Lease on the basis of the progress of completion of such work.

"Term" shall mean the period commencing on the Effective Date and ending on the Maturity Date.

"Title Company" shall mean New York Land Services, Inc., as agent for Chicago Title Insurance Co.

"Title Policy" shall mean that certain title insurance policy in respect of the Premises, of even date herewith, issued by the Title Company to Lender under Policy No. 150101587 in the Loan Amount.

"Trade Payables" shall have the meaning ascribed thereto in the definition of the term "Indebtedness."

"Transfer" shall have the meaning ascribed thereto in Section 4.2(a) hereof.

"Washington Center Loan" shall mean that certain loan in the original principal amount of \$6,200,000.00, made by Credit Suisse First Boston Mortgage Capital LLC to Washington Center Shops, L.P., which loan (a) is secured by, inter alia, a mortgage encumbering the Shopping Center commonly known as Washington Center and (b) is being or has been assumed by Washington Center L.L.C. 1.

"Worker's Compensation Insurance" shall have the meaning ascribed thereto in Section 5.1.6 hereof.

ARTICLE 2 THE LOAN

2.1 Loan Funding. On the Effective Date, subject to the terms and conditions of this Agreement, and relying upon Borrower's representations, warranties, covenants and undertakings set forth in this Agreement and in the other Loan Documents, Lender shall disburse the entire Loan Amount to or on behalf of Borrower. The Loan shall be used by Borrower solely for the purpose of (a) funding a portion of the equity in connection with the purchase of the Shopping Centers by certain Affiliates which Borrower controls and (b) paying a portion of the Permitted Closing Fees and Costs. Borrower's obligation to repay the Loan shall be evidenced by the Note which shall be due and payable on the Maturity Date.

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2.2 Interest Rate. Subject to the further provisions of this Agreement, including, without limitation, Section 2.7(a) hereof, the Outstanding Principal Balance of the Loan shall bear and accrue interest at the applicable Basic Interest Rate from the Effective Date through and until the Maturity Date thereof. Interest at the applicable Basic Interest Rate and interest at the Default Rate payable under this Agreement shall be computed on the basis of a 360-day year and charged for the actual number of days elapsed. In computing the number of days during which interest accrues, the day on which funds are initially advanced shall be included regardless of the time of day such advance is made, and the day on which funds are repaid shall, subject to Section 2.3.5 hereof, be excluded. Upon the payment in full (to the extent applicable) of all amounts due and payable under the Loan Documents, the Note shall be fully extinguished and Borrower shall have no further liability or obligations thereunder; provided, however, that nothing contained in this Section 2.2 or elsewhere in the Loan Documents shall extinguish any liability or obligation of Borrower under this Agreement or any of the other Loan Documents if such liabilities or obligations are intended to survive payment of the indebtedness evidenced by the Note.

2.3 Payments.

2.3.1 Basic Interest. Prior to the Maturity Date, interest accruing on the Outstanding Principal Balance of the Loan during each Interest Accrual Period shall be payable by Borrower monthly in arrears on each Payment Date, subject to the further provisions of this Agreement; provided, however, Borrower shall pay Short Period Interest on the date hereof.

2.3.2 Principal Payments. Prior to the Maturity Date, Borrower shall make principal payments on each Payment Date as follows:

(a) on each Payment Date from and including the first (1st) Payment Date through and including the third (3rd) Payment Date, \$10,000.00;

(b) on each Payment Date from and including the fourth (4th) Payment Date through and including the sixth (6th) Payment Date, \$20,000.00;

(c) on each Payment Date from and including the seventh (7th) Payment Date through and including the twelfth (12th) Payment Date, \$35,000.00;

(d) on each Payment Date from and including the thirteenth (13th) Payment Date through and including the twenty-fourth (24th) Payment Date, \$45,833.33; and

(e) on each Payment Date from and including the twenty-fifth (25th) Payment Date through and including the thirty-sixth (36th) Payment Date, \$41,666.67.

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2.3.3 Repayment of Outstanding Principal Balance. The entire Outstanding Principal Balance of the Loan, together with all accrued and unpaid interest thereon, the Exit Fee, the Equity Fee and all other amounts payable hereunder or under any of the other Loan Documents shall, to the extent not sooner paid pursuant to the terms of the Note and the other Loan Documents, be due and payable in full on the Maturity Date.

2.3.4 Fees.

(a) Exit Fee. The Exit Fee, together with all accrued interest thereon, shall be due and payable in full on the Maturity Date.

(b) Funding Fee. The Funding Fee shall be deemed fully earned and payable in full on the Effective Date.

(c) Equity Fee. The Equity Fee shall be due and payable in full on the Maturity Date.

2.3.5 General. All amounts payable to Lender hereunder (including, without limitation, amounts payable on the Maturity Date pursuant to Section 2.4 hereof) shall be payable, without setoff, deduction or counterclaim, in immediately available funds, no later than 2:00 P.M. New York City time on the date when due by wire transfer to such account or address as Lender may from time to time designate in a written notice to Borrower. Payments received by Lender in immediately available funds on any day after 2:00 P.M. New York City time shall be treated for all purposes of the Loan as having been paid and received by Lender on the next Business Day. Notwithstanding anything to the contrary contained herein, when any payment is due hereunder or under any of the other Loan Documents on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day.

2.3.6 Net Proceeds. Notwithstanding anything to the contrary contained herein or in the other Loan Documents, Borrower shall direct all payments of Net Proceeds to be paid directly to Lender. Lender shall apply all Net Proceeds actually received by Lender first to accrued and unpaid interest at the Default Rate and Late Charges, if any, then to accrued and unpaid Basic Interest, if any, and the balance to the Outstanding Principal Balance, the Exit Fee, the Equity Fee and any and all other sums due hereunder or under any of the other Loan Documents; provided, however, if an Event of Default exists, Lender may apply such Net Proceeds in such manner and such order of priority as Lender shall elect in its sole and absolute discretion.

2.4 Loan Term.

(a) The Loan shall mature on the Maturity Date, at which time the Loan shall be due and payable in full. On the Maturity Date, Borrower shall pay to Lender the entire unpaid balance of the Outstanding Principal Balance of the Loan, together with all accrued and unpaid interest thereon (including, without limitation, the aggregate Monthly Shortfalls, and interest thereon), accrued and unpaid, the Exit Fee, the Equity Fee and all other amounts payable hereunder or under any of the other Loan Documents, including, if applicable, interest at the Default Rate and Late Charges.

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(b) Borrower shall have the right to extend the Initial Maturity Date for eighteen (18) months to the First Extension Maturity Date (the "First Extension"; such eighteen (18) month period, the "First Extension Period"), provided, that (i) as of both the date of delivery of the First Extension Notice and the Initial Maturity Date, there shall not have occurred and be continuing any Default or Event of Default, (ii) Borrower shall have given to Lender written notice (the "First Extension Notice") of Borrower's intention to so extend the Initial Maturity Date, which First Extension Notice must be received by Lender at least sixty (60) days and not more than ninety (90) days prior to the Initial Maturity Date, (iii) Borrower shall have executed and delivered to Lender such additional agreements and provided or caused to be provided to Lender, at Borrower's expense, such further assurances as Lender shall reasonably require in order to confirm the first lien priority of the Mortgage and any other collateral security interest to Lender pursuant to the Loan Documents, (iv) Borrower shall have delivered to Lender, together with the First Extension Notice, (A) such additional reserves and escrows in immediately available federal funds, to the extent required, in accordance with Sections 7.27 and 7.28 hereof and (B) insurance policies required under Section 5 hereof evidencing coverage through the First Extension Maturity Date, together with evidence of fully paid premiums therefor and (v) the Outstanding Principal Balance is greater than \$500,000.00 as of the Initial Maturity Date.

(c) Borrower shall have the right to extend the First Maturity Date for eighteen (18) months to the Second Extension Maturity Date (the "Second Extension"; such eighteen (18) month period, the "Second Extension Period"), provided, that (i) as of both the date of delivery of the Second Extension Notice and the Second Maturity Date, there shall not have occurred and be continuing any Default or Event of Default, (ii) Borrower shall have given to Lender written notice (the "Second Extension Notice") of Borrower's intention to

so extend the First Maturity Date, which Second Extension Notice must be received by Lender at least sixty (60) days and not more than ninety (90) days prior to the First Maturity Date, (iii) Borrower shall have executed and delivered to Lender such additional agreements and provided or caused to be provided to Lender, at Borrower's expense, such further assurances as Lender shall reasonably require in order to confirm the first lien priority of the Mortgage and any other collateral security interest to Lender pursuant to the Loan Documents and (iv) Borrower shall have delivered to Lender, together with the Second Extension Notice, (A) such additional reserves and escrows in immediately available federal funds, to the extent required, in accordance with Sections 7.27 or 7.28 hereof and (B) insurance policies required under Section 5 hereof evidencing coverage through the Second Extension Maturity Date, together with evidence of fully paid premiums therefor.

2.5 Change In Law, Etc.

(a) If Lender shall have determined that the applicability of any law, rule, regulation or guideline adopted after the Effective Date pursuant to or arising out of the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of

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Capital Measurement and Capital Standards," or the adoption after the Effective Date of any other law, rule, regulation or guideline (including, without limitation, any United States law, rule, regulation or guideline) regarding capital adequacy, or any change becoming effective after the Effective Date in any of the foregoing or in the enforcement or interpretation or administration of any of the foregoing by any court or any domestic or foreign governmental authority, central bank or comparable agency charged with the enforcement or interpretation or administration thereof, or compliance by Lender or its holding company, as the case may be, with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the capital of Lender or Lender's holding company, as the case may be, to a level below that which Lender or its holding company, as the case may be, could have achieved but for such applicability, adoption, change or compliance (taking into consideration Lender's or its holding company's, as the case may be, policies with respect to capital adequacy) (the foregoing being hereinafter referred to as "Capital Adequacy Events"), then, upon demand by Lender, Borrower shall pay to Lender, from time to time, such additional amount or amounts as will compensate Lender for any such reduction suffered.

(b) Any amount payable by Borrower under Section 2.5(a) hereof shall be paid to Lender within five (5) Business Days of receipt by Borrower of a certificate signed by an officer of Lender setting forth the amount due and the basis for the determination of such amount, which statement shall be conclusive and binding upon Borrower, absent manifest error. Failure on the part of Lender to demand payment from Borrower for any such amount attributable to any particular period shall not constitute a waiver of Lender's right to demand payment of such amount for any subsequent or prior period. Lender shall use reasonable efforts to deliver to Borrower prompt notice of any event described in Section 2.5(a) hereof and of the amount to be paid under this Section 2.5 as a result thereof; provided, however, that any failure by Lender to so notify Borrower shall not affect Borrower's obligation to make the payments to be made under this Section 2.5 as a result thereof. All amounts which may become due and payable by Borrower in accordance with the provisions of this Section 2.5 shall constitute additional interest hereunder and shall be secured by the Loan Documents.

(c) If Lender requests compensation for any losses or costs to be reimbursed pursuant to any one or more of the provisions of Section 2.5(a) hereof, then, upon request of Borrower, Lender shall use reasonable efforts, in a manner consistent with such institution's practice in connection with loans like the Loan in question, to designate a different lending office for funding or booking the Loan in question or to assign its rights and obligations under this Agreement to another of its offices, branches or Affiliates if such designation or assignment, in Lender's sole but good faith judgment, (i) would eliminate, mitigate or reduce amounts payable by Borrower in connection with Capital Adequacy Events and (ii) would not be otherwise prejudicial to Lender. Borrower hereby agrees to pay all reasonably incurred costs and expenses incurred by Lender in connection with any such designation or assignment.

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2.6 Prepayment.

(a) Borrower may voluntarily prepay the Loan, in whole or in part, provided that, (i) Borrower has given Lender written notice (a "Prepayment Notice") of such prepayment not more than thirty (30) days and not less than ten (10) days prior to the date of such prepayment and (ii) such prepayment is accompanied by (A) all interest accrued and unpaid on the Outstanding Principal Balance to and including the date of such prepayment and (B) all other amounts, if any, then due and payable hereunder and under the other Loan Documents;

provided however, that, if at the time such prepayment is made Lender has not received six (6) full months of Interest at the Basic Interest Rate on the original principal balance of the Loan (the "Minimum Interest Amount"), then, in addition to any other amount payable by Borrower to Lender, Borrower shall pay to Lender on the date of such prepayment an amount equal to the difference between (A) the Minimum Interest Amount and (B) the amount of interest on the Loan previously paid to Lender (the "Minimum Interest Payment"); provided, however, that the Minimum Interest Payment does not need to be paid in connection with a prepayment made with Net Proceeds.

(b) Mandatory prepayments made in connection with the application of insurance proceeds or condemnation awards shall be paid in the amounts and at the times specified in this Agreement.

(c) In addition to all other payments to be made by Borrower hereunder or under the other Loan Documents, Borrower shall make the following mandatory prepayments:

(i) \$4,500,000.00 on or prior to the twelfth (12th) Payment Date (the "First Mandatory Prepayment"); and

(ii) \$300,000.00 on or prior to the eighteenth (18th) Payment Date (the "Second Mandatory Prepayment").

2.7 Default Interest; Late Charge.

(a) If any payment of principal, interest or other sum payable hereunder, or under any of the other Loan Documents, is not paid when due (after the expiration of any applicable notice or cure periods), or all principal, interest and all other amounts due hereunder and under the other Loan Documents are not paid in full on the Maturity Date, such principal amount, interest or other sum shall bear interest at the Default Rate, which Default Rate shall so apply from the date such amount was due until the date such amount is indefeasibly paid to Lender. Without limiting the foregoing, upon the occurrence of, and during the continuance of, an Event of Default, the entire Outstanding Principal Balance of the Loan shall bear interest at the Default Rate. Interest at the Default Rate shall be paid immediately upon demand, which demand may be made as frequently as Lender shall elect.

(b) If any monthly installment of interest or principal is not paid within five (5) Business Days after the date when due, or if any other amount payable hereunder or under any other Loan Document is not paid when due,

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Borrower shall pay to Lender a late charge of five percent (5%) of the amount so overdue (a "Late Charge") in order to defray part of the expense incident to handling such delinquent payment or payments. Such late charge shall be immediately due and payable without notice or demand by Lender. Such late charge shall be in addition to, and separate from, any increase in interest due hereunder as a result of calculation of interest due hereunder at the Default Rate. Acceptance by Lender of any late charge or interest at the Default Rate shall not be deemed a waiver of any of Lender's rights hereunder or under the other Loan Documents with respect to such late payment.

2.8 Maximum Amount of Interest. It is the intention of Borrower and Lender to conform strictly to the usury and other laws relating to interest from time to time in force, and all agreements between Borrower and Lender, whether now existing or hereafter arising and whether oral or written, are hereby expressly limited so that in no contingency or event whatsoever, whether by acceleration or maturity or otherwise, shall the amount paid or agreed to be paid to Lender, or collected by Lender for the use, forbearance or detention of the money to be loaned under the Note, this Agreement or otherwise, or for the payment or performance of any covenant or obligation contained herein or in any of the other Loan Documents or in any other document evidencing, securing or pertaining to the Loan, exceed the maximum amount of interest allowable under applicable law (the "Maximum Amount"). If under any circumstances whatsoever fulfillment of any provision hereof or of any other Loan Document, at the time performance of such provision shall be due, shall involve transcending the Maximum Amount, then ipso facto, the provisions of this Section 2.8 shall govern and control and the obligation to be fulfilled shall be reduced to the Maximum Amount. For the purposes of calculating the actual amount of interest paid and or payable, in respect of laws pertaining to usury or such other laws, all amounts paid or agreed to be paid to Lender for the use, forbearance or detention of the Loan shall, to the extent permitted by applicable law, be amortized, allocated and spread from the date of disbursement of the proceeds of the Loan until payment in full of the Loan, so that the actual rate of interest on account of the Loan is uniform throughout the Term. If under any circumstances Lender shall ever receive an amount deemed interest by applicable law, which would exceed the Maximum Amount, such amount that would be excessive interest under applicable usury laws shall be deemed a payment in reduction of the Outstanding Principal Balance and shall be so applied and not to the payment of interest, or if such excessive interest exceeds the Outstanding Principal Balance of the Loan, such excessive interest shall be

deemed to have been a payment made by mistake and shall be refunded to the Borrower or to any other Person making such payment on the Borrower's behalf. Neither Borrower nor any of the other Persons required to pay any amounts with respect to the Loan shall have any action or remedy against Lender for any damages whatsoever, or any defense to enforcement of this Agreement, the Note, the Mortgage or any of the other Loan Documents, arising out of the payment or collection of any interest in excess of the Maximum Amount.

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2.9 Loan Taxes.

(a) Any and all payments by Borrower to Lender hereunder and under the other Loan Documents shall, provided that Lender complies with the requirements of Section 2.9(c) hereof, be made free and clear of, and without deduction for, any and all future taxes, levies, imposts, deductions, charges, withholdings or liabilities with respect thereto, except for the following, for which Borrower shall not be responsible: (i) taxes imposed on or measured by Lender's net income or net receipts and or (ii) franchise taxes imposed on Lender by the jurisdiction in which (A) Lender is organized, (B) Lender is "doing business" (unless such determination of "doing business" is made solely as a result of Lender's interest in the Loan and the security therefor) or (C) Lender's applicable lending office is located (all such taxes, levies, imposts, deductions, charges or withholdings and liabilities (except those described in the foregoing clauses (i) and (ii) immediately above), collectively, the "Loan Taxes"). If Borrower shall be required by any law adopted after the Effective Date to deduct or withhold any Loan Taxes from or in respect of any sum payable hereunder or under any other Loan Document, then (I) any such sum payable hereunder or under any other Loan Document shall be increased as may be necessary so that after making all required deductions or withholdings (including deductions applicable to additional sums payable under this Section 2.9), Lender receives an amount equal to the sum it would have received had no such deductions or withholdings (including deductions applicable to additional sums payable under this Section 2.9) been made, (II) Borrower shall make such deductions or withholdings, and (III) Borrower shall pay the full amount deducted or withheld to the relevant taxing authority in accordance with applicable law. Borrower will indemnify Lender for the full amount of any Loan Taxes (including, without limitation, any Loan Taxes (as well as taxes described in clauses (i) and (ii) of the second preceding sentence) imposed by any jurisdiction after the Effective Date on any amounts payable under this Section 2.9) paid or payable by Lender and any liability (including, without limitation, penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Loan Taxes were correctly or legally asserted. A certificate as to the amount of such payment or liability delivered to Borrower by Lender shall be conclusive absent manifest error. The agreements and obligations of Borrower contained in this Section 2.9 shall survive the payment in full of principal and interest under this Agreement, the Note and other Loan Documents.

(b) Within thirty (30) days after the date of any payment of Loan Taxes withheld by Borrower in respect of any payment to Lender, Borrower will furnish to Lender the original or a certified copy of a receipt or other evidence satisfactory to Lender evidencing payment thereof.

(c) If Lender is a U.S. Person (other than the lender originally named herein), Lender shall deliver to Borrower, upon request, a Form W-9 (unless it establishes to the reasonable satisfaction of Borrower that it is otherwise eligible for an exemption from backup withholding tax or other withholding tax). If Lender is not a U.S. Person, Lender shall deliver to Borrower, upon request, a Form W-8 and either (i) a Form 1001 which indicates a 0% rate of tax or (ii) a Form 4224. If Lender is not a U.S. Person, Lender

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further undertakes to deliver to Borrower additional Forms W-8, 1001, 4224 (or any successor forms) or other manner of certification, as the case may be, (A) on or before the date that any such form expires or becomes obsolete, (B) after the occurrence of any event requiring a change in the most recent form previously delivered by it to Borrower, and (C) such extensions or renewals thereof as may reasonably be requested by Borrower, certifying that Lender is entitled to receive payments hereunder without deduction or withholding of any Loan Taxes. However, in the event that any change in law, rule, regulation, treaty or directive, or in the interpretation or application thereof (a "Law Change"), has occurred prior to the date on which any delivery pursuant to the preceding sentence would otherwise be required which renders such form inapplicable, or which would prevent Lender from duly completing and delivering any such form, or if such Law Change results in Lender being unable to deliver a Form W-9 (or other satisfactory evidence that it is otherwise eligible for an exemption from backup withholding tax or other withholding tax), Lender shall not be obligated to deliver such forms but shall, promptly following such Law Change, but in any event prior to the time the next payment hereunder is due following such Law Change, advise Borrower in writing whether it is capable of receiving payments without any deduction or withholding of Loan Taxes. In the

event of such Law Change, Borrower shall have the obligation to make Lender whole and to "gross-up" under Section 2.9(a) hereof, despite the failure by Lender to deliver such forms.

(d) If Lender receives a refund in respect of Loan Taxes paid by Borrower, it shall promptly pay such refund, together with any other amounts paid by Borrower pursuant to Section 2.9(a) hereof in connection with such refunded Loan Taxes, to Borrower; provided, however, that Borrower agrees to promptly return such refund to Lender if it receives notice from Lender that it is required to repay such refund. Nothing contained herein shall be construed to require Lender to seek any refund and Lender shall have no obligation to Borrower to do so.

(e) All amounts payable under this Section 2.9 shall constitute additional interest hereunder and shall be secured by the Mortgage and the other Loan Documents. The provisions of this Section 2.9 shall survive any payment or prepayment of the Loan.

(f) Any reference under this Section 2.9 to "Lender" shall be deemed to include any Participant and any Assignees.

2.10 Servicing. The Loan may, in Lender's sole and absolute discretion, be serviced by a third party loan servicer (together with any successor servicer selected by Lender in its sole discretion, the "Servicer"). Lender may change the Servicer from time to time without the consent of Borrower, on notice to Borrower; provided, however, that Borrower shall not be required to pay the fees charged by Servicer.

ARTICLE 3 CERTAIN REPRESENTATIONS AND WARRANTIES OF BORROWER

As an inducement to Lender to enter into this Agreement and to make the Loan, Borrower hereby represents and warrants as follows, which representations and warranties shall be true and correct on and as of the Effective Date, shall

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survive the Effective Date and shall be deemed restated during the Term and, as restated, shall remain true and correct in all material respects until payment in full and/or performance, as applicable, of the Obligations, except to the extent there exist any changes in facts or circumstances which, pursuant to the terms of this Agreement or the other Loan Documents, are permitted to have occurred:

3.1 Borrower Organization, Enforceability, Etc.

3.1.1 Borrower Status. Borrower (a) is a limited partnership, duly formed, validly existing and in good standing under the laws of the State of Delaware; (b) is in good standing under the laws of, and is authorized to transact business in, all jurisdictions where it conducts business; (c) has all requisite power and authority to own and operate the Premises and to carry on its business as now being conducted; and (d) has full right, power and authority to execute and deliver to Lender this Agreement and the other Loan Documents to which it is a party and perform the obligations and carry out the duties imposed upon Borrower by this Agreement and the other Loan Documents. All Loan Documents to be executed by Borrower have been (or, prior to their execution and delivery, will have been) duly authorized, approved, executed and delivered by all necessary parties and constitute (or, upon execution and delivery, will constitute) the legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms. Borrower holds all licenses, certificates and permits from all applicable Governmental Authorities necessary for the ownership of the Premises and the conduct of business in order to prevent any materially adverse effect on the Premises, or the ability of Borrower to perform under the Loan Documents.

3.1.2 Guarantor/General Partner Status. Guarantor (a) is a corporation duly formed, validly existing and in good standing under the laws of the State of Maryland; (b) is in good standing under the laws of, and is authorized to transact business in, all jurisdictions where it conducts business; (c) has all requisite power and authority to own its properties and to carry on its business as now being conducted; (d) is the sole general partner of Borrower, and owns a twenty-nine percent (29%) partnership interest in Borrower, free and clear of all liens, claims, and encumbrances, except as otherwise contemplated or permitted under this Agreement, and does not own any legal or beneficial ownership interest in any other Person; (e) has full right, power and authority to execute and deliver this Agreement and the other Loan Documents on its own behalf and on behalf of Borrower; and (f) shall have full right, power and authority to make all material business decisions for Borrower during the Term.

3.1.3 Status of Limited Partners. In addition to Guarantor, as of the date hereof, the only other partner in Borrower is Cedar Bay Company, a New York general partnership ("Limited Partner"), which Limited Partner is solely a limited partner of Borrower.

3.1.4 No Other Partners. Guarantor and Limited Partner (collectively, the "Partners" and, each, individually, a "Partner") are the sole partners of Borrower.

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3.1.5 Structure of Borrower. The structural chart of Borrower set forth on Exhibit I attached hereto and made a part hereof is true, complete and correct in all respects.

3.1.6 Guarantor. All Loan Documents executed by Guarantor constitute the legal, valid and binding obligations of Guarantor, enforceable against Guarantor in accordance with their respective terms.

3.2 Borrower Address. Borrower's principal place of business is at the address first set forth above, and shall not be changed during the Term without giving Lender at least thirty (30) days' prior notice thereof. Borrower uses no trade name and has not and will not do any business under any other name.

3.3 Organizational Documents. A true and complete copy of Borrower's Organizational Documents have been furnished to Lender. Borrower's Organizational Documents constitute the entire agreement among the Partners and are binding upon and enforceable against the Partners in accordance with their respective terms. There are no other agreements, written or oral between the Partners relating to Borrower except any agreements to which Lender is also a party. No party is in default of its obligations under Borrower's Organizational Documents and no condition exists which, with the giving of notice and/or the passage of time, or both, would constitute a default under Borrower's Organizational Documents.

3.4 Guarantor's Organizational Documents. A true and complete copy of the Organizational Documents of Guarantor have been furnished to Lender. The Organizational Documents of Guarantor constitute the entire agreement relating to Guarantor and are binding upon and enforceable against the shareholders of Guarantor in accordance with their respective terms. There are no other agreements, oral or written, between the shareholders of Guarantor, relating to Guarantor. No party is in default of its obligations under the Organizational Documents of Guarantor and no condition exists which, with the giving of notice and/or the passage of time, or both, would constitute a default under the Organizational Documents of Guarantor.

3.5 Title. Fee simple title to the Premises is owned by Borrower, free and clear of all liens, claims, encumbrances, covenants, conditions, restrictions, security interests and claims of others, except for the Loan Documents and the Approved Permitted Encumbrances.

3.6 Valid Liens. Subject to the Approved Permitted Encumbrances, the Mortgage is a good and valid mortgage lien on the Premises and a good and valid security interest in the personal property described in the Mortgage.

3.7 Uses. The Premises consist solely of an approximately 79,000 square foot office/flex space building.

3.8 No Structural Defects. There are no structural defects in the Improvements, or material defects to the building systems thereof.

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3.9 Compliance with Zoning, Etc.

(a) The Premises shall comply in all material respects with all applicable Legal Requirements. Any zoning or subdivision approval is based on no real property, or rights appurtenant thereto, other than the Premises. The Premises as improved and used are not in material violation of any recorded and, to the best knowledge of Borrower, unrecorded air rights parcel leases, covenants, conditions or restrictions of any kind or nature affecting all or any part of the Premises, or any interest therein. The Improvements can be fully rebuilt in the event of casualty or destruction thereof under the Permits applicable to the Premises, subject, however, to non-discretionary requirements of any Governmental Authority. No amendment or change in any such material Permit, and no amendment or change in zoning or any other land use control, has been sought or obtained by Borrower, or any Affiliate of Borrower, or shall be sought or obtained by Borrower or any Affiliate of Borrower, with respect to the Premises or the Improvements, except as specifically approved in writing by Lender.

(b) All Permits required by any Governmental Authority for the operation of the Improvements as currently operated, or otherwise required to be in compliance with any Environmental Laws or any other Legal Requirements, have been obtained. The copy of the certificate of occupancy for the Premises delivered to Lender prior to the date hereof is a true and correct copy of the permanent certificate of occupancy for the Premises, which permanent certificate of occupancy remains in full force and effect, and is not subject to any conditions or limitations, other than those of general applicability to all

certificates of occupancy for commercial uses in Jacksonville, Florida.

(c) Borrower has heretofore delivered to Lender true, correct and complete copies of each material Permit.

(d) There are no pending or, to the best knowledge of Borrower, threatened actions, suits or proceedings to revoke, attack, invalidate, rescind or modify the zoning of the Premises, or any material Permits issued with respect to the Premises or any part thereof, or asserting that such Permits or the zoning of the Premises do not permit the use of the Premises as contemplated by the Loan Documents.

3.10 No Condemnation. Borrower has not received any notice of, and to the best knowledge of Borrower, there does not exist, any actual, proposed or threatened exercise of the power of eminent domain or other taking by any governmental or quasi-governmental body or agency, of all or any portion of the Premises, or any interest therein, or any right of access thereto.

3.11 No Casualty. The Improvements have suffered no material casualty or damage which has not been fully repaired and the cost thereof fully paid.

3.12 Purchase Options. Neither the Premises nor any part thereof are subject to any purchase options or other similar rights in favor of any Person not a party hereto.

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3.13 No Encroachments. There are no material encroachments on the Land and the Improvements do not encroach upon any Easement, any other interest in real property, any adjoining land or any adjoining street, except as set forth on the Survey.

3.14 Litigation. There are no actions, suits, proceedings, arbitrations, tenant disputes, labor disputes or governmental investigations pending, or, to the best knowledge of Borrower, threatened against or affecting any Significant Party or any Affiliate thereof, or, the Premises which, if adversely determined, (a) could have a material adverse effect on any Significant Party or the Premises, or any such Person's ability to perform its obligations pursuant to and as contemplated by this Agreement and the other Loan Documents, (b) might affect the validity or enforceability of any of the Loan Documents or the priority of the Liens thereof, or (c) could adversely affect the use of, operations at, or capital improvements being made to, the Premises. No Significant Party is operating under, or is subject to, any order, writ, injunction, decree or demand of any court or any Governmental Authority. No actions, suits, proceedings or arbitrations are pending or, to the best knowledge of Borrower, threatened against any Significant Party or any Affiliate thereof which involve claims, damages or sums of money not covered (including all applicable deductibles) by insurance.

3.15 No Conflict with Law or Agreements. The execution and delivery of this Agreement and the other Loan Documents, and the performance and consummation of the transactions, contemplated hereby and thereby, on the part of Borrower and all other Significant Parties (as applicable) and fulfillment of the terms of the Loan Documents by Borrower and all other Significant Parties (as applicable), (a) do not and will not conflict with, violate, or constitute a default (or a condition or event which, after notice or lapse of time, or both, would constitute such a default) under any provision of any Organizational Document or any contractual obligation of Borrower or any other Significant Party, or any Legal Requirement or any court decree or order applicable to the Premises, Borrower or any other Significant Party, (b) will not result in, or require, the creation or imposition of any lien or encumbrance on, or conveyance of, any of Borrower's properties pursuant to any contractual obligation, (c) do not require the consent or approval of any Governmental Authority or other Person, except for consents and approvals already obtained.

3.16 Personal Property. All equipment and other personal property necessary for (or otherwise actually used in connection with) the proper and efficient operation and maintenance of the Premises, the actual and contemplated uses of the Premises, and Borrower's compliance with its obligations under the Leases, are owned by Borrower and constitute part of the Premises subject to the Mortgage and located thereat, other than (a) any such equipment which is owned by a utility company or (b) any such equipment and personal property which is owned by Tenants and utilized solely by such Tenants.

3.17 Easements; Access; Utilities. All easements, cross easements, licenses, air rights, and rights-of-way or other similar property interests (collectively, "Easements"), if any, necessary for the full utilization of the Improvements for their current use have been obtained, are described in the Title Policy, and are in full force and effect without default thereunder. The

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Premises has direct rights of access to public ways and is served by water, sewer, sanitary sewer and storm drain facilities adequate to service the

Premises for its intended use. All public utilities necessary or convenient to the full use and enjoyment of the Premises are located either in the public right of way abutting the Premises (which are connected so as to serve the Premises without passing over other property) or in recorded easements serving the Premises and described in the Title Policy. All roads necessary for the use of the Premises for its current purposes have been completed and are available for public use.

3.18 No Flood Hazard, Etc. Except as set forth in the Survey, (a) the Premises are not situated in an area designated as having special flood hazards as defined by the Flood Disaster Protection Act of 1973, as amended, or designated a wetlands by any Governmental Authority having jurisdiction over the Premises, or (b) the Premises are situated in an area designated as having special flood hazards as defined by the Flood Disaster Protection Act of 1973, as amended, or as a wetlands by any Governmental Authority having jurisdiction over the Premises, but Borrower has obtained and paid for, and there is currently in effect, the flood insurance comprising a part of the Required Insurance. No portion of the Premises is located on or adjacent to navigable waters and no portion of the Premises consists of filled-in land.

3.19 Premises Taxed as a Separate Tax Lot. The Premises are taxed as one or more separate and distinct tax lots. No part thereof shares a tax lot with any adjoining lands and for all purposes the Premises may be mortgaged, conveyed and otherwise dealt with as a single, independent parcel.

3.20 Leases.

(a) Borrower has not entered into any Lease which continues in existence, and is not bound by any such Lease, other than the Approved Leases.

(b) Rent has not been collected under any of the Leases more than one (1) month in advance of the due date. Except as disclosed on the Rent Roll attached hereto as Exhibit J, the term of each Lease has commenced and the tenant has commenced the full payment of rent under such Lease without the tenant thereunder being entitled to any abatement thereof. Except as disclosed on the Rent Roll attached hereto as Exhibit J, the Borrower is not required to perform any tenant work or pay any work allowances under any Lease. All security and other escrow deposits made under any Lease are being, and have been held, in accordance with all Legal Requirements and the terms of such Lease. Except as disclosed on the Rent Roll attached hereto as Exhibit J, no tenant under a Lease has any right of expansion, extension, cancellation or any other option pursuant to such Leases, and no tenant has any right of set off or reduction against rent.

(c) Each of the Leases has been duly authorized, approved and executed by all parties thereto and constitutes the legal, valid and binding obligations of the parties thereto, enforceable against the parties thereto in accordance with their respective terms. Borrower has delivered true, correct and complete copies of the Leases (including, without limitation, all amendments and supplements thereto and guaranties thereof) to Lender.

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(d) Each of the Leases is in full force and effect and there are no monetary or other material defaults by Borrower thereunder, and, to the best knowledge of Borrower, except as set forth on the Rent Roll attached hereto as Exhibit J, there are no monetary or other material defaults by any tenant thereunder. None of Borrower, Manager or any other Person acting on Borrower's behalf has given or received any notice of default under any of the Leases that remains uncured or in dispute, and Borrower is not intending to deliver such a notice of default within the thirty (30) days following the date hereof.

(e) Borrower has delivered to Lender true, correct and complete copies of all guaranties of Leases and all such guaranties are in full force and effect and constitute the legal, valid and binding obligations of the parties thereto, enforceable against such parties in accordance with their respective terms.

(f) The Rent Roll attached hereto as Exhibit J is true, correct and complete in all material respects.

(g) The Rent Roll attached hereto as Exhibit J sets forth a true, correct and complete list of all security deposits made by tenants at the Premises which have not been applied (including accrued interest thereon), all of which are held by Borrower in accordance with the terms of the applicable Lease and applicable Legal Requirements.

(h) To Borrower's best knowledge, each tenant under a Lease is free from bankruptcy or reorganization proceedings.

(i) No tenant under any Lease (or any sublease) is an Affiliate of Borrower, except as may be disclosed otherwise on Exhibit J attached hereto.

(j) There are no brokerage fees or commissions due and payable

in connection with the leasing of space at the Premises, except as has been previously disclosed to Lender in writing, and no such fees or commissions will become due and payable in the future in connection with the Leases, including by reason of any extension of such Lease or expansion of the space leased thereunder, except as has previously been disclosed to Lender in writing.

3.21 Environmental. The Environmental Representations are true and correct in all material respects.

3.22 Access Laws. Without limiting the effectiveness of Section 10.21 of the Mortgage, the Premises is in compliance in all material respects with all of the requirements of the Access Laws.

3.23 No Default. No Significant Party is in Default under this Agreement, the Note, the Mortgage or any other Loan Document.

3.24 No Offsets. Borrower has no counterclaims, offsets or defenses with respect to the Loan, the Note, the Mortgage or any other Loan Document.

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3.25 Financial Statements. All financial statements of Borrower and any other Significant Party heretofore delivered to Lender in connection with the Loan are true and correct in all material respects and fairly present the financial condition of the subjects thereof as of the respective dates thereof, and no material adverse change has occurred in the financial condition reflected therein, or the operations or business of, such Persons since the respective dates of the most recent financial statements delivered to Lender.

3.26 No Insolvency. None of Borrower nor any Significant Party is Insolvent, and none of the foregoing Persons will be rendered Insolvent by execution of this Agreement, the Note, the Mortgage or any of the other Loan Documents, or by the consummation of the transactions contemplated thereby.

3.27 Fraudulent Conveyance. Borrower (a) has not entered into the transactions contemplated by this Agreement and the other Loan Documents with the actual intent to hinder, delay, impede or defraud any creditor and (b) has received reasonably equivalent value in exchange for its respective obligations under this Agreement, the Note, the Mortgage and the other Loan Documents. Giving effect to the transactions contemplated by the Loan Documents, the fair salable value of Borrower's assets exceeds, and will, immediately following the execution and delivery of the Loan Documents and each advance of the proceeds thereof, exceed, Borrower's total probable liabilities, including, without limitation, the maximum amount of its subordinated, unliquidated, disputed or contingent liabilities. Borrower's assets do not and, immediately following the execution and delivery of the Loan Documents and each advance of the proceeds thereof, will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. Borrower does not intend to, and does not believe that it will, incur debts and liabilities (including, without limitation, contingent liabilities and other commitments) beyond its ability to pay such debts and liabilities as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of Borrower).

3.28 Broker. No broker or consultant has been retained by Borrower or any Affiliate of Borrower in connection with the Loan or the Loan Documents other than Ekstein Rothenberg ("Broker"), which Broker Borrower shall pay in full as of the Effective Date pursuant to a written agreement between Borrower and Broker. Borrower hereby indemnifies, defends and holds the Indemnified Parties harmless from and against all loss, cost, liability and expense arising from the claims of all brokers and consultants relating to the Loan and/or the Premises with whom Borrower, any other Significant Party or any Affiliate thereof or any employee or agent thereof has dealt, including, without limitation, Broker and all other sales, mortgage or leasing brokers or consultants.

3.29 Fiscal Year. Each fiscal year of Borrower commences on December 1.

3.30 No Other Financing. Borrower has not borrowed any funds which have not heretofore been repaid in full, except for the Loan.

3.31 ERISA. The execution, delivery and performance of this Agreement, the Note, the Mortgage and the other Loan Documents do not constitute a Prohibited Transaction, assuming solely for this purpose that Lender is a party

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in interest as defined in Section 3(14) of ERISA ("Party In Interest") or a disqualified person as defined in Section 4975(e) (2) of the Code ("Disqualified Person") with respect to an employee benefit plan, if any, which has directly or indirectly invested in Borrower or in any Person holding an ownership interest therein. Borrower and Guarantor have made, and shall continue to make, all required contributions to all employee benefit plans, if any, within the time periods required by the applicable provisions of ERISA and any other federal or

state law, and Borrower and Guarantor have no knowledge of any material liability which has been incurred by any thereof which remains unsatisfied for any taxes or penalties with respect to any employee benefit plan or any multi-employer plan. Each such plan has been administered in compliance with its terms and the applicable provisions of ERISA and any other federal or state law.

3.32 FIRPTA. No Significant Party is a "foreign person" within the meaning of Sections 1445 or 7701 of the Code.

3.33 PUHCA. No Significant Party is a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" as defined in the Public Utility Holding Company Act of 1935, as amended.

3.34 Insurance. All Required Insurance is in full force and effect and the premiums due thereon have been paid in full. Borrower and the Premises are in compliance with the provisions of the policies of such Required Insurance, and no notice of cancellation, termination or default has been received with respect to any such policy.

3.35 Securities Laws. None of the transactions contemplated in this Agreement will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulations issued pursuant thereto, including, without limitation, Regulations G, T, U and X of the Board of Governors of the Federal Reserve System. No Significant Party owns or intends to carry or purchase any "margin security" within the meaning of said Regulation G; no Affiliate of Borrower intends to purchase any "margin security" within the meaning of said Regulation G with the proceeds of the Loan. The proceeds of the Loan have not been used to purchase or refinance any borrowing the proceeds of which were used to purchase any "security" within the meaning of the Securities Exchange Act of 1934, as amended.

3.36 Investment Company Act. No Significant Party is (a) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or (b) subject to any other United States federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

3.37 Taxes; Impositions. Each Significant Party has each filed all Federal, state and local tax returns required to be filed prior to the date hereof and all taxes, charges and assessments shown to be due from all such parties on such tax returns have been paid or have been legally and validly

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extended. All Impositions due and owing in respect of, and affecting, the Premises have been paid. There are no pending, or to Borrower's best knowledge, proposed special or other assessments for public improvements or otherwise affecting the Premises.

3.38 Full and Accurate Disclosure. No statement of fact made by any Significant Party in this Agreement, or in any of the other Loan Documents, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements contained herein or therein not misleading. There is no material fact presently known to Borrower which has not been disclosed to Lender which adversely affects, nor as far as Borrower can foresee, might adversely affect, the Premises or the business, operations or condition (financial or otherwise) of any Significant Party, other than with regard to market risk inherent in projecting future operations.

3.39 Contracts.

(a) Borrower has not entered into, and is not bound by, any Contract which continues in existence, except the Approved Contracts.

(b) Each of the Contracts is in full force and effect, there are no monetary or other material defaults by Borrower thereunder and, to the best knowledge of Borrower, there are no monetary or other material defaults thereunder by any other party thereto. No Significant Party or any other Person acting on their behalf has given or received any notice of default under any of the Contracts that remains uncured or in dispute.

(c) There has been delivered to Lender true, correct and complete copies of the Contracts (including all amendments and supplements thereto).

(d) No Contract has as a party an Affiliate of any Significant Party.

3.40 Other Obligations and Liabilities. No Significant Party has any liabilities or other obligations that arose or accrued prior to the date hereof that, either individually or in the aggregate, could have a material adverse effect on any such Person's ability to perform their respective obligations under this Agreement, the Note, any of the other Loan Documents, or any other

obligations that any of them may have in connection with the ownership and operation of the Premises as contemplated by the Loan Documents. No Significant Party has any known contingent liabilities.

3.41 Documents. Borrower has furnished or has caused to be furnished to Lender a true and complete copy of all material documents relating to each Significant Party, the Premises and/or the Collateral which a reasonably prudent institutional Lender, making a loan or loans in a similar amount and on similar terms as the Loan, would want to have the opportunity to review prior to agreeing to make such loan or prior to agreeing to any of the material terms thereof.

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3.42 No Strikes. There are no strikes or other labor disputes or grievances pending or threatened against the Premises, Borrower or any Significant Party.

3.43 Consumer Credit Laws; Usury. The indebtedness evidenced by the Loan, including interest, fees and charges, (a) is a business loan, (b) is an exempted transaction under the Truth in Lending Act, 15 U.S.C. 1601 et seq., and (c) does not and will not, violate the provisions of the consumer credit laws or usury laws of any applicable jurisdiction.

3.44 SC Affiliate Organization, Enforceability, Etc.

3.44.1 SC Affiliate Status. Each SC Affiliate (a) is a limited liability company, duly formed, validly existing and in good standing under the laws of the State of Delaware; (b) is in good standing under the laws of, and is authorized to transact business in, all jurisdictions where it conducts business; (c) has all requisite power and authority to own and operate its respective Shopping Center or its membership interest in an SC Owner or in the SC Members, as applicable, and to carry on its business as now being conducted; and (d) has full right, power and authority to execute and deliver to the applicable SC Lender the SC Loan Documents to which it is a party and to perform the obligations and carry out the duties imposed upon any such SC Affiliate by the SC Loan Documents. All SC Loan Documents to be executed by any SC Affiliate have been (or, prior to their execution and delivery, will have been) duly authorized, approved, executed and delivered by all necessary parties and constitute (or, upon execution and delivery, will constitute) the legal, valid and binding obligations of the applicable SC Affiliate, enforceable against the applicable SC Affiliate in accordance with their respective terms. Each SC Affiliate holds all licenses, certificates and permits from all applicable Governmental Authorities necessary for the ownership of its respective Shopping Center or its respective membership interest in an SC Owner or the SC Members, as applicable, and the conduct of business in order to prevent any materially adverse effect on its respective Shopping Center or its respective membership interest in an SC Owner or the SC Members, as applicable, or the ability of the applicable SC Affiliate to perform under the SC Loan Documents.

3.44.2 Structure of SC Owners. The structural chart of each SC Owner set forth on Exhibit K attached hereto and made a part hereof is true, complete and correct in all respects.

3.45 SC Affiliates Address. Each SC Affiliate's principal place of business is at the same address first set forth above for Borrower, and shall not be changed during the Term without giving Lender at least thirty (30) days' prior notice thereof. No SC Affiliate uses any trade name and no SC Affiliate has or will do any business under any other name.

3.46 SC Affiliates Organizational Documents. True and Complete copies of each SC Affiliate's Organizational Documents have been furnished to Lender. Each SC Affiliate's Organizational Documents constitute the entire agreement among the members thereof and are binding upon and enforceable against such members in accordance with their respective terms. There are no other agreements, written or oral between such members relating to any SC Affiliate except any agreements to which Lender is also a party. No party is in default of its obligations under any SC Affiliate's Organizational Documents and no

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condition exists which, with the giving of notice and/or the passage of time, or both, would constitute a default under any SC Affiliate's Organizational Documents.

3.47 SC Title. Fee simple title to each Shopping Center is owned by each related SC Owner free and clear of all liens, claims, encumbrances, covenants, conditions, restrictions, security interests and claims of others, except for the applicable SC Loan Documents and the SC Approved Permitted Encumbrances.

3.48 SC Uses. Each Shopping Center consists solely of a shopping center.

3.49 No SC Structural Defects. There are no structural defects in the SC Improvements, or material defects to the building systems thereof.

3.50 SC Compliance with Zoning, Etc.

(a) Each Shopping Center shall comply in all material respects with all applicable Legal Requirements. Any zoning or subdivision approval is based on no real property, or rights appurtenant thereto, other than the applicable Shopping Center. Each Shopping Center as improved and used are not in material violation of any recorded and, to the best knowledge of Borrower, unrecorded air rights parcel leases, covenants, conditions or restrictions of any kind or nature affecting all or any part of the applicable Shopping Center, or any interest therein. The SC Improvements can be fully rebuilt in the event of casualty or destruction thereof under the SC Permits applicable to the applicable Shopping Center, subject, however, to non-discretionary requirements of any Governmental Authority. No amendment or change in any such material SC Permit, and no amendment or change in zoning or any other land use control, has been sought or obtained by Borrower, any SC Affiliate or any Affiliate of Borrower or any SC Affiliate, or shall be sought or obtained by Borrower, any SC Affiliate or any Affiliate of Borrower or any SC Affiliate, with respect to the Shopping Centers or the SC Improvements, except as specifically approved in writing by Lender.

(b) All SC Permits required by any Governmental Authority for the operation of the SC Improvements as currently operated, or otherwise required to be in compliance with any Environmental Laws or any other Legal Requirements, have been obtained. The copy of the certificate of occupancy for each Shopping Center delivered to Lender prior to the date hereof is a true and correct copy of the permanent certificate of occupancy for the applicable Shopping Center, which permanent certificates of occupancy remain in full force and effect, and are not subject to any conditions or limitations, other than those of general applicability to all certificates of occupancy for commercial uses in the jurisdiction in which each such Shopping Center is located.

(c) Borrower has heretofore delivered to Lender true, correct and complete copies of each material SC Permit.

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(d) There are no pending or, to the best knowledge of Borrower, threatened actions, suits or proceedings to revoke, attack, invalidate, rescind or modify the zoning of any Shopping Center, or any material SC Permits issued with respect to any Shopping Center or any part thereof, or asserting that any Shopping Center or the zoning of any Shopping Center do not permit the use of any Shopping Center as contemplated by the Loan Documents.

3.51 No SC Condemnation. Neither Borrower nor any SC Affiliate has received any notice of, and to the best knowledge of Borrower, there does not exist, any actual, proposed or threatened exercise of the power of eminent domain or other taking by any governmental or quasi-governmental body or agency, of all or any portion of any Shopping Center, or any interest therein, or any right of access thereto.

3.52 No SC Casualty. The SC Improvements have suffered no material casualty or damage which has not been fully repaired and the cost thereof fully paid.

3.53 SC Purchase Options. Neither the Shopping Centers nor any part thereof are subject to any purchase options or other similar rights in favor of any Person not a party hereto.

3.54 No SC Encroachments. There are no material encroachments on the SC Land and the SC Improvements do not encroach upon any Easement, any other interest in real property, any adjoining land or any adjoining street, except as set forth on the applicable SC Survey.

3.55 SC Litigation. There are no actions, suits, proceedings, arbitrations, tenant disputes, labor disputes or governmental investigations pending, or, to the best knowledge of Borrower, threatened against or affecting any Significant Party, any SC Affiliate or any Affiliate thereof, or, any Shopping Center which, if adversely determined, (a) could have a material adverse effect on any Significant Party, any SC Affiliate or any Shopping Center, or any such Person's ability to perform its obligations pursuant to and as contemplated by the SC Loan Documents, or (b) could adversely affect the use of, operations at, or capital improvements being made to, any Shopping Center. No SC Affiliate is operating under, or is subject to, any order, writ, injunction, decree or demand of any court or any Governmental Authority. No actions, suits, proceedings or arbitrations are pending or, to the best knowledge of Borrower, threatened against any SC Affiliate or any Affiliate thereof which involve claims, damages or sums of money not covered (including all applicable deductibles) by insurance.

3.56 No SC Conflict with Law or Agreements. The execution and delivery of the SC Loan Documents, and the performance and consummation of the transactions, contemplated thereby, on the part of each SC Affiliate and all

other Significant Parties (as applicable) and fulfillment of the terms of the SC Loan Documents by each SC Affiliate and all other Significant Parties (as applicable), (a) do not and will not conflict with, violate, or constitute a default (or a condition or event which, after notice or lapse of time, or both,

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would constitute such a default) under any provision of any Organizational Document or any contractual obligation of any SC Affiliate or any other Significant Party, or any Legal Requirement or any court decree or order applicable to any Shopping Center, any SC Affiliate or any other Significant Party, (b) will not result in, or require, the creation or imposition of any lien or encumbrance on, or conveyance of, any of any SC Affiliate's properties pursuant to any contractual obligation, (c) do not require the consent or approval of any Governmental Authority or other Person, except for consents and approvals already obtained.

3.57 SC Personal Property. All equipment and other personal property necessary for (or otherwise actually used in connection with) the proper and efficient operation and maintenance of the Shopping Centers, the actual and contemplated uses of the Shopping Centers, and each SC Affiliate's compliance with its obligations under the SC Leases, are owned by an SC Affiliate and constitute part of the applicable Shopping Center and located thereat, other than (a) any such equipment which is owned by a utility company or (b) any such equipment and personal property which is owned by SC Tenants and utilized solely by such SC Tenants.

3.58 SC Easements; SC Access; SC Utilities. All Easements, if any, necessary for the full utilization of the SC Improvements for their current use have been obtained, are described in the SC Title Policies, and are in full force and effect without default thereunder. Each Shopping Center has direct rights of access to public ways and is served by water, sewer, sanitary sewer and storm drain facilities adequate to service each Shopping Center for their intended use. All public utilities necessary or convenient to the full use and enjoyment of each Shopping Center are located either in the public right of way abutting each Shopping Center (which are connected so as to serve each Shopping Center without passing over other property) or in recorded easements serving each Shopping Center and described in the SC Title Policies. All roads necessary for the use of each Shopping Center for its current purposes have been completed and are available for public use.

3.59 No SC Flood Hazard, Etc. Except as set forth in the SC Surveys, (a) the Shopping Centers are not situated in an area designated as having special flood hazards as defined by the Flood Disaster Protection Act of 1973, as amended, or designated a wetlands by any Governmental Authority having jurisdiction over the Shopping Centers, or (b) the Shopping Centers are situated in an area designated as having special flood hazards as defined by the Flood Disaster Protection Act of 1973, as amended, or as a wetlands by any Governmental Authority having jurisdiction over the Shopping Centers, but the applicable SC Owner has obtained and paid for, and there is currently in effect, the flood insurance comprising a part of the SC Required Insurance. No portion of the Shopping Centers is located on or adjacent to navigable waters and no portion of the Shopping Centers consists of filled-in land.

3.60 Shopping Centers Taxed as a Separate Tax Lot. Each Shopping Center is taxed as one or more separate and distinct tax lots. No part of any Shopping Center shares a tax lot with any adjoining lands and for all purposes each Shopping Center may be mortgaged, conveyed and otherwise dealt with as a single, independent parcel.

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3.61 SC Leases.

(a) No SC Owner has entered into any SC Lease which continues in existence or is bound by any such SC Lease, other than the SC Approved Leases.

(b) SC Rent has not been collected under any of the SC Leases more than one (1) month in advance of the due date except as disclosed on the SC Rent Rolls attached hereto and made a part hereof. Except as disclosed on the SC Rent Rolls attached hereto as Exhibit L, the term of each SC Lease has commenced and the tenant has commenced the full payment of rent under such SC Lease without the tenant thereunder being entitled to any abatement thereof. Except as disclosed on the SC Rent Rolls attached hereto as Exhibit L, no SC Owner is required to perform any tenant work or pay any work allowances under any SC Lease. All security and other escrow deposits made under any SC Lease are being, and, to Borrower's best knowledge, have been held, in accordance with all Legal Requirements and the terms of such SC Lease. Except as disclosed on the SC Rent Rolls attached hereto as Exhibit L, no tenant under a SC Lease has any right of expansion, extension, cancellation or any other option pursuant to such SC Leases, and no tenant has any right of set off or reduction against rent.

(c) Each of the SC Leases has been duly authorized, approved and executed by all parties thereto and constitutes the legal, valid and binding obligations of the parties thereto, enforceable against the parties thereto in accordance with their respective terms. Borrower has delivered true, correct and complete copies of the SC Leases (including, without limitation, all amendments and supplements thereto and guaranties thereof) to Lender.

(d) Each of the SC Leases is in full force and effect and there are no monetary or other material defaults by any SC Owner thereunder, and, to the best knowledge of Borrower, except as set forth on the SC Rent Rolls attached hereto as Exhibit L, there are no monetary or other material defaults by any tenant thereunder. No SC Affiliate or any other Person acting on any SC Affiliate's behalf has given or received any notice of default under any of the SC Leases that remains uncured or in dispute, and no SC Owner is intending to deliver such a notice of default within the thirty (30) days following the date hereof, except with respect to American Furniture Discount which has an SC Lease at the Shopping Center commonly known as Port Richmond Village.

(e) Borrower has delivered to Lender true, correct and complete copies of all guaranties of SC Leases and all such guaranties are in full force and effect and constitute the legal, valid and binding obligations of the parties thereto, enforceable against such parties in accordance with their respective terms.

(f) The SC Rent Rolls attached hereto as Exhibit L are true, correct and complete in all material respects.

(g) The SC Rent Rolls attached hereto as Exhibit L set forth a true, correct and complete list of all security deposits made by tenants at the

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Shopping Centers which have not been applied (including accrued interest thereon), all of which are held by the applicable SC Owner in accordance with the terms of the applicable SC Lease and applicable Legal Requirements.

(h) To Borrower's best knowledge, each tenant under a SC Lease is free from bankruptcy or reorganization proceedings.

(i) No tenant under any SC Lease (or any sublease) is an Affiliate of Borrower or any SC Affiliate, except as may be disclosed otherwise on Exhibit L attached hereto.

(j) There are no brokerage fees or commissions due and payable in connection with the leasing of space at the Shopping Centers, except as has been previously disclosed to Lender in writing, and no such fees or commissions will become due and payable in the future in connection with the SC Leases, including by reason of any extension of such SC Lease or expansion of the space leased thereunder, except as has previously been disclosed to Lender in writing including, without limitation, that certain commission in the amount of \$19,878.13 due in connection with that certain SC Lease with the Foot Locker.

3.62 SC Environmental. The SC Environmental Representations are true and correct in all material respects.

3.63 SC Access Laws. The Shopping Centers are in compliance in all material respects with all of the requirements of the Access Laws.

3.64 No SC Default. No Significant Party or SC Affiliate is in default under any SC Loan Document.

3.65 SC Financial Statements. All financial statements of each SC Affiliate heretofore delivered to Lender in connection with the Loan are true and correct in all material respects and fairly present the financial condition of the subjects thereof as of the respective dates thereof, and no material adverse change has occurred in the financial condition reflected therein, or the operations or business of, such Persons since the respective dates of the most recent financial statements delivered to Lender. 3.66 No SC Insolvency. No SC Affiliate is Insolvent, and none of the foregoing Persons will be rendered Insolvent by execution of the SC Loan Documents, or by the consummation of the transactions contemplated thereby.

3.67 SC Fiscal Year. Each fiscal year of an SC Affiliate commences on January 1.

3.68 No Other SC Financing. No SC Affiliate has borrowed any funds which have not heretofore been repaid in full, except for the SC Loan.

3.69 SC ERISA. The execution, delivery and performance of the SC Loan Documents do not constitute a Prohibited Transaction, assuming solely for this purpose that Lender is a Party In Interest or a Disqualified Person with respect to an employee benefit plan, if any, which has directly or indirectly invested

in an SC Affiliate or in any Person holding an ownership interest therein. Each SC Affiliate has made, and shall continue to make, all required contributions to all employee benefit plans, if any, within the time periods required by the applicable provisions of ERISA and any other federal or state law, and has no knowledge of any material liability which has been incurred by any thereof which remains unsatisfied for any taxes or penalties with respect to any employee benefit plan or any multi-employer plan. Each such plan has been administered in compliance with its terms and the applicable provisions of ERISA and any other federal or state law.

3.70 SC FIRPTA. No SC Affiliate is a "foreign person" within the meaning of Sections 1445 or 7701 of the Code.

3.71 SC PUHCA. No SC Affiliate is a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" as defined in the Public Utility Holding Company Act of 1935, as amended.

3.72 SC Insurance. All SC Required Insurance is in full force and effect and the premiums due thereon have been paid in full. Each SC Affiliate and the Shopping Centers are in compliance with the provisions of the policies of such SC Required Insurance, and no notice of cancellation, termination or default has been received with respect to any such policy.

3.73 SC Securities Laws. None of the transactions contemplated in the SC Loan Documents or any SC Affiliate's Organizational Documents will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulations issued pursuant thereto, including, without limitation, Regulations G, T, U and X of the Board of Governors of the Federal Reserve System. No SC Affiliate owns or intends to carry or purchase any "margin security" within the meaning of said Regulation G.

3.74 SC Investment Company Act. No SC Affiliate is (a) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or (b) subject to any other United States federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

3.75 SC Taxes; SC Impositions. Each SC Affiliate has each filed all Federal, state and local tax returns required to be filed prior to the date hereof and all taxes, charges and assessments shown to be due from all such parties on such tax returns have been paid or have been legally and validly extended. All SC Impositions due and owing in respect of, and affecting, the Shopping Centers have been paid. There are no pending, or to Borrower's best knowledge, proposed special or other assessments for public improvements or otherwise affecting the Shopping Centers.

3.76 SC Full and Accurate Disclosure. No statement of fact made by any SC Owner in any SC Loan Document, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements contained herein or therein not misleading. There is no material fact presently known to Borrower which has not been disclosed to Lender which adversely affects, nor as far as Borrower can foresee, might adversely affect, the Shopping Center or the business, operations or condition (financial or otherwise) of any SC Affiliate, other than with regard to market risk inherent in projecting future operations.

3.77 SC Contracts.

(a) No SC Affiliate has entered into, or is bound by, any SC Contract which continues in existence, except the SC Approved Contracts.

(b) Each of the SC Contracts is in full force and effect, there are no monetary or other material defaults by any SC Affiliate thereunder and, to the best knowledge of Borrower, there are no monetary or other material defaults thereunder by any other party thereto. No Significant Party or any other Person acting on any SC Affiliate's behalf has given or received any notice of default under any of the SC Contracts that remains uncured or in dispute.

(c) There has been delivered to Lender true, correct and complete copies of the SC Contracts (including all amendments and supplements thereto).

(d) No SC Contract has as a party an Affiliate of any Significant Party or any SC Affiliate.

3.78 Other SC Obligations and Liabilities. No SC Affiliate has any liabilities or other obligations that arose or accrued prior to the date hereof that, either individually or in the aggregate, could have a material adverse

effect on any such Person's ability to perform their respective obligations under the SC Loan Documents or any of the SC Affiliates' Organizational Documents, or any other obligations that any of them may have in connection with the ownership and operation of the Shopping Centers. No SC Affiliate has any known contingent liabilities.

3.79 SC Documents. Borrower has furnished or has caused to be furnished to Lender a true and complete copy of all material documents relating to each SC Affiliate, the SC Loan and/or the Shopping Centers which a reasonably prudent institutional Lender, making a loan or loans in a similar amount and on similar terms as the Loan, would want to have the opportunity to review prior to agreeing to make such loan or prior to agreeing to any of the material terms thereof.

3.80 No SC Strikes. There are no strikes or other labor disputes or grievances pending or threatened against the Shopping Centers or any SC Affiliate.

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ARTICLE 4
CERTAIN COVENANTS OF BORROWER

Borrower hereby covenants and agrees with Lender as follows:

4.1 Payment and Performance of Obligations. Borrower shall pay and otherwise perform the Obligations of Borrower in accordance with the terms of the Loan Documents.

4.2 Transfers.

(a) Except for a Permitted Transfer as expressly provided in this Section 4.2 or Section 4.26 hereof, Borrower shall not, and shall not permit or cause any SC Affiliate to, directly or indirectly, sell, assign, convey, mortgage, pledge, hypothecate, encumber, grant a security interest in, exchange or otherwise dispose of, or grant any option or warrant with respect to, directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record (each of the foregoing being herein referred to and constituting a "Transfer"), all or any part of the Premises or the Shopping Centers, or any part thereof or any interest therein, or any of the revenues to be earned therefrom, or suffer, consent to or permit the foregoing, without, in each instance, the prior written consent of Lender which may be granted or withheld in Lender's sole discretion. Except for a Permitted Transfer, Borrower shall not permit any owner, directly or indirectly, of a legal or beneficial interest in Borrower or any SC Affiliate to Transfer such interest, either of record or beneficially, whether by Transfer of stock, assignment of partnership or membership interest or other Transfer of legal or beneficial interest in Borrower or any SC Affiliate, or in any direct or indirect owner thereof, or otherwise permit any new or additional legal or beneficial ownership interests in Borrower or any SC Affiliate or any direct or indirect owner to be issued, without, in each instance, the prior written consent of Lender which may be granted or withheld in Lender's sole discretion.

(b) To the extent that Lender elects to consent to any Transfer as to which its consent is required hereunder, Lender shall be entitled to condition its consent on such matters as Lender may elect, in its sole discretion, including, without limitation, execution of instruments of assignment and assumption with respect to the Loan Documents and the Collateral therefor, payment of a transfer fee or other consideration, delivery of certificates and affidavits and indemnities, including an affidavit and indemnification in respect of Code Sections 1445 and 7701, agreements restricting actions which may or may not be taken by any transferee or its owners or restrictions in any such Person's Organizational Documents with respect thereto, additional or replacement security for the Loan, restrictions as to the use of any consideration paid for such Transfer, and opinions, including without limitation, opinions regarding the assumptions of obligations hereunder, substantive consolidation and such other matters as Lender may reasonably require. Within three (3) Business Days after the closing of any Transfer, whether or not such Transfer required Lender's consent, if (i) the

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Premises, the Shopping Centers or any part thereof or any interest therein or (ii) any direct or indirect ownership interest in Borrower or any SC Affiliate is transferred, Borrower shall provide Lender with a copy of the deed or other instrument of Transfer to any transferee. Borrower shall promptly after request therefor provide Lender with such other information and documentation with respect to such Transfer as Lender shall reasonably request, including, without limitation, information as to the ownership of such transferee.

(c) Upon the occurrence of any Transfer, the provisions of this Section 4.2 shall continue to apply to such transferee (including, without limitation, any Permitted Transferee) as if it were the transferor hereunder, and any consent by Lender permitting a transaction otherwise prohibited under

this Section 4.2, or any right of Borrower or any other Person to Transfer without such consent, shall not constitute a consent to or waiver of any right, remedy or power of Lender to withhold its consent on a subsequent occasion to a transaction not otherwise permitted by the provisions of this Section 4.2. Notwithstanding the giving of any consent hereunder by Lender, Borrower shall not engage in any Prohibited Transaction.

4.3 Liens. Borrower shall not create, suffer or permit to exist any mortgage, pledge, lien, security interest (including, without limitation, a purchase money security interest), encumbrance, charge, attachment, levy, distraint or other judicial process (collectively, "Liens") on, of or against, or otherwise affecting, all or any portion of the Premises (including, without limitation, fixtures and other personal property), or any other property of Borrower (whether tangible or intangible and now owned or hereafter acquired) in favor of any Person other than Lender, without the prior written consent of Lender (which consent may be granted or withheld in Lender's sole discretion), other than the Approved Permitted Encumbrances.

4.4 Indebtedness.

(a) Borrower shall not without Lender's prior written consent, which may be granted or withheld in Lender's sole discretion, create, incur or assume any Indebtedness, other than (i) the Loan, (ii) those certain guaranties and indemnities delivered in connection with the SC Loans, (iii) that certain guaranty in connection with a lease with Giant Supermarket of certain space in the shopping center commonly known as "The Point" and located in Harrisburg, Pennsylvania owned by a subsidiary of Borrower and (iv) Trade Payables in connection with the operation of the Premises, which shall in no event exceed at any one time \$50,000.00. Each month, together with the other financial statements required to be furnished hereunder, Borrower shall furnish Lender a written statement (certified by a Designated Officer to be true, correct and complete) detailing the Indebtedness then outstanding, including the number of days (in increments of 30 days) that each Trade Payable of Borrower has been outstanding. Borrower shall not create, incur or assume any other Indebtedness, if doing so would cause Borrower to be in violation of any other provision of this Agreement or the other Loan Documents.

(b) Notwithstanding that any Trade Payables incurred with respect to the Premises are otherwise permitted hereunder, Borrower shall pay any portion of such Trade Payables which becomes due and payable within sixty (60) days following the date on which each such amount is due and payable.

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4.5 Compliance with Restrictive Covenants, Etc.

(a) Borrower shall not modify, waive in any material respect or release any Easements, restrictive covenants or other Approved Permitted Encumbrances, or suffer, consent to or permit the foregoing, without Lender's prior written consent, which consent may be granted or withheld in Lender's sole and absolute judgment. Borrower shall timely comply in all material respects with the terms of all Easements, restrictive covenants and all other Approved Permitted Encumbrances. Borrower shall take or cause to be taken such further actions as Lender may reasonably request from time to time with respect to such Easements, restrictive covenants or Approved Permitted Encumbrances.

(b) Borrower shall observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, privileges, franchises and concessions that are applicable to the Premises, the use and occupancy thereof, or the business conducted thereat, and shall timely comply in all material respects with all regulations, rules, ordinances, statutes, orders and decrees of any Governmental Authority or court applicable to it and/or the Premises or any part thereof.

(c) Borrower shall cause the Premises to be maintained in a good and safe condition and repair and shall not remove, demolish or materially alter or suffer, consent to or permit to be removed, demolished or materially altered, the Improvements except as permitted by this Agreement, without Lender's prior written consent.

4.6 Leases.

(a) Except as permitted pursuant to this Section 4.6, Borrower shall not enter into, modify, amend, consent to the cancellation or surrender of (except to the extent such cancellation or surrender is by the Tenant pursuant to a pre-existing unilateral right under its Lease) or terminate any Lease whether now existing or hereafter entered into, without the prior written consent of Lender, which may be granted or withheld in Lender's sole discretion.

(b) Borrower shall timely comply with or cause to be timely complied with all material terms and conditions on the landlord's part to be performed under each Lease. Borrower shall neither do nor neglect to do, nor permit to be done, anything which may cause the termination of any Lease, other than due to the default of the Tenant(s) under such Lease. Borrower shall not collect any rent or other payment under any Lease more than one (1) month in

advance of the due date thereof and will use its best efforts to require the performance of all of the obligations of Tenants and other Persons bound by the Leases and to enforce the Leases, subject, however, to the limitation on termination described in this Section 4.6.

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(c) Borrower may, without Lender's prior written consent, enter into any Lease which will not be a Major Lease when such Lease comes into effect, provided that each of the following conditions is satisfied: (i) the rent and other material business terms of such Lease are on market terms for similarly situated Premises; (ii) the Lease does not provide for the rent to decline at any point during the term of such Lease; (iii) such Lease does not contain any options to purchase or other rights with respect to the ownership of the Premises; (iv) such Lease does not contain any restrictions on the landlord's rights to lease remaining portions of the Premises, except that such Lease may contain options to lease additional space in the Premises on then existing market terms; (v) such Lease does not contain any options for the Tenant thereunder to terminate such Lease, other than in the event of Borrower's failure to deliver possession of the applicable premises or a material casualty or condemnation or Borrower's failure to deliver vacant possession; (vi) such Lease does not contain any extraordinary landlord obligations (including obligations which an unaffiliated landlord would have difficulty performing); (vii) such Lease is entered into on the standard form of Lease which Lender has previously approved, with such non-material changes thereto as a proposed tenant may request and Borrower is willing to agree to; (viii) such Lease is entered into on arms length terms, without consideration of any relationship Borrower or any Affiliate of Borrower may otherwise have with the Tenant thereunder or any Affiliate thereof; and (ix) the Lease shall contain each of the provisions required by this Section 4.6. Without limiting Borrower's obligations hereunder, Lender hereby approves, with respect to any Lease which is not a Major Lease, the form of Lease heretofore submitted by Borrower to Lender.

(d) Borrower may, without Lender's prior written consent, modify or amend any Lease which is not a Major Lease, provided that either (i) such modification or amendment is required to be entered into pursuant to the express terms of such Lease, or (ii) each of the following conditions is satisfied: (A) such amendment or modification is entered into on an arms-length basis without consideration of any relationship of Borrower or any Affiliate of Borrower with the Tenant thereunder or any Affiliate thereof; (B) such Lease would not be a Major Lease and would, after such amendment or modification, satisfy the conditions set forth in clauses (ii), (iii), (iv), (v), (vi), (vii) and (ix) of Subsection 4.6(c) hereof; (C) such amendment or modification does not release any party from its liability under the Lease or reduce the square footage demised thereunder; (D) to the extent that any additional space is demised pursuant to such amendment or modification, with respect thereto, such amendment or modification satisfies this Section 4.6; (E) such amendment or modification does not reduce the rent paid under the Lease; (F) after such amendment, such Lease, as modified, continues to be subordinate to the Liens of the Mortgage and the Assignment of Leases and Rents; and (G) such amendment or modification does not otherwise have a material adverse effect on the fair market value of the Premises or the Lien of the Mortgage on the Premises. Borrower may, without the prior written consent of Lender, terminate any Lease which is not a Major Lease in its good faith exercise of its remedies under such Lease, or at law or in equity, by reason of a material monetary default having continued under such Lease beyond the expiration of applicable cure periods. Without first obtaining Lender's prior written consent, Borrower shall not consent to any assignment or subletting of any Lease unless the consent of Borrower may not be withheld under such circumstances under the terms of the applicable Lease, except that Borrower may, without Lender's prior written consent, consent to any assignment or subletting which does not release the liability of any Person then liable thereunder as tenant, guarantor or otherwise if such assignment or subletting is of a Lease which is not a Major Lease.

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(e) Each Lease executed by Borrower after the date hereof shall provide, in a manner satisfactory to Lender, for (i) automatic subordination of such Lease to the Liens of the Mortgage and the Assignment of Leases and Rents, (ii) attornment by the Tenant thereunder to Lender promptly after the giving by Lender of a notice to such Tenant requiring such attornment, (iii) the Tenant thereunder to give a notice to Lender of each material default by the landlord or licensor thereunder, simultaneously with the giving of notice of such default to such landlord or licensor, (iv) Lender to have the right, but not the obligation, to cure any default by the landlord or licensor thereunder after the expiration of the landlord's or licensor's cure period, if any, and (v) execution and delivery (not more than ten (10) days after a request therefor) of an estoppel certificate reasonably satisfactory to Lender. Without limiting the foregoing, each Lease shall also provide that Lender (or any other successor to the landlord or licensor acquiring the Premises by foreclosure, deed in lieu of foreclosure or otherwise in connection with the enforcement of the Loan Documents) shall not be: (A) liable for any previous act or omission of the landlord or licensor under such Lease; (B) subject to any credit, demand, claim, counterclaim, offset or defense which theretofore accrued to such Tenant against the landlord or licensor; (C) unless consented to by Lender, or

otherwise permitted, under this Section 4.6, bound by any previous modification of such Lease, or by any previous prepayment of more than one month's fixed rent or additional rent; (D) bound by any covenant or obligation of the landlord or licensor to perform, undertake or complete any work in the leased space of the Premises or to prepare it for occupancy; (E) required to account for any security deposit of the tenant or licensee other than any security deposit actually delivered to Lender by Borrower; (F) bound by any obligation to make any payment to such tenant or licensee or grant any credits, except for services, repairs, maintenance and restoration provided for under the Lease to be performed by landlord or licensor after the date of such attornment; and (G) responsible for any monies owing by the landlord or licensor to such Tenant. All actual out of pocket costs and expenses of Lender (including, without limitation, reasonable attorneys' fees and disbursements) in connection with Lender's review of any Lease and the negotiation, preparation, execution and delivery of any non-disturbance agreement shall be paid by Borrower within five (5) Business Days after request therefor by Lender. Prior to seeking Lender's consent to any Lease, Borrower shall deliver to Lender a copy of such Lease, blacklined to show the changes from the standard form of Lease previously approved by Lender, together with a detailed term sheet setting forth the material terms of such Lease.

(f) All Security Deposits shall not be commingled with any other funds of Borrower and, if cash, shall be deposited by Borrower at such commercial or savings bank or banks as may be reasonably satisfactory to Lender. Any bond or other instrument which Borrower is permitted to hold in lieu of Security Deposits in the form of cash under any applicable legal requirements (i) shall be maintained in full force and effect in the full amount of such deposits unless replaced by cash deposits as herein above described, (ii) shall be issued by an institution reasonably satisfactory to Lender, (iii) shall, if

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permitted pursuant to any legal requirements, name Lender as payee or mortgagee thereunder (or at Lender's option, be fully assignable to Lender), and (iv) shall in all respects comply with any applicable Legal Requirements and otherwise be satisfactory to Lender. Borrower shall, upon request, provide Lender with evidence satisfactory to Lender of Borrower's compliance with the foregoing. Following the occurrence and during the continuance of any Event of Default, upon Lender's demand, Borrower shall turn over to Lender the Security Deposits (and any interest theretofore earned thereon) with respect to all or any portion of the Premises, to be held by Lender subject to the terms of the Leases. If Borrower is entitled to retain a Security Deposit, then such amount shall be transferred by Borrower into the Clearing Account.

4.7 Delivery of Notices. Borrower shall promptly, but in no event later than five (5) days after Borrower becomes aware of any of the following events, furnish a written notice to Lender (together with the applicable correspondence and papers relating thereto) specifying the nature and period of existence of such condition or event and, with respect to events described in clause (a) immediately below, what action Borrower is taking or proposes to take with respect thereto (compliance with the provisions of this Section 4.7 shall not be deemed or construed to constitute a waiver of or consent to any Default or Event of Default of which Borrower has given Lender notice pursuant to this Section 4.7):

(a) any Default hereunder or under any of the other Loan Documents, or any Event of Default;

(b) any default or event of default (or any terms of similar import) under any of the SC Loan Documents;

(c) (i) any receipt or delivery by Borrower or any SC Affiliate of a notice of default or termination, (ii) any proposed action with respect to any default, (iii) any failure by any Person to perform any material obligation, maintain any material representation or warranty or satisfy any material condition, in each instance, in connection with any Lease, the Management Agreement, any Contract, any Easement, any recorded instrument, any Permit, any SC Lease, any SC Management Agreement, any SC Contract or any SC Permit;

(d) the filing of any action, suit or proceeding against or affecting Borrower, any SC Affiliate, any other Significant Party, the Premises or any Shopping Center that, if adversely determined, could (i) impair the validity or enforceability of this Agreement or any of the other Loan Documents or the ability of Borrower, any SC Affiliate or any other Significant Party to perform their respective obligations hereunder, thereunder or under the SC Loan Documents, (ii) have a material adverse effect on the value of the Premises or any Shopping Center or their respective current use, or (iii) result in a Lien on any portion of the Premises or any Shopping Center; and/or

(e) any notice received from any Governmental Authority asserting a violation of any material Legal Requirement and any correspondence to or from Borrower, any SC Affiliate, any other Significant Party, the Manager or any SC Manager with respect thereto.

Without limiting the generality of the foregoing, Borrower shall transmit or cause to be transmitted to Lender, immediately upon receipt thereof, any communication (addressed to Borrower, any SC Affiliate or any Affiliate of Borrower or any SC Affiliate) which relates to matters which could adversely affect Lender's security for the Loan or could have a material adverse effect on the Premises, any Shopping Center, the financial condition of Borrower, any SC Affiliate and/or any other Significant Party, and shall promptly respond fully to any inquiry of Lender made with respect thereto.

4.8 ERISA.

(a) In addition to the prohibitions set forth in Section 4.2 hereof, and not in limitation thereof, Borrower shall not Transfer its interest or rights in this Agreement or in the Premises, or attempt to do any of the foregoing or suffer any of the foregoing, nor shall any Person owning a direct or indirect interest in Borrower Transfer any of its rights or interest (direct or indirect) in Borrower, attempt to do any of the foregoing or suffer any of the foregoing, nor shall Borrower or any Person owning a direct or indirect interest in Borrower take, without limitation, any action or fail to take any action, if, in any such case, doing so would (i) cause the Loan or the exercise of any of Lender's rights in connection therewith to constitute a Prohibited Transaction (unless Borrower furnishes a legal opinion reasonably satisfactory to Lender that the same is exempt from the Prohibited Transaction provisions of ERISA and the Code or otherwise does not constitute a Prohibited Transaction), assuming solely for this purpose that Lender is a Party In Interest or a Disqualified Person with respect to an employee benefit plan, if any, which has directly or indirectly invested in Borrower or Guarantor, or (ii) otherwise result in Lender being deemed in violation of any applicable provisions of ERISA with respect to the Loan. Borrower and Guarantor shall take such steps as are necessary to assure that each of them (and their respective shareholders, partners and members) does not commit any act, or fail to commit any act, the occurrence of which or the failure of which to occur would cause the Loan to be a Prohibited Transaction.

(b) If the provisions of this Section 4.8 are violated, Borrower agrees, at its own cost and expense, to take such steps as Lender shall reasonably request to prevent the occurrence of a Prohibited Transaction or to correct the occurrence of a Prohibited Transaction. Borrower agrees to indemnify, defend and hold the Indemnified Parties free and harmless from and against all loss, costs (including, without limitation, reasonable attorney's fees and expenses), taxes, penalties, damages and expenses any Indemnified Party may suffer by reason of the investigation, defense and settlement of claims based upon a breach of the foregoing provisions. The provisions of Section 4.8 hereof shall apply to such indemnification. The foregoing indemnification shall survive repayment of the Loan.

4.9 Agreements with Affiliates. From and after the Effective Date, Borrower shall not enter into any contract, agreement or other arrangement with any Affiliate without Lender's prior written consent. Any such contract or agreement shall provide Lender the right to terminate it upon Lender's (or its designee's) acquisition of the Premises through foreclosure, a deed-in-lieu of foreclosure, Uniform Commercial Code sale or otherwise.

4.10 After Acquired Property. Borrower has and shall grant to Lender a security interest in and to all equipment and other personal property owned by Borrower, whether or not used in the construction, maintenance and/or operation of the Improvements, immediately upon acquisition of same or any part of same, having the same priority as Lender's security interest in such equipment and personal property owned by Borrower on the Effective Date and located at the Premises.

4.11 Books and Records. Borrower shall keep and maintain, or cause to be kept and maintained, at all times at its principal office or the Manager's office, complete, true and accurate books of account and records reflecting the results of its operations. Borrower shall permit and cause the Manager to permit Lender, its agents, consultants and representatives, upon reasonable notice (which may be given orally or in writing) and at reasonable times, to examine and audit such books and records and make copies thereof, at Borrower's expense. Borrower shall cause the Manager and its Affiliates to make all records relating to the Premises available to Lender and shall cause the Manager to cooperate with any examination, audit or other inquiry (including causing the personnel responsible for the Premises to be available to respond to inquiries).

4.12 Delivery of Estoppel Certificates.

(a) Borrower shall, from time to time, within ten (10) Business Days after written request from Lender, furnish to Lender or such other party (or parties as may be requested by Lender) a written certificate setting forth the Outstanding Principal Balance of and interest due on the Loan and any other amounts evidenced or secured by the Mortgage and/or the other Loan

Documents, stating the date through which interest has been paid and whether or not any offsets, defenses or counterclaims exist with respect to the Loan Documents. If requested, such certificate will also attach true and correct copies of any Loan Documents, and state such other information as Lender shall reasonably require. Upon request of Lender, Borrower shall cause Manager within ten (10) days after such request to furnish Lender or such other Person(s) as Lender may request, a written certificate certifying as to such matters as Lender may reasonably request.

(b) Borrower shall use all reasonable efforts to deliver to Lender upon request, which may be made from time to time, tenant estoppel certificates from each Tenant at the Premises in form and substance reasonably satisfactory to Lender.

4.13 Management, Etc.

(a) The Premises shall at all times be managed in a competent and professional manner appropriate for buildings similar to the Premises by either Borrower or a prominent professional managing agent approved by Lender (a "Manager") pursuant to a management agreement with the Manager approved by Lender (the "Management Agreement"), such approval not to be unreasonably withheld. Lender hereby approves Brentway Management LLC as the initial Manager.

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Notwithstanding anything to the contrary herein contained, any third party managing agent, and the terms and conditions of any management agreement therewith, or any amendment or modification of any management agreement theretofore approved by Lender, shall be subject to Lender's prior approval which may be granted or withheld in Lender's reasonable judgment.

(b) Borrower represents it has delivered to Lender a true, correct and complete copy of the Management Agreement, which Management Agreement is hereby approved by Lender, subject to the terms of the Assignment and Subordination, dated as of the date hereof, between Lender, Borrower and Manager (as the same may be amended, modified, supplemented, extended, consolidated, restated or replaced from time to time, the "Manager Assignment and Subordination"); provided, however, that the terms and conditions of any subsequent Management Agreement between Manager and Borrower, or any amendment or modification of any Management Agreement between Manager and Borrower, and any compensation of Manager with respect to its services performed at or in connection with the Premises (other than an extension of the existing Management Agreement for compensation which is no greater, and on terms and conditions no less favorable to Borrower, than those contained in the existing Management Agreement) are subject to approval by Lender in its sole but reasonable discretion.

(c) In the event that there shall have occurred and be continuing an Event of Default, then, upon Lender's request, Borrower shall replace the present Manager with a managing agent approved by Lender in its sole discretion.

4.14 Financial Statements; Approved Operating Budget, Audit Rights. Until payment in full of the Obligations, Borrower shall cause the following financial statements and information, in form and substance satisfactory to Lender, to be delivered as and when hereinafter provided:

(a) as soon as practicable and in any event within ninety (90) days after the end of each fiscal year of Borrower, audited statements of financial position (balance sheet) of Borrower as of the end of each such fiscal year during the Term, detailing all receipts in respect of the Premises, all expenses in respect of the Premises (and, separately delineated, all other recurring and non-recurring expenses in the nature of capital items under GAAP) and retained earnings, changes in financial position and cash flows for such fiscal year, which statements shall be duly certified by the Designated Officer of Borrower to fairly represent the financial condition of Borrower as of the date thereof, prepared in accordance with GAAP and accompanied by an opinion of the Approved Accountants (which opinion shall be unqualified and shall not contain any statement of emphasis) to the effect that such financial statements present fairly, in all material respects, the financial condition of Borrower as of the end of the fiscal year being reported on and that the results of the operations and cash flows for such year were prepared and are in conformity with GAAP and that the examination of the Approved Accountants in connection with such financial statements has been conducted in accordance with GAAP and included such tests of the accounting records and such other auditing procedures as the Approved Accountants deemed necessary in the circumstances which statements of financial position shall be incorporated within the consolidated statements of financial position for Guarantor;

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(b) promptly and in any event within forty-five (45) days after the end of each fiscal quarter of Borrower, an unaudited quarterly statement of financial position (balance sheet) of Borrower, a statement of

profits and losses and a calculation of net cash flows for such quarter, including all receipts in respect of the Premises and all expenses in respect of the Premises, and a schedule of accounts payable as of the end of such fiscal quarter, such quarterly financial statements to be certified by a Designated Officer of Borrower to fairly represent the financial condition of Borrower as of the date thereof and to have been prepared and reported on in conformity with GAAP which statements of financial position shall be incorporated within the consolidated statements of financial position for Guarantor;

(c) promptly and in any event within fifteen (15) Business Days after the end of each calendar month (i) a monthly operating statement, prepared on a cash basis, showing all Receipts, Expenses (and, separately delineated, all other recurring and non-recurring expenses in the nature of capital items under GAAP) and net cash flow for the applicable calendar quarter and year-to-date results and variances from the same month for prior calendar year and from the Approved Operating Budget, and such other matters as Lender shall reasonably require and (ii) monthly Rent Rolls, (dated as of the last day of the applicable calendar month and identifying all current Tenants and the floor and space occupied or leased thereby), the amount of square footage demised under each Lease, the current monthly and annual rent payable under each Lease, the calculated rent per rentable square foot, the commencement and expiration date of each Lease, the Security Deposits held pursuant to each Lease, a description of any termination or expansion options, rental increase dates and amounts, CPI increases (if applicable), escalation and pass-through expense detail (including base year data), any percentage rent formula (and most recently available Tenant sales data if required to be provided by the related Tenant) and such other matters as Lender shall reasonable require), which monthly operating statements and Rent Rolls shall be certified by a Designated Officer to be true, correct and complete in all material respects;

(d) not later than each December 15 during the Term, a reasonably detailed operating budget for the Premises covering the calendar year commencing on the following January 1, each of which budgets shall be subject to Lender's approval (each such budget, when so approved, an "Approved Operating Budget"). Until Lender shall approve a new budget, the Approved Operating Budget from the prior year shall remain in effect. If as of the beginning of any calendar year any operating budget for such year has not been agreed to as provided above, Borrower shall operate the Premises in accordance with the Approved Operating Budget applicable during the immediately preceding year except (i) to the extent Lender has approved particular Expenses in the proposed operating budget, Borrower shall have the right to incur and pay such approved Expenses, (ii) Borrower shall have the right to incur and pay all Nondiscretionary Expenses when due, subject to Lender's right to reject Nondiscretionary Expenses (other than Impositions and Insurance Premiums) which exceed by more than five percent (5%) the amount of such Nondiscretionary Expense in the Approved Operating Budget applicable during the immediately preceding year and (iii) unless specifically approved by Lender, no Discretionary Expenses, capital expenditures, tenant allowances, tenant inducement or leasing commissions shall be incurred or paid by Borrower. The Approved Operating Budget for calendar year 2001 is attached hereto as Exhibit N and made a part hereof;

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(e) contemporaneously with delivery to Partners, but in no event later than April 15 of each calendar year during the Term (subject to legally permitted extensions), the annual Form 1065 (with accompanying schedules K-1) prepared by Borrower;

(f) promptly and in any event within fifteen (15) Business Days after the end of each calendar month, a project report setting forth in narrative form the status of (i) all leasing activity, including a listing of all leasing leads and a summary of the material terms proposed, accompanied by copies of all term sheets and responses thereto, (ii) all refinancing and construction loan activity, accompanied by copies of all loan requests and proposals and (iii) all predevelopment and development activities, accompanied by copies of all schematic design drawings and site analyses, plans and specifications and design and construction documentation;

(g) from time to time, such other reports and information which Lender reasonably requires, certified by a Designated Officer to be true, correct and complete in all material respects; and

(h) together with each of the financial statements and information required pursuant to clauses (a) through (g) immediately above, inclusive, a certificate of the Designated Officer of Borrower certifying that Borrower has observed and performed, in all material respects, all of its covenants and other agreements contained in this Agreement and the other Loan Documents, whether there exists any Default or Event of Default and, if there is, specifying the nature and period of existence thereof and the action taken or proposed to be taken with respect thereto.

4.15 Maintenance of Non-Taxable Status. Borrower shall maintain its status as a company taxable as a partnership for the purposes of Federal, state and local income taxation.

4.16 Lender's Attorneys' Fees and Expenses. Borrower shall appear in and defend any action or proceeding purporting to affect the security of the Mortgage or the security interests granted under any of the other Loan Documents, or the rights and powers of Lender under any of the Loan Documents, and Borrower (in addition to Lender's reasonable attorneys' fees and expenses to be paid by Borrower otherwise pursuant to this Agreement or the other Loan Documents) shall pay all of Lender's reasonable attorneys' fees and disbursements in connection with the enforcement of this Agreement and the other Loan Documents and the collection of all amounts payable hereunder and thereunder. In case of any Default under this Agreement or any of the other Loan Documents, or if any action or proceeding is commenced in which it becomes

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necessary to defend or uphold the Lien or priority of the Mortgage or the other Loan Documents, or which adversely affects Lender's interests in the Premises or any part thereof, including, without limitation, eminent domain, or proceedings of any nature affecting the Premises or involving the bankruptcy, insolvency, arrangement, reorganization or other form of debtor relief with respect to Borrower or any other Significant Party or relating to a decedent, then Lender may, but without any obligation to do so, and without releasing Borrower or any other Significant Party from any obligation hereunder or under the other Loan Documents, make such appearances, disburse such reasonable sums and take such actions as Lender deems necessary or appropriate to protect Lender's interest in the Premises and the other Collateral. All costs incurred by Lender, including, without limitation, reasonable attorneys' fees and disbursements, in taking any action described above shall be paid by Borrower upon demand, together with interest thereon at the Default Rate from the date paid by Lender through the date of repayment and the same shall be deemed to constitute protective advances evidenced by the Note and secured by the Mortgage and the other Loan Documents. In addition to, and without limiting the generality of, the foregoing, if, at any time hereafter, Lender employs counsel (a) for advice or other representation (whether or not any suit has been, or shall thereafter be, filed, and whether or not other legal proceedings have been, or shall thereafter be, instituted, and whether or not Lender shall be a party thereto) with respect to the Loan, the Premises or any part thereof, this Agreement or any of the other Loan Documents or (b) to protect, collect, lease, sell, take possession of, foreclose upon or liquidate all or any part of the Premises, or to attempt to enforce any security interest or Lien in all or on any part of the Premises or the other Collateral, or to enforce any rights of Lender or any of Borrower's obligations hereunder or under any of the other Loan Documents, or any obligations of any other Person which may be obligated to Lender by virtue of this Agreement or any other agreement, instrument or document heretofore or hereafter delivered to Lender by or for the benefit of Borrower, then, in any such event, all of the reasonable attorneys' fees and expenses arising from such services, and all expenses, costs and charges relating thereto, shall be paid by Borrower upon demand, together with interest thereon at the Default Rate from the date paid by Lender through the date of repayment, and the same shall be deemed to constitute protective advances evidenced by the Note and secured by the Mortgages and other Loan Documents. Notwithstanding the foregoing provisions of this Section 4.16, Borrower shall not be required to pay Lender's attorneys' fees in connection with any collection or enforcement action or proceeding against Borrower or any other obligor under any of the other Loan Documents if Borrower or such other obligor is the prevailing party in such action or proceeding, as determined by a final nonappealable judgment or order of a court of competent jurisdiction.

4.17 Environmental. Borrower shall fully and truly comply with and perform or cause to be complied with and performed each of the Environmental Covenants and Indemnities.

4.18 Access Laws. Borrower shall fully and faithfully comply with and perform each of the obligations of the mortgagor under Section 10.21 of the Mortgage.

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4.19 Inspections. Borrower shall permit Lender and its agents, consultants or representatives, to enter upon the Premises on reasonable notice (which may be given orally or in writing) at reasonable times to inspect the Improvements. Lender or its agents, consultants or representatives as part of any inspection may take soil, air, water, building material and other samples, subject to the rights of Tenants under Leases.

4.20 Use of Premises; Zoning Change. Borrower shall not initiate or acquiesce in a change in the plat of subdivision or zoning classification of the Premises without Lender's prior written consent, which consent shall not be unreasonably withheld or delayed.

4.21 Required Insurance. Borrower shall at all times maintain all Required Insurance pursuant to Section 5 hereof.

4.22 Construction.

(a) All Approved Tenant Improvements constituting Landlord Work shall be completed pursuant to Approved Tenant Improvement Plans and Specifications by Approved Tenant Improvement Contractor(s); all Approved Base Building Work shall be completed pursuant to Approved Base Building Work Plans and Specifications by Approved Base Building Work Contractor(s); and all Approved Tenant Improvements constituting Landlord Work and Approved Base Building Work shall be completed in compliance with all applicable Legal Requirements. Borrower shall not undertake any capital improvements to any portion of the Premises which does not constitute Approved Tenant Improvements or Approved Base Building Work.

(b) If Borrower abandons or fails to proceed diligently with and complete any Approved Tenant Improvements constituting Landlord Work or Approved Base Building Work in a timely fashion or is otherwise in Default under this Agreement, in addition to, and not in limitation of, any other rights and remedies available to Lender hereunder, under any of the other Loan Documents, at law or in equity, Lender shall have the right (but not the obligation) to enter upon the Premises and take over and cause the completion thereof. Any contracts entered into or indebtedness incurred upon the exercise of such right may be in the name of Borrower, and Lender hereby irrevocably appoints Lender the attorney-in-fact of Borrower, such appointment being coupled with an interest, to enter into such contracts, incur such obligations, enforce any contracts or agreements made by or on behalf of Borrower (including the prosecution and defense of all actions and proceedings in connection with the Approved Tenant Improvements constituting Landlord Work or Approved Base Building Work and payment, settlement or compromise of all bills and claims for materials and work performed in connection therewith, and do any and all things necessary or proper to complete the same, including signing Borrower's name to any contracts and documents as may be deemed necessary by Lender). In no event shall Lender or the Servicer be required to expend its own funds to complete, but Lender may, in its sole discretion, advance such funds. Any funds advanced shall be added to the Obligations of Borrower, shall be secured by the Loan Documents and shall be payable to Lender by Borrower in accordance with the provisions hereof and of the other Loan Documents pertaining to the protection

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of Lender's security and advances made by Lender. Borrower waives any and all claims it may have against Lender and/or the Servicer for materials used, work performed or resultant damage to the Premises (other than by reason of Lender's and/or the Servicer's gross negligence or willful misconduct, provided that such gross negligence or willful misconduct is determined to have occurred by a final and nonappealable decision of a court of competent jurisdiction).

(c) In addition to all Required Insurance, while performing Approved Tenant Improvements constituting Landlord Work and Approved Base Building Work hereunder, Borrower shall provide or cause to be provided workers compensation, builder's risk (if required by Lender) and public liability insurance and other insurance required under applicable law in connection therewith. All such policies which can be endorsed with standard mortgage clauses making losses payable to Lender or its assigns shall be so endorsed. Certified copies of such policies shall be deposited with Lender. The disbursement of monies from any accounts held by Lender, or other acknowledgment by Lender and/or the Servicer of completion of any Approved Tenant Improvements constituting Landlord Work or Approved Base Building Work in a manner satisfactory to Lender, shall not be deemed a certification by Lender or the Servicer that the same has been completed in accordance with applicable building, zoning or other codes, ordinances, statutes, laws, regulations or Legal Requirements of any Governmental Authority. Borrower shall at all times have the sole responsibility for insuring that the foregoing is completed in accordance with all such Legal Requirements.

4.23 Contracts.

(a) Except as permitted in this Section 4.23, Borrower shall not enter into, modify, amend, consent to the cancellation or surrender of or terminate any Contract, whether now existing or hereafter entered into, without the prior written consent of Lender, which consent shall not be unreasonably withheld.

(b) Borrower will timely comply with or cause to be complied with all material terms and conditions on Borrower's part to be performed under each Approved Contract.

4.24 Report Updates.

(a) Lender shall have the right at any time from time to time throughout the Term to order additional engineering reports with respect to the Premises. Such additional engineering reports shall be paid for by Borrower in accordance with Section 6.4 hereof; provided, however, that Borrower shall not be required to pay for such additional engineering reports more frequently than once every year unless (i) an Event of Default has occurred, (ii) any such additional engineering report is required by applicable Legal Requirements to be

obtained or (iii) in Lender's sole but good faith judgment, an adverse change in the condition of the Premises has occurred.

(b) Lender shall not be liable for any action or inaction by Borrower with respect to any repair or replacement recommended in any engineering report, notwithstanding any review or approval of Borrower's method of repair or replacement, as applicable, or any response by Lender.

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4.25 Non-Competition. From and after the Closing Date until payment in full of the Obligations, Borrower shall not engage and shall prevent each Significant Party from engaging in any Competitive Business.

4.26 No Sale or Refinancing. Supplementing the provisions of Sections 4.2 and 4.3 hereof, notwithstanding that either such activity may result in the payment in full of the entire Outstanding Principal Balance and other sums and charges, Borrower shall not sell or refinance the Premises without the prior written consent of Lender, except in connection with (a) a bona fide sale of all right, title and interest in and to the fee ownership of the Premises to a Person who or which is not an Affiliate of Borrower or any other Significant Party, or any of them, which bona fide sale has been negotiated and is consummated on an arms' length basis (an "Allowed Sale") or (b) a bona fide refinancing of the entire outstanding mortgage indebtedness encumbering the Premises with a Person who or which is not an Affiliate of Borrower or any other Significant Party, or any of them, which bona fide refinancing has been negotiated and is consummated on an arms' length basis (an "Allowed Financing"), provided, that, in either event the Net Proceeds payable to Lender in accordance with Section 2.3.6 hereof is equal to or exceeds \$4,500,000.00.

4.27 SC Liens. No SC Affiliate shall create, suffer or permit to exist any Lien on, of or against, or otherwise affecting, all or any portion of the Shopping Centers (including, without limitation, fixtures and other personal property), or any other property of any SC Affiliate (whether tangible or intangible and now owned or hereafter acquired) in favor of any Person other than Lender, without the prior written consent of Lender (which consent may be granted or withheld in Lender's sole discretion), other than the SC Approved Permitted Encumbrances.

4.28 SC Indebtedness.

(a) No SC Affiliate shall without Lender's prior written consent, which may be granted or withheld in Lender's sole discretion, create, incur or assume any Indebtedness, other than (i) the SC Loans and (ii) Trade Payables in connection with the operation of the Shopping Centers, which shall in no event exceed at any one time \$50,000.00 per Shopping Center, exclusive of utility charges; provided, however, in no event shall such Trade Payables, inclusive of utility charges, exceed at any one time \$100,000.00. Each month, together with the other financial statements required to be furnished hereunder, Borrower shall furnish Lender a written statement (certified by a Designated Officer to be true, correct and complete) detailing the Indebtedness then outstanding, including the number of days (in increments of 30 days) that each Trade Payable of each SC Affiliate has been outstanding. No SC Affiliate shall create, incur or assume any other Indebtedness, if doing so would cause Borrower to be in violation of any other provision of this Agreement or the other Loan Documents or would cause Borrower or any SC Affiliate to be in violation of any SC Loan Document.

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(b) Notwithstanding that any Trade Payables incurred with respect to the Shopping Centers are otherwise permitted hereunder, such Trade Payables which become due and payable shall be paid within sixty (60) days following the date on which each such amount is due and payable.

4.29 SC Compliance with Restrictive Covenants, Etc.

(a) No SC Affiliate shall modify, waive in any material respect or release any Easements, restrictive covenants or other SC Approved Permitted Encumbrances, or suffer, consent to or permit the foregoing, without Lender's prior written consent, which consent may be granted or withheld in Lender's sole and absolute judgment. Borrower shall cause each SC Affiliate to timely comply in all material respects with the terms of all Easements, restrictive covenants and all other SC Approved Permitted Encumbrances.

(b) Borrower shall cause each SC Affiliate to observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, privileges, franchises and concessions that are applicable to the Shopping Centers, the use and occupancy thereof, or the business conducted thereat, and shall timely comply in all material respects with all regulations, rules, ordinances, statutes, orders and decrees of any Governmental Authority or court applicable to it and/or the Shopping Centers or any part thereof.

(c) Borrower shall cause each SC Affiliate to cause the Shopping Centers to be maintained in a good and safe condition and repair and

shall not remove, demolish or materially alter or suffer, consent to or permit to be removed, demolished or materially altered, the SC Improvements except as permitted by this Agreement, without Lender's prior written consent.

4.30 SC Leases.

(a) Except as permitted pursuant to this Section 4.30, Borrower shall not permit or cause any SC Affiliate to enter into, modify, amend, consent to the cancellation or surrender of (except to the extent such cancellation or surrender is by the SC Tenant pursuant to a pre-existing unilateral right under its SC Lease) or terminate any SC Lease whether now existing or hereafter entered into, without the prior written consent of SC Lender, which may be granted or withheld in Lender's sole discretion.

(b) Borrower shall timely cause each SC Affiliate to comply with or cause to be timely complied with all material terms and conditions on the landlord's part to be performed under each SC Lease. Borrower shall cause each SC Affiliate to neither do nor neglect to do, nor permit to be done, anything which may cause the termination of any SC Lease, other than due to the default of the SC Tenant(s) under such SC Lease. Borrower shall cause each SC Affiliate to not collect any rent or other payment under any SC Lease more than one (1) month in advance of the due date thereof (except as disclosed on the Rent Roll) and shall cause each SC Affiliate to use its best efforts to require the performance of all of the obligations of SC Tenants and other Persons bound by the SC Leases and to enforce the SC Leases, subject, however, to the limitation on termination described in this Section 4.30.

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(c) Borrower may cause each SC Affiliate to, without Lender's prior written consent, enter into any SC Lease which will not be a SC Major Lease when such SC Lease comes into effect, provided that each of the following conditions is satisfied: (i) the rent and other material business terms of such SC Lease are on market terms for similarly situated Shopping Centers; (ii) the SC Lease does not provide for the rent to decline at any point during the term of such SC Lease; (iii) such SC Lease does not contain any options to purchase or other rights with respect to the ownership of any Shopping Center; (iv) such SC Lease does not contain any restrictions on the landlord's rights to lease remaining portions of the Shopping Centers, except that such SC Lease may contain options to lease additional space in the Shopping Centers on then existing market terms; (v) such SC Lease does not contain any options for the SC Tenant thereunder to terminate such SC Lease, other than in the event of the applicable SC Affiliate's failure to deliver possession of the applicable premises or a material casualty or condemnation or the applicable SC Affiliate's failure to deliver vacant possession; (vi) such SC Lease does not contain any extraordinary landlord obligations (including obligations which an unaffiliated landlord would have difficulty performing); (vii) such SC Lease is entered into on the standard form of SC Lease which Lender has previously approved, with such non-material changes thereto as a proposed tenant may request and the applicable SC Affiliate is willing to agree to; (viii) such SC Lease is entered into on arms length terms, without consideration of any relationship Borrower, any SC Affiliate or any Affiliate of Borrower or any SC Affiliate may otherwise have with the SC Tenant thereunder or any Affiliate thereof; and (ix) the SC Lease shall contain each of the provisions required by this Section 4.30.

(d) Borrower may permit any SC Affiliate, without Lender's prior written consent, to modify or amend any SC Lease which is not a SC Major Lease, provided that either (i) such modification or amendment is required to be entered into pursuant to the express terms of such SC Lease, or (ii) each of the following conditions is satisfied: (A) such amendment or modification is entered into on an arms-length basis without consideration of any relationship of Borrower or any Affiliate of Borrower or any SC Affiliate with the SC Tenant thereunder or any Affiliate thereof; (B) such SC Lease would not be a SC Major Lease and would, after such amendment or modification, satisfy the conditions set forth in clauses (ii), (iii), (iv), (v), (vi), (vii) and (ix) of Subsection 4.30(c) hereof; (C) such amendment or modification does not release any party from its liability under the SC Lease or reduce the square footage demised thereunder; (D) to the extent that any additional space is demised pursuant to such amendment or modification, with respect thereto, such amendment or modification satisfies this Section 4.30(d); (E) such amendment or modification does not reduce the rent paid under the SC Lease; and (F) such amendment or modification does not otherwise have a material adverse effect on the fair market value of the applicable Shopping Center. Borrower may permit any SC Affiliate, without the prior written consent of Lender, to terminate any SC Lease which is not a SC Major Lease in its good faith exercise of its remedies under such SC Lease, or at law or in equity, by reason of a material monetary default having continued under such SC Lease beyond the expiration of applicable cure periods. Without first obtaining Lender's prior written consent, Borrower shall not permit or cause any SC affiliate to consent to any assignment or subletting of any SC Lease unless the consent of the applicable SC Affiliate may not be withheld under such circumstances under the terms of the applicable SC Lease, except that Borrower may permit or cause any SC Affiliate to, without Lender's prior written consent, consent to any assignment or subletting which does not release the liability of any Person then liable thereunder as tenant, guarantor or otherwise if such assignment or subletting is of a SC Lease which

(e) Each Lease executed by any SC Affiliate after the date hereof shall provide, in a manner satisfactory to Lender, for (i) the SC Tenant thereunder to give a notice to Lender of each material default by the landlord or licensor thereunder, simultaneously with the giving of notice of such default to such landlord or licensor, (ii) Lender to have the right, but not the obligation, to cure any default by the landlord or licensor thereunder after the expiration of the landlord's or licensor's cure period, if any, and (iii) execution and delivery (not more than ten (10) Business Days after a request therefor) of an estoppel certificate reasonably satisfactory to Lender. All actual out of pocket costs and expenses of Lender (including, without limitation, reasonable attorneys' fees and disbursements) in connection with Lender's review of any SC Lease shall be paid by Borrower within five (5) Business Days after request therefor by Lender. Prior to seeking Lender's consent to any SC Lease, Borrower shall deliver to Lender a copy of such SC Lease, blacklined to show the changes from the standard form of SC Lease previously approved by Lender, together with a detailed term sheet setting forth the material terms of such SC Lease.

(f) SC Security Deposits shall not be commingled with any other funds of any SC Affiliate or Borrower and, if cash, shall be deposited at such commercial or savings bank or banks as may be reasonably satisfactory to Lender. Any bond or other instrument which any SC Affiliate or Borrower is permitted to hold in lieu of SC Security Deposits in the form of cash under any applicable legal requirements (i) shall be maintained in full force and effect in the full amount of such deposits unless replaced by cash deposits as herein above described, (ii) shall be issued by an institution reasonably satisfactory to Lender, and (iii) shall in all respects comply with any applicable Legal Requirements and otherwise be satisfactory to Lender. Borrower shall, upon request, provide Lender with evidence satisfactory to Lender of compliance with the foregoing.

4.31 SC ERISA.

(a) In addition to the prohibitions set forth in Section 3.69 hereof, and not in limitation thereof, Borrower shall not permit or cause any SC Affiliate to Transfer its interest or rights in the Shopping Centers, or attempt to do any of the foregoing or suffer any of the foregoing, nor shall any Person owning a direct or indirect interest in any SC Affiliate Transfer any of its rights or interest (direct or indirect) in any SC Affiliate, attempt to do any of the foregoing or suffer any of the foregoing, nor shall any SC Affiliate or any Person owning a direct or indirect interest in any SC Affiliate take, without limitation, any action or fail to take any action, if, in any such case, doing so would (i) cause the Loan or the exercise of any of Lender's rights in connection therewith to constitute a Prohibited Transaction (unless Borrower

furnishes a legal opinion reasonably satisfactory to Lender that the same is exempt from the Prohibited Transaction provisions of ERISA and the Code or otherwise does not constitute a Prohibited Transaction), assuming solely for this purpose that Lender is a Party In Interest or a Disqualified Person with respect to an employee benefit plan, if any, which has directly or indirectly invested in any SC Affiliate, or (ii) otherwise result in Lender being deemed in violation of any applicable provisions of ERISA with respect to the Loan. Borrower shall cause each SC Affiliate to take such steps as are necessary to assure that each of them (and their respective shareholders, partners and members) does not commit any act, or fail to commit any act, the occurrence of which or the failure of which to occur would cause the Loan to be a Prohibited Transaction.

(b) If the provisions of this Section 4.31 are violated, Borrower agrees, at its own cost and expense, to take such steps as Lender shall reasonably request to prevent the occurrence of a Prohibited Transaction or to correct the occurrence of a Prohibited Transaction. Borrower agrees to indemnify, defend and hold the Indemnified Parties free and harmless from and against all loss, costs (including, without limitation, reasonable attorney's fees and expenses), taxes, penalties, damages and expenses any Indemnified Party may suffer by reason of the investigation, defense and settlement of claims based upon a breach of the foregoing provisions. The provisions of Section 4.31 hereof shall apply to such indemnification. The foregoing indemnification shall survive repayment of the Loan.

4.32 SC Agreements with Affiliates. From and after the Effective Date, no SC Affiliate shall enter into any contract, agreement or other arrangement with any Affiliate without Lender's prior written consent.

4.33 Books and Records. Borrower shall cause each SC Affiliate to keep and maintain, or cause to be kept and maintained, at all times at its principal office or the Manager's office, complete, true and accurate books of account and records reflecting the results of its operations. Borrower shall permit and

cause the Manager and SC Affiliate to permit Lender, its agents, consultants and representatives, upon reasonable notice (which may be given orally or in writing) and at reasonable times, to examine and audit such books and records and make copies thereof, at Borrower's expense. Borrower shall cause the Manager, each SC Affiliate and their Affiliates to make all records relating to the Shopping Centers available to Lender and shall cause the Manager to cooperate with any examination, audit or other inquiry (including causing the personnel responsible for the Shopping Centers to be available to respond to inquiries).

4.34 SC Management, Etc.

(a) The Shopping Centers shall at all times be managed in a competent and professional manner appropriate for buildings similar to the Shopping Centers by either Borrower or a prominent professional managing agent approved by Lender (a "SC Manager") pursuant to a management agreement with the SC Manager approved by Lender (the "SC Management Agreement"), such approval not to be unreasonably withheld. Lender hereby approves Brentway Management LLC as the initial SC Manager. Notwithstanding anything to the contrary herein

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contained, any third party managing agent, and the terms and conditions of any management agreement therewith, or any amendment or modification of any management agreement theretofore approved by Lender, shall be subject to Lender's prior approval which may be granted or withheld in Lender's reasonable judgment.

(b) Borrower represents it has delivered to Lender a true, correct and complete copy of the SC Management Agreement for each Shopping Center, which SC Management Agreements are hereby approved by Lender; provided, however, that the terms and conditions of any subsequent SC Management Agreement between SC Manager and any SC Affiliate, or any amendment or modification of any SC Management Agreement between SC Manager and any SC Affiliate, and any compensation of SC Manager with respect to its services performed at or in connection with any Shopping Center (other than an extension of the existing SC Management Agreement for compensation which is no greater, and on terms and conditions no less favorable to the applicable SC Affiliate, than those contained in the existing SC Management Agreement) are subject to approval by Lender in its sole but reasonable discretion.

(c) In the event that there shall have occurred and be continuing an Event of Default, then, upon Lender's request, Borrower shall replace the present SC Manager with a managing agent approved by Lender in its sole discretion.

4.35 SC Financial Statements; Approved Operating Budget, Audit Rights. Until payment in full of the Obligations, Borrower shall cause the following financial statements and information, in form and substance satisfactory to Lender, to be delivered as and when hereinafter provided:

(a) as soon as practicable and in any event within ninety (90) days after the end of each fiscal year of each SC Affiliate, audited statements of financial position (balance sheet) of each SC Affiliate as of the end of each such fiscal year during the Term, detailing all receipts in respect of each Shopping Center, all expenses in respect of each Shopping Center (and, separately delineated, all other recurring and non-recurring expenses in the nature of capital items under GAAP) and retained earnings, changes in financial position and cash flows for such fiscal year, which statements shall be duly certified by the Designated Officer of Borrower to fairly represent the financial condition of each SC Affiliate as of the date thereof, prepared in accordance with GAAP and accompanied by an opinion of the Approved Accountants (which opinion shall be unqualified and shall not contain any statement of emphasis) to the effect that such financial statements present fairly, in all material respects, the financial condition of the applicable SC Affiliate as of the end of the fiscal year being reported on and that the results of the operations and cash flows for such year were prepared and are in conformity with GAAP and that the examination of the Approved Accountants in connection with such financial statements has been conducted in accordance with GAAP and included such tests of the accounting records and such other auditing procedures as the Approved Accountants deemed necessary in the circumstances which statements of financial position shall be incorporated within the consolidated statements of financial position for Guarantor;

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(b) promptly and in any event within forty-five (45) days after the end of each fiscal quarter of each SC Affiliate, an unaudited quarterly statement of financial position (balance sheet) of each SC Affiliate, a statement of profits and losses and a calculation of net cash flows for such quarter, including all receipts in respect of each Shopping Center and all expenses in respect of each Shopping Center, and a schedule of accounts payable as of the end of such fiscal quarter, such quarterly financial statements to be certified by a Designated Officer of Borrower to fairly represent the financial

condition of the applicable SC Affiliate as of the date thereof and to have been prepared and reported on in conformity with GAAP which statements of financial position shall be incorporated within the consolidated statements of financial position for Guarantor;

(c) promptly and in any event within fifteen (15) Business Days after the end of each calendar month (i) a monthly operating statement, prepared on a cash basis, showing all SC Receipts, SC Expenses (and, separately delineated, all other recurring and non-recurring expenses in the nature of capital items under GAAP) and net cash flow for the applicable calendar quarter and year-to-date results and variances from the same month for prior calendar year and from the SC Approved Operating Budget, and such other matters as Lender shall reasonably require and (ii) monthly SC Rent Rolls, (dated as of the last day of the applicable calendar month and identifying all current SC Tenants and the floor and space occupied or leased thereby), the amount of square footage demised under each SC Lease, the current monthly and annual rent payable under each SC Lease, the calculated rent per rentable square foot, the commencement and expiration date of each SC Lease, the SC Security Deposits held pursuant to each SC Lease, a description of any termination or expansion options, rental increase dates and amounts, CPI increases (if applicable), escalation and pass-through expense detail (including base year data), any percentage rent formula (and most recently available SC Tenant sales data if required to be provided by the related SC Tenant) and such other matters as Lender shall reasonable require), which monthly operating statements and SC Rent Rolls shall be certified by a Designated Officer to be true, correct and complete in all material respects;

(d) not later than each December 15 during the Term, a reasonably detailed cash basis operating budget for each Shopping Center covering the calendar year commencing on the following January 1, each of which budgets shall be subject to Lender's approval (each such budget, when so approved, an "SC Approved Operating Budget"). Until Lender shall approve a new budget, the SC Approved Operating Budget from the prior year shall remain in effect. If as of the beginning of any calendar year any operating budget for such year has not been agreed to as provided above, Borrower shall cause the SC Affiliates to operate each Shopping Center in accordance with the SC Approved Operating Budget applicable during the immediately preceding year except (i) to the extent Lender has approved particular SC Expenses in the proposed operating budget, Borrower shall have the right to cause the SC Affiliates to incur and pay such approved SC Expenses, (ii) Borrower shall have the right to cause the SC Affiliates to incur and pay all SC Nondiscretionary Expenses when due, subject to Lender's right to reject SC Nondiscretionary Expenses (other than SC

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Impositions and Insurance Premiums) which exceed by more than five percent (5%) the amount of such SC Nondiscretionary Expense in the SC Approved Operating Budget applicable during the immediately preceding year and (iii) unless specifically approved by Lender, no SC Discretionary Expenses, capital expenditures, tenant allowances, tenant inducement or leasing commissions shall be incurred or paid. The SC Approved Operating Budget for calendar year 2001 is attached hereto as Exhibit O and made a part hereof;

(e) promptly and in any event within fifteen (15) Business Days after the end of each calendar month, a project report setting forth in narrative form the status, with respect to each Shopping Center of (i) all leasing activity, including a listing of all leasing leads and a summary of the material terms proposed, accompanied by copies of all term sheets and responses thereto, (ii) all refinancing and construction loan activity, accompanied by copies of all loan requests and proposals and (iii) all predevelopment and development activities, accompanied by copies of all schematic design drawings and site analyses, plans and specifications and design and construction documentation; and

(f) together with each of the financial statements and information required pursuant to clauses (a) through (e) immediately above, inclusive, a certificate of the Designated Officer of Borrower certifying that Borrower has observed and performed, in all material respects, all of its covenants and other agreements contained in this Agreement and the other Loan Documents, whether there exists any Default or Event of Default and, if there is, specifying the nature and period of existence thereof and the action taken or proposed to be taken with respect thereto.

4.36 SC Maintenance of Non-Taxable Status. Borrower shall cause each SC Affiliate to maintain its status as a company taxable as a partnership for the purposes of Federal, state and local income taxation.

4.37 SC Environmental. Borrower shall cause each SC Affiliate to fully and truly comply with and perform or cause to be complied with and performed each of the SC Environmental Covenants and Indemnities.

4.38 SC Inspections. Borrower shall cause each SC Affiliate to permit Lender and its agents, consultants or representatives, to enter upon the Shopping Centers on reasonable notice (which may be given orally or in writing)

at reasonable times to inspect the SC Improvements. Lender or its agents, consultants or representatives as part of any inspection may take soil, air, water, building material and other samples, subject to the rights of SC Tenants under SC Leases.

4.39 SC Use of Premises; Zoning Change. Borrower shall not permit or cause any SC Affiliate to initiate or acquiesce in a change in the plat of subdivision or zoning classification of the Shopping Centers without Lender's prior written consent, which consent shall not be unreasonably withheld or delayed.

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4.40 SC Required Insurance. Borrower shall at all times cause each SC Affiliate to maintain all SC Required Insurance pursuant to Section 5.8 hereof.

4.41 SC Construction.

(a) All SC Approved Tenant Improvements constituting SC Landlord Work shall be completed pursuant to SC Approved Tenant Improvement Plans and Specifications by SC Approved Tenant Improvement Contractor(s); all SC Approved Base Building Work shall be completed pursuant to SC Approved Base Building Work Plans and Specifications by SC Approved Base Building Work Contractor(s); and all SC Approved Tenant Improvements constituting SC Landlord Work and SC Approved Base Building Work shall be completed in compliance with all applicable Legal Requirements. Borrower shall not permit or cause any SC Affiliate to undertake any capital improvements to any portion of the Shopping Centers which do not constitute SC Approved Tenant Improvements or SC Approved Base Building Work.

(b) In addition to all SC Required Insurance, while performing SC Approved Tenant Improvements constituting SC Landlord Work and SC Approved Base Building Work hereunder, Borrower shall cause the applicable SC Affiliate to provide or cause to be provided workers compensation, builder's risk (if required by Lender) and public liability insurance and other insurance required under applicable law in connection therewith. Certified copies of such policies shall be deposited with Lender. The disbursement of monies from any accounts held by Lender, or other acknowledgment by Lender and/or the Servicer of completion of any SC Approved Tenant Improvements constituting SC Landlord Work or SC Approved Base Building Work in a manner satisfactory to Lender, shall not be deemed a certification by Lender or the Servicer that the same has been completed in accordance with applicable building, zoning or other codes, ordinances, statutes, laws, regulations or Legal Requirements of any Governmental Authority. Borrower shall at all times have the sole responsibility for insuring that the foregoing is completed in accordance with all such Legal Requirements.

4.42 SC Contracts.

(a) Except as permitted in this Section 4.42, Borrower shall not permit or cause any SC Affiliate to enter into, modify, amend, consent to the cancellation or surrender of or terminate any SC Contract, whether now existing or hereafter entered into, without the prior written consent of Lender, which consent shall not be unreasonably withheld.

(b) Borrower shall cause the SC Affiliates to timely comply with or cause to be complied with all material terms and conditions on the applicable SC Affiliate's part to be performed under each SC Approved Contract.

4.43 SC Report Updates.

(a) Lender shall have the right at any time from time to time throughout the Term to order additional engineering reports with respect to the Shopping Centers. Such additional engineering reports shall be paid for by

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Borrower in accordance with Section 6.4 hereof; provided, however, that Borrower shall not be required to pay for such additional engineering reports more frequently than once every year unless (i) an Event of Default has occurred, (ii) any such additional engineering report is required by applicable Legal Requirements to be obtained or (iii) in Lender's sole but good faith judgment, an adverse change in the condition of the Shopping Centers has occurred.

(b) Lender shall not be liable for any action or inaction by Borrower or any SC Affiliate with respect to any repair or replacement recommended in any engineering report, notwithstanding any review or approval of Borrower's or any SC Affiliate's method of repair or replacement, as applicable, or any response by Lender.

4.44 SC Non-Competition. From and after the Closing Date until payment in full of the Obligations, Borrower shall not permit or cause any SC Affiliate to engage in any Competitive Business.

4.45 No SC Sale or Refinancing. Supplementing the provisions of Sections 4.2 and 4.3 hereof, notwithstanding that either such activity may result in the payment in full of the entire Outstanding Principal Balance and other sums and charges, Borrower shall not permit or cause any SC Affiliate to sell or refinance the Shopping Centers without the prior written consent of Lender.

ARTICLE 5
INSURANCE; CASUALTY AND CONDEMNATION

5.1 Insurance; Coverages. Borrower shall at all times prior to payment or satisfaction in full of the Obligations, obtain or cause to be obtained in respect of Borrower and the Premises the following policies of insurance, to the extent applicable in Lender's sole discretion, issued by insurance companies and containing terms satisfactory to Lender in its sole discretion:

5.1.1 comprehensive all risk insurance (including coverage for earthquake subsidence and/or earth movements, if necessary) on the Improvements and the personal property of Borrower (including coverage for earthquake subsidence and/or earth movements, if necessary) or any Affiliate of Borrower located on the Premises (which may be carried on a blanket basis with other properties provided that the coverages and premiums therefor are separately allocated and stated) including contingent liability from "Operation of Building Laws," "Demolition Costs" and "Increased Cost of Construction" endorsements, in each case (a) in an amount equal to 100% of the "Full Replacement Cost" (which for purposes hereof shall mean actual replacement value exclusive of costs of excavations, foundations, underground utilities and footings), as determined by an appraiser or contractor designated and paid by Borrower and reasonably approved by Lender, or by an engineer or appraiser in the regular employ of the insurer, with a waiver of depreciation, (b) containing an "Agreed Amount" endorsement with respect to the Improvements and personal property of Borrower or any Affiliate of Borrower located on the Premises, waiving all co-insurance provisions, (c) providing for no deductible in excess of \$25,000.00 and (d) containing an "Ordinance or Law Coverage" or "Enforcement" endorsement if any of the Improvements or the use of the Premises shall constitute legal non-conforming structures or uses ("Property Insurance");

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5.1.2 commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Premises ("Liability Insurance"), which Liability Insurance may be carried under one or more insurance policies aggregating the minimum combined single limit hereinbelow described and shall (a) be on the so-called "occurrence" form with a combined single limit of not less than \$2,000,000.00 with at least a \$100,000,000.00 "umbrella" policy, (b) continue at not less than the aforesaid limit until required to be changed by Lender in writing by reason of changed economic conditions making such protection inadequate and (c) cover at least the following hazards: (i) premises and operations, (ii) products and completed operations on an "if any" basis, (iii) independent contractors, (iv) blanket contractual liability for all written and oral contracts and (v) contractual liability covering the indemnities contained in the Loan Documents to the extent the same is available at commercially reasonable premium rates;

5.1.3 business income or interruption (loss of rents) insurance ("Business Insurance") determined by Lender based on Lender's reasonable estimate of Borrower's gross income, (a) with loss payable to Lender, (b) covering all risks required to be covered by the Property Insurance, (c) containing an "Extended Period of Indemnity" endorsement which provides that after the physical loss to the Improvements and personal property located on the Premises has been repaired, the continued loss of income will be insured until the expiration of not less than two (2) years from the date of the loss, notwithstanding that the policy may expire prior to the end of such period and (d) in an amount equal to 100% of the projected gross income from the Premises for a period of two (2) years;

5.1.4 flood hazard insurance ("Flood Insurance") for such portions of the Premises as are located in a federally designated "special flood hazard area" and in which flood insurance has been made available under the National Flood Insurance Act of 1968, as amended;

5.1.5 at all times during which any work or construction, repairs or alterations are being made with respect to the Improvements or on the Premises Property Insurance, written on a so-called builder's risk completed value form (a) on a non-reporting basis, (b) against all risks insured against under the Property Insurance, (c) including permission to occupy the subject property, and (d) with an "Agreed Amount" endorsement waiving co-insurance provisions ("Builder's Risk Insurance");

5.1.6 if there shall be any employees of Borrower on the Premises, worker's compensation, subject to the statutory limits of the State of Florida, and employer's liability insurance with a limit of at least \$5,000,000.00 per accident and per disease per employee, and \$5,000,000.00 for disease aggregate in respect of any work or operations on or about the Premises or in connection with the Premises ("Worker's Compensation Insurance");

5.1.7 comprehensive boiler and machinery insurance, if applicable, in amounts as shall be reasonably required by Lender ("Boiler ----- Insurance"); and

5.1.8 such other insurance as Lender may reasonably require from time to time (together with the Property Insurance, the Liability Insurance, the Business Insurance, the Flood Insurance, the Builder's Risk Insurance, the Worker's Compensation Insurance and the Boiler Insurance, as applicable, the "Required Insurance").

5.2 Identification of Lender. Lender's security interest in the Premises shall be identified in the Required Insurance as follows:

(i) The Property Insurance, the Flood Insurance, the Builder's Risk Insurance and the Boiler Insurance shall provide for at least thirty (30) days written notice to Lender in the event of policy cancellation and/or material change and shall identify Lender and Lender's address under the "New York Standard Mortgagee Clause" (noncontributory) endorsement:

SWH Funding Corp., its successors, assigns and participants, as their respective interests may appear, as mortgagee

(ii) The Liability Insurance shall provide for at least thirty (30) days written notice to Lender in the event of policy cancellation and/or material change, and shall name Lender as an additional insured; and

(iii) The Business Insurance shall provide for at least thirty (30) days written notice to Lender in the event of policy cancellation and/or material change and shall contain a Loss Payable endorsement attached to the policy identifying Lender, as follows:

SWH Funding Corp., its successors, assigns and participants, as their respective interests may appear, as mortgagee

(iv) The Worker's Compensation Insurance shall provide for a least thirty (30) days written notice to Lender in the event of policy cancellation and/or material change and Borrower shall produce for Lender evidence of such insurance in the form of an ACORD Certificate of Insurance.

5.3 Approved Insurer; Premiums and Policies. The Required Insurance shall be carried by insurance companies authorized to do business in the State of Florida having a general policy rating of A or better and a financial class of VI or better by A.M. Best Company, Inc. and be acceptable to Lender. Borrower shall pay the premiums for the Required Insurance as the same become due and payable. Not later than thirty (30) days prior to the expiration date of each of the Required Insurance, Borrower shall deliver to Lender or cause to be delivered to Lender a renewal policy or policies (evidences of such renewal policy or policies in Acord 27 Form) for each of the Required Insurance marked "premium paid" or accompanied by other evidence of payment of premium satisfactory to Lender. If at any time Lender is not in receipt of written

evidence that all Required Insurance hereunder is in force and effect, Lender shall have the right to take such action as Lender deems necessary to protect its interest in the Premises, including, without limitation, the obtaining of such insurance coverage as Lender in its sole discretion deems appropriate, and all expenses incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand.

5.4 Waiver of Subrogation. The Required Insurance (except for Worker's Compensation Insurance), as applicable, and all renewals thereof shall contain, in form and substance reasonably acceptable to Lender, a standard "Waiver of Subrogation" endorsement, and an endorsement providing in general that any claim or defense the insurance company may have against Borrower to deny payment of any claim by Borrower thereunder shall not be effective against Lender (and affirmatively providing that the insurance company will pay the proceeds of such Required Insurance to Lender notwithstanding any claim or defense of the insurance company against Lender).

5.5 No Separate Insurance. Borrower 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 Section 5. -----

5.6 Casualty; Proceeds of Required Insurance. Borrower shall give Lender prompt notice of any loss or damage to the Premises, and:

(a) In the case of any loss or damage covered by any Required Insurance, Lender (or, after entry of a decree of foreclosure, the purchaser upon foreclosure or decree creditor, as the case may be) is hereby authorized

(i) if an Event of Default shall have occurred or, if no Event of Default shall have occurred but Borrower fails to settle and adjust any claim within ninety (90) days after such casualty has occurred, to settle and adjust any claim under such Required Insurance without the consent of Borrower, or (ii) if no Event of Default has occurred, to allow Borrower within ninety (90) days after such casualty to settle and adjust such claim with, if any settlement may reasonably be anticipated to result in proceeds in excess of \$50,000.00, the consent of Lender, not to be unreasonably withheld; provided, however, that in either case Lender shall, and is hereby authorized to, collect and receive any such insurance proceeds. The expenses incurred by Lender in the adjustment and collection of such proceeds of Required Insurance shall be additional Obligations, and shall be reimbursed to Lender upon demand or, at Lender's option, in the event and to the extent sufficient proceeds are available, deducted by Lender from such proceeds of Required Insurance prior to any other application thereof. Each insurance company which has issued Required Insurance is hereby authorized and directed to make payment for all losses covered by such Required Insurance to Lender alone, and not to Lender and Borrower jointly. Borrower agrees to execute all documents and make all deliveries required in order to permit adjustment and payment of insurance proceeds as provided above.

(b) Lender shall, in its sole discretion, apply the proceeds of Required Insurance consequent upon any casualty either (i) to reduce the Obligations, in such order or manner as Lender may elect; or (ii) to reimburse Borrower for or to pay the cost of restoring, repairing, replacing or rebuilding

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(collectively, a "Restoration") the loss or damage caused by such casualty, subject to the conditions of, and in accordance with, the provisions of clause (g) immediately below.

(c) Whether or not proceeds of Required Insurance are made available to Borrower or are sufficient for such purposes, Borrower hereby covenants to, promptly after such casualty and at Borrower's sole cost and expense, commence and thereafter diligently proceed to restore the Improvements, to be of at least equal value and of substantially the same character as prior to such loss or damage, if allowed by law, in accordance with all Legal Requirements and plans, specifications and procedures to be first submitted to and approved by Lender, and Borrower shall pay all costs of such Restoration.

(d) Any portion of the proceeds of Required Insurance remaining after payment in full of the Obligations shall be paid to Borrower or as ordered by a court of competent jurisdiction.

(e) In the event of foreclosure of the Mortgage or other transfer or title to the Premises in extinguishment of the Obligations, all right, title and interest of Borrower in and to any Required Insurance (including, without limitation, the right to a refund of insurance premiums and all rights to the proceeds thereof) then in force shall pass to the purchaser of the Premises in foreclosure or the grantee of a deed in lieu of foreclosure, and Borrower hereby appoints Lender its true and lawful attorney-in-fact, coupled with an interest, in Borrower's name, to assign and transfer all such policies and proceeds to such purchaser or grantee.

(f) All proceeds of Business Insurance with respect to damage to the Premises shall be applied by Lender as and when received in accordance with Section 2.3 hereof.

(g) Provided that no Event of Default has occurred and is then continuing, proceeds of Required Insurance that Lender has agreed to apply to Restoration of the Premises in accordance with Section 5.6(b) hereof shall be disbursed from time to time (but not more often than monthly) upon Lender being furnished with (i) evidence reasonably satisfactory to Lender from an independent architect or other Person, in any case, approved by Lender of the estimated cost of completion of the Restoration, (ii) cash sufficient in addition to the proceeds of Required Insurance, to complete and fully pay for the completion of the Restoration, based on the cost estimate referenced in clause (i) immediately above, (iii) a request from Borrower dated not more than twenty (20) Business Days prior to the application for such payment, requesting such payment or reimbursement and setting forth the Restoration work which is the subject of such request, the parties which performed such work, and the actual cost thereof, and certifying that such work and materials are free and clear of Liens other than Approved Permitted Encumbrances, and (iv) such architect's certificates, waivers of lien, contractor's sworn statements, title insurance endorsements, plats of survey and such other evidences of cost, payment and performance as Lender may reasonably require and approve. Lender may, in all events, require that all plans and specifications for any such Restoration be submitted to and approved by Lender (such approval not to be unreasonably withheld or delayed) and that all required Permits be obtained prior to commencement of Restoration work. Except as provided below, any cash

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provided in accordance with clause (ii) immediately above shall be applied as if such cash were proceeds of Required Insurance. No payment made prior to the final completion of the Restoration shall exceed ninety percent (90%) of the value of the Restoration work performed or materials delivered, as applicable, from time to time, as such value shall be determined by Lender in its reasonable judgment. Funds other than proceeds of Required Insurance shall be disbursed prior to disbursement of such proceeds, except as may otherwise be provided herein; and at all times the undisbursed balance of such proceeds, together with cash furnished to Lender in accordance with clause (ii) immediately above to pay the cost of completion of the Restoration, shall be at least sufficient in the reasonable judgment of Lender to pay the entire unpaid cost of the completion of the Restoration, free and clear of all Liens or claims for Lien. In addition to all other conditions contained in this Section 5.6(g), final payment of all proceeds of Required Insurance remaining with Lender shall be made upon receipt by Lender of a certification by an independent architect approved by Lender as to the completion of the Restoration substantially in accordance with the submitted plans and specifications, and the filing of a notice of completion (if such filing is required by applicable Legal Requirements). Any surplus which may remain out of proceeds of Required Insurance (or cash provided pursuant to clause (ii) immediately above) held by Lender after payment of such costs of Restoration shall be applied by Lender to reduce the Obligations. If there shall have occurred an Event of Default while Lender is holding funds for Restoration (including for these purposes any cash deposited pursuant to clause (ii) immediately above), Lender may at its sole option apply such funds against the Obligations in such order or manner as Lender may elect. If the cost of Restoration of the loss or damage from any casualty is estimated to exceed \$500,000.00, Borrower shall pay, from time to time, within five (5) Business Days after demand therefor, the fees and expenses of any consultant hired by Lender to review the progress of the Restoration and inspect the work of Restoration, which consultant's approval shall be required for any disbursement to be made. Lender shall not be obligated to see to the proper application of funds disbursed to Borrower pursuant hereto, whether pursuant to the above conditions or upon waiver thereof.

5.7 Condemnation and Eminent Domain.

(a) Any and all awards (the "Awards") heretofore or hereafter made or to be made by any Governmental Authority for the taking by condemnation or eminent domain, of all or any part of the Premises (including any award from the United States government at any time after the allowance of a claim thereof), or the proceeds from a transfer in lieu of such condemnation or eminent domain are hereby assigned by Borrower to Lender, which Awards Lender hereby authorized to collect and receive from the condemnation authorities. Lender is hereby authorized to give appropriate receipts and acquaintances therefor and Borrower hereby appoints Lender Borrower's attorney-in-fact, coupled with an interest, to collect such Awards. Borrower shall give Lender prompt notice of the actual or threatened commencement of any condemnation or eminent domain proceedings affecting all or any part of the Premises and shall deliver to Lender copies of any and all papers served in connection with any such proceedings. Borrower further agrees to make, execute and deliver to

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Lender, at any time upon request, free, clear and discharged of any encumbrance of any kind whatsoever, any and all further assignments and other instruments deemed reasonably necessary by Lender for the purpose of validly and sufficiently assigning all Awards and other compensation heretofore and hereafter made to Borrower upon any taking, either permanent or temporary, under any such proceeding and all proceeds paid from a sale in lieu of such taking, and to facilitate Lender's collection and receipt of the same. If notwithstanding the foregoing provisions any Award or other compensation described above is nonetheless paid to Borrower, Borrower shall hold such monies in trust for the benefit of Lender and shall immediately pay the same to Lender. The expenses incurred by Lender in the collection and administration of any Award (or any other compensation or proceeds described above), including, without limitation, reasonable attorneys' fees and disbursements, shall be additional Obligations, and shall be reimbursed to Lender upon demand or, at Lender's option, in the event and to the extent sufficient proceeds are available, shall be deducted by Lender from said proceeds prior to any other application hereof. Borrower may not settle or compromise any claim for or right to receive any Award (or related compensation) or its rights under any proceeding with respect thereto without the prior written consent of Lender. Notwithstanding any taking (including, without limitation, any transfer made in lieu of such taking), Borrower shall continue to pay the Loan with interest thereon at the time and in the manner provided for in the Note and the other Loan Documents and the Obligations shall not be reduced by reason of such taking (or transfer in lieu thereof) unless and until any Award (or related compensation) shall have been actually received and applied by Lender to such Obligations and then only to such extent. Borrower shall not be limited to any interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rates set forth herein and in the Note.

(b) In the event of any partial taking of the Premises or any interest in the Premises (or transfer in lieu thereof) which in the reasonable

judgment of Lender leaves the Premises (after taking into account any Restoration to be performed) as an architectural and economic unit of the same character and not materially less valuable than the same was prior to the taking, provided no Event of Default shall have occurred, and (i) in Lender's reasonable judgment the cost of Restoration of the Premises is less than \$100,000.00 and (ii) such Restoration can be completed in less than ninety (90) Business Days but, in no event, beyond the Maturity Date, then the Award and other compensation paid in connection therewith (after deducting Lender's reasonable fees as provided in Section 5.7(a) hereof) shall be applied to reimburse Borrower for the cost of Restoration of the Premises and Borrower shall effect such Restoration of the Premises and such Award and other compensation paid in connection therewith (after deducting Lender's reasonable fees as provided in Section 5.7(a) hereof) shall be disbursed in the same manner, and subject to the same limitations, as provided in Section 5.6(g) hereof for the application of proceeds of Required Insurance; provided, however, that any surplus after payment of such cost of Restoration shall, at the election of Lender, be applied against the Obligations, in such order and manner as Lender shall elect. In the event of any taking (or transfer in lieu thereof), other than a taking (or transfer in lieu thereof) under which the Award (or other compensation) is required to be applied to Restoration as provided in the immediately preceding sentence, then, any Award (and related compensation) shall be applied, at Lender's election in its sole discretion either (A) to the cost of Restoration as provided in the immediately preceding sentence or (B) against the Obligations in such order or manner as Lender shall elect.

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5.8 SC Insurance; SC Casualty and Condemnation. Subject to compliance with the express provisions of the SC Loan Documents, each and every provision of Sections 5.1 through 5.7, inclusive, shall be equally applicable to the SC Affiliates and the Shopping Centers and is hereby incorporated into this Section 5.8, mutatis mutandis, as if such provisions were set forth in this Section 5.8 at length. By way of example, if Borrower is required to obtain any particular insurance with respect to the Premises, then each SC Owner shall also be required to obtain such insurance with respect to the related Shopping Center.

ARTICLE 6 EVENTS OF DEFAULT

6.1 Events of Default. The term "Default" shall mean any one or more of the events set forth below prior to the expiration of the applicable notice or grace period, if any. The term "Event of Default" shall mean any one or more of the events set forth below after the expiration of the applicable notice or grace period, if any.

6.1.1 Non-Payment. Failure by Borrower to pay (a) any periodic installment of interest or principal or any other regularly scheduled payment within seven (7) days after the same shall become due and payable hereunder or under any other Loan Document, (b) the Outstanding Principal Balance of the Note, together with all interest accrued thereon, the Exit Fee, all Late Charges, the Equity Fee and all other sums which may then be owed by Borrower to Lender, on the Maturity Date or upon prepayment of the Note in full or (c) any other amounts to be paid by Borrower hereunder or under any other Loan Document, including, without limitation, the First Mandatory Prepayment and the Second Mandatory Prepayment, within ten (10) days from the date on which Lender gives Borrower written notice of such failure.

6.1.2 Affirmative Covenants. Failure by Borrower or any other Person to duly keep, perform and observe any Affirmative Covenant or agreement in this Agreement, the Note, the Mortgage or in any other Loan Document (unless the same constitutes a Default under any other subsection of this Section 6.1 or any other Loan Document, in which case the grace or cure period, if any set forth in such other subsection shall govern) within thirty (30) days of Lender's notice thereof; provided, however, that in the event such failure is curable but not reasonably susceptible of cure within such thirty (30) days, and Borrower commences the cure thereof within such thirty (30) days, Borrower's failure to effect such cure within such thirty (30) days shall not constitute an Event of Default if Borrower diligently prosecutes such cure to completion within sixty (60) days of Lender's notice of such failure, but in no event beyond the Maturity Date.

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6.1.3 Negative Covenants. If Borrower or any other Person shall breach or otherwise not comply with any Negative Covenant set forth herein or in any other Loan Document (unless the same constitutes a Default under any other subsection of this Section 6.1 or any other Loan Document, in which case, the grace or cure period, if any, set forth in such other subsection shall govern) and such Default shall continue for five (5) days after written notice thereof by Lender to Borrower, provided that no such notice and grace shall be required with respect to a knowing, intentional and willful breach of a Negative Covenant.

6.1.4 Financial Statements. If any material inaccuracy shall exist in any of the Financial Statements, the SC Financial Statements or in any other

financial statement or other information furnished by Borrower or any Designated Officer or any other Person on behalf of Borrower, any SC Affiliate or any other Significant Party to Lender pursuant to the provisions of this Agreement or any other Loan Document or to induce Lender to make the Loan or any advance thereunder or to consent to any matter hereunder or under any other Loan Document.

6.1.5 Representations. If, at any time, any representation, warranty or certification made by Borrower or any other Significant Party, as applicable, in this Agreement, the Note or any other Loan Document, or in any document delivered pursuant to any Loan Document, or otherwise delivered in connection with the Loan, shall be untrue, incorrect or misleading in any material respect when made.

6.1.6 Other Loan Documents. If an "Event of Default" (or any other term(s) of similar import) shall occur under the Mortgage or under any other Loan Document (or under any document evidencing or securing or delivered in connection with any loan (other than the Loan) which Lender may hereafter elect to make to Borrower) or any other default (or term(s) of similar import) shall occur and continue beyond the applicable notice or grace period, if any, under or with respect to any Loan Document (or under or with respect to any of the documents evidencing or securing any such other loan).

6.1.7 Demolition or Alterations. Except as otherwise permitted or contemplated herein or in the other Loan Documents, the commencement of demolition of or material alterations to the Premises or the Shopping Centers without the prior written consent of Lender, which consent may be granted or withheld by Lender in Lender's sole and absolute discretion.

6.1.8 Failure to Deliver Estoppel Certificate. If Borrower shall fail to deliver any estoppel certificate required by Section 4.12 hereof within the time period provided therein.

6.1.9 Cessation. If Borrower, any SC Affiliate or Guarantor ceases to exist.

6.1.10 Transfer. If there shall occur a Transfer or other event prohibited under Section 4.2(a) hereof which is not a Permitted Transfer.

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6.1.11 Liens. If, in violation of Section 4.3 hereof, all or any part of the Premises, the Shopping Centers and/or the other Collateral or any part thereof is mortgaged, pledged or hypothecated or any other Lien is placed thereon.

6.1.12 Involuntary Bankruptcy, Etc. The entry by a court of (a) a decree or order for relief in respect of any SC Affiliate or any Significant Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or (b) a decree or order adjudging any SC Affiliate or any Significant Party a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of any SC Affiliate or any Significant Party under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of any SC Affiliate or any Significant Party or of any substantial part of the property of any SC Affiliate or any Significant Party, or ordering the winding up or liquidation of the affairs of any Significant Party, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of sixty (60) days.

6.1.13 Voluntary Bankruptcy, Etc. (a) The commencement by any SC Affiliate or any Significant Party 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, (b) the consent by any SC Affiliate or any Significant Party (i) to the entry of a decree or order for relief in respect of Borrower, such SC Affiliate or such Significant Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or (ii) to the commencement of any bankruptcy or insolvency case or proceeding against Borrower, such SC Affiliate or such other Significant Party, (c) the filing by any SC Affiliate or any Significant Party of a petition or answer or consent seeking reorganization or relief under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, (d) the consent by any SC Affiliate or any Significant Party 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 any SC Affiliate or any Significant Party, or of any substantial part of any property of any SC Affiliate or any Significant Party, (e) the making by any SC Affiliate or any Significant Party of an assignment for the benefit of creditors or (f) the admission by any SC Affiliate or any Significant Party in writing of its inability to pay its debts generally as they become due.

6.1.14 Judgments. If, at any time, a judgment shall be rendered

against any SC Affiliate or a Significant Party which, in Lender's good faith determination, could adversely affect the ability of any SC Affiliate or any Significant Party to perform any of its obligations, if any, under this Agreement, the Note, any other Loan Document or any SC Loan Document.

6.1.15 Leasing Breach. Except as otherwise expressly permitted under Section 4.6 hereof, if any Lease shall be entered into, amended, modified, cancelled or terminated without the prior written consent of Lender. Except as

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otherwise expressly permitted under Section 3.61 hereof, if any SC Lease shall be entered into, amended, modified, cancelled or terminated without the prior written consent of Lender.

6.1.16 Organizational Documents. If at any time any Organizational Document of Borrower, any SC Affiliate or Guarantor is modified in any material respect without Lender's prior written consent.

6.1.17 Delivery of Financial Statements; Annual Operating Budget. If Borrower or Guarantor shall fail to deliver to Lender any Financial Statement, any SC Financial Statement or other report required by Sections 4.14 or 4.43 hereof within the time period provided therein and shall fail to cure such default within ten (10) days after notice from Lender.

6.1.18 ERISA. If there shall occur a breach of any of the provisions of Sections 4.31 or 4.8 hereof.

6.1.19 Termination of Management Agreement, Etc. If, without Lender's prior written consent, (a) the Manager or any SC Manager resigns or is removed or the Management Agreement or any SC Management Agreement terminates unless, in the case of a Management Agreement or any SC Management Agreement with an entity which is not an Affiliate of Borrower, such Management Agreement or such SC Management Agreement is replaced within ten (10) Business Days after notice of such resignation, removal or termination with a replacement Management Agreement and Manager or a replacement SC Management Agreement and SC Manager, as applicable, satisfying the provisions of Sections 4.13 or 4.34, as applicable, hereof, (b) there is any material change in the Management Agreement or any SC Management Agreement without Lender's prior written consent or (c) with respect to any Manager or any SC Manager which is an Affiliate of Borrower, the ownership, management or control of such Manager or such SC Manager is transferred to a Person which is not an Affiliate of Borrower.

6.1.20 Other Conditions for Acceleration. If there shall occur any condition set forth herein, in the Note, in the Mortgage or in any other Loan Document permitting Lender to accelerate the Loan.

6.1.21 Misapplication of Receipts. If Borrower shall (a) apply any monies delivered to Borrower pursuant to Section 8 of the Cash Management Agreement (or the Disbursement Instructions effectuating the same) other than to pay amounts permitted to be paid with such funds pursuant to the provisions of Section 8 of the Cash Management Agreement, and such breach shall continue for two (2) Business Days following written notice thereof; provided, however, that no such notice and grace shall be required with respect to an intentional breach of such provision; or (b) fail to pay to Lender any amounts required to be paid to Lender pursuant to Section 8(c) of the Cash Management Agreement at the time such payment is to be made to Lender thereunder.

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6.1.22 Prohibited Assignment. If Borrower attempts to delegate its obligations or assign its rights under this Agreement or any of the other Loan Documents, or any interest herein or therein.

6.1.23 Holdings Agreement. If Borrower shall be in default of or violate any of its obligation under the Holdings Agreement.

6.2 Rights upon Event of Default. Upon the occurrence and during the continuance of any Event of Default, Lender shall, in addition to all other remedies conferred upon Lender at law or in equity or by the terms of the Note, the Mortgage and the other Loan Documents, have the right, but not the obligation, to pursue any one or more of the following remedies, concurrently or successively, it being the intent hereof that all such remedies shall be cumulative and that no such remedy shall be to the exclusion of any other:

(a) take any action which, in Lender's sole judgment, is necessary or appropriate to effect observance and performance of the covenants, agreements and obligations (under this Agreement and the other Loan Documents) of Borrower or any other Person providing Collateral pursuant to, or obligated to perform any of the terms and provisions of, this Agreement or the other Loan Documents (each, an "Obligated Party");

(b) take any action which, in Lender's sole judgment, is necessary or appropriate to effect observance and performance of the covenants, agreements and obligations under this Agreement and the other Loan Documents;

(c) declare the Note to be immediately due and payable; provided, however, that upon the occurrence of any event specified in Section 6.1.12 or Section 6.1.13 hereof, the Note shall automatically become immediately due and payable, both as to principal and all interest and other amounts due thereunder, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, notwithstanding anything contained herein or in the Note to the contrary;

(d) use and apply any and all monies deposited in or credited to, as the case may be, the Clearing Account, the Cash Collateral Account (or any Mortgage Subaccount established thereunder) or any other monies deposited by Borrower with Lender, regardless of the purpose for which the same were deposited, to cure any Default or Event of Default, or to apply such monies on account of any Obligations in such manner or order of priority as Lender may determine in its sole and absolute discretion, or to operate the Premises, or for any other purposes described herein or in any other Loan Document;

(e) take such actions as Lender shall deem necessary to realize upon any or all of the Collateral, including, without limitation, the institution of foreclosure actions and/or Uniform Commercial Code sales;

(f) institute one or more actions, suits or proceedings at law or in equity for the specific performance of any covenant, condition or agreement contained herein or in the Mortgage, the Note or any other Loan Document or for the enforcement of any other appropriate legal or equitable remedy; and/or

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(g) setoff against the obligations to Lender of Borrower or any other Obligated Party, any sum owed by Lender or any Affiliate of Lender in any capacity to Borrower or such other Obligated Party, or any property of any of them in the possession of Lender or any Affiliate of Lender.

6.3 Waiver of Stay, Extension and Moratorium Laws, Appraisal and Valuation, Redemption and Marshalling.

(a) Borrower shall not at any time insist upon, or plead, or in any manner whatsoever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of any Collateral, or any part of any thereof, wherever enacted, which may affect the covenants and terms of performance of the Loan Documents, nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of any of the Collateral, or any part of any thereof, prior to any sale or sales thereof which may be made pursuant to any provision of any Loan Document, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor, after any such sale or sales, claim or exercise any right under any statute to redeem the property so sold, or any part thereof, and Borrower hereby expressly waives all benefit or advantage of any such law or laws, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Lender, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. Borrower, for itself and all who may claim thereunder, waive, to the extent that each lawfully may, all right to have any of the Premises marshaled upon any foreclosure.

(b) In the event that any bankruptcy or insolvency proceeding under any federal, state or local law is filed by or against Borrower, or its assignees or designees at any time prior to payment in full of the Obligations, Lender shall, to the extent permitted by law, be absolutely and unconditionally entitled to relief from any automatic stay imposed with respect to Borrower or its assignees or designees and/or the Premises by the filing of such bankruptcy or insolvency proceeding, including, without limitation, the stay imposed pursuant to Section 362(a) of the Bankruptcy Code, 11 U.S.C. ss. 362(a), effective as of any such filing, without further action by Lender or order of any court, and Lender shall be authorized to exercise all of its rights and remedies with respect to the Premises, including, but not limited to, commencing one or more foreclosure actions, seeking the appointment of a receiver therein and selling the Premises therein, and Borrower hereby irrevocably consents to the foregoing. Without limiting the previous sentence, Borrower hereby irrevocably consents to, shall not oppose or contest, and shall not request or cause any creditors' committee or any party in interest to oppose or contest, any application for relief from the automatic stay or for "adequate protection," as that term is defined in the Bankruptcy Code, which may be filed by Lender in any future bankruptcy or insolvency proceeding with respect to Borrower and/or the Premises. No other action, inaction or agreement by Lender in any future bankruptcy or insolvency proceeding shall be deemed to be a waiver of the rights given to Lender hereby.

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6.4 Preferences; Revival. Lender shall have no obligation to marshal any assets in favor of Borrower or any other Person or against or in payment of the Loan. To the extent Borrower, or any of them, makes a payment to Lender, which payment or the proceeds or any part thereof are subsequently invalidated, declared to be fraudulent, preferential or avoidable, set aside or required to be repaid to a trustee, receiver or any other party having requisite authority under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligation hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received.

ARTICLE 7
GENERAL PROVISIONS

7.1 Rights Cumulative; Waivers.

(a) Each right, power and remedy herein conferred upon Lender herein or in any of the other Loan Documents is cumulative and in addition to every other right, power or remedy, express or implied, now or hereafter provided by law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised, concurrently or independently, from time to time as often and in such order as may be deemed expedient to Lender. The exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of Lender in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any Default or acquiescence therein. No act of Lender shall be construed as an election to proceed under any provision herein or in any other Loan Document to the exclusion of any other provision herein. Except as otherwise specifically required herein, notice of the exercise of any right, remedy or power granted to Lender by this Agreement or any other Loan Document is not required to be given. Lender shall be entitled to enforce payment of the Loan and any other amount payable under the Loan Documents, and performance of this Agreement and the other Loan Documents, and to exercise all rights and remedies under this Agreement or the other Loan Documents or otherwise at law or in equity, notwithstanding that some or all of the indebtedness secured thereby may now or hereafter be otherwise secured, whether by mortgage, security agreement, pledge, lien, assignment or otherwise. Neither the acceptance of this Agreement nor its enforcement shall prejudice or in any manner affect Lender's right to realize upon or enforce any other security now or hereafter held by Lender, it being agreed that Lender shall be entitled to enforce this Agreement, the Mortgage, and any other security now or hereafter held by Lender hereunder, under any of the other Loan Documents or otherwise, in such order and manner as Lender may determine in its absolute discretion.

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(b) Lender may, by written notice to Borrower, at any time and from time to time, waive in whole or in part, absolutely or conditionally, any Default or Event of Default hereunder. Any such waiver shall be subject to such conditions or limitations as shall be specified in any such notice. In the case of any such waiver, the rights of Borrower shall be otherwise unaffected, and any Default or Event of Default so waived shall be deemed to be cured and not continuing only to the extent, and only on the conditions or limitations, set forth in such waiver, but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right, remedy or power consequent thereupon.

7.2 Lender's Action for its Own Protection Only. The authority herein conferred upon Lender, and any action taken by Lender, to inspect the Premises, to review and/or approve all documents and instruments submitted to Lender, or otherwise, will be exercised and taken by Lender and by Lender's employees, agents, consultants and representatives for their own protection only and may not be relied upon by Borrower or any other Person for any purposes whatsoever; and neither Lender nor Lender's employees, agents, consultants and representatives shall be deemed to have assumed any responsibility to Borrower or any other Person with respect to any such action herein or under any of the other Loan Documents authorized to be taken by Lender or Lender's employees, agents and representatives. Any review, investigation or inspection conducted by Lender, any architect, engineer or other consultant retained by Lender, or any agent or representative of Lender, in order to verify independently Borrower's satisfaction of the covenants, agreements and obligations thereof under this Agreement or under any of the other Loan Documents, or the validity of any representations and warranties made by Borrower or any other Person (regardless of whether or not the Person conducting such review, investigation or inspection should have discovered that any of such conditions precedent were not satisfied or that any such covenants, agreements or obligations were not performed or that any such representations or warranties were not true) shall not affect (or constitute, except as may specifically be provided in this Agreement or in the other Loan Documents to the contrary, a waiver by Lender of) (a) any representations and warranties under this Agreement or the other Loan Documents or Lender's reliance thereon or (b) Lender's reliance upon any certifications of Borrower or any other Person in connection with the Loan, or any other facts, information or reports furnished to Lender by Borrower or any other party in

connection with the Loan. Lender neither undertakes nor assumes any responsibility or duty to Borrower to select, review, inspect, supervise, pass judgment upon or inform Borrower of any matter in connection with the Premises, and Borrower shall rely entirely upon its own judgment with respect to such matters, and any review, inspection, supervision, exercise of judgment or supply of information to Borrower by Lender in connection with such matters is for the protection of Lender only and neither Borrower nor any other Person is entitled to rely thereon.

7.3 No Third Party Beneficiaries. All conditions to the obligations of Lender hereunder and under the other Loan Documents are imposed solely and exclusively for the benefit of Lender and its Assignees and Participants, if any, and its or their successors and assigns, and no other Person (other than Servicer) shall have standing to require satisfaction of such conditions in

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accordance with their terms, or be entitled to assume that Lender will refuse to advance proceeds of the Loan or refuse to agree or consent to any matter in the absence of compliance with any or all thereof, and no other Person (other than Servicer) shall, under any circumstances, be deemed to be the beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender at any time if, in its sole discretion, it deems it advisable to do so, it being further understood that Lender and its Assignees and Participants, if any, and its or their successors and assigns shall have no obligation to assure that the Approved Tenant Improvements, Approved Base Building Work or any other work required or contemplated hereby or by the other Loan Documents are properly and/or timely completed.

7.4 Payment of Expenses, etc.

7.4.1 Payment of Expenses. Borrower shall, on the Effective Date and at all times thereafter, pay all costs and fees incurred by Lender in connection with the preparation, negotiation, consummation, execution, administration, repayment, collection and enforcement of the Loan, the Loan Documents and any approval, consent, amendment, modification or waiver related thereto. Without limiting the generality of the foregoing, Borrower shall pay:

(a) Lender's Counsel Fees in connection with the foregoing;

(b) all taxes and recording fees and expenses, including, without limitation, stamp and/or mortgage taxes and transfer taxes, if any;

(c) all fees and out-of-pocket expenses incurred by Lender, including all expenses of Lender and its respective agents and representatives, in connection with any Default hereunder, under the Note or under any other Loan Document or the collection or enforcement thereof;

(d) all fees and expenses of any environmental, engineering, appraisal, construction, insurance or other consultants retained by Lender in connection with the Loan or the administration, enforcement or collection thereof; and

(e) all brokers' fees and commissions in connection with the Loan, the Premises and any Lease or purchase agreement in respect of the Premises.

Without limiting the generality of the foregoing, to the extent that Lender, after the Effective Date, deems it necessary to employ counsel and/or any other consultant for any purpose in connection with the Loan or Lender's interest in the Premises, including, without limitation, all future amendments, supplements, notices, recordings, approvals, consents and waivers with respect to the Loan Documents (or any proposal by Borrower therefor), whether or not consummated, the adjustment and collection of any and all proceeds of Required Insurance, or obtaining any and all Awards, the reasonable fees and disbursements of such counsel and/or consultants shall be paid by Borrower. All such fees and expenses shall be paid by Borrower within ten (10) days after demand is made by Lender therefor. Borrower hereby indemnifies, defends and

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holds Lender harmless from and against any loss, cost (including, without limitation, reasonable attorneys' fees and disbursements) or damage whatsoever incurred by Lender as a result of Borrower's failure to pay any cost or expense contemplated hereby. The provisions of this Section 7.4.1 are not intended to limit any other obligation of Borrower to pay fees and expenses of Lender or other Persons contained herein or in any other Loan Document.

7.4.2 Advances Secured. All costs and expenses incurred and payments made by Lender under this Agreement or any of the other Loan Documents from time to time, which are to be paid or reimbursed by Borrower as described herein or in any of the other Loan Documents shall, as and when advanced or incurred by Lender, constitute protective advances evidenced by the Note and

secured by the Mortgage and the other Loan Documents to the same extent and with the same effect as if the terms and provisions of this Agreement were set forth therein, whether or not the Outstanding Principal Balance of the applicable Loan plus such protective advances shall exceed the Loan Amount. If Borrower shall fail to reimburse or pay to Lender the amount of such protective advances by the applicable due date therefor, interest at the Default Rate shall accrue on such protective advances from the date such protective advances were made by Lender to and including the date that such protective advances are reimbursed or paid to Lender in full, together with all such accrued interest thereon.

7.5 Indemnification.

(a) In addition to any other indemnifications provided herein or in the other Loan Documents, Borrower shall protect, defend, indemnify and save harmless the Indemnified Parties from and against all liabilities, obligations, claims, demands, damages, penalties, causes of action, losses, fines, costs, expenses (including, without limitation, reasonable attorneys' fees and disbursements) imposed upon or incurred by or asserted against any Indemnified Party (other than by reason of such Indemnified Party's gross negligence or willful misconduct, as determined to have occurred pursuant to the final nonappealable decision of a court of competent jurisdiction) by reason of (i) ownership or holding of the Mortgage, this Agreement, the other Loan Documents, the Premises, any Shopping Center or any interest therein or any other Collateral, including any funds deposited with Lender, (ii) receipt and application of any Receipts or SC Receipts or an Indemnified Party's payment or non-payment of costs and expenses of operating the Premises or each Shopping Center, (iii) any accident, injury to or death of Persons or loss of or damage to property occurring on or about the Premises, any Shopping Center or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways, (iv) any design, construction, alteration, operation, maintenance, use, nonuse or condition of the Premises, any Shopping Center or any part thereof or on adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways, (v) any failure on the part of Borrower or any other Significant Party to perform or comply with any of the terms of this Agreement or any other Loan Document, (vi) performance of any labor or services or the furnishing of any materials or other property in respect of the Premises, any Shopping Center or any part thereof, (vii) any failure of the Premises or any Shopping Center to comply with any Legal Requirements, (viii) the presence in, at or under the Premises or any Shopping

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Center of any Hazardous Substances, or any release or discharge on or from the Premises of any Hazardous Substances, (ix) any representation or warranty made in the Note, the Mortgage, this Agreement or any of the other Loan Documents being false or misleading in any material respect as of the date such representation or warranty was made, (x) except to the extent any such claims are made solely as a result of any dealings between Lender and any broker, finder or similar person claiming to be entitled to a commission in connection with the Loan, and with whom Borrower has had no dealings with in connection with the Loan, any claim by brokers, finders or similar Persons claiming to be entitled to a commission in connection with any Lease, any SC Lease or other action involving the Premises, any Shopping Center or any part thereof, (xi) the claims of any lessee of any portion of the Premises or any Shopping Center or any person acting through or out of any lessee or otherwise arising out of or as a consequence of any Lease or any SC Lease, (xii) any claim that the relationship of Lender and Borrower is other than that of lender and borrower, or (xiii) the execution and delivery of this Agreement, the Mortgage and the other Loan Documents, the transactions contemplated hereby or thereby and the performance of the parties hereto of their respective obligations hereunder or thereunder. Any amounts payable to any Indemnified Party by reason of the application of this Section 7.5 shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by any Indemnified Party until paid. The obligations and liabilities of Borrower under this Section 7.5 shall survive any termination, satisfaction, or assignment of this Agreement and the exercise by Lender of any of its rights or remedies hereunder, including, without limitation, the acquisition of the Premises by foreclosure or a conveyance in lieu of foreclosure, or otherwise.

(b) In case any claim, action or proceeding (a "Claim") is brought against any Indemnified Party in respect of which indemnification may be sought by such Indemnified Party pursuant to this Section 7.5, such Indemnified Party shall give notice thereof to Borrower; provided, however, that the failure of such Indemnified Party to so notify Borrower shall not limit or affect such Indemnified Party's rights to be indemnified pursuant to this Section 7.5, except to the extent such delay shall materially and adversely prejudice Borrower's defense of such Claim. Upon receipt of such notice of Claim, Borrower shall, at its sole cost and expense, diligently defend any such Claim with counsel reasonably satisfactory to such Indemnified Party, which counsel may, without limiting the rights of Indemnified Party pursuant to the next succeeding sentence, also represent Borrower in such Claim. In the alternative, the Indemnified Parties may elect to conduct their own defense through counsel of their own choosing, and at the expense of Borrower, if (i) the Indemnified Parties reasonably determine that the conduct of its defense by Borrower

presents a conflict or potential conflict between Borrower and Lender that would make separate representation advisable or otherwise could be prejudicial to its interests, (ii) Borrower refuses to defend or (iii) Borrower shall have failed, in Lender's reasonable judgment, to diligently defend the Claim. Borrower may settle any Claim against Indemnified Parties without such Indemnified Parties' consent, provided that (A) such settlement is without any liability, cost or expense whatsoever to such Indemnified Parties, (B) the settlement does not include or require any admission of liability or culpability by such Indemnified

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Parties under any Legal Requirement, whether criminal or civil in nature, and (C) Borrower obtains an effective written release of liability for such Indemnified Parties from the party to the Claim with whom such settlement is being made, which release must be reasonably acceptable to such Indemnified Parties, and a dismissal with prejudice with respect to all claims made by the party with whom such settlement is being made, with respect to any pending legal action against such Indemnified Parties in connection with such Claim. If the Indemnified Parties are conducting their own defense as provided above, Borrower shall be responsible for any good faith settlement of such Claim entered into by such Indemnified Parties, and such Indemnified Parties shall not be required to obtain the Borrower's consent to any such settlement. Indemnified Parties shall endeavor to keep Borrower reasonably informed as to the status of any Claim and any settlement discussions related thereto; provided, however, the failure to keep Borrower so informed shall not limit or otherwise affect Borrower's liability or the Indemnified Parties' rights hereunder. Nothing contained herein shall be construed as requiring any Indemnified Parties to expend funds or incur costs to defend any Claim in connection with the matters for which such Indemnified Parties are entitled to indemnification pursuant to this Section 7.5.

7.6 Notices. All notices, reports, demands and other communications permitted or required to be given or furnished hereunder ("Notices") shall be in writing and shall be given: (a) by hand delivery; (b) by deposit in the United States mail as first class certified mail, return receipt requested, postage paid; (c) by overnight nationwide commercial courier service; or (d) by facsimile transmission with a confirmation copy to be delivered by duplicate notice in accordance with any of clauses (a) through (c) immediately above, inclusive, in each case, to the Person intended to receive the same at the following address(es):

Lender:

SWH Funding Corp.
Two University Plaza
Hackensack, New Jersey 07601
Attention: Sanford S. Herrick
Facsimile: (201) 343-1523

with a copy to:

Solomon and Weinberg LLP
685 Third Avenue
New York, New York 10017
Attention: Howard R. Shapiro, Esq.
Facsimile: (212) 605-0999

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Borrower:

Cedar Income Fund Partnership, L.P.
c/o Cedar Bay Realty Advisors, Inc.
44 South Bayles Avenue, Suite 304
Port Washington, New York 11050
Attention: Brenda J. Walker
Facsimile: (516) 767-6497

with a copy to:

Cedar Bay Realty Advisors, Inc.
44 South Bayles Avenue, Suite 304
Port Washington, New York 11050
Attention: Stuart H. Widowski, Esq.
Facsimile: (516) 767-6497

Any Person may change the address to which any such Notice is to be delivered by furnishing ten (10) Business Days written notice of such change to the other parties in accordance with the provisions of this Section 7.6. Notices shall be deemed to have been given on the date they are actually received; provided, however, that the inability to deliver Notices because of a changed address of which no Notice was given, or rejection or refusal to accept any

Notice offered for delivery shall be deemed to be receipt of the Notice as of the date of such inability to deliver or rejection or refusal to accept delivery. Notice for either party may be given by its respective counsel.

7.7 No Oral Modification. In order to protect Lender from allegations in connection with the transactions contemplated by this Agreement that some loan officer or administrator of Lender made an oral modification of the Loan or a statement which was interpreted as an extension or modification or amendment of one or more of the Loan Documents, and that Borrower relied to its detriment thereon, Borrower acknowledges that this Agreement, the Mortgage, the Note and the other Loan Documents can be extended, modified or amended only in writing executed by Lender and Borrower and that none of the rights or benefits of Lender can be waived permanently except in a written document executed by Lender. Borrower further acknowledges its understanding that no officer, administrator or agent of Lender has the power or the authority from Lender to orally extend, modify or amend the Loan on any Loan Document on behalf of Lender.

7.8 Assignment by Lender; Participations.

7.8.1 Assignment and Participations. Lender may on or after the Effective Date sell and assign all or any portion of the Loan, to or with one or more Persons as may be selected by Lender in its sole and absolute discretion and on terms and conditions satisfactory to Lender in its sole and absolute discretion ("Assignees"), and/or pledge, hypothecate or encumber all or any portion of the Loan to one or more Persons as may be selected by Lender in its sole and absolute discretion and on terms satisfactory to Lender in its sole and absolute discretion, and/or sell one or more participation interests in the Loan to one or more Persons as may be selected by Lender in its sole and absolute discretion and on terms satisfactory to Lender in its sole and absolute discretion ("Participants"). Borrower and all other Persons associated or

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connected with the Loan or the Premises shall cooperate in all reasonable respects with Lender in connection with the sale of participation interests in, or the pledge, hypothecation or encumbrance or sale of all or any portion of, the Loan, and shall, in connection therewith, execute and deliver such estoppels, certificates, instruments and documents as may be reasonably requested by Lender. Borrower grants to Lender the right to distribute financial and other information concerning Borrower, any other Significant Party, the Premises, the other Collateral and all other pertinent information with respect to the Loan to any Person who has purchased a participation interest in the Loan, or who has purchased the Loan, or who has made a loan to Lender secured by the Loan or who has expressed an interest in purchasing a participation interest in the Loan, or expressed an interest in purchasing the Loan or the making of a loan to Lender secured by the Loan. If requested by Lender, Borrower shall execute and deliver, and shall cause each other Person associated or connected with the Loan or the Premises or the other Collateral to execute and deliver, at no cost or expense to Borrower, such documents and instruments as may be necessary to split the Loan into two or more loans evidenced by separate sets of notes and secured by separate sets of other related Loan Documents to the full extent required by Lender to facilitate the sale of participation interests in the Loan or the sale of the Loan or the making of a loan to Lender secured by the Loan, it being agreed that (a) any such splitting of the Loan will not adversely affect or diminish the rights of Borrower as presently set forth herein and in the other Loan Documents and will not increase the respective obligations and liabilities of Borrower or any other Person associated or connected with the Loan or the Collateral, (b) the Loan Documents securing the Loan as so split will have such priority of lien as may be specified by Lender and (c) the retained interest of Lender in the Loan as so split, if any, shall be allocated to or among one or more of such separate loans in a manner specified by Lender in its sole and absolute discretion.

7.8.2 Assignment and Acceptance. From and after the effective date of any assignment to an Assignee, (a) such Assignee shall be a party hereto and to each of the other Loan Documents to the extent of the applicable percentage or percentages assigned to such Assignee and, except as otherwise specified herein, shall succeed to the rights and obligations of Lender hereunder in respect of such applicable percentage or percentages and (b) Lender shall relinquish its rights and be released from its obligations hereunder and under the Loan Documents to the extent of such applicable percentage or percentages. The liabilities of Lender and each of the other Assignees shall be separate and not joint and several. Neither Lender nor any Assignee shall be responsible for the obligations of any other Assignee.

7.8.3 Other Business. Lender, each Assignee and each Participant and their respective Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, Borrower, any Affiliate of Borrower, and any Person who may do business with or own interests in or securities of Borrower or any such Affiliate, without any duty to account therefor.

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7.8.4 Privity of Contract. This Agreement is being entered into by Lender individually and as agent for all present and future Assignees, and privity of contract is hereby created among Lender and all present and future Assignees, on the one hand, and Borrower, on the other hand.

7.9 Severability. In the event that any of the covenants, agreements, terms or provisions contained in the Note, this Agreement, the Mortgage or in any other Loan Document shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein or in the Note, the Mortgage, or in any other Loan Document shall be in no way affected, prejudiced or disbursed thereby.

7.10 No Assignment by Borrower. Borrower shall not assign or transfer any of its rights hereunder without the prior written consent of Lender which may be granted or withheld in Lender's sole discretion. Any assignment made without Lender's prior written consent shall be void.

7.11 Governing Law. This Agreement and the other Loan Documents shall be governed by and construed and enforced in accordance with the laws of the State of New York from time to time in effect, (a) without giving effect to the State of New York's principles of conflicts of law except that it is the intent and purpose of Lender and Borrower that Section 5-1401 of the General Obligations Law of the State of New York shall apply to this Agreement and the other Loan Documents and (b) except to the extent of the procedural and substantive matters relating only to the creation, perfection or foreclosure of liens and enforcement of rights and remedies against the Premises or any other Collateral, or any part thereof, and the establishment of and defense in an action for a deficiency, which matters shall be governed by the laws of the State in which the Premises or such other Collateral, as applicable, is located.

7.12 Successors and/or Assigns. Subject to the restrictions on transfer and assignment contained in this Agreement and the other Loan Documents, whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and/or assigns of such party, and this Agreement shall inure to the benefit of and shall be binding on the parties hereto and the successors and/or assigns of such party.

7.13 Entire Contract. This Agreement and the other Loan Documents, including all annexes, schedules and exhibits hereto and thereto, and all other documents furnished to Lender in connection with this Agreement, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and thereof and shall supersede and take the place of any other instruments purporting to be an agreement of the parties hereto relating to the transactions contemplated hereby, including, without limitation, any term sheet, letter of intent or loan commitment letter.

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7.14 Liability. If Borrower hereunder is more than one Person, the obligations and liabilities of Borrower hereunder and under the other Loan Documents shall be joint and several.

7.15 Counterparts; Headings. This Agreement may be executed in counterparts, each of which shall constitute an original, and which, when taken together, shall constitute but one instrument. The captions and headings of the various sections of this Agreement are for purposes of reference only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and the masculine, feminine and neuter shall be freely interchangeable.

7.16 Time of the Essence. Time is of the essence as to Borrower's obligations under this Agreement and the other Loan Documents.

7.17 Consents.

7.17.1 No Subsequent Consent. Any consent or approval by Lender in any single instance shall not be deemed or construed to be Lender's consent or approval in any like matter arising at a subsequent date. Any consent or approval requested of and granted by Lender pursuant hereto or to any of the other Loan Documents shall be narrowly construed to be applicable only to Borrower and the matter identified in such consent or approval and no third party shall claim any benefit by reason thereof. Wherever this Agreement, the Mortgage or any other Loan Document refers to the consent or approval of Lender, or provides that any document or Person will be satisfactory or acceptable to Lender or words of similar import, (a) such consent or approval may be given or withheld by Lender, and such document or Person must be satisfactory or acceptable to Lender, in its sole and absolute discretion, unless otherwise expressly provided herein or therein, and (b) such consent or approval shall not be effective unless given in writing. Wherever this Agreement, the Mortgage or any other Loan Document refers to the provision of documents or other items being as Lender may require, provides for the selection by Lender of any Person to provide reports or other items hereunder or thereunder or for the selection by Lender of any means of determining any matter, or otherwise refers to terms

and conditions hereof being as Lender deems appropriate, any such requirement, selection or determination of appropriateness shall be made by Lender in its sole and absolute discretion, unless expressly provided otherwise herein or therein. The foregoing provisions are intended to be effective whether or not the applicable provision hereof or of any other Loan Document specifies that the applicable consent, approval or other matter is to be determined by Lender in its "sole and absolute discretion" or words of similar import.

7.17.2 Withholding of Consent. Wherever in this Agreement, the Mortgage or any other Loan Document, reference is made to any consent or approval not being "unreasonably withheld" or words of similar import, the same shall be deemed to include within its meaning (unless expressly provided otherwise) that if such consent or approval is to be granted, the same will occur within a commercially reasonable period of time. If Borrower believes that Lender has improperly failed to grant its consent or approval (or otherwise

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improperly failed to act as requested by Borrower as described in Section 7.17.1 hereof (e.g., determined that a document is not acceptable to Lender) hereunder or under the Mortgage or any other Loan Document (including, without limitation, by failing to respond within a commercially reasonable period of time) where such consent or approval is required to be given by (or such action which was not taken is in breach of) the terms of this Agreement or such other Loan Document, Borrower's sole remedy shall be to obtain declaratory relief in a final, non-appealable judgment determining such withholding to have been improper, whereupon such consent or approval shall be deemed given (or such other action described in Section 7.17.1 hereof shall be deemed taken), and Borrower hereby waives all claims for damages or set-off resulting from any withholding of consent or approval (or failure to take any other action described in Section 7.17.1 hereof) by Lender.

7.18 No Partnership. Nothing contained in this Agreement or the other Loan Documents shall be deemed to create an equity investment on the part of Lender or a joint venture or partnership between Lender and Borrower, it being the intent of the parties hereto that only the relationship of lender and borrower shall exist with respect to the Premises. Borrower agrees that it shall report this transaction for income tax purposes, and file all related tax returns, in a manner consistent with the form of this transaction as a loan.

7.19 WAIVER OF JURY TRIAL. BORROWER HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND UNCONDITIONALLY WAIVES IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT, THE MORTGAGE OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OF BORROWER, ANY OTHER SIGNIFICANT PARTY OR LENDER RELATING TO THE LOAN, AND THE LENDING RELATIONSHIP WHICH IS THE SUBJECT OF THIS AGREEMENT ANY AND EVERY RIGHT BORROWER MAY HAVE TO (I) A TRIAL BY JURY, (II) INTERPOSE ANY COUNTERCLAIM THEREIN (EXCEPT FOR ANY COMPULSORY COUNTERCLAIM WHICH, IF NOT ASSERTED IN SUCH SUIT, ACTION OR PROCEEDING, WOULD BE WAIVED) AND (III) HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER ENTERING INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

7.20 Construction of Provisions. The following rules of construction shall be applicable for all purposes of this Agreement and all documents or instruments supplemental hereto, unless the context otherwise requires:

(a) All references herein to numbered Articles or Sections or to lettered Exhibits are references to the Articles and Sections hereof and the Exhibits attached to this Agreement, unless expressly otherwise designated in context.

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(b) The terms "include," "including" and similar terms shall be construed as if followed by the phrase "without limitation."

(c) The terms "Premises," "Shopping Center" and "Collateral" shall be construed as if followed by the phrase "or any part thereof."

(d) The term "Obligations" or "obligations" shall be construed as if followed by the phrase "or any other sums secured hereby or by the other Loan Documents, or any part thereof."

(e) Words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

(f) The term "provisions," when used with respect hereto or to any other document or instrument, shall be construed as if preceded by the phrase "terms, covenants, agreements, requirements, conditions and/or."

(g) All Article, Section and Exhibit captions herein are used for convenience of reference only and in no way define, limit or describe the

scope or intent of, or in any way affect, this Mortgage.

(h) No inference in favor of, or against, any party shall be drawn from the fact that such party has drafted any portion hereof.

(i) The cover page of, and all recitals set forth in, and all Exhibits to, this Agreement are hereby incorporated in this Agreement.

(j) All obligations of Borrower hereunder shall be performed and satisfied by or on behalf of Borrower at Borrower's sole cost and expense.

7.21 Limitation on Liability. In no event shall Lender be liable to Borrower or any Related Party for consequential or other damages, whatever the nature of a breach by Lender of its obligations under this Agreement or any of the other Loan Documents and Borrower for itself and all Related Parties hereby waives all claims for consequential or other damages.

7.22 Jurisdiction, Venue, Service of Process. ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT, THE NOTE, THE MORTGAGE OR ANY OTHER LOAN DOCUMENT SHALL BE TRIED AND LITIGATED, AT LENDER'S OPTION, IN STATE OR FEDERAL COURTS LOCATED IN THE STATE OF NEW YORK, EXCEPT AS OTHERWISE REQUIRED PURSUANT TO THE MORTGAGE AND UNLESS SUCH ACTIONS OR PROCEEDINGS ARE REQUIRED TO BE BROUGHT IN ANOTHER COURT TO OBTAIN SUBJECT MATTER JURISDICTION OVER THE MATTER IN CONTROVERSY. BORROWER WAIVES ANY RIGHT IT MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS, TO ASSERT THAT IT IS NOT SUBJECT TO THE JURISDICTION OF SUCH COURTS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE HERewith. IN ANY ACTION AGAINST BORROWER, SERVICE OF PROCESS MAY BE MADE THEREUPON BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT

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REQUESTED, TO THE ADDRESS(ES) ABOVE SET FORTH, WHICH SERVICE SHALL BE DEEMED SUFFICIENT FOR PERSONAL JURISDICTION AND SHALL BE DEEMED EFFECTIVE SEVEN (7) BUSINESS DAYS AFTER MAILING. NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST BORROWER IN ANY OTHER JURISDICTION.

7.23 Rule of Construction. This Agreement and the other Loan Documents shall not be construed more strictly against a party solely because this Agreement or such Loan Documents may have been prepared by counsel for such party, it being agreed that each of Lender and Borrower have contributed substantially and materially to the preparation of this Agreement and the other Loan Documents.

7.24 Further Assurances.

(a) Borrower shall, at its sole cost and expense, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, conveyances, notes, mortgages, assignments, security agreements, financing statements and assurances as Lender shall from time to time reasonably require or reasonably deem advisable (i) to effectuate the intent and purposes of this Agreement and the other Loan Documents, (ii) for the better assuring, conveying, mortgaging, assigning and confirming unto Lender of all property and rights mortgaged, granted, bargained, alienated, confirmed, pledged, hypothecated, conveyed or assigned by this Agreement or any of the other Loan Documents or which Borrower may be or may hereafter become bound to convey or assign to Lender, (iii) for the perfection of any such lien or security interest granted herein or in the other Loan Documents and (iv) for the better assuring and confirming of all of Lender's rights, powers and remedies hereunder. Borrower, on demand, shall execute and deliver, and hereby authorizes Lender to execute in the name of Borrower or without the signature of Borrower to the extent Lender may lawfully do so, one or more financing statements, chattel mortgages or other instruments to evidence more effectively the security interest of Lender in the Premises and the Collateral.

(b) Borrower forthwith upon the execution and delivery of this Agreement and thereafter, from time to time, shall cause the Mortgage and any security instrument creating a Lien or security interest or evidencing the lien of the Mortgage and the other applicable Loan Documents upon the Premises or other property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future Legal Requirement in order to publish notice of and fully to protect the Lien or security interest of, and the priority of, the Mortgage and the other Loan Documents upon, and the interest of Lender in, the Premises or other applicable property. Borrower will pay all filing, registration or recording

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fees, and all expenses incident to the foregoing and all taxes, duties, assessments and charges of any Governmental Authority arising out of or in connection with the execution and delivery of the Mortgage, any other security instrument, any instrument of further assurance or any other Loan Document. Upon

Lender's request, Borrower shall, from time to time, furnish Lender with evidence reasonably satisfactory to Lender that such property is free of Liens and security interests (except as permitted hereunder), including, without limitation, searches of applicable public records.

(c) Upon any failure by Borrower, to do so, Lender may make, execute, record, file, re-record or refile any and all such mortgages, instruments, certificates and documents for and in the name of Borrower, and Borrower hereby irrevocably appoints (which appointment is coupled with an interest and with full power of substitution) Lender the agent and attorney-in-fact of Borrower to do so, and Borrower shall reimburse Lender, on demand, for all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Lender in connection therewith. Upon foreclosure, the appointment of a receiver or any other relevant action, Borrower shall, at the cost of Borrower and without expense to Lender, cooperate fully and completely to effect the assignment or transfer of any Permit, agreement or any other right necessary or useful to the operation of the Premises and shall deliver to Lender all books and records relating to the Premises.

7.25 Recitals. The Recitals set forth at the beginning of this Agreement are hereby incorporated into the substantive provisions of this Agreement.

7.26 Effect of Environmental Representations and Covenants and Indemnities. The Environmental Representations and the Environmental Covenants and Indemnities are continuing representations, warranties, covenants and indemnities for the benefit of Lender and any successors and assigns of Lender, including, without limitation, any purchaser at a foreclosure sale, any transferee of the title of Lender or any other purchaser at a foreclosure sale, and any subsequent owner of the Premises, and shall survive the termination of this Agreement, or the satisfaction or release of the Mortgage, any foreclosure of the Mortgage and/or any acquisition of title to the Premises or any part thereof by Lender, or anyone claiming by, through or under Lender, by deed in lieu of foreclosure or otherwise.

7.27 Impositions and Insurance Escrow. In order to assure the payment of Impositions and premiums with respect to all Required Insurance ("Insurance Premiums") as and when the same shall become due and payable, the following provisions shall apply:

7.27.1 Impositions and Insurance Deposits. On the Effective Date, Borrower shall deposit \$118,296.00 with Lender or Servicer to be held by and pledged to Lender as additional Collateral for the Loan (the "Impositions and Insurance Escrow Account"). Borrower hereby pledges, transfers and assigns to Lender, and grants to Lender, as additional security for the Obligations, a continuing perfected first priority security interest in and to and a lien upon the Impositions and Insurance Escrow Account and all amounts which may from time to time be a deposit therein. On each Payment Date, Borrower shall pay to

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Lender, in immediately available funds for deposit into the Impositions and Insurance Escrow Account, an amount equal to one-twelfth (1/12) of the product of (a) one hundred ten percent (110%) and (b) the Impositions and Insurance Premiums to become due during the period commencing on the first day of the first month following such Payment Date and ending twelve (12) months following such first day. In all cases there must be paid hereunder, to be deposited and held in the Impositions and Insurance Escrow Account, an amount sufficient to pay one hundred ten percent (110%) of such Impositions and Insurance Premiums one month prior to the date when they are due and payable. The amounts of all of the foregoing deposits with respect to Impositions and Insurance Premiums (together with all interest accruing thereon from time to time, collectively, the "Impositions and Insurance Deposits") shall be determined by Lender based on actual invoices, or if such invoices are not available, based on one hundred and ten percent (110%) of the cost of the prior year's Impositions and Insurance Premiums. Borrower shall promptly, upon the demand of Lender, make additional Impositions and Insurance Deposits as Lender may from time to time require due to (a) the failure of Borrower to make Impositions and Insurance Deposits in previous months, (b) the underestimation of the amounts of Impositions and/or Insurance Premiums, (c) the particular due dates and amounts of Impositions and/or Insurance Premiums or (d) the application of the Impositions and Insurance Deposits pursuant to this Agreement. All Impositions and Insurance Deposits shall be held by Lender or Servicer in the Impositions and Insurance Escrow Account and invested and applied as provided in the Cash Management Agreement.

7.27.2 Payment of Impositions and Insurance Premiums. Provided that no Event of Default has then occurred and is continuing, Lender will, out of the funds in the Impositions and Insurance Escrow Account (provided such funds are sufficient for such purpose), upon the presentation to Lender by Borrower of the bills therefor, pay the Impositions and Insurance Premiums or will, upon the presentation of official receipted bills therefor, reimburse Borrower for such payments made by Borrower. If the total funds on deposit in the Impositions and Insurance Escrow Account shall not be sufficient to pay all of the Impositions

and Insurance Premiums when the same shall become due, then Borrower shall pay to Lender on demand the amount necessary to make up the deficiency. Lender shall be entitled, without request of Borrower, but, prior to an Event of Default upon two (2) Business Days notice to Borrower, to apply any funds in the Impositions and Insurance Escrow Account to the payment of any Impositions (other than any Impositions which Borrower has notified Lender that Borrower is contesting) and Insurance Premiums which have become due and have not yet been paid. Borrower and Lender acknowledge and agree that Borrower shall not be in default hereunder or under the other Loan Documents for failure to pay Impositions or Insurance Premiums, if such failure arises by reason of Lender's failure to comply with its agreement contained in this Section 7.27.2.

7.27.3 Application upon Event of Default. Upon the occurrence and during the continuance of an Event of Default, Lender may, at its option, without being required to do so, apply any Impositions and Insurance Deposits on hand to pay Impositions or Insurance Premiums or to pay principal, interest and other amounts payable to Lender hereunder or under the other Loan Documents, all

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in such order and manner as Lender, in its sole discretion, may elect. When the principal and interest under the Note and all prepayment premiums, if any, in connection therewith and all other Obligations have been fully and properly paid, any remaining Impositions and Insurance Deposits shall be returned to Borrower or such other Person as may be lawfully entitled thereto.

7.27.4 Reliance. Lender shall be absolutely entitled to rely on any statements of any Governmental Authority with respect to Impositions and any statement of Borrower's insurance carrier or its agent with respect to Insurance Premiums.

7.27.5 No Third Party Beneficiary. No provision of this Agreement, the Mortgage or any other Loan Document shall be construed as creating in any party other than Borrower and Lender (and Servicer), any rights in and to the Impositions and Insurance Deposits or any rights to have the Impositions and Insurance Deposits applied to payment of Impositions and Insurance Premiums. Lender shall have no obligation or duty to any third party to collect or apply Impositions and Insurance Deposits.

7.28 Interest Reserve Escrow. In order to assure the payment of Basic Interest as and when the same shall become due and payable, the following provisions shall apply:

7.28.1 Interest Reserve Deposits. On the Effective Date, Borrower shall deposit \$152,083.33 with Lender or Servicer to be held by and pledged to Lender as additional Collateral for the Loan (the "Interest Reserve Escrow Account"). Borrower hereby pledges, transfers and assigns to Lender, and grants to Lender, as additional security for the Obligations, a continuing perfected first priority security interest in and to and a lien upon the Interest Reserve Escrow Account and all amounts which may from time to time be a deposit therein. In all cases there must be paid hereunder to be deposited and held in the Interest Reserve Escrow Account, an amount sufficient to pay a portion of the Basic Interest due on each of the first twelve (12) Payment Dates in an amount equal to one-twelfth (1/12) of two and one-half percent (2.5%) of the Loan Amount. (The amounts of all of the foregoing deposits with respect to Basic Interest, together with all interest accruing thereon from time to time, collectively, the "Interest Reserve Deposits"). Borrower shall promptly, upon the demand of Lender, make additional Interest Reserve Deposits as Lender may from time to time require due to (a) the failure of Borrower to make Interest Reserve Deposits in previous months, (b) the underestimation of the amounts of Basic Interest, or (c) the application of the Interest Reserve Deposits pursuant to this Agreement. All Interest Reserve Deposits shall be held by Lender or Servicer in the Interest Reserve Escrow Account and invested and applied as provided in the Cash Management Agreement.

7.28.2 Payment of Basic Interest. Provided that no Event of Default has then occurred and is continuing, Lender shall, out of the funds in the Interest Reserve Escrow Account (provided such funds are sufficient for such purpose), pay on each Payment Date Basic Interest or a portion thereof as follows: (a) from and after the first (1st) Payment Date through and including the twelfth (12th) Payment Date, an amount equal to one-twelfth (1/12) of two and one-half percent (2.5%) of the Outstanding Principal Balance as of the applicable Payment Date; (b) from and after the thirteenth (13th) Payment Date through and including the Initial Maturity Date, nothing; (c) during the First

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Extension Period, nothing, and (d) during the Second Extension Period, nothing. Notwithstanding anything to the contrary contained herein, to the extent that there are any funds remaining in the Interest Reserve Escrow Account after the twelfth (12th) Payment Date but prior to the first (1st) day of the First Extension Period, such funds may be used by Lender, in Lender's sole and absolute discretion, to make additional payments of principal. If the total

funds on deposit in the Interest Reserve Escrow Account shall not be sufficient to pay all of the Basic Interest when the same shall become due, then Borrower shall pay to Lender on demand the amount necessary to make up the deficiency. Borrower agrees and acknowledges that neither the insufficiency of the amount of, nor the unavailability of, the Interest Reserve Deposits is intended to, and shall therefore not, constitute a limitation on the obligation of Borrower to pay Basic Interest under this Agreement; provided, however, so long as no Event of Default exists, Borrower shall not be in default hereunder or under the other Loan Documents for failure to pay Basic Interest or the portion thereof that Lender was supposed to pay pursuant to this Section 7.28.2, if such failure arises by reason of Lender's failure to comply with its agreement contained in this Section 7.28.2. Interest earned on the Interest Reserve shall be for the benefit of Lender. Interest earned shall be taxable to Borrower. Lender shall have no liability with respect to the payment of interest or the rate earned upon the funds held in the Interest Reserve.

7.28.3 Application upon Event of Default. Upon the occurrence and during the continuance of an Event of Default, Lender may, at its option, without being required to do so, apply any Interest Reserve Deposits on hand to pay principal, interest and other amounts payable to Lender hereunder or under the other Loan Documents, all in such order and manner as Lender, in its sole discretion, may elect. When the principal and interest under the Note and the Exit Fee, the Equity Fee and all other Obligations have been fully and properly paid, any remaining Interest Reserve Deposits shall be returned to Borrower or such other Person as may be lawfully entitled thereto.

7.29 Environmental Reserve Escrow. In order to assure the remediation of certain environmental matters (the "Environmental Work") as described in the Environmental Report, the following provisions shall apply:

7.29.1 Environmental Reserve Deposits. On the Effective Date, Borrower shall deposit \$6,000.00 (the "Environmental Reserve Deposit") with Lender or Servicer to be held by and pledged to Lender as additional Collateral for the Loan (the "Environmental Reserve Escrow Account"). Borrower hereby pledges, transfers and assigns to Lender, and grants to Lender, as additional security for the Obligations, a continuing perfected first priority security interest in and to and a lien upon the Environmental Reserve Escrow Account and all amounts which may from time to time be a deposit therein. Borrower shall promptly, upon the demand of Lender, make additional Environmental Reserve Deposits as Lender may from time to time reasonably require. All Environmental Reserve Deposits shall be held by Lender or Servicer in the Environmental Reserve Escrow Account and invested and applied as provided in the Cash Management Agreement.

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7.29.2 Reimbursement . Provided that no Event of Default has then occurred and is continuing, Lender shall upon completion of the Environmental Work to Lender's satisfaction, out of the funds in the Environmental Reserve Escrow Account (provided such funds are sufficient for such purpose), disburse to Borrower the funds in the Environmental Reserve Escrow Account. Borrower agrees and acknowledges that neither the insufficiency of the amount of, nor the unavailability of, the Environmental Reserve Deposits is intended to, and shall therefore not, constitute a limitation on the obligation of Borrower to complete the Environmental Work. Interest earned on the Environmental Reserve Deposits shall be for the benefit of Lender. Lender shall have no liability with respect to the payment of interest or the rate earned upon the funds held in the Environmental Reserve Escrow Account.

7.29.3 Application upon Event of Default. Upon the occurrence and during the continuance of an Event of Default, Lender may, at its option, without being required to do so, apply any Interest Reserve Deposits on hand to pay principal, interest and other amounts payable to Lender hereunder or under the other Loan Documents, all in such order and manner as Lender, in its sole discretion, may elect. When the principal and interest under the Note and the Exit Fee, the Equity Fee and all other Obligations have been fully and properly paid, any remaining Interest Reserve Deposits shall be returned to Borrower or such other Person as may be lawfully entitled thereto.

7.30 Delivery of Lender Statement. Lender shall, not more than one (1) time during the Term, within ten (10) Business Days after written request from Borrower, furnish to Borrower or such other party (or parties as may be requested by Borrower) a non-binding written statement setting forth only the Outstanding Principal Balance of and accrued and unpaid interest due on the Loan and stating the date through which interest has been paid, it being understood and agreed that such written statement shall be provided by Lender for informational purposes only and not be relied upon by Borrower or such other party (or parties) as having any estoppel effect on Lender (and such statement may contain a provision to such effect).

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

LENDER:

SWH FUNDING CORP.,
a New Jersey corporation

By:

Name: Sanford S. Herrick
Title:

BORROWER:

CEDAR INCOME FUND PARTNERSHIP, L.P.,
a Delaware limited partnership

By: Cedar Income Fund, Ltd.,
a Maryland corporation,
General Partner

By:

Name:
Title:

ACKNOWLEDGMENTS

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

On the ___ day of October in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared [_____] , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public (SEAL)

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

On the ___ day of October in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared [_____] , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument, and that such individual made such appearance before the undersigned in the
-----.

ACKNOWLEDGMENTS

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

On the ___ day of October in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared [_____] , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public (SEAL)

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

On the ___ day of October in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared [_____] , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument, and that such individual made such appearance before the undersigned in the
-----.

Notary Public (SEAL)

This Instrument Was Prepared By and |
After Recording Should Be |
Returned To: |

Solomon and Weinberg LLP |
685 Third Avenue |
30th Floor |
New York, New York 10017 |
Attention: Howard R. Shapiro, Esq. |

| SPACE ABOVE THIS LINE FOR RECORDER'S USE

This instrument is a Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement of both real and personal property, including fixtures. The fixtures or goods that are or are to become fixtures will be situated on interests in the real property described in Exhibit A. This instrument is to be filed of record in the records where mortgages on interests in real estate are recorded. In addition, this instrument is to be appropriately indexed, not only as a mortgage, but also as a financing statement covering goods that are or are to become fixtures on the real property described herein.

This instrument contains after-acquired property provisions and secures obligations containing provisions for changes in interest rates. The name and address of the Mortgagor (debtor) and Mortgagee (secured party) hereunder are set forth in Section 10.4 hereof.

CEDAR INCOME FUND PARTNERSHIP, L.P.,
Mortgagor

TO

SWH FUNDING CORP.,
Mortgagee

Premises: Southpoint Parkway Center
City: Jacksonville
County: Duval
State: Florida

MORTGAGE, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FINANCING STATEMENT

THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT (as the same may be amended, modified, extended, supplemented, renewed, restated or replaced from time to time, this "Mortgage"), dated as of October __, 2001, by CEDAR INCOME FUND PARTNERSHIP, L.P., a Delaware limited partnership, having an office at c/o Cedar Bay Realty Advisors, Inc., 44 South Bayles Avenue, Suite 304, Port Washington, New York 11050, as mortgagor ("Mortgagor"), to SWH FUNDING CORP., a New Jersey corporation, having an office at Two University Plaza, Hackensack, New Jersey 07601 (together with its successors, assigns and/or participants ("Mortgagee")).

W I T N E S S E T H:

WHEREAS, Mortgagor is the owner and holder of a fee title to (a) the Land (as hereinafter defined) commonly known as Southpoint Parkway Center and located in Duval County, Florida, as more particularly described in Exhibit A attached hereto and made a part hereof and (b) any and all Improvements (as hereinafter defined) situated on the Land; and

WHEREAS, pursuant to that certain Loan Agreement, as of even date herewith, between Mortgagee, as lender, and Mortgagor, as borrower (as the same may be amended, modified, extended, supplemented, renewed, restated or replaced

from time to time, the "Loan Agreement"; all capitalized terms used herein, but not otherwise defined herein, shall have the respective meanings ascribed thereto in the Loan Agreement), Mortgagee has made or is about to make a certain loan (the "Loan") to Mortgagor, in an original principal amount of SIX MILLION AND 00/XX DOLLARS (\$6,000,000.00), which Loan is evidenced by that certain Promissory Note, of even date herewith, made by Mortgagor to the order of Mortgagee in the principal amount of the Loan (as the same may be amended, modified, extended, supplemented, renewed, restated, replaced, split or severed from time to time, the "Note"); and

WHEREAS, in order to secure the obligations and liabilities of Mortgagor under the Note and any and all other documents evidencing and/or securing the Loan, Mortgagor has agreed to execute this Mortgage covering the Premises (as hereinafter defined) to Mortgagee.

NOW, THEREFORE, Mortgagor does hereby agree as follows:

To secure the punctual payment by Mortgagor of the Mortgagor's obligations including, without limitation, Basic Interest, interest at the Default Rate, if applicable, and the Exit Fee, under the Note, the Loan Agreement, this Mortgage and all other documents and instruments evidencing and/or securing the Loan and all documents and instruments executed and/or delivered in connection therewith, and all substitutions for and replacements

thereof (collectively, the "Loan Documents"), when due, whether at stated maturity, by acceleration or otherwise, and the performance and observance of all other covenants, obligations and liabilities of the Mortgagor, Pledgor, Guarantor or any other indemnitor under the Loan Documents (collectively, the "Obligations"), Mortgagor does hereby grant, bargain, sell, mortgage, warrant, convey, alien, remise, release, assign, transfer, grant a security interest in, set over, deliver, confirm and convey unto Mortgagee, upon the terms and conditions of this Mortgage, with power of sale and right of entry as provided hereinbelow, each and all of the Land and Improvements, and further grants to Mortgagee, a first priority security interest in and to all other property described in Granting Clauses First through Eighteenth below (all of such property, collectively, the "Premises").

GRANTING CLAUSES

All the estate, right, title and interest of Mortgagor in, to and under, or derived from:

GRANTING CLAUSE FIRST

Land

All those certain lot(s), piece(s) or parcel(s) of land more particularly described in Exhibit A attached hereto and incorporated herein by this reference, as the description of the same may be amended or supplemented from time to time, and all the reversions or remainders in and to said land and the tenements, hereditaments, easements (including, without limitation, pipeline easements), rights-of-way or use, rights (including, without limitation, alley, drainage, crop, timber and cutting, agricultural, horticultural, mineral, water, oil and gas and pipeline rights), privileges, royalties and appurtenances to said land, now or hereafter belonging or in anywise appertaining thereto, including any such right, title, interest in, to or under any agreement or right granting, conveying or creating, for the benefit of said land, any easement, right or license in any way affecting other property and in, to or under any streets, ways, alleys, vaults, gores or strips of land adjoining said land or any parcel thereof, or in or to the air space over said land, all rights of ingress and egress by motor vehicles to parking facilities on or within said land, and all claims or demands of Mortgagor, either at law or in equity, in possession or expectancy, of, in or to the foregoing (all of the foregoing, collectively, the "Land").

GRANTING CLAUSE SECOND

Improvements

All right, title and interest Mortgagor now has or may hereafter acquire in and to all buildings, structures, facilities and other improvements now or hereafter located on the Land, and all building material, building equipment, fixtures, attachments, appliances, machinery, and other articles of every kind and nature now or hereafter located on the Land or attached to,

additions thereto and betterments, renewals, substitutions and replacements thereof, owned by Mortgagor or in which Mortgagor has or shall acquire an interest (all of the foregoing, collectively, the "Improvements").

GRANTING CLAUSE THIRD

Fixtures

All Equipment (as hereinafter defined) now owned or hereafter acquired by Mortgagor which is so related to the Land and the Improvements that it is deemed fixtures or real property under the law of the State in which such Equipment is located, including, without limitation, all building or construction materials intended for construction, reconstruction, alteration or repair of or installation on or in the Land and the Improvements, construction equipment, appliances, machinery, plant equipment, fittings, apparatus, and other items now or hereafter attached to, installed or used in connection with (temporarily or permanently) any of the Land or the Improvements, together with all accessions, appurtenances, additions, replacements and substitutions for any of the foregoing and the proceeds thereof (all of the foregoing, collectively, the "Fixtures").

GRANTING CLAUSE FOURTH

Equipment

To the extent the same does not constitute Fixtures, all "equipment" as such term is defined in Article 9 of the Uniform Commercial Code as in effect from time to time in the State in which the Land and the Improvements are located (the "UCC"), now owned, or hereafter acquired and owned by Mortgagor, which is used at or in connection with the Land or the Improvements and is located thereon or therein (including, without limitation, all machinery, furnishings, electronic data-processing and other office equipment and any and all additions, substitutions and replacements of any of the foregoing, to the extent located on or in the Land or the Improvements), together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto and all appurtenances and additions thereto and any betterments, renewals, substitutions, replacements, products and proceeds (all of the foregoing, collectively, the "Equipment"). Mortgagor as the "debtor," hereby grants to Mortgagee, as the "secured party," a security interest in and to all of Mortgagor's present and future Equipment, and Mortgagee shall have, in addition to all rights and remedies provided hereunder, all of the rights and remedies of a "secured party" under the UCC. This Mortgage constitutes and shall be deemed to be a "security agreement" between Mortgagor, as the "debtor," and Mortgagee, as the "secured party," for all purposes of the UCC. If the lien of this Mortgage is subject to a security interest covering any property described in this Granting Clause Fourth, then all of the right, title and interest of Mortgagor in and to any and all such property is hereby assigned to Mortgagee together with the benefits of all deposits and payments now or hereafter made thereon by or on behalf of Mortgagor.

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GRANTING CLAUSE FIFTH

Leasehold and Other Contractual Interests

Any and all leases, subleases or sub-subleases, licenses, concessions or other agreements (whether written or oral and whether now or hereafter in effect), pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of the Land or the Improvements, and any modifications, amendments, extensions, renewals or other agreements relating to such leases, subleases, sub-subleases or other agreements, and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto and in and to all cash or securities deposited, and any other security given, thereunder to secure performance by the lessees of their obligations under the Leases (collectively, the "Leases") and the right, subject to the provisions of Section 1.2 hereof, to receive and collect all the rents, additional rents, increases in rents, advance rents, issues, revenues, income, proceeds, profits, royalties, security deposits and other types of deposits, and other benefits paid or payable and to become due or payable to Mortgagor in respect of the use, occupancy, license or possession of any portion or portions of the Land or the Improvements pursuant to the Leases, and the rights to enforce, whether at law or in equity or by any other means, all provisions thereof (collectively, the "Rents"), and all permits, licenses and rights, whether now owned or hereafter acquired, relating to the ownership, use, occupation and operation of the Land and the Improvements.

GRANTING CLAUSE SIXTH

Other and After Acquired Property

Any and all "moneys" and any and all "goods," "general intangibles," "accounts," "chattel paper," "instruments" and "documents" (as each such term is defined in the UCC), furniture, franchises, contract rights, furnishings, objects of art, machinery, tools, supplies, appliances, and all other personal property of any kind or character whatsoever other than Fixtures, which are now or hereafter owned by Mortgagor, and which are used at or in connection with the Land or the Improvements, together with all accessories, replacements and substitutions thereto or therefor and which may be subjected to the lien hereof by Mortgagor, through a supplement to this Mortgage or otherwise, it being the intention and agreement of Mortgagor that, subject to the rights of any holder of a "purchase money security interest" (as defined in the UCC), all such property hereafter acquired or constructed by Mortgagor shall forthwith upon acquisition or construction thereof by Mortgagor and without any act or deed by Mortgagor be subject to the lien and security interest of this Mortgage as if such property were now owned by Mortgagor and were specifically described in this Mortgage and conveyed or encumbered hereby or pursuant hereto, and Mortgagee are hereby authorized to receive any and all such property as and for additional security hereunder.

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GRANTING CLAUSE SEVENTH

Proceeds and Awards

All unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by Mortgagor in respect of any of the property described in these Granting Clauses, all proceeds of the conversion, voluntary or involuntary, of any of the property described in these Granting Clauses into cash or other liquidated claims, including proceeds of hazard, title and other insurance, and all judgments, damages, awards, settlements and compensation (including, without limitation, interest thereon) heretofore or hereafter made to the present and all subsequent owners of the Land, the Improvements, the Equipment and/or any other property or rights encumbered or conveyed hereby for any injury to or decrease in the value thereof for any reason, or by any governmental or other lawful authority for the taking by eminent domain, condemnation or otherwise of all or any part thereof including, without limitation, awards for any change of grade of streets or severance damages.

GRANTING CLAUSE EIGHTH

Options to Purchase, etc.

All options to purchase or lease the Premises or any portion thereof or interest therein, and any greater estate in the Premises owned or hereafter acquired by Mortgagor.

GRANTING CLAUSE NINTH

All Additional Interests

All additional interests, estate, water and water rights or other claims, both in law and in equity, which Mortgagor now has or may hereafter acquire in the Premises and all right, title and interest of Mortgagor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions, alterations and appurtenances to, the Premises, hereafter acquired by or released to Mortgagor or constructed, assembled or placed by Mortgagor on the Premises and in each such case, the foregoing shall be deemed a part of the Premises and shall become subject to the lien of this Mortgage as fully and completely, and with the same priority and effect, as though now owned by Mortgagor and specifically described herein, without any further mortgage, conveyance, assignment or other act by Mortgagor.

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GRANTING CLAUSE TENTH

Easements, etc.

All easements, rights-of-way and rights used in connection with the Premises, or as a means of access thereto or which are otherwise of benefit thereto to the users thereof, and all tenements, hereditaments and appurtenances thereof and thereto.

GRANTING CLAUSE ELEVENTH

Street Right-of-Way, etc.

Any land, now owned or hereafter acquired, lying within the right-of-way of any street, open or proposed, adjoining the Premises, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Premises.

GRANTING CLAUSE TWELFTH

Condemnation Awards, etc.

All the estate, interest, right, title, other claim or demand, which Mortgagor now has or may hereafter acquire in any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Premises including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages.

GRANTING CLAUSE THIRTEENTH

Insurance Proceeds

All the estate, interest, right, title and other claim or demand which Mortgagor now has or may hereafter acquire with respect to the proceeds of insurance in effect with respect to all or any part of the Premises.

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GRANTING CLAUSE FOURTEENTH

Claims for Damages, etc.

All the estate, interest, right, title and other claim or demand which Mortgagor now has or may hereafter acquire against anyone with respect to any damage to all or any part of the Premises including, without limitation, damage arising from any defect in or with respect to the design or construction of all or any part of the Improvements and damage resulting therefrom.

GRANTING CLAUSE FIFTEENTH

Deposits and Advance Payments of Insurance, Utilities, etc.

All deposits or other security or advance payments including rental payments made by or on behalf of Mortgagor to others with respect to (a) insurance policies relating to all or any part of the Premises, (b) utility service for all or any part of the Premises, (c) cleaning, maintenance, repair, or similar services for all or any part of the Premises, (d) refuse removal or sewer service for all or any part of the Premises, (e) rental of equipment if any, used in the operation by or on behalf of Mortgagor of all or any part of the Premises and (f) parking or similar services or rights afforded to all or any part of the Premises.

GRANTING CLAUSE SIXTEENTH

Designs and Plans, etc.

All rights and interests in plans, designs, blueprints, renderings, models, analyses, reports and studies which Mortgagor now has or may hereafter acquire in respect of any Improvements on the Premises.

GRANTING CLAUSE SEVENTEENTH

Contracts of Sale

All contracts of sale, whether now existing or hereafter entered into (including, without limitation, all amendments, modifications, supplements or replacements thereof), affecting the Land or Improvements, or any part thereof, and all rights, benefits and privileges appertaining thereto arising under or in respect thereof inuring to the benefit of Mortgagor including, without limitation, all deposits and the right to receive all payments thereunder.

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GRANTING CLAUSE EIGHTEENTH

Reciprocal Easement Agreements, Operating Agreements

Any and all reciprocal easement agreements and any and all operating agreements, whether now existing or hereafter entered into (including, without limitation, all amendments, modifications, supplements, extensions, renewals, or replacements thereof), affecting the Land or Improvements, or any part thereof, and all rights, benefits and privileges appertaining thereto arising under or in respect thereof inuring to the benefit of Mortgagor including, without limitation, the right to give consents and receive payments thereunder.

TO HAVE AND TO HOLD, whether now owned or leased or hereafter acquired and whether now or hereafter existing, together with all the rights, privileges and appurtenances thereunto belonging, unto Mortgagee, as applicable, forever, for the uses and purposes herein set forth.

AND Mortgagor covenants and agrees with Mortgagee as follows:

ARTICLE I

Assignment of Leases and Rents

SECTION 1.1 Assignment. Mortgagor hereby absolutely and irrevocably assigns to Mortgagee all of Mortgagor's right, title and interest in, to and under all Leases and all Rents. This is a present and absolute assignment, not an assignment for security purposes only, and Mortgagee's right to the Leases and Rents is not contingent upon, and may be exercised without possession of, the Premises.

SECTION 1.2 Grant Of License. Mortgagee confers upon Mortgagor a license (the "License"), until the occurrence of an Event of Default (as hereinafter defined), to collect and retain the Rents in strict accordance with the Loan Documents. Upon the occurrence of an Event of Default, the License shall be automatically revoked and Mortgagee may collect and apply the Rents pursuant to Section 8.5 hereof without notice and without taking possession of the Premises. Mortgagor hereby irrevocably authorizes and directs the lessees under the Leases to rely upon and comply with any notice or demand by Mortgagee for the payment to Mortgagee of any rental or other sums which may at any time become due under the Leases, or for the performance of any of the lessees' undertakings under the Leases, and the lessees shall have no right or duty to inquire as to whether any Event of Default has actually occurred or is then existing hereunder. Mortgagor hereby relieves the lessees from any liability to Mortgagor by reason of relying upon and complying with any such notice or demand by Mortgagee.

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SECTION 1.3 Effect Of Assignment. The foregoing irrevocable assignment shall not cause Mortgagee to be: (a) a mortgagee in possession; (b) responsible or liable for the control, care, management or repair of the Premises or for performing any of the terms, agreements, undertakings, obligations, representations, warranties, covenants and conditions of the Leases; or (c) responsible or liable for (i) any waste committed on the Premises by the lessees under any of the Leases or any other parties, (ii) any dangerous or defective condition of the Premises, or (iii) any negligence in the management, upkeep, repair or control of the Premises resulting in loss or injury or death to any lessee, licensee, employee, invitee or other Person. Mortgagee shall not directly or indirectly be liable to Mortgagor or any other Person as a consequence of (A) the exercise or failure to exercise any of the rights, remedies or powers granted to Mortgagee hereunder or (B) the failure or refusal of Mortgagee to perform or discharge any obligation, duty or liability of Mortgagor arising under the Leases.

SECTION 1.4 Representations And Warranties. All of the representations and warranties made by Mortgagor under the Loan Agreement, with respect to Leases, including, without limitation, those contained in Section 3.20 of the Loan Agreement, are hereby incorporated within this Mortgage by this reference, mutatis mutandis, and shall have the same force and effect as if set forth at length herein.

SECTION 1.5 Covenants. All of the covenants and agreements made by Mortgagor under the Loan Agreement with respect to Leases, including, without limitation, those contained in Section 4.6 of the Loan Agreement, are hereby incorporated within this Mortgage by this reference, mutatis mutandis, and shall have the same force and effect as if set forth at length herein.

SECTION 1.6 Mortgagor Estoppel Certificates. Within ten (10) days after written request by Mortgagee, from time to time, but not more frequently than quarterly, and also at any time in connection with any transfer of interests by Mortgagee in Mortgagee or in or to the Loan, Mortgagor shall deliver to Mortgagee, and to any party designated by Mortgagee, estoppel certificates executed by Mortgagor, and Mortgagor will use commercially reasonable efforts to enforce the provisions of the Leases to obtain estoppel certificates by each of the lessees, in recordable form, certifying (if such be the case): (i) that the foregoing assignment and the Leases are in full force and effect; (ii) the date of each lessee's most recent payment of rent; (iii) that there are no defenses or offsets outstanding, or stating those claimed by Mortgagor or lessees under the foregoing assignment or the Leases, as the case may be; and (iv) any other

information reasonably requested by Mortgagee.

ARTICLE II

Security Agreement and Fixture Filing

SECTION 2.1 Security Interest. Mortgagor and Mortgagee agree that this Mortgage shall constitute both a real property mortgage and a "security agreement" within the meaning of the UCC. The Premises includes both real property and personal property and all other rights and interests, whether tangible or intangible in nature, of Mortgagor in the Premises. Mortgagor, by

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executing and delivering this Mortgage, hereby grants to Mortgagee, as security for the Obligations, a security interest in the Premises (including, without limitation, all "goods," "general intangibles," "accounts," "chattel paper," "instruments" and "documents" (as each such term is defined in the UCC)) to the full extent that the Premises may be subject to the UCC (the portion of the Premises subject to the UCC, collectively, the "Collateral"). All of the terms, provisions, conditions and agreements contained in this Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Premises, and the provisions of this Article II shall not limit the applicability of any other provision of this Mortgage, but shall be in addition thereto.

SECTION 2.2 Financing Statement. This Mortgage is intended to constitute a financing statement filed as a fixture filing in accordance with the applicable provisions of the UCC. The "debtor" and record owner is Mortgagor and the "secured party" is Mortgagee and their addresses are those set forth in Section 10.4 hereof. A portion of the Collateral is or is to become "fixtures" (as defined in the UCC) on the Land, described or referred to in this Mortgage, and this Mortgage, upon being filed, or recorded in the real estate records of the city or county wherein such fixtures are situated, shall operate also as a financing statement filed as a fixture filing in accordance with the applicable provisions of the UCC upon such portion of the Collateral that is or may become fixtures. Mortgagor hereby covenants and agrees that in the event a change in the name, identity or legal structure of Mortgagor results in the financing statement evidenced by this Mortgage or any other financing statement executed in connection herewith becoming misleading, Mortgagor shall promptly file additional financing statements covering the Collateral in the appropriate filing office or offices, as may be required in accordance with the applicable provisions of the UCC, with Mortgagor as "debtor" and Mortgagee as "secured party."

SECTION 2.3 Representations And Warranties. Mortgagor represents and warrants that: (a) Mortgagor has good and marketable title to the Collateral, subject only to the Approved Permitted Encumbrances; (b) Mortgagor has not previously assigned or encumbered the Collateral pursuant to any pledge or assignment that remains in effect, and no financing statement currently in effect covering any of the Collateral has been delivered to any other Person; and (c) Mortgagor keeps its books and records in respect of the Collateral at its chief executive office located at the address set forth in Section 10.4 hereof. Mortgagor covenants and agrees with Mortgagee that, in the event Mortgagor changes the address of its chief executive office or place where Mortgagor's books and records in respect of the Collateral are kept, Mortgagor shall notify Mortgagee of such change of address within ten (10) days thereafter.

SECTION 2.4 Rights Of Mortgagee. In addition to Mortgagee's rights as a "secured party" under the UCC, Mortgagee may, but shall not be obligated to, at any time without notice and at the expense of Mortgagor: (a) give notice to any Person of Mortgagee's rights hereunder and enforce such rights at law or in equity; (b) insure, protect, defend and preserve the Collateral or any rights or

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interests of Mortgagee therein; (c) inspect the Collateral at reasonable times after reasonable notice; and (d) upon the occurrence of an Event of Default, endorse, collect and receive any right to payment of money owing to Mortgagor under or from the Collateral. Notwithstanding the above, in no event shall Mortgagee be deemed to have accepted any property other than cash in satisfaction of any obligation of Mortgagor to Mortgagee unless Mortgagee shall make an express written election of said remedy under the UCC or other applicable law.

SECTION 2.5 Rights Of Mortgagee On Default. Upon the occurrence of an Event of Default, then in addition to all of Mortgagee's rights as a "secured party" under the UCC or otherwise at law or equity:

(a) Mortgagee may: (i) upon written notice, require Mortgagor to assemble any or all of the Collateral and make it available to Mortgagee at a place designated by Mortgagee; (ii) without prior notice, enter upon the

Premises subject to the rights of Tenants or other place where any of the Collateral may be located and take possession of, collect, sell, and dispose of any or all of the Collateral, and store the same at locations acceptable to Mortgagee at Mortgagor's expense; and/or (iii) sell, assign and deliver at any place or in any lawful manner all or any part of the Collateral and bid and become purchaser at any such sales; provided, however, that notwithstanding the foregoing right to sell any or all of the Collateral without prior notice, Mortgagor hereby expressly acknowledges and agrees that, if Mortgagee elects to give any such notice of sale to Mortgagor, ten (10) days prior written notice shall constitute reasonable prior notice of such sale, and

(b) Mortgagee may, for the account of Mortgagor and at Mortgagor's expense: (i) operate, use, consume, sell or dispose of the Collateral as Mortgagee deems appropriate for the purpose of paying and/or performing any or all of the Obligations; (ii) enter into any agreement, compromise, or settlement, including, without limitation, with respect to insurance claims, which Mortgagee may reasonably deem desirable or proper with respect to any of the Collateral; and (iii) endorse and deliver evidences of title for, and receive, enforce and collect by legal action or otherwise, all indebtedness and obligations now or hereafter owing to Mortgagor in connection with or on account of any or all of the Collateral.

Notwithstanding any other provision of this Mortgage, Mortgagee shall not be deemed to have accepted any property other than cash in satisfaction of any Obligation unless Mortgagee shall make an express written election of said remedy under the UCC or other applicable law.

SECTION 2.6 Power Of Attorney. Mortgagor hereby irrevocably appoints Mortgagee as Mortgagor's attorney-in-fact (such agency being coupled with an interest), and as such attorney-in-fact Mortgagee may, without the obligation to do so, in Mortgagee's name, or in the name of Mortgagor, prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve any of Mortgagee's security interests and rights in or to any of the Collateral, and

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take any other action required of Mortgagor hereunder; provided, however, that Mortgagee as such attorney-in-fact shall be accountable only for such funds as are actually received by Mortgagee. Mortgagee agrees that it shall not exercise the rights granted to it under this Section 2.6 unless Mortgagor fails or refuses to prepare, execute and/or file, as the case may be, any such documents so requested by Mortgagee, and such failure or refusal continues for five (5) Business Days after request therefor is made by Mortgagee.

SECTION 2.7 Possession And Use Of Collateral. Except as otherwise provided in this Section 2.7, so long as no Event of Default exists under this Mortgage or any of the Loan Documents, Mortgagor may possess, use, move, transfer or dispose of any of the Collateral in the ordinary course of Mortgagor's business.

ARTICLE III

Representations and Warranties of Mortgagor

SECTION 3.1 Warranty of Title. Mortgagor represents and warrants that: (a) Mortgagor has, and will continue to have, good, insurable, and marketable title to the Land and any and all other Improvements, in fee simple, free and clear of all liens, charges and encumbrances of every kind and character, except for any Approved Permitted Encumbrances and the liens and security interests in favor of Mortgagee; (b) Mortgagor has, and will continue to have, requisite power and authority to encumber and convey the Premises as provided herein; (c) Mortgagor owns, and will continue to own, all of the Equipment, free and clear of all liens, charges and encumbrances of every kind and character, subject only to the Permitted Encumbrances and purchase money liens for new Equipment; (d) this Mortgage is, and will remain, a valid and enforceable first priority lien on, and security interest in, the Premises; and (e) Mortgagor hereby warrants and will forever continue to warrant and defend such title and the validity, enforceability and priority of the lien and security interest hereof against the claims of all Persons whomsoever.

SECTION 3.2 Authority; Binding Obligation and Other Matters. The execution, delivery, recordation, filing and performance of this Mortgage have been duly authorized by all necessary action of Mortgagor, and this Mortgage constitutes the legal, valid and binding obligation of Mortgagor, enforceable against Mortgagor in accordance with its terms, subject to the effect of bankruptcy, insolvency and similar laws in respect of creditor's rights generally and to general principles of equity. The execution, delivery, recordation and performance of this Mortgage do not (a) violate any provision of the operating agreement or other organizational documents of Mortgagor, nor of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to Mortgagor, any of its properties (including, without limitation, the Premises) or this

Mortgage, (b) result in or require the creation or imposition of any mortgage,

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deed of trust, trust deed, pledge, lien, security interest or other charge or encumbrance of any nature (other than as is constituted hereby) on the Premises or (c) require the consent of the members of Mortgagor or any other Person which have not been obtained or the authorization, consent or approval of, or any license from, or any filing or registration with, any governmental or quasi-governmental body (except for the recordation of this Mortgage in the appropriate land records and the filing of appropriate related UCC filings). Mortgagor is in compliance with all material laws, regulations, ordinances and orders of Governmental Authorities (as hereinafter defined) applicable to Mortgagor or the Premises, and all contracts, indentures, agreements, or other instruments to which Mortgagor or the Premises is bound or subject.

SECTION 3.3 Bankruptcy. Mortgagor is solvent, and no bankruptcy, insolvency or similar proceeding is pending or contemplated by or against Mortgagor. Mortgagor will not be left with inadequate operating funds as a result of the obligations and transactions contemplated hereby and by the Loan Agreement and the other Loan Documents.

SECTION 3.4 Existing Defaults. There exists no Event of Default (or term(s) of similar import) by Mortgagor under the Note, this Mortgage or any other Loan Document, and no event has occurred which, with notice or the passage of time or both, would constitute or result in an Event of Default (or term(s) of similar import).

SECTION 3.5 Certificates and Permits. (a) Mortgagor has, and shall maintain (i) all necessary certificates, licenses, authorizations, registrations, permits and/or approvals necessary for the operation of all or any part of the Premises and the conduct of Mortgagor's business at the Premises, and (ii) all required zoning ordinance, building code, land use, environmental and other similar permits or approvals, all of which are in full force and effect as of the date hereof and none of which is subject to any revocation, amendment, release, suspension or forfeiture, (b) the present and contemplated use and/or occupancy of the Premises does not conflict with or violate any of the items delineated in clauses (i) and (ii) immediately above and (c) Mortgagor, promptly upon request by Mortgagee, shall deliver to Mortgagee copies of all of the same.

SECTION 3.6 No Actions Pending. There are no actions, suits, proceedings, arbitrations, tenant disputes, labor disputes or governmental investigations pending, or, to the best knowledge of Mortgagor, threatened against or affecting Mortgagor or the Premises or any portion thereof which, if successful, (a) could have a material adverse effect on Mortgagor, or the Premises, or Mortgagor's ability to perform its obligations pursuant to and as contemplated by this Mortgage and the other Loan Documents, (b) might affect the validity or enforceability of the Mortgage or the priority of the Mortgage, or (c) could materially adversely affect the use of, operations at, or capital improvements being made to or to be made to, the Premises. Mortgagor is not operating under, or subject to, any order, writ, injunction, decree or demand of any court or any Governmental Authority.

SECTION 3.7 Flood Zone, Utilities, Roads, Damage. (a) As of the date hereof, the Premises are not located in an area identified by the Federal Emergency Management Agency or any predecessor or successor thereto as an area having special flood hazards pursuant to the terms of the National Flood Disaster Protection Act of 1973, as amended; (b) the Premises are served by all

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utilities required for the present and contemplated use thereof; (c) except for that portion of the Premises consisting of raw land, all streets necessary to serve the Premises for the use thereof have been completed and are serviceable and have been dedicated or accepted by the appropriate governmental entities; and (d) as of the date hereof, the Premises are free from damage caused by fire or other casualty.

SECTION 3.8 Compliance with Laws. The Premises and the proposed and actual use thereof comply with all material laws, ordinances, rules and regulations of all Governmental Authorities having jurisdiction over the same, and there is no proceeding pending or, to the best knowledge of Mortgagor, threatened before any court, quasi-judicial body, Governmental Authority or administrative agency relating to the validity of the Loan Documents or the proposed or actual use of the Premises.

SECTION 3.9 Additional Representations and Warranties. (a) The Premises is not used principally or primarily for agricultural or grazing purposes, (b) Mortgagor is engaged in owning and operating real property directly or indirectly through property managers or property management companies, and (c) all costs for labor and material for the construction and renovation of the Improvements (including, without limitation, any additions and alterations

thereto) have been paid in full or shall be paid when due or otherwise satisfied or bonded-over to the satisfaction of Mortgagee in its sole discretion.

SECTION 3.10 Reaffirmation of Certain Representations and Warranties, Statements, Etc. Correct. As of the date hereof, Mortgagor hereby remakes and reaffirms to and for the benefit of Mortgagee each and all of the representations and warranties set forth in the Loan Agreement, which are incorporated herein by this reference as though set forth herein in full, mutatis mutandis. All reports, statements, certificates and other data furnished by or on behalf of Mortgagor to Mortgagee in connection with the Note, the Loan Agreement, this Mortgage, the other Loan Documents or the transactions contemplated thereunder or hereunder, and all representations and warranties made herein or in the Note, the Loan Agreement or the other Loan Documents, or any certificate or other instrument delivered in connection herewith or therewith, are true and correct in all material respects and do not omit to state any fact or circumstance necessary to make the statements contained herein or therein not materially misleading. There is no fact known to Mortgagor which materially and adversely affects the business, assets, prospects, results of operations or financial condition of Mortgagor, or the ability of Mortgagor to perform its obligations under the Loan Documents, which has not been disclosed herein or in such other documents, certificates, instruments or statements.

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ARTICLE IV

Covenants Of Mortgagor

SECTION 4.1 Obligations of Mortgagor. Mortgagor shall perform the Obligations applicable to or imposed upon it under the Loan Agreement and shall continue to be liable for the performance of such Obligations until Mortgagor causes full payment of the Note and all sums payable pursuant to the Loan Agreement and the other Loan Documents, notwithstanding any actions of partial foreclosure that may be brought hereunder to recover any amount or amounts expended by Mortgagee in order to cure any default hereunder or under any other Loan Document or to satisfy any of Mortgagor's obligations or covenants under any agreement relating to the Premises and to which Mortgagor is a party or by which the Premises are bound. Mortgagor shall timely perform, or cause to be timely performed, all the covenants, agreements, terms and conditions to be performed by Mortgagor (a) under the Loan Documents, (b) under all other agreements between Mortgagor and Mortgagee in accordance with the respective terms thereof and (c) under any and all ground leases or other Leases to which Mortgagor is or becomes a party with respect to the Premises.

SECTION 4.2 Financial Statements and Other Reports. Mortgagor shall deliver to Mortgagee all Financial Statements and reports required to be provided by it to Mortgagee pursuant to the Loan Agreement.

SECTION 4.3 Records and Inspection. Mortgagor covenants to keep adequate records and books of account with respect to the Premises and to permit Mortgagee or any agents or representatives thereof to examine and make copies of and abstracts from such books and records of account and to visit the Premises in accordance with the terms and provisions of the Loan Agreement.

SECTION 4.4 Future Information. All certificates, reports, documents and other information furnished to Mortgagee by Mortgagor under the Loan Agreement, or in connection with this Mortgage or any amendment or modification of, or waiver under, this Mortgage, shall not contain any untrue statement of a material fact or omission that renders such information misleading and shall be complete and correct in all respects to the extent necessary to give Mortgagee sufficient and accurate knowledge of the subject matter thereof.

SECTION 4.5 Insurance.

(a) Mortgagor, at its sole cost and expense, shall provide, maintain and keep in force all policies of insurance required to be maintained by it pursuant to Section 4.21 of the Loan Agreement.

(b) All of Mortgagor's right, title and interest in and to all policies of property insurance and any unearned premiums paid thereon are hereby assigned to Mortgagee who shall have the right, but not the obligation, to assign the same to any purchaser of the Premises at any foreclosure of this Mortgage.

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SECTION 4.6 Waste and Repair. Except for Approved Base Building Work and Approved Tenant Improvements pursuant to the Loan Agreement, Mortgagor shall at all times cause the Premises to be properly maintained in sound condition and repair and shall not diminish in any material respect nor materially or structurally alter the Premises, landscaped areas and on-site paved parking areas, structures and roads. Mortgagor shall not suffer any waste of the Premises or make any change in the use thereof that will in any material way

increase any ordinary fire or other hazard insurance premiums or do or permit to be done thereon anything that may in any way impair the security of this Mortgage. Mortgagor shall not abandon the Premises nor leave the Premises unprotected, vacant or deserted.

SECTION 4.7 Impositions, Impounds, Taxes. Capital Costs.

(a) Impositions Affecting the Premises. Mortgagor shall pay all Impositions as and when the same shall become due and payable as more fully provided for in the Loan Agreement.

(b) Taxes Affecting Mortgagor. Mortgagor agrees (a) to pay all amounts payable by Mortgagor under this Mortgage, the Loan Agreement, the Note or other Loan Documents free and clear of and without liability for, and without deduction or withholding for, any and all stamp and other taxes, charges, fees, levies, duties, imposts, withholdings or other assessments, other than income and franchise taxes imposed by any taxing authority upon Mortgagee directly as a result of Mortgagee's taxable presence in such jurisdiction, together with any interest and penalties, imposed by any taxing authority upon any Person (collectively, "Taxes") and (b) to (i) pay when due, (ii) reimburse Mortgagee upon demand for any payment made by Mortgagee of, and (iii) indemnify and hold Mortgagee harmless against any and all liability for, (A) any and all Taxes in any way related to this Mortgage or the Loan Documents, and (B) all interest and penalties resulting from or related to any delay by Mortgagor in paying any such Taxes. Promptly after the date on which payment of any Taxes are due pursuant to applicable law, Mortgagor shall furnish to Mortgagee evidence, in form and substance satisfactory to Mortgagee, that Mortgagor has satisfied its obligations under this Section 4.7(b).

(c) Taxation Savings Clause. In the event of the enactment after the date hereof of any law in the State in which the Premises are located or any other governmental entity deducting from the value of the Premises for the purpose of taxation any lien or security interest thereon, or changing in any way the laws for the taxation of mortgages, deeds of trust, trust deeds or other liens or debts secured thereby, or the manner of collection of such taxes, so as to affect this Mortgage, the Obligations, Mortgagee or the holders of the Obligations, then, and in such event, Mortgagor shall, on demand, pay to Mortgagee or such holder, or reimburse Mortgagee or such holder for payment of, all taxes, assessments, charges or liens for which Mortgagee or such holder is or may be liable as a result thereof, provided that if any such payment or reimbursement shall be unlawful or would constitute usury or render the Obligations wholly or partially usurious under applicable law, then Mortgagee may, at its option, to the extent permitted under the Loan Agreement, declare the Obligations immediately due and payable or require Mortgagor to pay or reimburse Mortgagee for payment of the lawful and non-usurious portion thereof.

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SECTION 4.8 Compliance with Law. Mortgagor shall promptly and faithfully comply in all material respects with all present and future laws, ordinances, rules, regulations and requirements of any Governmental Authority, including, without limitation, any agency, department, board, commission or instrumentality of the United States, any state of the United States or any political subdivision thereof, and any tribunal, court or arbitrator of competent jurisdiction, and of every board of fire underwriters (or similar body exercising similar functions) that may be applicable to it or to the Premises, or any part thereof, or to the use or manner of construction, occupancy, possession, operation, maintenance, alteration or repair thereon or with respect to any part thereof, whether or not such law, ordinance, rule, order, regulation or requirement shall necessitate structural changes or improvements or interfere with the use or enjoyment of the Premises; provided, however, that Mortgagor may, at its expense, contest the validity or application of the foregoing by appropriate legal proceedings promptly initiated and conducted in good faith and with due diligence, provided further that (a) Mortgagor shall have furnished such security, if any, as may be reasonably required by Mortgagee in connection with such proceedings or shall have deposited in escrow with Mortgagee such security as may be requested by Mortgagee, which may include cash available in any account established pursuant to the Loan Documents which, in Lender's reasonable discretion, is available to serve as such security and (b) Mortgagee is reasonably satisfied that (i) neither the Premises nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled, impaired or lost as a result of such contest and (ii) such contest will not expose Mortgagee to criminal or civil liability or any liabilities for any penalties.

SECTION 4.9 Further Assurances. Mortgagor, at any time upon the request of Mortgagee, shall at Mortgagor's expense execute, acknowledge and deliver all such additional papers and instruments (including, without limitation, a declaration of no setoff) and all such further assurances of title and shall do or cause to be done all further acts and things Lender reasonably deems proper or reasonably necessary to carry out the purpose hereof and to subject to the liens thereof any property intended by the terms of the Loan Documents to be covered thereby and any renewals, additions, substitutions, replacements or betterments thereto.

SECTION 4.10 Reimbursement; Waiver of Offsets.

(a) In the event that (i) any tax, stamp tax, assessment, water rate, sewer rate, insurance premium, repair, rent charge, debt, claim, imposition or lien having priority over this Mortgage, or (ii) any other amount required to be paid by Mortgagor hereunder or under the other Loan Documents shall remain unpaid and Mortgagor is not validly and properly contesting such amount pursuant to the terms hereof or of the Loan Documents, Mortgagee shall have the right upon ten (10) days' prior notice to pay such amount and shall have the right to declare immediately due and payable any such amount so paid and to foreclose for such amount, subject to the continuing lien of this

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Mortgage for the balance of the Obligations not then fully discharged; but Mortgagor shall continue to be liable for the performance of the Obligations until discharged in full. Any amount so paid by Mortgagee shall bear interest at the Default Rate from the date of payment by Mortgagee, shall constitute an additional Obligation secured hereby, prior to any right, title or interest in or claim upon the Premises attaching or accruing subsequent to the lien of this Mortgage, shall be secured by this Mortgage and shall be payable by Mortgagor to Mortgagee upon demand.

(b) All sums payable by Mortgagor hereunder or under the other Loan Documents shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension deferment, diminution or reduction, and the obligations and liabilities of Mortgagor hereunder shall in no way be released, discharged or otherwise affected by reason of (a) any damage to or destruction of or any condemnation or similar taking of the Premises or any part thereof, (b) any restriction or prevention of or interference with any use of the Premises or any part thereof, (c) any title defect or encumbrance or any eviction from the Premises or the Improvements or any part thereof by title paramount or otherwise; (d) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Mortgagee, or any action taken with respect to this Mortgage by any receiver of Mortgagee, or by any court, in any such proceeding; or (e) any default or failure on the part of Mortgagee to perform or comply with any of the terms hereof or of any other agreement with Mortgagor; whether or not Mortgagor shall have notice or knowledge of any of the foregoing. To the extent permitted by applicable law, Mortgagor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Mortgagor.

SECTION 4.11 Litigation. Mortgagor shall promptly give notice in writing to Mortgagee of any litigation commenced affecting Mortgagor or the Premises.

SECTION 4.12 Tax Receipts. Subject to the provisions of the Loan Agreement and of Section 4.7 hereof, Mortgagor shall exhibit to Mortgagee, within ten (10) days after written demand made therefor, bills (which shall be receipted from and after the date receipted bills are obtainable) showing the payment to the extent then due of all taxes, assessments (including those payable in periodic installments), water rates, sewer rates, and/or any other Imposition that may have become a lien upon the Premises.

SECTION 4.13 FIRPTA Affidavit.

(a) Mortgagor hereby represents and warrants to Mortgagee, under penalties of perjury, that:

(i) The Mortgagor's U.S. Taxpayer Identification Number is 11-3440066;

(ii) Mortgagor's business address is c/o Cedar Bay Realty Advisors, Inc., 44 South Bayles Avenue, Suite 304, Port Washington, New York 11050; and

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(iii) Mortgagor is not a "foreign person" within the meaning of Sections 1445 and 7701 of the Internal Revenue Code of 1986, as amended (together with the regulations promulgated thereunder, the "Tax Code") (i.e., Mortgagor is not a nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined in the Tax Code and regulations promulgated thereunder) and shall deliver to Mortgagee an affidavit to such effect.

Mortgagor agrees to indemnify, defend, protect and hold Mortgagee and Mortgagee's agents harmless of, from and against any and all loss, liability, costs, damages, claims or causes of action including, without limitation, attorneys' fees, costs and expenses which may arise or be incurred by Mortgagee or Mortgagee's agents by reason of any failure of any representation or warranty made by Mortgagor in this Section 4.13 to be true and correct in all respects, including, without limitation, any liability for failure to withhold any amount

required under Section 1445 of the Tax Code in the event of foreclosure or other transfer of the Premises.

(b) In the event of any transfer by Mortgagor of its rights hereunder or of any interest in the Premises as otherwise permitted hereunder or under the Loan Agreement, such transferee shall, as an additional condition to such transfer, under penalty of perjury, execute and deliver to Mortgagee an affidavit substantially in the form as required by Section 4.13(a)(iii) hereof.

SECTION 4.14 Tax Service Contract. Upon the request of Mortgagee, Mortgagee shall be furnished, at Mortgagor's sole expense, a tax service contract in form satisfactory to Mortgagee issued by a tax reporting agency satisfactory to Mortgagee, which contract shall remain in force until indefeasible discharge in full of the Obligations.

SECTION 4.15 Liens. Subject to the provisions of Section 10.17 hereof, Mortgagor shall pay and promptly discharge, at Mortgagor's cost and expense, all liens or encumbrances upon the Premises, or any part thereof or interest therein, other than the Permitted Encumbrances and liens for Impositions which are not yet due and payable. Mortgagor shall have the right to contest in good faith the validity of any such lien or encumbrance, provided Mortgagor shall first deposit with Mortgagee or a court of competent jurisdiction a bond or other security satisfactory to Mortgagee in such amounts as Mortgagee shall require, and provided further that Mortgagor shall diligently proceed to cause such liens or encumbrances to be removed and discharged within thirty (30) days of the filing of such liens. If Mortgagor shall fail to discharge any such lien or encumbrance, then, in addition to any other right or remedy of Mortgagee, Mortgagee may, but shall not be obligated to, at Mortgagor's sole cost and expense, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien or encumbrance by depositing in court a bond for the amount claimed or otherwise giving security for such lien or encumbrance, or in such manner as is or may be prescribed by law.

SECTION 4.16 Inspection. Mortgagor shall permit Mortgagee, upon reasonable prior notice, from time to time to enter upon and inspect, during normal business hours, the Premises and the construction, alteration and operation thereof, for such purposes deemed necessary by Mortgagee (it being

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agreed by Mortgagor that Mortgagee's good faith belief of the existence of a new or previously undisclosed release or threatened release of any Hazardous Substances (as hereinafter defined) into, onto, beneath or from the Premises and Mortgagee's good faith belief in the violation of applicable law by a release or threatened release of Hazardous Substances into, onto, beneath or from the Premises both shall be conclusively deemed reasonable and shall each constitute an independently sufficient basis for such inspection); provided, however, that no such prior notice shall be necessary and such inspection may occur at any time if Mortgagee reasonably believes that an emergency exists or is imminent, and provided further that no such prior notice shall be necessary if the giving or delivery of such notice is prohibited or stayed by applicable law.

ARTICLE V

Casualties and Condemnation

SECTION 5.1 Casualties. Mortgagor will notify Mortgagee in writing promptly after any loss or damage caused by fire or other casualty to the Premises which is reasonably estimated by Mortgagor to require in excess of \$25,000.00 to repair. The terms and provisions of Section 5.6 of the Loan Agreement, which are incorporated herein by this reference as though set forth at length herein, mutatis mutandis, shall govern the payment and disposition of insurance proceeds following the occurrence of any such loss, as well as Mortgagee's right to file and prosecute claims in respect thereof.

SECTION 5.2 Condemnation. Mortgagor, promptly upon receiving notice of the institution of any proceedings for the condemnation of the entire Premises or any portion thereof, will notify Mortgagee of the pendency of such proceedings. The terms and provisions of Section 5.7 of the Loan Agreement, which are incorporated herein by this reference as though set forth at length herein, mutatis mutandis, shall govern the payment and disposition of the proceeds of any award or compensation received in connection with any such condemnation proceedings, as well as Mortgagee's right to file and prosecute claims in respect thereof.

ARTICLE VI

Additional Advances; Expenses; Indemnity

SECTION 6.1 Additional Advances and Disbursements. Mortgagor agrees that, if Mortgagor shall default in any of its obligations hereunder to pay any amount or to perform any action, including, without limitation, its obligation under Section 4.7 hereof to pay Impositions and under Section 4.5 hereof to procure, maintain and pay premiums on the insurance policies referred to

therein, then Mortgagee shall have the right, but not the obligation, subject to Mortgagee's obligations under Section 7.27 of the Loan Agreement, in Mortgagor's name or in its own name, and upon five (5) Business Days prior written notice to

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Mortgagor, to advance all or any part of such amounts or to perform any or all such actions, and, for such purpose Mortgagor expressly grants to Mortgagee, in addition and without prejudice to any other rights and remedies hereunder, the right to enter upon and take possession of the Premises to such extent and as often as Mortgagee may deem necessary or desirable to prevent or remedy any such default. No such advance or performance shall be deemed to have cured such default by Mortgagor or any Event of Default with respect thereto. All sums so advanced and all expenses incurred by Mortgagee in connection with such advances or actions, and all other sums advanced or expenses incurred by Mortgagee hereunder or under applicable law shall be deemed obligations owing by Mortgagor to Mortgagee and shall bear interest, from the date paid or incurred until paid, at the Default Rate. All such amounts advanced or incurred, and all such interest thereon, shall be part of the Obligations and shall be secured by this Mortgage. Mortgagee, upon making any such advance, shall be subrogated to all of the rights of the Person receiving such advance.

SECTION 6.2 Other Expenses.

(a) Mortgagor shall pay all costs, charges and expenses as set forth in the Loan Agreement and the other Loan Documents.

(b) Mortgagor shall pay or, on demand, reimburse Mortgagee for the payment of any costs or expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred or expended in connection with or incidental to (i) any request made by Mortgagor for the consent of Mortgagee to any action proposed to be taken by Mortgagor, (ii) any Event of Default under the Note, the Loan Agreement, any other Loan Document or hereunder or (iii) after the occurrence of an Event of Default, the exercise or enforcement by or on behalf of Mortgagee or any holder of the Obligations of any of its rights or remedies or Mortgagor's obligations or the obligations of any other Person under the Note, the Loan Agreement, any other Loan Document or this Mortgage, including, without limitation, the enforcement, compromise or settlement of this Mortgage or the Obligations or the defense, assertion of the rights and claims of Mortgagee or any holder of the Obligations hereunder in respect thereof, by litigation or otherwise.

SECTION 6.3 Indemnity.

(a) Mortgagor agrees to indemnify and hold harmless Mortgagee and the holders of the Obligations from and against any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) which may be imposed on, incurred or paid by or asserted against Mortgagee or any holder of the Obligations by reason or on account of, or in connection with any of the following, except to the extent arising from Mortgagee's gross negligence or willful misconduct: (i) any Event of Default under the Note, the Loan Agreement, any other Loan Document or hereunder; (ii) Mortgagee's or any such holder's exercise of any of its rights and remedies, or the performance of any of its duties, under the Note, the Loan Agreement, any other Loan Document or hereunder after the occurrence of an Event of Default; (iii) the construction, reconstruction or alteration of the

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Improvements; (iv) any negligence or willful misconduct of Mortgagor, or any of its Affiliates, agents, contractors, subcontractors, servants, or employees; (v) any accident, injury, death or damage to any Person or property occurring in, on or about the Premises or any street, drive, sidewalk, curb or passageway adjacent thereto; or (vi) any other transaction involving Mortgagor arising out of or in any way connected with the Premises, the Note, the Loan Agreement, any other Loan Document or this Mortgage. Any amount payable to Mortgagee or such holder under this Section 6.3 shall be deemed a demand obligation, shall be part of the Obligations, and shall be secured by this Mortgage.

(b) Mortgagor's obligations under this Section 6.3 shall not be affected by the absence or unavailability of insurance covering the same or by the failure or refusal by any insurance carrier to perform any obligation on its part under any such policy of insurance. If any claim, action or proceeding is made or brought against Mortgagee or any holder of the Obligations which is subject to the indemnity set forth in this Section 6.3, Mortgagor shall, upon notice thereof by Mortgagee, resist or defend against the same, if necessary in the name of Mortgagee or such holder, by attorneys for Mortgagor's insurance carrier (if the same is covered by insurance) or otherwise by attorneys reasonably approved by Mortgagee. In the alternative, Mortgagee and such holder may elect to conduct their own defense through counsel of their own choosing, and at the expense of the Mortgagor, if (i) Mortgagee and such holder reasonably determine that the conduct of its defense by Mortgagor presents a conflict or

potential conflict between the Mortgagor and Mortgagee that would make separate representation advisable or otherwise could be prejudicial to its interests, (ii) Mortgagor refuses to defend or (iii) Mortgagor shall have failed, in Mortgagee's reasonable judgment, to diligently defend such claim. Mortgagor may settle any claim against Mortgagee and such holder without Mortgagee and such holder's consent, provided that (A) such settlement is without any liability, cost or expense whatsoever to Mortgagee and such holder, (B) the settlement does not include or require any admission of liability or culpability by Mortgagee and such holder under any Legal Requirement, whether criminal or civil in nature, and (C) Mortgagor obtains an effective written release of liability for Mortgagee and such holder from the party to the claim with whom such settlement is being made, which release must be reasonably acceptable to Mortgagee and such holder, and a dismissal with prejudice with respect to all claims made by the party with whom such settlement is being made, with respect to any pending legal action against Mortgagee and such holder in connection with such claim. If Mortgagee and such holder are conducting their own defense as provided above, Mortgagor shall be responsible for any good faith settlement of such claim entered into by Mortgagee and such holder shall not be required to obtain Mortgagor's consent to any such settlement. Nothing contained herein shall be construed as requiring Mortgagee or such holder to expend funds or incur costs to defend any claim in connection with the matters for which Mortgagee and such holder are entitled to indemnification pursuant to this Section 6.3. Mortgagee shall, if being represented by Mortgagor's counsel, reasonably cooperate with such counsel.

SECTION 6.4 Interest After Default. If any payment due hereunder or under the Note or under the Loan Agreement is not paid in full when due (subject to any applicable grace periods), whether on a stated due date, any

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accelerated due date or on demand or at any other time specified under any of the provisions hereof or thereof, then the same shall bear interest hereunder at the Default Rate from the due date until paid, and such interest shall be added to and become a part of the Obligations and shall be secured by this Mortgage.

ARTICLE VII

Sale or Transfer of the Premises

SECTION 7.1 Continuous Ownership. Mortgagor acknowledges that the continuous ownership of the Premises by Mortgagor is of a material nature to the transaction and Mortgagee's agreement to create the Obligations. Mortgagor hereby remakes and reaffirms its covenant and agreement set forth in Section 4.2 of the Loan Agreement not to make, or suffer or permit to occur, any Transfer except a Permitted Transfer, except upon Mortgagee's prior written consent, in each instance, as expressly provided in the Loan Agreement.

SECTION 7.2 No Cooperative or Condominium. Mortgagor shall not convert the ownership of the Premises, or any portion thereof, to a condominium form of ownership, nor operate or permit the Premises to be operated as a cooperative or condominium building or buildings in which the tenants or occupants participate in the ownership, control or management of the Premises or any part thereof, as tenant stockholders or otherwise.

ARTICLE VIII

Defaults and Remedies

SECTION 8.1 Events of Default. The term "Event of Default," as used in this Mortgage, shall mean the occurrence of any of the following events:

(a) if there shall occur a default or Event of Default (or any term or terms of similar import) under the Loan Agreement or under any other Loan Document, and such default or event of default shall have continued beyond the expiration of any cure or grace period, if any, expressly specified in the Loan Agreement or such other Loan Document, as applicable; or

(b) if any claim of priority to this Mortgage or any other Loan Document by title, lien or otherwise shall be upheld by any court of competent jurisdiction or shall be consented to by Mortgagor; or

(c) if any of the Loan Documents, at any time after their respective execution and delivery and for any reason shall cease to be in full force and effect or be declared null and void, or the validity or enforceability thereof shall be contested by Mortgagor or any other Person obligated thereon or bound thereby, or Mortgagor or any other Person obligated thereon or bound thereby shall deny in writing that Mortgagor or such other Person has any or further liability or obligation under any of the Loan Documents; or

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(d) if this Mortgage, at any time after its execution and delivery and for any reason shall cease to constitute a valid and subsisting

first priority lien and/or valid and first priority perfected security interest in and to the Premises; or

(e) if any other event occurs which, under the terms hereof, or under any other Loan Document, would permit Mortgagee to accelerate the Obligations.

SECTION 8.2 Remedies. Upon the occurrence of any one or more Events of Default, Mortgagee may (but shall not be obligated to), in addition to any rights or remedies available to it under this Mortgage, the Note, the Loan Agreement, or any other Loan Document, take such action personally or by its agents or attorneys, with or without entry, and without notice, demand, presentment or protest (each and all of which are hereby waived by Mortgagor, to the extent permitted by applicable law), as Mortgagee deems necessary or advisable to protect and enforce its rights and remedies against Mortgagor and in and to the Premises, including, without limitation, the following actions, each of which, subject to applicable law, may be pursued concurrently or otherwise, at such time and in such order as Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting its or their other rights or remedies:

(a) declare the entire balance of the Obligations (including the entire principal balance thereof, all accrued and unpaid interest and any premium thereon and all other such sums secured hereby) to be immediately due and payable, and upon any such declaration the entire unpaid balance of the Obligations shall become and be immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Mortgagor, to the extent permitted by applicable law, anything in the Note, in any Loan Document or herein to the contrary notwithstanding; or

(b) institute a proceeding or proceedings for the complete foreclosure of this Mortgage against the Premises or any part thereof under any applicable provision of law; or

(c) to the extent permitted by applicable law, institute a proceeding or proceedings for the partial foreclosure of this Mortgage against the Premises or any part thereof under any applicable provision of law for the portion of the Obligations then due and payable, subject to the lien of this Mortgage continuing unimpaired and without loss of priority so as to secure the balance of the Obligations not then due and payable; or

(d) to the extent and in the manner permitted by applicable law, sell or cause to be sold the Premises or any part thereof, and all estate, right, title, interest, claim and demand of Mortgagor therein, and all rights of redemption thereof, at one or more sales, in an entirety or in parcels, with such elements of real and/or personal property (and, to the extent permitted by applicable law, may elect to deem all of the Premises or any part thereof to be

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real property for purposes thereof), and at such time and place and upon such terms as it may deem expedient, or as may be required by applicable law, and in the event of a sale, by foreclosure or otherwise, of less than all of the Premises, this Mortgage shall continue as a lien and security interest on the remaining portion of the Premises; or

(e) institute an action, suit or proceeding in equity for the specific performance of any of the provisions contained in the Note, in any Loan Document or herein; or

(f) to the extent permitted by applicable law, sue and recover a judgment on the Obligations, as the same become due and payable, or on account of any default or defaults under any Loan Document or hereunder; or

(g) apply for the appointment of a receiver, custodian, liquidator or conservator of the Premises, to be invested with the fullest powers permitted under applicable law, as a matter of right and without regard to or the necessity to disprove the adequacy of the security for the Obligations or the solvency of Mortgagor or any other Person liable for the payment of the Obligations, and Mortgagor and each other Person so liable waives or shall be deemed to have waived such necessity and consents or shall be deemed to have consented to such appointment, to the extent permitted by applicable law; or

(h) subject to the provisions and restrictions of any applicable law, enter upon the Premises or any part thereof and exclude Mortgagor and its agents and servants wholly therefrom, without liability for trespass, damages or otherwise, and take possession of all books, records and accounts relating thereto, and Mortgagor agrees to surrender possession of the Premises and of such books, records and accounts to Mortgagee on demand after the occurrence of any Event of Default; and having and holding the same may use, operate, manage, preserve, control and otherwise deal therewith and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or receivers, without interference from Mortgagor; and upon

each such entry and from time to time thereafter, at the expense of Mortgagor and the Premises, without interference by Mortgagor and as it may deem advisable, (i) either by purchase, repair or construction, may maintain and restore the Premises, (ii) may insure or reinsure the same, (iii) may make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments and improvements thereto and thereon, (iv) may complete the construction of the Improvements and, in the course of such completion, may make such changes in the contemplated or completed Improvements as it may deem advisable, and (v) may in every such case in connection with the foregoing have the right to exercise all rights and powers of Mortgagor with respect to the Premises, either in Mortgagor's name or otherwise, including, without limitation, the right to make, cancel, enforce or modify Leases, obtain and evict tenants and subtenants on such terms as Mortgagee shall deem advisable; or

(i) subject to the provisions and restrictions of any applicable law, with or without the entrance upon or taking possession of the Premises or any part thereof collect and receive all Rents and any other earnings, revenues, rents, issues, profits, income and cash collateral derived

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from the Premises or any part thereof and after deducting therefrom all costs and expenses of every character incurred by Mortgagee in collecting the same and in using, operating, managing, preserving and controlling the Premises, and otherwise in exercising Mortgagee's rights under clause (h) immediately above, including, without limitation, all amounts necessary to pay Impositions, insurance premiums and other charges in connection with the Premises, as well as reasonable compensation for the services of Mortgagee and its attorneys, agents and employees, apply the remainder as provided in Section 8.5 hereof; or

(j) release any portion of the Premises for such consideration as Mortgagee may require without, as to the remainder of the Premises, in any way impairing or affecting the lien or priority of this Mortgage, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the Obligations shall have been reduced by the actual monetary consideration, if any, received by Mortgagee for such release, and may accept by assignment, pledge or otherwise any other property in place thereof as Mortgagee may require without being accountable for so doing to any other lienor; or

(k) take all actions permitted under the Uniform Commercial Code of any state in which any portion of the Premises or the Collateral are located; or

(l) take any other action, or pursue any other right or remedy, as Mortgagee may have under applicable law, and Mortgagor does hereby grant the same to Mortgagee.

In the event that Mortgagee shall exercise any of the rights or remedies set forth in clauses (h) and (i) of this Section 8.2, Mortgagee shall not be deemed to have entered upon or taken possession of the Premises except upon the exercise of its option to do so, evidenced by its demand and overt act for such purpose, nor shall Mortgagee be deemed a mortgagee in possession by reason of such entry or taking possession. Mortgagee shall not be liable to account for any action taken pursuant to any such exercise other than for rents actually received by Mortgagee, nor liable for any loss sustained by Mortgagor resulting from any failure to let the Premises, or from any other act or omission of Mortgagee, except to the extent such loss is caused by Mortgagee's gross negligence or willful misconduct. Mortgagor hereby consents to, ratifies and confirms the exercise by Mortgagee of said rights and remedies, and appoints Mortgagee as its attorney-in-fact, which appointment shall be deemed to be coupled with an interest and is irrevocable for such purposes.

SECTION 8.3 Expenses. In any suit to foreclose this Mortgage or enforce any other remedy of Mortgagee under the Note, the Loan Agreement, any other Loan Document or hereunder, there shall be allowed and included as an addition to and a part of the Obligations in the decree for sale or other judgment or decree, all reasonable expenditures and expenses which may be paid or incurred in connection with the exercise by Mortgagee of any of its rights and remedies provided or referred to in Section 8.2 hereof. All such expenditures and expenses shall be secured by this Mortgage, as permitted by applicable law.

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SECTION 8.4 Rights Pertaining to Sales. The following provisions shall apply to any sale or sales of all or any portion of the Premises under or by virtue of this Article VIII, whether made under the power of sale herein granted or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale:

(a) Mortgagee may conduct any number of sales from time to time. The power of sale set forth in Section 8.2(d) hereof shall not be exhausted by any one or more such sales as to any part of the Premises which shall not have been sold, nor by any sale which is not completed or is defective in Mortgagee's opinion, until the Obligations shall have been paid in full.

(b) Any sale may be postponed or adjourned by public announcement at the time and place appointed for such sale or for such postponed or adjourned sale without further notice, as permitted by applicable law.

(c) After each sale, Mortgagee or any officer of any court empowered to do so, shall execute and deliver to the purchaser or purchasers at such sale a good and sufficient instrument or instruments granting, conveying, assigning and transferring all right, title and interest of Mortgagor in and to the property and rights sold and shall receive the proceeds of said sale or sales and apply the same as herein provided. Mortgagee is hereby appointed the true and lawful attorney-in-fact of Mortgagor, which appointment is irrevocable and shall be deemed to be coupled with an interest in Mortgagor's name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the property and rights so sold, and for that purpose Mortgagee may execute all necessary instruments of conveyance, assignment, transfer and delivery, or may substitute one or more Persons with like power, Mortgagor hereby ratifying and confirming all that said attorney or such substitute or substitutes shall lawfully do by virtue thereof. Nevertheless, Mortgagor, if requested by Mortgagee, shall ratify and confirm any such sale or sales by executing and delivering to such purchaser or purchasers all such instruments as may be advisable, in Mortgagee's judgment, for the purposes designated in such request.

(d) Any and all statements of fact or other recitals made in any of the instruments referred to in clause (c) immediately above given by Mortgagee as to nonpayment of the Obligations, or as to the occurrence of any Event of Default, or as to Mortgagee having declared all or any of the Obligations to be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and of the property or rights to be sold having been duly given, or as to any other act or thing having been duly done by Mortgagee, shall be taken as prima facie evidence of the truth of the facts so stated and recited. Mortgagee may appoint or delegate any one or more Persons as agent to perform any act or acts necessary or incident to any sale so held, including, without limitation, the posting of notices and the conduct of sale, but in the name and on behalf of Mortgagee.

(e) The receipt of Mortgagee of the purchase money paid at any such sale, or the receipt of any other Person authorized to give same, shall be sufficient discharge therefor to any purchaser of any property or rights sold as aforesaid, and no such purchaser, or its representatives, grantees or assigns,

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after paying such purchase price and receiving such receipt shall be bound to see to the application of such purchase price or any part thereof upon or for any trust or purpose of this Mortgage or, in any manner whatsoever, be answerable for any loss, misapplication or nonapplication of any such purchase money, or part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

(f) Any such sale or sales and the expiration of any applicable redemption period shall operate to divest all of the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Mortgagor in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against Mortgagor and any and all Persons claiming or who may claim the same, or any part thereof, by, through or under Mortgagor to the fullest extent permitted by applicable law.

(g) Upon any such sale or sales, Mortgagee or any holder of the Obligations may bid for and acquire the Premises and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting against the Obligations the amount of the bid made therefor, after deducting therefrom the expenses of the sale, the cost of any enforcement proceeding hereunder and any other sums which Mortgagee is authorized to deduct under the terms hereof and pursuant to applicable law, to the extent necessary to satisfy such bid.

(h) In the event that Mortgagor, or any Person claiming by, through or under Mortgagor, shall transfer or refuse or fail to surrender possession of the Premises after any sale thereof, then Mortgagor or such Person shall be deemed a tenant at sufferance of the purchaser at such sale subject to eviction by means of forcible entry and unlawful detainer proceedings, or subject to any other right or remedy available hereunder or under applicable law.

(i) Upon any such sale, it shall not be necessary for Mortgagee or any public officer acting under execution or order of court to have present or constructively in its possession any or all of the Premises.

(j) In the event of any sale referred to in this Section 8.4, all of the Obligations, if not previously due and payable, immediately thereupon shall, notwithstanding anything to the contrary in the Note or herein or in any other Loan Document, become due and payable.

(k) In the event a sale referred to in this Section 8.4 shall

be commenced by Mortgagee, Mortgagee may, at any time before the sale of the Premises, abandon the sale, and may institute suit for the foreclosure of this Mortgage, or in the event that Mortgagee should institute a suit for the foreclosure of this Mortgage, Mortgagee may at any time before the entry of final judgment in said suit dismiss the same and sell the Premises in accordance with the provisions of this Mortgage.

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SECTION 8.5 Application of Proceeds. The purchase money, proceeds or avails of any sale referred to in Section 8.4 hereof, together with any other sums which may be held by Mortgagee hereunder, whether under the provisions of this Article VIII or otherwise, shall be applied in such order as Mortgagee in its sole and absolute discretion may elect, which application may, without limiting the generality of the foregoing, be made to the following items:

(a) To the payment of the reasonable costs and expenses of any such sale, including, without limitation, compensation to Mortgagee, its agents and counsel, and of any judicial proceeding wherein the same may be made, and of all expenses, liabilities and advances made or incurred by Mortgagee hereunder, together with interest thereon as provided herein or in the other Loan Documents, and all taxes, assessments and other charges, except any taxes, assessments or other charges subject to which the Premises or any part thereof shall have been sold.

(b) To the payment in full of the Obligations (including, without limitation, principal, interest, premium and fees in such order as Mortgagee may elect).

(c) To the payment of any other sums secured hereunder or required to be paid by Mortgagor pursuant to any provision of this Mortgage, the Note, the Loan Agreement, or any other Loan Document.

(d) To the extent permitted by applicable law, to be set aside by Mortgagee as adequate security in its judgment for the payment of sums which would have been paid by application under clauses (a) through (c) immediately above, inclusive, to Mortgagee, arising out of an obligation or liability with respect to which Mortgagor has agreed to indemnify it, but which sums are not yet due and payable or liquidated.

Only after the foregoing items have been paid shall the surplus, if any, be applied to whomsoever may be lawfully entitled to receive the same.

SECTION 8.6 Additional Provisions as to Remedies.

(a) No right or remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and continuing, shall be in addition to every other right or remedy given under the Note, under the Loan Agreement, under any Loan Document or hereunder or now or hereafter existing at law or in equity, and may be exercised from time to time and as often as may be deemed expedient by Mortgagee.

(b) No delay or omission by Mortgagee to exercise any right or remedy hereunder upon an Event of Default shall impair any such exercise, or be construed to be a waiver of any such Event of Default or an acquiescence therein.

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(c) The failure, refusal or waiver by Mortgagee of its right to assert any right or remedy hereunder upon any Event of Default or other occurrence shall not be construed as waiving such right or remedy upon any other or subsequent Event of Default or other occurrence.

(d) Mortgagee shall not have any obligation to pursue any rights or remedies it may have under any other agreement prior to pursuing its rights or remedies under the Note, under the Loan Agreement, under any Loan Document or hereunder.

(e) To the extent permitted by applicable law, no recovery of any judgment by Mortgagee and no levy of an execution upon the Premises or any other property of Mortgagor shall affect, in any manner or to any extent, the lien and security interest of this Mortgage upon the Premises, or any liens, rights, powers or remedies of Mortgagee hereunder or under any of the other Loan Documents, and such liens, rights, powers and remedies shall continue unimpaired as before.

(f) Mortgagee may resort to any security given by this Mortgage or any other security now given or hereafter existing to secure the Obligations, in whole or in part, in such portions and in such order as Mortgagee may deem advisable, and no such action shall be construed as a waiver of any of the liens, rights or benefits granted hereunder.

(g) Acceptance of any payment after the occurrence of an Event

of Default shall not be deemed a waiver or a cure of such Event of Default, and acceptance of any payment less than any amount then due shall be deemed an acceptance on account only.

(h) Except as otherwise clearly provided, nothing in the Note, in the Loan Agreement, in any Loan Document or herein shall affect the obligations of Mortgagor to pay the Obligations in the manner and at the time and place herein or therein respectively expressed.

(i) In the event that Mortgagee shall have proceeded to enforce any right or remedy hereunder by foreclosure, sale, entry or otherwise, and such proceeding shall be discontinued, abandoned or determined adversely for any reason, then Mortgagor and Mortgagee shall be restored to their former positions and rights hereunder with respect to the Premises, subject to the lien hereof.

SECTION 8.7 Waiver of Rights and Defenses. To the full extent Mortgagor may do so under applicable law, Mortgagor agrees with Mortgagee as follows:

(a) Mortgagor shall not have or assert any right under any statute or rule of law providing for any appraisal, valuation, stay, extension, moratorium, redemption, reinstatement or statute of limitations, notice of intention to mature or declare due the whole of the obligations, rights to a marshalling of the assets of Mortgagor, rights to a sale in inverse

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order of alienation, to the administration of estates of decedents or to any other matters whatsoever to defeat, reduce or affect any of the rights or remedies of Mortgagee hereunder, including, without limitation, the rights of Mortgagee hereunder to a sale of the Premises for the collection of the Obligations without any prior or different resort for collection, or to the payment of the Obligations out of the proceeds of sale of the Premises in preference to any other Person.

(b) If any statute or rule of law referred to in this Section 8.7 and now in force, of which Mortgagor or any of its heirs, devisees, representatives, successors or assigns and such other Persons claiming any interest in the Premises might take advantage despite this Section 8.7, shall hereafter be repealed or cease to be in force, such statute or rule of law shall not thereafter be deemed to preclude the application of this Section 8.7.

(c) Mortgagor shall not be relieved of its obligation to pay and/or perform, as applicable, the Obligations at the time and in the manner provided in the Note, in the Loan Agreement, in any Loan Document or herein, nor shall the lien, security interest or priority of this Mortgage or any Loan Document be impaired by any of the following actions, non-actions or indulgences by Mortgagee, each of which actions, non-actions or indulgences Mortgagee may, in its sole discretion, take or refrain from taking:

(i) any failure or refusal by Mortgagee to comply with any request by Mortgagor (A) to consent to any action by Mortgagor or (B) to take any action to foreclose this Mortgage or otherwise enforce any of the provisions of the Note, of the Loan Agreement, of any Loan Document or hereof;

(ii) any release, regardless of consideration, of any part of the Premises or any other security for the Obligations, or any Person liable for payment of the Obligations;

(iii) any waiver by Mortgagee of compliance by Mortgagor with any provision of the Note, the Loan Agreement, any Loan Document or this Mortgage, or consent by Mortgagee to the performance by Mortgagor of any action which would otherwise be prohibited hereunder or thereunder, or to the failure by Mortgagor to take any action which would otherwise be required hereunder or thereunder; and

(iv) any agreement or stipulation between Mortgagee and Mortgagor, or, with or without Mortgagor's consent, between Mortgagee and any subsequent owner or owners of the Premises or any other security for the Obligations, renewing, extending or modifying the time of payment or the terms of the Note, the Loan Agreement, any Loan Document or this Mortgage (including, without limitation, any and all modifications of any interest rate) and, in any such event, Mortgagor shall continue to be obligated to pay and perform the Obligations at the time and in the manner provided in the Note, in the Loan Agreement, in the Loan Documents and herein, as so renewed, extended or modified, unless expressly released and discharged in writing by Mortgagee.

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(d) Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien, encumbrance, right, title or interest in or to the Premises, Mortgagee may release any Person at any time liable for the payment of the Obligations or any portion thereof or any part of the security held for the Obligations and may extend the time of payment

or otherwise modify the terms of this Mortgage, the Note, the Loan Agreement, and/or any Loan Document, including, without limitation, a modification of the interest rate payable on the principal balance of the Note, without in any manner impairing or affecting this Mortgage or the lien thereof or the priority of this Mortgage, as so extended and/or modified, as security for the Obligations over any such subordinate lien, encumbrance, right, title or interest. To the extent permitted by applicable law, Mortgagee may resort for the payment of the Obligations to any other security held by Mortgagee in such order and manner as Mortgagee, in its discretion, may elect. Mortgagee may take action to recover the Obligations, or any portion thereof, or to enforce any covenant hereof or of the Note, or the Loan Agreement or any Loan Document without prejudice to the right of Mortgagee thereafter to foreclose this Mortgage. Mortgagee shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every additional right and remedy now or hereafter afforded by law or equity. The rights of Mortgagee under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision.

(e) Mortgagor hereby waives any claim, and agrees not to assert any right, under any statute or rule of any Governmental Authority to the extent applicable, which (i) might restrict Mortgagee from simultaneously commencing or pursuing separate actions or proceedings on the Note, the Mortgage (including, without limitation, any action or proceeding to foreclose the Mortgage) and any of the other Loan Documents, (ii) would impose upon Mortgagee an obligation to prosecute to completion any action or proceeding brought on the Note, the Mortgage or any of the other Loan Documents before commencing or pursuing additional actions or proceedings under such documents or (iii) would require or impose upon Mortgagee an obligation to obtain a fair market valuation of any one or more of the Premises or other Collateral foreclosed or otherwise realized upon, whether by virtue of judicial proceedings or under a statutory power of sale. Mortgagor hereby acknowledges and agrees that upon a foreclosure sale or other realization upon any of the Premises or other Collateral, Mortgagor shall not be entitled to a credit against the indebtedness and obligations due and owing under the Loan in an amount equal to the fair market value of the Premises or other Collateral sold, but, rather, Mortgagor shall be entitled to a credit in an amount equal to the amount bid at such sale(s) and actually realized upon by Mortgagee (which shall include any amounts credit bid by Mortgagee). If any of the indebtedness and obligations due and owing under the Loan are partially paid or discharged by reason of the exercise of any of the remedies available to Mortgagee, this Mortgage shall nevertheless remain in full force and effect, and Mortgagor and/or Guarantor, as the case may be, shall remain liable for, and all of the Premises and other Collateral not otherwise sold as provided herein or in the other Loan Documents shall continue to secure, all Obligations.

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ARTICLE IX

Defeasance

SECTION 9.1 Defeasance. If (a) the Obligations shall be fully satisfied, (b) an Allowed Sale in accordance with the Loan Agreement occurs or (c) an Allowed Financing in accordance with the Loan Agreement occurs, then and in any of the aforementioned events this Mortgage shall be canceled and surrendered. In such event, Mortgagee shall, at the request of Mortgagor and at Mortgagor's cost and expense, to evidence such cancellation, promptly deliver to Mortgagor, in recordable form, all such documents as shall be necessary to release the Premises from the liens, security interests, conveyances and assignments evidenced hereby and by the other Loan Documents, as applicable; provided, however, that Mortgagee shall, upon request in connection with the full satisfaction of the Obligations, cause this Mortgage to be assigned to such assignee as shall be requested by Mortgagor at Mortgagor's cost and expense; provided, however, that such assignment shall be without representation or warranty by, or recourse to, Mortgagee except that Mortgagee shall represent that that it is the sole owner hereof and as to the then outstanding principal balance secured hereby.

ARTICLE X

Additional Provisions

SECTION 10.1 Provisions as to Payments, Advances.

(a) All payments of the Obligations shall be made in such lawful money of the United States of America as shall be legal tender for payment of all debts, public and private, at the time of payment, shall be made in the manner expressly designated therefor or, if no such designation is made, at the address of Mortgagee indicated in Section 10.4 hereof, or at such other place as Mortgagee may designate from time to time.

(b) If any of the Obligations cannot lawfully be secured by this Mortgage, or if any part of the Premises cannot lawfully be subject to the lien and security interest hereof, to the full extent of said obligations, then

all payments made thereon shall be applied first in discharge of that portion thereof which is unsecured by this Mortgage.

(c) To the extent that any of the Obligations are used to pay indebtedness secured by any outstanding lien, security interest or charge against the Premises or to pay in whole or in part the purchase price therefor, Mortgagee shall be subrogated to any and all rights, security interests and liens held by any owner or holder of the same, whether or not the same are released. Mortgagor agrees that, in consideration of such payment by Mortgagee, Mortgagor hereby waives and releases all demands, defenses and causes of action for offsets and payments with respect to the same.

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(d) Any payment made under this Mortgage by any Person at any time liable for the payment of the Obligations, or by any subsequent owner of the Premises, or by any other Person whose interest in the Premises might be prejudiced in the event of a failure to make such payment, or by any partner, member, stockholder, officer or director thereof, shall be deemed, as between Mortgagee and all such Persons, to have been made on behalf of all such Persons.

SECTION 10.2 Usury Savings Clause. All agreements in the Note, in the Loan Agreement, in any Loan Document or herein are expressly limited so that in no contingency or event whatsoever, whether by reason of advancement or acceleration of maturity of the Obligations, or otherwise, shall the amount paid or agreed to be paid hereunder for the use, forbearance or detention of money exceed the highest lawful rate permitted under applicable usury laws. If, from any circumstance whatsoever, fulfillment of any provision of the Note, of the Loan Agreement, of any Loan Document or hereof, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law which a court of competent jurisdiction may deem applicable hereto, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity and if, from any circumstance whatsoever, Mortgagee shall ever receive as interest an amount which would exceed the highest lawful rate, the receipt of such excess shall be deemed a mistake and shall be canceled automatically or if theretofore paid, such excess shall be credited against the principal amount of the Obligations to which the same may lawfully be credited, and any portion of such excess not capable of being so credited shall be rebated to the Mortgagor. All sums paid or agreed to be paid to the holder hereof for the use, forbearance or detention of the indebtedness of the Mortgagor to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the actual rate of interest on account of such indebtedness is uniform throughout the actual term of the loan or does not exceed the highest lawful rate permitted by applicable law throughout the entire term of such loan, as appropriate.

SECTION 10.3 Separability. If, in any jurisdiction, all or any portion of any provision of the Note, the Loan Agreement, any Loan Document or this Mortgage shall be held to be invalid, illegal or unenforceable in any respect, then, at Mortgagee's option, such invalidity, illegality or unenforceability shall not affect any other provision thereof or hereof, and such provision shall be limited and construed in such jurisdiction as if such invalid, illegal or unenforceable provision or portion thereof were not contained therein or herein.

SECTION 10.4 Notices. Unless otherwise provided for herein, all notices, demands, consents, approvals, directions, requests, agreements or other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given (a) when delivered, if delivered personally or by facsimile transmission (provided that all notices and other communications sent by facsimile transmission shall, in order to be deemed duly given, also be sent by the other method under clause (b) of this Section 10.4), or (b) on the following business day, if sent by overnight mail or nationally recognized prepaid courier, in each case to the parties at the following addresses or at such other addresses or shall be specified by like notice:

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If to Mortgagor:

Cedar Income Fund Partnership, L.P.
c/o Cedar Bay Realty Advisors, Inc.
44 South Bayles Avenue, Suite 304
Port Washington, New York 11050
Attn: Brenda J. Walker
Fax: (516) 767-6497
Phone: (516) 883-5577 x 524

with a copy to:

Cedar Bay Realty Advisors, Inc.
44 South Bayles Avenue, Suite 304
Port Washington, New York 11050
Attn: Stuart H. Widowski, Esq.
Fax: (516) 767-6497

If to Mortgagee:

SWH Funding Corp.
Two University Plaza
Hackensack, New Jersey 07601
Attn: Mr. Sanford S. Herrick
Fax: (201) 343-1523
Phone: (201) 343-3222

with a copy to:

Solomon and Weinberg LLP
685 Third Avenue
New York, New York 10017
Attn: Howard R. Shapiro, Esq.
Fax: (212) 605-0999
Phone: (212) 605-1000

SECTION 10.5 Right to Deal. In the event that ownership of the Premises becomes vested in a Person other than Mortgagor, Mortgagee may, without notice to Mortgagor, deal with such successor or successors in interest with reference to this Mortgage or the Obligations in the same manner as with Mortgagor, without in any way vitiating or discharging Mortgagor's liability hereunder or for the payment of the Obligations or being deemed a consent to such vesting.

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SECTION 10.6 No Merger.

(a) If both the lessor's and the lessee's interest under any lease which constitutes a part of the Premises shall at any time become vested in any one Person, this Mortgage and the lien and security interest created hereby shall not be destroyed or terminated by the application of the doctrine of merger and, in such event, Mortgagee shall continue to have and enjoy all of the rights and privileges of Mortgagee hereunder as to each separate estate.

(b) Upon the foreclosure of the lien created hereby on the Premises, as herein provided, any leases then existing shall not be destroyed or terminated by application of the doctrine of merger or as a matter of law or as a result of such foreclosure unless Mortgagee or any purchaser at a foreclosure sale shall so elect by notice to the lessee in question.

SECTION 10.7 Governing Law; Certain Waivers.

(a) This Mortgage shall be governed by, construed and enforced in accordance with the laws of the State of New York from time to time in effect, without giving effect to the State of New York's principles of conflicts of law except that it is the intent and purpose of Mortgagee and Mortgagor that Section 5-1401 of the General Obligations Law of the State of New York shall apply to this Mortgage and except to the extent of the procedural and substantive matters relating only to the creation, perfection or foreclosure of liens and enforcement of rights and remedies against the Premises or any other Collateral, or any part thereof, and the establishment of and defense or action for a deficiency, which matters shall be governed by the laws of the state in which the Premises or Collateral, as applicable, is located.

(b) MORTGAGOR HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND UNCONDITIONALLY WAIVES IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS MORTGAGE, THE LOAN AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OF MORTGAGOR, ANY OTHER SIGNIFICANT PARTY OR LENDER RELATING TO THE LOAN, AND THE LENDING RELATIONSHIP WHICH IS THE SUBJECT OF THIS MORTGAGE ANY AND EVERY RIGHT MORTGAGOR MAY HAVE TO (I) A TRIAL BY JURY, (II) INTERPOSE ANY COUNTERCLAIM THEREIN (EXCEPT FOR ANY COMPULSORY COUNTERCLAIM WHICH, IF NOT ASSERTED IN SUCH SUIT, ACTION OR PROCEEDING, WOULD BE WAIVED) AND (III) HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING. THIS PROVISION IS A MATERIAL INDUCEMENT FOR MORTGAGEE ENTERING INTO THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS.

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SECTION 10.8 Appointment of Mortgagee. Mortgagor hereby appoints Mortgagee its attorney-in-fact, which appointment is irrevocable and shall be deemed to be coupled with an interest, to execute, acknowledge, deliver and file or record for and in the name of Mortgagor any of the documents or instruments referred to in Section 8.4(c) hereof.

SECTION 10.9 Sole Discretion of Mortgagee. Whenever Mortgagee's judgment, consent or approval is required hereunder for any matter, or either shall have an option or election hereunder, such judgment, the decision as to whether or not to consent to or approve the same or the exercise of such option or election shall be in the sole discretion of Mortgagee, unless otherwise expressly specified herein to be reasonably given or exercised.

SECTION 10.10 Provisions as to Covenants and Agreements. All of Mortgagor's covenants and agreements hereunder shall run with the land and time is of the essence with respect thereto.

SECTION 10.11 Matters to Be in Writing. This Mortgage cannot be altered, amended, modified, terminated or discharged except in a writing signed by the party against whom enforcement of such alteration, amendment, modification, termination or discharge is sought. No waiver, release or other forbearance by Mortgagee shall be effective against Mortgagee unless it is in a writing signed by Mortgagee, and then only to the extent expressly stated.

SECTION 10.12 Construction of Provisions. The following rules of construction shall be applicable for all purposes of this Mortgage and all documents or instruments supplemental hereto, unless the context otherwise requires:

(a) All references herein to numbered Articles or Sections or to lettered Exhibits are references to the Articles and Sections hereof and the Exhibits annexed to this Mortgage, unless expressly otherwise designated in context.

(b) The terms "include," "including" and similar terms shall be construed as if followed by the phrase "without being limited to."

(c) The term "Premises" shall be construed as if followed by the phrase "or any part thereof."

(d) The term "Obligations" or "obligations" shall be construed as if followed by the phrase "or any other sums secured hereby, or any part thereof."

(e) Words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

(f) The term "provisions," when used with respect hereto or to any other document or instrument, shall be construed as if preceded by the phrase "terms, covenants, agreements, requirements, conditions and/or."

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(g) All Article, Section and Exhibit captions herein are used for convenience of reference only and in no way define, limit or describe the scope or intent of, or in any way affect, this Mortgage.

(h) No inference in favor of, or against, any party shall be drawn from the fact that such party has drafted any portion hereof.

(i) The cover page of, and all recitals set forth in, and all Exhibits to, this Mortgage are hereby incorporated in this Mortgage.

(j) All obligations of Mortgagor hereunder shall be performed and satisfied by or on behalf of Mortgagor at Mortgagor's sole cost and expense.

(k) The term "lease" shall mean "tenancy, subtenancy-lease, sublease and any other occupancy agreement or license" and the term "lessee" shall mean "tenant, subtenant, lessee and sublessee."

SECTION 10.13 Successors and Assigns. The provisions hereof shall be binding upon Mortgagor and the heirs, devisees, representatives, successors and assigns of Mortgagor, including successors in interest of Mortgagor in and to all or any part of the Premises, and shall inure to the benefit of Mortgagee and the holders of the Obligations and their respective heirs, successors, legal representatives, substitutes, participants and assigns. All references in this Mortgage to Mortgagor or Mortgagee shall be construed as including all of such other Persons with respect to the Person referred to.

SECTION 10.14 Counterparts. This Mortgage may be executed in any number of counterparts with the same effect as if all parties hereto had executed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart.

SECTION 10.15 Report Updates.

(a) Mortgagee reserves the right at any time during the Term to conduct or require Mortgagor to conduct, at Mortgagor's cost and expense, such environmental inspections, audits and tests as Mortgagee shall reasonably deem necessary or advisable from time to time, utilizing a company acceptable to Mortgagee; provided, however, that Mortgagor shall not be required to pay for such environmental inspections, audits and tests more often than once every twelve (12) months so long as: (i) no Event of Default has occurred, (ii) such inspection, audit or test is not required by applicable Environmental Laws and (iii) Mortgagee has no cause to believe, in Mortgagee's sole but good faith

judgment, that there has been or there is threatened a Hazardous Substance Release on or from the Premises or that Mortgagor or the Premises is in violation of any applicable Environmental Law.

(b) Mortgagee reserves the right at any time during the Term to order additional engineering reports with respect to the Premises, at Mortgagor's expense; provided, however, that Mortgagor shall not be required to

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pay for such additional engineering reports more frequently than once every twelve (12) months so long as (i) no Event of Default has occurred, (ii) such additional engineering report is not required by applicable Legal Requirements to be obtained and (iii) in Lender's sole but good faith judgment, no material adverse change in the condition of the Premises has occurred.

(c) Mortgagee shall not be liable for any action or inaction by Mortgagor with respect to any remedial or other response activity in connection with any Hazardous Substance or any repair or replacement recommended in any engineering report, notwithstanding any review or approval of Mortgagor's method of remediation or repair or replacement, as applicable, or any response by Mortgagee.

SECTION 10.16 Joint and Several Liability. The liability of the entities comprising Mortgagor under this Mortgage shall be and remain joint and several, and such joint and several liability shall be unaffected by the failure of either entity to execute any or all of the counterparts of this Mortgage.

SECTION 10.17 Handicapped Access. Mortgagor agrees that the Premises shall at all times comply in all material respects and to the extent applicable with the requirements of the Americans with Disabilities Act of 1990, as amended, all state and local laws and ordinances related to handicapped access and all rules, regulations, and orders issued pursuant thereto including, without limitation, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (collectively, "Access Laws"). Mortgagee may condition any such approval upon receipt of a certificate of Access Law compliance (or the jurisdictional equivalent) from an architect, engineer, or other Person acceptable to Mortgagee. Mortgagor agrees to give prompt notice to Mortgagee of the receipt by Mortgagor of any complaints or information related to the violation of any Access Laws and of the commencement of any proceedings or investigations which relate to compliance with any Access Laws. In the event Mortgagor is in default under this Section 10.17, Mortgagee agrees to suspend enforcement of its rights under this Mortgage with respect to such default only if such default is in respect of the Premises' compliance with the Access Laws on the date hereof (as distinct from Mortgagor's default under this Section 10.17 in respect of which this sentence shall not apply, upon any alteration or improvement made to the Premises after the date hereof) unless and until Mortgagor and/or the Premises become subject to any penalty, fine, forfeiture or the like, or Mortgagor and/or the Premises becomes or is likely to become subject to any injunctive or similar order for relief mandating that Mortgagor and/or the Premises comply with any such Access Laws.

SECTION 10.18 Assignment by Mortgagee; Participations. The provisions of Section 7.8 of the Loan Agreement are hereby incorporated in this Mortgage by this reference, mutatis mutandis, and shall have the same force and effect as if set forth at length herein.

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SECTION 10.19 Jurisdiction. The provisions of Section 7.22 of the Loan Agreement are hereby incorporated in this Mortgage by this reference, mutatis mutandis, and shall have the same force and effect as if set forth at length herein.

SECTION 10.20 Conflict with Loan Agreement. To the extent that any provision(s) in this Mortgage shall conflict with or be inconsistent with or less restrictive than any provision(s) of the Loan Agreement, the provision(s) of the Loan Agreement shall govern and take precedence.

SECTION 10.21 Truth-In-Lending. Mortgagor further acknowledges that the Obligations are an exempt transaction under the Truth-In-Lending Act, 15 U.S.C.ss.ss.1601, et seq.

SECTION 10.22 Intentionally Omitted.

SECTION 10.23 Limitation on Lender Liability. The provisions of Section 7.21 of the Loan Agreement are hereby incorporated in this Mortgage by this reference, mutatis mutandis, and shall have the same force and effect as if set forth at length herein.

ARTICLE XI

State Specific Provisions

PROMISSORY NOTE

in the principal amount of

\$6,000,000.00

BY

CEDAR INCOME FUND PARTNERSHIP, L.P.

TO

SWH FUNDING CORP.

AS OF OCTOBER ____, 2001

PROMISSORY NOTE

\$6,000,000.00

As of October ____, 2001
New York, New York

THIS PROMISSORY NOTE (AS AMENDED, MODIFIED, EXTENDED, SUPPLEMENTED, RESTATED, REPLACED, CONSOLIDATED, SEVERED OR SPLIT FROM TIME TO TIME, THIS "NOTE") IS THE PROMISSORY NOTE DESCRIBED IN AND DEFINED IN THAT CERTAIN LOAN AGREEMENT, AS OF EVEN DATE HERewith, BY AND BETWEEN HOLDER, AS LENDER, AND MAKER, AS BORROWER (AS AMENDED, MODIFIED, EXTENDED, SUPPLEMENTED, RESTATED OR REPLACED FROM TIME TO TIME, THE "LOAN AGREEMENT"). ALL CAPITALIZED TERMS USED HEREIN, BUT NOT OTHERWISE DEFINED HEREIN, SHALL HAVE THE RESPECTIVE MEANINGS ASCRIBED THERETO IN THE LOAN AGREEMENT, AND ALL OF THE TERMS, CONDITIONS, PROVISIONS, COVENANTS, REPRESENTATIONS AND WARRANTIES CONTAINED IN THE LOAN AGREEMENT ARE INCORPORATED HEREIN BY THIS REFERENCE, MUTATIS MUTANDIS, AS IF FULLY AND EXPRESSLY SET FORTH IN THIS NOTE.

W I T N E S S E T H:

FOR VALUE RECEIVED, THE UNDERSIGNED, CEDAR INCOME FUND PARTNERSHIP, L.P., a Delaware limited partnership, having an office c/o Cedar Bay Realty Advisors, Inc., 44 South Bayles Avenue, Suite 304, Port Washington, New York 11050 ("Maker"), promises to pay to the order of SWH Funding Corp., a New Jersey corporation, having an office at Two University Plaza, Hackensack, New Jersey 07601 (together with its successors, assigns and participants, "Holder"), the principal sum of SIX MILLION AND 00/100 DOLLARS (\$6,000,000.00), or so much thereof as shall have been advanced or readvanced and is from time to time outstanding, together with interest thereon as hereinafter set forth, and all other amounts due and payable to Holder hereunder and under the Loan Documents, all payable in lawful money of the United States of America. All payments hereunder shall be made to Holder at such address and in such manner as is set forth in the Loan Agreement.

1. Basic Interest; Additional Interest; Other Payments.

1.1 Basic Interest. Provided that no Event of Default shall have occurred under this Note, the Loan Agreement or any other Loan Document (including, without limitation, the Mortgage), Basic Interest shall accrue on the Outstanding Principal Balance at the Basic Interest Rate and Maker shall pay to Holder Basic Interest at the Basic Interest Rate as and when provided for in the Loan Agreement.

FLORIDA DOCUMENTARY STAMP TAXES IN THE AMOUNT OF \$ _____ HAVE BEEN PAID ON THE MORTGAGE SECURING THIS NOTE.

1.2 Principal. Provided that no Event of Default shall have occurred under this Note, the Loan Agreement or any other Loan Document (including, without limitation, the Mortgage), Maker shall pay principal payments as and when provided for in the Loan Agreement.

1.3 Other Payments. Maker shall pay to Holder the Exit Fee, interest at the Default Rate, Late Charges and all other amounts due and payable

if, as and when provided for in the Loan Agreement.

2. Maturity. The Outstanding Principal Balance, together with accrued and unpaid Basic Interest, Additional Interest, interest at the Default Rate, if any, Late Charges, if any, the Exit Fee and all other amounts due and payable to Holder hereunder and under the Loan Documents shall be due and payable on the Maturity Date as provided for in the Loan Agreement.

3. Prepayment. The Outstanding Principal Balance due under this Note shall be prepayable, subject to and only as provided in the Loan Agreement.

4. Default.

4.1 Events of Default. The occurrence of any Event of Default under the Loan Agreement shall constitute an Event of Default under this Note.

4.2 Remedies. Upon the occurrence and during the continuance of an Event of Default: (a) interest shall accrue hereunder at the Default Rate, (b) Holder may, at its option and without notice (such notice being expressly waived by Maker), DECLARE AND DEMAND this Note immediately due and payable and (c) Holder may pursue all rights and remedies available hereunder or under the Loan Agreement, the Mortgage or under any of the other Loan Documents. Holder's rights, remedies and powers, as provided in this Note and in the Loan Agreement, the Mortgage and in the other Loan Documents, are cumulative and concurrent, and may be pursued singly, successively or together against Maker, the Collateral and/or any other collateral given at any time to secure the payment hereof, all at the sole discretion of Holder. Additionally, Holder may resort to every other right or remedy available at law or in equity without first exhausting the rights and remedies contained herein, all in Holder's sole discretion. Failure of Holder, for any period of time or on more than one occasion, to DECLARE AND DEMAND this Note immediately due and payable shall not constitute a waiver of the right to exercise the same at any time from and after any Event of Default.

4.3 Costs of Collection. Maker agrees to pay all reasonable costs and expenses of collection incurred by Holder, in addition to principal and interest (including, without limitation, reasonable attorneys' fees and disbursements), and including, without limitation, all costs and expenses incurred in connection with the pursuit by Holder of any of its rights or remedies hereunder, under the Loan Agreement, under the Mortgage or under any other Loan Document or the protection of or realization of Collateral or in connection with any of Holder's collection efforts, whether or not any action or

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proceeding on this Note, the Loan Agreement, the Mortgage, any other Loan Document or any foreclosure proceeding is filed or asserted, and including, without limitation, all such costs and expenses incurred after the entry of a judgment on this Note, the Mortgage or any of the other Loan Documents until the indefeasible payment in full of the Obligations, and all such costs and expenses shall be payable on demand, together with interest thereon at the Default Rate, and shall be secured by the Mortgage and all other Collateral.

4.4 Post-Judgment Interest. Notwithstanding any statute or rule of any Governmental Authority to the contrary, interest shall continue to accrue and be payable on the Outstanding Principal Balance at the Default Rate after the entry of a judgment on this Note (including, without limitation, a deficiency judgment), the Mortgage (including, without limitation, a judgment of foreclosure and sale with respect to the Premises, the Collateral or any portion thereof) or any of the other Loan Documents until the indefeasible payment in full or other discharge of all the Obligations.

5. Governing Law; Severability. THIS NOTE WAS NEGOTIATED, EXECUTED AND DELIVERED IN THE STATE OF NEW YORK. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO NEW YORK'S PRINCIPLES OF CONFLICTS OF LAWS EXCEPT THAT IT IS THE INTENT AND PURPOSE OF HOLDER AND MAKER THAT THE PROVISIONS OF SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK SHALL APPLY TO THIS NOTE. The invalidity, illegality or unenforceability of any provision of this Note shall not affect or impair the validity, legality or enforceability of the remainder of this Note, and to such end, the provisions of this Note are declared to be severable.

6. Waivers. Without limiting any provision of the Loan Agreement, the Mortgage or any other Loan Document, Maker, for itself and all endorsers, guarantors and sureties of this Note, and their respective heirs, legal representatives, successors and assigns, hereby waives presentment for payment, demand, notice of nonpayment (except as specifically and expressly set forth in the Loan Agreement), notice of dishonor, protest of any dishonor, notice of protest and protest of this Note, and all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note, except as expressly provided herein or in the Loan Agreement, the Mortgage or any other Loan Document, and in connection with any suit, action or proceeding brought by Holder on this Note, any and every right Maker, and all such endorsers, guarantors and sureties of this Note, their respective heirs,

legal representatives, successors and assigns may have to (a) injunctive relief, (b) a trial by jury, (c) interpose any counterclaim therein (except for any compulsory counterclaim which, if not asserted in such suit, action or proceeding, would be waived), and (d) have the same consolidated with any other or separate suit, action or proceeding, and agrees that their respective liability shall be unconditional and without regard to the liability of any other party and shall not be in any manner affected by any indulgence, extension of time, renewal, waiver or modification granted or consented to by Holder. Maker, for itself and all endorsers, guarantors and sureties of this Note, and their heirs, legal representatives, successors and assigns, hereby consents to every extension of time, renewal, waiver or modification that may be granted by Holder with respect to the payment or other provisions of this Note, and to the release of any makers, endorsers, guarantors or sureties, and their heirs, legal representatives, successors and assigns, and of any Collateral, with or without substitution, and agrees that additional makers, endorsers, guarantors or sureties and their heirs, legal representatives, successors and assigns, may become parties hereto without notice to Maker or to any endorser, guarantor or surety and without affecting the liability of any of them.

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7. Application of Payments; Revival. Each and every payment made by Maker to Holder in accordance with the terms hereof and of the Loan Agreement and all other proceeds received by Holder with respect to the Obligations shall be applied by Holder as provided for in Section 2 of the Loan Agreement. To the extent that Maker makes a payment or Holder receives any payment or proceeds for Maker's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under the Bankruptcy Code or any other bankruptcy law, common law or equitable cause, then, to such extent, the obligations of Maker hereunder intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Holder.

8. Miscellaneous.

8.1 Amendments; Termination. This Note may not be terminated or amended orally, but only by a termination or amendment in writing signed by Holder. Upon the indefeasible payment and performance in full of all the Obligations, Lender shall, at Borrower's request and expense, return this Note to Borrower marked "Canceled."

8.2 Usury. It is the intention of Maker and Holder to conform strictly to the usury and other laws relating to interest from time to time in force, and all agreements between Maker and Holder, whether now existing or hereafter arising and whether oral or written, are hereby expressly limited so that in no contingency or event whatsoever, whether by demand hereunder or otherwise, shall the amount paid or agreed to be paid to Holder, or collected by Holder for the use, forbearance or detention of the money to be loaned hereunder, or for the payment or performance of any covenant or obligation contained herein or in the Loan Agreement or in the Mortgage or in any other agreement given to secure the Obligations or in any other Loan Document, exceed the maximum amount of interest allowable under applicable law (the "Maximum Amount"). If under any circumstances whatsoever fulfillment of any provision hereof or of the Loan Agreement, the Mortgage or any other Loan Document, at the time performance of such provision shall be due, shall involve transcending the Maximum Amount, then ipso facto, the obligation to be fulfilled shall be reduced to the Maximum Amount. For the purposes of calculating the actual amount of interest paid and/or payable, in respect of laws pertaining to usury or such other laws as may regulate the amount of interest payable under applicable law,

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all sums paid or agreed to be paid to Holder for the use, forbearance or detention of the indebtedness evidenced hereby shall, to the extent permitted by applicable law, be amortized, allocated and spread from the date of disbursement of the proceeds thereof until payment in full of the Obligations, so that the actual rate of interest on account thereof is uniform throughout the term hereof. If under any circumstances Holder shall ever receive an amount deemed interest by applicable law, which amount would exceed the Maximum Amount, such amount that would be excessive interest under applicable usury or other such laws shall be deemed a payment in reduction of the principal balance owing under this Note and shall be so applied to principal and not to the payment of interest or, if such excessive interest shall be deemed to have been a payment made by mistake, shall be refunded to Maker or to any other Person making such payment on Maker's behalf.

8.3 Captions. The captions of the Sections of this Note are for convenience of reference only and shall not be deemed to modify, explain, enlarge or restrict any of the provisions hereof.

8.4 Notices. Any notice, demand, request, or other communication given under this Note or in connection herewith shall be given and deemed sufficient as provided in and subject to the terms and conditions of the Loan Agreement.

8.5 Joint and Several Obligations. The obligations of Maker under this Note shall be joint and several obligations of Maker and of each Maker, if more than one, and of each Maker's heirs, legal representatives, successors and assigns.

8.6 Time of Essence. TIME IS OF THE ESSENCE with respect to this Note and the performance by Maker of each of the covenants and agreements on Maker's part to be performed hereunder.

9. Assignment by Lender; Participations. The provisions of Section 7.8 of the Loan Agreement are hereby incorporated in this Note by this reference, mutatis mutandis, and shall have the same force and effect as if set forth at length herein.

10. Venue; Service of Process. The provisions of Section 7.22 of the Loan Agreement are hereby incorporated in this Note by this reference, mutatis mutandis, and shall have the same force and effect as if set forth at length herein.

11. Jury Trial Waiver. MAKER HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THIS NOTE AND THE BUSINESS RELATIONSHIP THAT IS BEING ESTABLISHED AS DESCRIBED IN THE LOAN AGREEMENT. THIS WAIVER IS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY MADE BY MAKER, AND MAKER ACKNOWLEDGES THAT NEITHER HOLDER NOR ANY PERSON ACTING ON BEHALF OF HOLDER HAS MADE ANY REPRESENTATIONS OF FACT TO INCLUDE THIS WAIVER OF TRIAL BY JURY OR HAS TAKEN ANY ACTIONS WHICH IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. MAKER ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO HOLDER TO ENTER INTO THE SUBJECT BUSINESS RELATIONSHIP WITH MAKER, THAT HOLDER HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS NOTE AND THAT HOLDER WILL CONTINUE TO RELY ON THIS WAIVER IN ALL RELATED FUTURE DEALINGS WITH MAKER. MAKER FURTHER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED (OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL.

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12. Limitation on Lender Liability. The provisions of Section 7.21 of the Loan Agreement are hereby incorporated in this Note by this reference, mutatis mutandis, and shall have the same force and effect as if set forth at length herein.

13. Registration of Notes.

(a) The Maker hereby acknowledges and makes this Note a registered obligation for United States withholding tax purposes. The Maker shall be the registrar for this Note (the "Registrar") with full power of substitution. In the event the Registrar becomes unable or unwilling to act as registrar under this Note, the Maker shall reasonably designate a successor Registrar. Each Holder who is a foreign person, by its acceptance of this Note, hereby agrees to provide the Maker with a completed Internal Revenue Service Form W-8 (Certificate of Foreign Status) or a substantially similar form for such Holder, participants or other affiliates who are holders of beneficial interests in this Note. Notwithstanding any contrary provision contained in this Note or any of the other Loan Documents, neither this Note nor any interests therein may be sold, transferred, hypothecated, participated or assigned to any Person except upon satisfaction of the conditions specified in this Section 13. Each Holder, by its acceptance of this Note, agrees to be bound by the provisions of this Section 13.

(b) The Registrar shall keep at its principal executive office (or an office or agency designated by it by notice to the last registered Holder of this Note) a ledger, in which, subject to such reasonable regulations as it may prescribe, but at its expense (except as specified below), which shall provide for the registration and transfer of this Note (the "Register"). No sale, transfer, hypothecation, participation or assignment of this Note or any interest therein shall be effective for any purpose until it shall be entered on the Register. Prior to the registration or assignment or sale of this Note, the Registrar shall treat the Person in whose name this Note is registered as the owner thereof for the purpose of receiving all payments thereon and for all other purposes, notwithstanding notice to the contrary. In the event of a sale, transfer, hypothecation, participation or assignment of this Note or any interest therein, the Holder of this Note prior to such sale, transfer, hypothecation, participation or assignment of this Note or any interest therein shall provide the Registrar with notice of such transaction at the time of such transaction. The Registrar shall record the transfer of this Note on the Register maintained for this purpose upon receipt by the Registrar at the office or agency designated by the Registrar of (i) a written assignment of this Note being assigned (or the applicable interest therein), (ii) funds sufficient to pay any transfer taxes payable upon the making of such transfer as well as the cost of reviewing the documents presented to the Registrar, and (iii) such evidence of due execution as the Registrar shall reasonably require. The Registrar shall record the transfer of this Note on the books maintained for such purpose at the cost and expense of the assignee.

(c) In the event that any Holder sells participations in this Note, such Holder shall maintain a register on which it enters the names of all participants in this Note held by it (the "Participant Register"). This Note may be participated in whole or in part only by registration of such participation on the Participant Register, and any participation of this Note or transfer of such participation may be effected only by the registration of such participation on the Participant Register.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Maker has caused this Note to be executed by its duly authorized representative as of the day and year first above written.

CEDAR INCOME FUND PARTNERSHIP, L.P.,
a Delaware limited partnership

By: Cedar Income Fund, Ltd.,
a Maryland corporation,
General Partner

By: _____
Name: Brenda J. Walker
Title: Vice President

ACKNOWLEDGMENT

Within New York:

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

On the ___ day of October in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Brenda J. Walker, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public (SEAL)

Outside New York:

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

On the ___ day of October in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Brenda J. Walker, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument, and that such individual made such appearance before the undersigned in the _____.

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (as amended, modified, supplemented, extended, restated or replaced from time to time, this "Agreement"), is made as of October ___, 2001, by CEDAR INCOME FUND PARTNERSHIP, L.P., a Delaware limited partnership, having an office c/o Cedar Bay Realty Advisors, Inc., 44 South Bayles Avenue, Suite 304, Port Washington, New York 11050 ("Pledgor"), in favor of SWH FUNDING CORP., a New Jersey corporation, having an office at Two University Plaza, Hackensack, New Jersey 07601 (together with its successors, assigns and participants, "Lender").

W I T N E S S E T H:

WHEREAS, Lender has made, or is about to make, that certain loan to Pledgor in the principal amount of \$6,000,000.00 (the "Loan"), pursuant to the terms, conditions and provisions of that certain Loan Agreement, as of even date herewith, by and between Lender, as lender, Pledgor, as borrower (as amended, modified, supplemented, extended, restated or replaced from time to time, the "Loan Agreement"), which Loan is evidenced by, inter alia, that certain Promissory Note, of even date herewith, made by Pledgor, as maker, to the order of Lender, as payee, in the amount of \$6,000,000.00 (as amended, modified, supplemented, extended, restated, replaced, severed or split from time to time, the "Note"), and secured by, inter alia, that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement, as of even date herewith, granted by Pledgor for the benefit of Lender (as amended, modified, supplemented, extended, restated, replaced, severed or split from time to time, the "Mortgage" and, together with the Note and all related documents, agreements and instruments executed and delivered as security for the Note or in order to evidence or establish or secure the Loan, including, without limitation, this Agreement, the "Loan Documents"); and

WHEREAS, Pledgor is a member of Cedar Center Holdings L.L.C. 3, a Delaware limited liability company ("Holdings"), owning 100% of the equity interests in Holdings, which Holdings has been formed pursuant to the terms and provisions of that certain Certificate of Formation, filed with the Secretary of State of Delaware (the "Secretary of State") on September 13, 2001 (the "Certificate of Formation"); and

WHEREAS, as a condition of making the Loan to Pledgor, Lender has required that Pledgor enter into this Agreement with respect to the Distributions (as hereinafter defined); and

WHEREAS, Pledgor will derive substantial economic benefit from the Loan being made and, accordingly, Pledgor desires to execute and deliver this Agreement.

NOW, THEREFORE, for Ten Dollars (\$10.00) and in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which being hereby acknowledged, the parties hereto agree as follows:

1. Capitalized Terms. All capitalized terms used herein, but not otherwise defined herein, shall have the respective meanings ascribed thereto in the Loan Agreement and, for the purposes of this Agreement, the following capitalized terms shall have the following meanings:

(a) "Distributions" means all distributions (whether in cash or in kind) and all interest on or in respect of, and all proceeds of, any instrument or interest constituting part of the Membership Interest, of whatever kind or description, real or personal, whether in the ordinary course or in partial or total liquidation or dissolution, or any recapitalization, reclassification of capital, or reorganization or reduction of capital, or otherwise.

(b) "Event of Default" has the meaning ascribed thereto in Section 7 hereof.

(c) "Membership Interest" means, with respect to Pledgor, all of Pledgor's right, title and interest, whether now owned or hereafter acquired, (i) as a member of Holdings (as evidenced by such certificates of shares of stock or other documents evidencing ownership interest, as applicable, of Holdings), or any successor limited liability company or other successor entity, including, without limitation, Pledgor's share of the profits, losses and capital of Holdings, and the right to vote, if any, and all instruments, whether heretofore or hereafter acquired, evidencing such rights and interests, (ii) all Distributions (as hereinafter defined), (iii) proceeds (including, without limitation, claims against third parties), products and accessions of the foregoing, (iv) all replacements and substitutions of the foregoing, and (v) all instruments, certificates or other evidence of the foregoing.

(d) "Security Interest" has the meaning ascribed thereto in

Section 2 hereof.

2. Pledge. As security for the Obligations, Pledgor hereby grants to Lender a direct and exclusive first priority perfected, continuing security interest in the Distributions and in all proceeds thereof and interests thereto, therein and thereon (the "Security Interest"), and is delivering to Lender together herewith UCC-1 financing statements duly executed by Pledgor.

3. Distributions. Prior to the date on which there shall have occurred an Event of Default, Pledgor may receive, expend and further distribute any Distributions, free and clear of the terms hereof and of the security interest created hereby, subject, however, to the applicable terms and provisions of the other Loan Documents. Upon the occurrence of an Event of Default, without presentment, demand, notice or protest of any kind, Pledgor hereby irrevocably authorizes and directs Holdings to distribute, transfer, pay and deliver, in accordance with the Agreement and Acknowledgment of Pledge, the form of which is attached hereto as Exhibit A and made a part hereof (the "Consent"), all

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Distributions at such time and in such manner as such Distributions would otherwise be distributed, transferred, paid and delivered to Pledgor directly to Lender for application against the Obligations, and agrees, at the request of Lender, to execute and deliver appropriate forms of assignment, UCC-1 financing statements, and other appropriate instruments indicating the Security Interest of Lender in any such Distributions, duly executed by Pledgor as additional collateral security for the Obligations. If Pledgor receives any Distributions upon and after the occurrence of an Event of Default, Pledgor shall accept the same as Lender's agent and hold the same in trust on behalf of and for the benefit of Lender and shall promptly deliver the same forthwith to Lender, together with appropriate forms of assignment, UCC-1 financing statements, and other appropriate instruments indicating the Security Interest of Lender in and to such Distributions, duly executed by Pledgor as additional collateral security for the Obligations. Pledgor authorizes and directs Lender to apply any cash Distributions received by it to the payment of the Obligations in the order of priority elected by Lender. Lender shall not have any liability whatsoever to Pledgor with respect to the Distributions so received, nor shall Lender be liable to Pledgor in any manner with respect to the holding by Lender of any Distributions pursuant to this Agreement, nor shall Lender have any obligation to take any action (including, without limitation, the obtaining of insurance) with respect to any Distributions held by it, except to remit to Pledgor the value thereof in excess of the Obligations.

4. Termination of Agreement. Upon the indefeasible payment and satisfaction in full of the Obligations in accordance with the terms of the Loan Agreement and the other Loan Documents (except for such of the obligations which by the terms upon which such obligations were created survive the payment in full of the Obligations), this Agreement shall immediately cease, terminate and be of no further force or effect (subject to survival of certain matters as provided herein). Thereafter, upon the request of Pledgor and at Pledgor's sole cost and expense, Lender shall deliver to Pledgor a termination of this Agreement (subject to survival of certain matters as provided herein), together with appropriate instruments of reassignment as reasonably requested by Pledgor and UCC-3 (or UCC-2) termination statements, and to return to Pledgor the balance of, if any, to the extent in Lender's possession, the value of proceeds of the Distributions, if applicable.

5. Lender's Liability. Neither Lender nor any officer, director, employee or agent of Lender shall have any duty or liability to preserve the Distributions or any rights pertaining thereto.

6. Rights of Lender.

(a) Lender shall not be liable for failure to collect or realize upon the Obligations or any collateral security or guarantee therefor, or any part thereof, or for any delay in so doing nor be under any obligation to take any action whatsoever with regard thereto. After an Event of Default has occurred, Lender or its nominee may, without notice, exercise its remedies in accordance with this Agreement, including, without limitation, Section 8 hereof, all without liability except to account for property actually received by Lender or its nominee; provided, however, that Lender shall not have any duty to exercise any of the foregoing actions or any liability for failure to do so or delay in so doing.

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(b) Pledgor hereby authorizes Lender, but without any obligation so to do, to file all financing and continuation statements and amendments to financing statements (including, without limitation, all UCC-1 and UCC-3 (or UCC-2) financing and continuation statements), naming Pledgor as debtor, with respect to any of the security interest granted hereby and the Distributions (including, without limitation, such as may be necessary to create, renew, extend and continue the perfection of the Security Interest) without the signature of Pledgor or executed by Lender as attorney-in-fact for

Pledgor, and consent to a carbon, photocopy or other reproduction of this Agreement or of a financing statement being sufficient as a financing statement.

7. Events of Default. Any one or more of the events or conditions hereinbelow set forth shall constitute an "Event of Default" hereunder:

(a) Failure by Pledgor to duly keep, perform and observe any term, condition, covenant or agreement in this Agreement within ten (10) days of Lender's notice thereof; provided, however, that in the event such failure is curable but not reasonably susceptible of cure within such ten (10) days, and Pledgor commences the cure thereof within such ten (10) days, Pledgor's failure to effect such cure within such ten (10) days shall not constitute an Event of Default if Pledgor diligently prosecutes such cure to completion within thirty (30) days of Lender's notice of such failure.

(b) If, at any time, any representation, warranty or certification made by Pledgor in this Agreement, or in any document delivered pursuant hereto, shall be untrue, incorrect or misleading in any material respect.

(c) The entry by a court of (i) a decree or order for relief in respect of Pledgor, in an involuntary case or proceeding under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law, or (ii) a decree or order adjudging Pledgor, a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of Pledgor, under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of Pledgor, or of any substantial part of the property of, or ordering the winding up or liquidation of the affairs of, Pledgor, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of thirty (30) days.

(d) (i) The commencement by Pledgor 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, (ii) the consent by Pledgor (A) to the entry of a decree or order for relief in respect of Pledgor, in an involuntary case or proceeding under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law or (B) to the commencement of any bankruptcy or insolvency case or proceeding against Pledgor, (iii) the filing by Pledgor of a petition or answer or consent seeking reorganization or relief under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law, (iv) the consent by Pledgor 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 Pledgor, or of any substantial part of any property of Pledgor, (v) the making by Pledgor of an assignment for the benefit of creditors, or (vi) the admission by Pledgor in writing of its inability to pay its debts generally as they become due.

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(e) If, at any time, a judgment shall be rendered against Pledgor which, in Lender's reasonable judgment, will adversely affect the ability of Pledgor to perform any of its obligations under this Agreement or any other Loan Document.

(f) The issuance by any Subsidiary of any class or type of ownership interest of any nature whatsoever to Pledgor or any other Person without the express prior written consent of Lender.

(g) The occurrence of an Event of Default (as defined in the Loan Agreement) under the Loan Agreement.

An Event of Default under any of clauses (a) through (f) immediately above, inclusively, shall constitute an "Event of Default" under all of the other Loan Documents.

8. Remedies. Lender, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Pledgor or any other Person (all and each of which demands, advertisements and/or notices is hereby expressly waived to the extent permitted by applicable law), may, without obligation to resort to other security, and in addition to and not in limitation of any and all other remedies reserved to Lender, hereunder or at law or in equity, forthwith after the occurrence of an Event of Default which is continuing and not expressly waived in writing by Lender, collect, receive, appropriate and realize upon the Distributions, or any part thereof, and/or may forthwith sell, assign, give an option or options to purchase, contract to sell or otherwise dispose of and deliver the Distributions and the other rights granted to Lender hereunder, or any part thereof, in one or more parcels at public or private sale or sales, at any exchange, broker's board or at any of Lender's offices or elsewhere upon such terms and conditions as it may reasonably deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk, with the right to Lender upon any such

sale or sales, public or private, to purchase the whole or any part of the Distributions and the other rights granted to Lender hereunder so sold, free of any right or equity of redemption in Pledgor, which right or equity is hereby expressly waived and released. Lender shall not be obligated to make any sale of the Distributions and the other rights granted to Lender hereunder if it shall determine not to do so, regardless of the fact that notice of sale of the Distributions and the other rights granted to Lender hereunder may have been given. Lender may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case the sale of all or any part of the Distributions and the other rights granted to Lender hereunder is made on credit or for future delivery, the Distributions and the other rights granted to Lender hereunder so sold shall be retained by Lender until the sale price is paid by the purchaser or purchasers thereof. Lender shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Distributions and the other rights granted to Lender hereunder so sold and, in case of any such failure, the Distributions and the other rights granted to Lender hereunder may be sold again upon like notice. Pledgor hereby waives all rights of marshaling the Distributions and any other security at any time held by Lender and any right of valuation or appraisal. Lender shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safekeeping or otherwise of any and all of the Distributions and the other rights granted to Lender hereunder or in any way relating to the rights of Lender hereunder,

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including, without limitation, reasonable attorney's fees and legal expenses, to the payment in whole or in part, of the Obligations together with interest thereon at the Default Rate, and only after so applying such net proceeds and after the payment by Lender of any other amount required by any provision of law, including, without limitation, the Uniform Commercial Code, need Lender account for the surplus, if any, to Pledgor. Pledgor agrees that Lender need not give more than ten (10) days notice of the time and place of any public sale or of the time and place if any private sale or other intended disposition is to take place and that such notice is commercially reasonable notification of such matters. No notification need be given to Pledgor if any has, after default or otherwise, signed a statement renouncing or modifying any right to notification of sale or other intended disposition. Lender's rights and remedies hereunder are cumulative, at law or in equity, with any and all of Lender's other rights in connection with the Loan and Lender may exercise any of such rights or remedies in any order. In addition to the rights and remedies granted to it in this Agreement and any other instrument securing, evidencing or relating to any of the Obligations, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

9. Representations, Warranties and Covenants of Pledgor. Pledgor hereby represents and warrants to and covenants and agrees with Lender with respect to Pledgor and the Membership Interest and the Distributions that:

(a) Pledgor has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

(b) This Agreement has been duly authorized, executed and delivered by Pledgor, is the legal, valid and binding obligation of Pledgor, and is enforceable in accordance with its terms, subject, however, to bankruptcy, insolvency and other rights of creditors generally.

(c) The execution, delivery, observance and performance by Pledgor of this Agreement and the transactions contemplated hereby will not result in any violation of the Certificate of Formation, the Operating Agreement or of any applicable constitutional provision, law, statute, ordinance, rule or regulation, or of any judgment, decree or order applicable to Pledgor and will not conflict with, or cause a breach of, or default under, any agreement or other document to which Pledgor, Holdings or any Affiliate of either of them is a party or, except for the liens created or contemplated hereby, result in the creation of any mortgage, lien, pledge, charge or encumbrance upon any of Pledgor's, Holdings or any of their Affiliates' properties or assets.

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(d) It is not necessary for Pledgor, Holdings or any of their Affiliates to obtain or make any (i) governmental consent, approval or authorization, registration or filing (except for appropriate UCC-1 financing statements) from or with any governmental authorities or (ii) consent, approval, waiver or notification of partners, lenders, mortgagees, creditors, lessors or other nongovernmental persons, in each case, in connection with the execution and delivery of this Agreement or the consummation of the transactions herein presently contemplated which has not been obtained.

(e) Pledgor is as of the date hereof the sole equity member of

Holdings and the sole owner of the Membership Interest and the Distributions. Pledgor owns the Membership Interest and the Distributions, and the Membership Interest and the Distributions are and shall remain, free and clear of any lien, mortgage, encumbrance, charge, pledge, security interest, or claim of any kind (including, without limitation, any unconditional sale or other title retention agreement) other than as created by this Agreement or the other Loan Documents.

(f) This Agreement, together with the filing of necessary UCC-1 financing statements in the appropriate jurisdiction in each state where Pledgor resides or has its principal office, as the case may be, creates a perfected first priority, continuing security interest of Lender in the Distributions, except to the extent of Distributions in the form of cash.

(g) Pledgor covenants and agrees that Pledgor shall defend, at Pledgor's sole cost and expense, Lender's right, title and Security Interest in and to the Distributions, created pursuant hereto, against the claims and demands of all persons whomsoever.

10. No Disposition. Pledgor agrees that, except as permitted under the Loan Agreement, without the prior written consent of Lender, Pledgor shall not sell, assign, transfer, exchange, encumber or otherwise dispose of, or grant any option with respect to, the Membership Interest or the Distributions, nor shall it create, incur or permit to exist any security interest with respect to any of the Membership Interest or the Distributions, or any interest therein, or any proceeds thereof, except for the Security Interest provided for by this Agreement.

11. Other Members Shall Join. Every member hereinafter admitted to Holdings as a successor or additional member shall, as a condition thereto, join in this Agreement and agrees to be bound by the terms and provisions hereof, pursuant to a written joinder and assumption agreement in form and substance satisfactory to Lender, and execute and deliver appropriate forms of assignment, UCC-1 financing statements, and other appropriate instruments indicating the Security Interest of Lender in such member's portion of the Distributions. The failure of any new member to execute and deliver the same prior to its admission as a member in Holdings shall constitute an Event of Default under the terms and provisions of the Loan Documents.

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12. Assignment; Participation.

(a) Lender may assign any or all of its right, title and interest in and to the Obligations and may transfer therewith any and all its right, title and interest in and to the Distributions and the other rights granted to Lender hereunder therefor and the transferee shall have the same right with respect thereto as has Lender. Upon such transfer, Lender shall be released and fully discharged from all liability and responsibility for the Distributions and the other rights granted to Lender hereunder so transferred.

(b) Lender may from time to time sell or otherwise grant participations in any of the Obligations and the holder of any such participation shall, subject to the terms of any agreement between Lender and such holder, be entitled to the same benefits as Lender with respect to any of the Distributions and the other rights granted to Lender hereunder for the Obligations in which such holder is a participant.

13. Reimbursement of Lender.

(a) Pledgor hereby agrees to indemnify and hold harmless Lender (to the full extent permitted by law) from and against any and all claims, demands, losses, judgments and liabilities (including, without limitation, liabilities for penalties) of whatever nature arising out of or in connection with this Agreement or the administration or enforcement of any right or remedy granted to Lender hereunder, except and to the limited extent that any such claims, demands, losses, judgments, and liabilities are determined by a final nonappealable judgment of a court of competent jurisdiction to have been caused solely by Lender's gross negligence or willful misconduct. Any amounts which may become payable by Pledgor pursuant to the foregoing indemnity shall be added to its obligations hereunder and to the Obligations. In no event shall Lender be liable to Pledgor for any matter or thing in connection with this Agreement other than to account for moneys actually received by Lender in accordance with the terms hereof.

(b) If Pledgor shall fail to do any act or thing which Pledgor has covenanted to do hereunder or if any representation or warranty of Pledgor shall be breached, Lender may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach and there shall be added to the obligations hereunder and to the Obligations the reasonable cost or expense incurred by Lender in so doing.

(c) Pledgor shall be liable for any and all costs incurred by Lender in taking any action pursuant to this Agreement against Pledgor or to enforce any of Lender's rights hereunder against Pledgor and all such costs and expenses, including, without limitation, reasonable attorneys' fees, expenses

and disbursements, shall be repayable to Lender upon its demand therefor and shall bear interest from the date advanced to the date of repayment at the Default Rate, which costs and expenses shall be added to the obligations hereunder and to the Obligations.

(d) All indemnities and agreements contained in this Section 13 shall survive the expiration or termination of this Agreement, subject only to the provisions of Section 14 hereof.

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14. No Waiver of Rights by Lender. Nothing herein shall be deemed (a) to be a waiver of any right which Lender may have under the Bankruptcy Code or the bankruptcy laws of any State to file a claim for the then outstanding amount of the Loan or to require that all of the Distributions shall continue to secure all of the Obligations, (b) to impair the validity of the Loan, the Loan Agreement, the Note, the Mortgage or any other Loan Document or other document or instrument delivered to Lender in connection therewith, or (c) to impair the right of Lender to commence an action to foreclose any lien or security interest. Nothing herein shall be deemed to be a waiver of any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of the indebtedness of the Loan and other amounts due under this Agreement, the Loan Agreement, the Note, the Mortgage or the other Loan Documents or to require that all of the Distributions shall continue to secure the Obligations.

15. Further Assurances. Pledgor agrees that at any time and from time to time upon the written request of Lender, Pledgor shall execute and deliver such further documents and do such further acts and things at Pledgor's cost and expense as Lender may reasonably request in order to effectuate the intent and purposes of this Agreement.

16. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

17. No Waiver; Cumulative Remedies. Lender shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder and no waiver shall be valid unless in writing and signed by Lender, and then only to the extent therein set forth. A waiver by Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Lender would otherwise have on any future occasion. Neither any failure to exercise nor any delay in exercising on the part of Lender any right, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, under this Agreement or any related document preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies herein provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights or remedies provided by law.

18. Waivers; Assignments; Integration. None of the terms or provisions of this Agreement may be waived, altered, modified or amended except by an instrument in writing duly executed by Lender and Pledgor. This Agreement and all obligations, rights and remedies of Pledgor hereunder shall inure to the benefit of and be binding upon Pledgor and its respective permitted successors, transferees and assigns. This Agreement and all the rights and remedies of Lender hereunder shall inure to the benefit of and be binding upon Lender, and its respective successors, endorsers, participants, transferees and assigns. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, understandings and representations of the parties relating thereto. Lender shall have no duty or liability to preserve the Distributions or any rights pertaining thereto.

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19. Notices. Whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties to this Agreement by any of the other, or whenever any of the parties hereto desires to give or serve upon any other any communications with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing, and shall be deemed to have been duly given only (a) when delivered, if sent by registered or certified mail (return receipt requested), (b) when delivered, if delivered personally, (c) when transmitted, if sent by facsimile if a confirmation of transmission is produced by the sending machine (and a copy of each facsimile is promptly sent by any of the other methods for giving notice hereunder) or (d) on the following Business Day, if sent by overnight mail or reputable overnight courier, in each case to the parties at the following addresses or facsimile numbers:

(a) if to Lender:

SWH Funding Corp.
Two University Plaza
Hackensack, New Jersey 07601
Attention: Sanford S. Herrick
Facsimile: (201) 343-1523

with a copy to:

Solomon and Weinberg LLP
685 Third Avenue
30th Floor
New York, New York 10017
Attention: Howard R. Shapiro, Esq.
Facsimile: (212) 605-0999

(b) if to Pledgor:

Cedar Income Fund Partnership, L.P.
c/o Cedar Bay Realty Advisors, Inc.
44 South Bayles Avenue
Suite 304
Port Washington, New York 11050
Attention: Brenda J. Walker
Facsimile: (516) 767-6497

with a copy to:

Cedar Bay Realty Advisors, Inc.
44 South Bayles Avenue, Suite 304
Port Washington, New York 11050
Attention: Stuart H. Widowski, Esq.
Facsimile: (516) 767-6497

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or at such other address or facsimile number as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication within any corporation or firm to the persons designated to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication. The parties agree that their respective counsel shall be authorized to serve notices on behalf of such parties.

20. Power of Attorney. Pledgor hereby appoints Lender as its attorney-in-fact to execute and file, effective upon the occurrence of any Event of Default hereunder, on the behalf of Pledgor, any financing statements, continuation statements or other documentation required to perfect or continue the security interest created hereby. This power, being coupled with an interest, shall be irrevocable until all amounts and other obligations secured hereby have been paid, satisfied and discharged in full. Pledgor acknowledges and agrees that the exercise by Lender of its rights under this Section 20 shall not be deemed a satisfaction of the amounts owed Lender unless Lender so elects in writing.

21. Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto executed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart.

22. Governing Law; Jurisdiction; Venue; Service of Process.

(a) THIS AGREEMENT WAS NEGOTIATED, EXECUTED AND DELIVERED IN THE STATE OF NEW YORK. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE STATE OF NEW YORK'S PRINCIPLES OF CONFLICTS OF LAW, EXCEPT THAT IT IS THE INTENT AND PURPOSE OF LENDER AND PLEDGOR THAT THE PROVISIONS OF SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK SHALL APPLY TO THIS AGREEMENT.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT SHALL BE BROUGHT, AT LENDER'S OPTION, IN THE COURTS OF THE STATE OF NEW YORK, NEW YORK COUNTY OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK EXCEPT SUCH ACTIONS OR PROCEEDINGS ARE REQUIRED TO BE BROUGHT IN ANOTHER COURT TO OBTAIN SUBJECT MATTER JURISDICTION OVER THE MATTER IN CONTROVERSY. PLEDGOR HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS. PLEDGOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO PLEDGOR AT PLEDGOR'S ADDRESS SET FORTH IN THE INTRODUCTORY PARAGRAPH HEREOF, WHICH

SERVICE SHALL BE DEEMED SUFFICIENT FOR PERSONAL JURISDICTION AND SHALL BE DEEMED EFFECTIVE SEVEN (7) DAYS AFTER MAILING. PLEDGOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF

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THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT BROUGHT IN THE COURTS REFERRED TO ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST PLEDGOR IN ANY OTHER JURISDICTION.

(c) PLEDGOR HEREBY EXPRESSLY AND UNCONDITIONALLY WAIVES, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY LENDER UNDER THIS AGREEMENT ANY AND EVERY RIGHT PLEDGOR MAY HAVE TO (A) A TRIAL BY JURY, (B) INTERPOSE ANY COUNTERCLAIM THEREIN (EXCEPT FOR ANY COMPULSORY COUNTERCLAIM WHICH, IF NOT ASSERTED IN SUCH PROCEEDING, WOULD BE WAIVED) AND (C) HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, Pledgor has executed and delivered this Agreement as of the date first above written.

CEDAR INCOME FUND PARTNERSHIP, L.P.,
a Delaware limited partnership

By: Cedar Income Fund, Ltd.,
a Maryland corporation,
General Partner

By: _____
Name: Brenda J. Walker
Title: Vice President

ACCEPTED AND AGREED TO
THIS ____ DAY OF OCTOBER, 2001:

CEDAR CENTER HOLDINGS, L.L.C. 3,
a Delaware limited liability company

By: Cedar Income Fund Partnership, L.P.,
a Delaware limited partnership,
Managing Member

By: Cedar Income Fund, Ltd.,
a Maryland corporation,
General Partner

By: _____
Name: Brenda J. Walker
Title: Vice President

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ACKNOWLEDGMENT

Within New York:

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

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GUARANTY

Dated as of October ___, 2001

Made By

CEDAR INCOME FUND, LTD.,

as Guarantor

in favor of

SWH FUNDING CORP.,

as Lender

=====

GUARANTY

THIS GUARANTY (this "Guaranty"), dated as of October ___, 2001, is made by CEDAR INCOME FUND, LTD., a Maryland corporation, having an address at 44 South Bayles Avenue, Suite 304, Port Washington, New York 11050 ("Guarantor"), in favor of SWH FUNDING CORP., a New Jersey corporation, having an office at Two University Plaza, Hackensack, New Jersey 07601 (together with its successors, assigns and participants, "Lender").

W I T N E S S E T H:

WHEREAS, Lender has made or is about to make a loan in the original principal amount of \$6,000,000.00 (collectively, the "Loan") to Cedar Income Fund Partnership, L.P., a Delaware limited partnership ("Borrower"), pursuant to a certain Loan Agreement, as of even date herewith, between Lender and Borrower (as the same may be amended, supplemented, extended, modified, restated or replaced from time to time, the "Loan Agreement"), which Loan is or will be (a) evidenced by the Note made by Borrower to the order of Lender in the original principal amount of the Loan and (b) secured by, inter alia, the Mortgage granted by Borrower in favor of Lender encumbering the Premises (as each of such capitalized terms is defined in the Loan Agreement); and

WHEREAS, the Guarantor is the sole general partner of Borrower and will, therefore, derive material direct and indirect economic and other benefits from Lender making the Loan to Borrower; and

WHEREAS, Guarantor acknowledges its receipt and approval of copies of the Loan Agreement, the Note, the Mortgage and all other Loan Documents (as defined in the Loan Agreement); and

WHEREAS, to induce Lender to make the Loan to Borrower, Guarantor has agreed to enter into this Guaranty, Guarantor acknowledging that, without this Guaranty, Lender would be unwilling to make the Loan.

NOW, THEREFORE, in consideration of the Loan, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby agrees as follows:

1. Definitions. All capitalized terms used herein, but not otherwise defined herein, shall have the respective meanings ascribed to such terms in the Loan Agreement.

2. Guaranty Obligations. Guarantor hereby unconditionally, absolutely and irrevocably, as a primary obligor and not merely as a surety guarantees to Lender the punctual and complete (a) payment in full (and not merely the collectibility) of and shall pay or cause to be paid to Lender when due pursuant

to the Loan Documents (i) all installments of interest on the Outstanding Principal Balance in accordance with the terms and conditions of the Loan Agreement, the Note and the other Loan Documents, whether at the Basic Interest Rate, the Default Rate or any other rate, as applicable, specified in the Loan

Agreement, the Note and the other Loan Documents, (ii) the Outstanding Principal Balance, whether at the stated maturity of the Loan, upon acceleration or otherwise and at all times thereafter, (iii) all transfer, stamp or other fees or taxes levied on the holder of the Note by reason of the making of the Note or the recording or filing of any Loan Document, (iv) the Exit Fee, all Late Charges, if any, and other amounts due and payable by Borrower to Lender pursuant to the Loan Agreement, the Note and the other Loan Documents, (v) all transfer, stamp, recording or filing or other fees or taxes and other costs and expenses imposed upon foreclosure of any of the Collateral, or the conveyance or transfer or all or any part of the Collateral to Lender or its nominee in lieu thereof, or otherwise and (vi) any and all costs and expenses, (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Lender in enforcing, obtaining advice of counsel with respect to, or collecting any or all of the foregoing under the Loan Documents or Guarantor under this Guaranty and (b) performance of, and shall cause to be performed, all other Obligations as and when required pursuant to the Loan Documents (such obligation to guaranty payment and performance pursuant to this Section 2 being referred to herein as the "Guaranty Obligations").

3. Unconditional and Absolute Guaranty.

(a) Guarantor guarantees that the Obligations shall be paid and/or performed strictly in accordance with the Loan Agreement, the Note and the other Loan Documents, regardless of any law, statute, rule, regulation, decree or order now or hereafter in effect in any jurisdiction affecting or purporting to affect in any manner any of such terms or the rights or remedies of Lender with respect thereto regardless of any law, statute, rule, regulation, decree or order now or hereafter in effect in any jurisdiction affecting or purporting to affect in any manner any of such terms or the rights, powers or remedies of Lender with respect thereto.

(b) Any payment or payments made by Borrower or any other Person or received or collected by Lender from Borrower or any other Person by virtue of any action or proceeding or any other set-off or appropriation or application at any time or from time to time in respect of any indebtedness, obligations or liabilities of Borrower or any other Person under the Loan Agreement, the Note or the other Loan Documents may be applied by Lender in satisfaction of such indebtedness, obligations and liabilities in such order as Lender may determine in accordance with the Note and the other Loan Documents, and no application of such payment or payments to satisfaction of indebtedness, obligations or liabilities other than the Obligations shall discharge in any manner any obligations of Guarantor hereunder.

(c) The liability of Guarantor under this Guaranty shall be absolute and unconditional, and shall not be affected, released, terminated, discharged or impaired, in whole or in part, by, and Lender may proceed to exercise any right or remedy hereunder irrespective of, and Guarantor waives, any common law, equitable, statutory or other rights which Guarantor might possess as a result of or in connection with, any or all of the following:

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(i) any lack of genuineness, regularity, validity, legality or enforceability, or the voidability of, all or any portion of the Loan Agreement or any of the other Loan Documents or any other agreement or instrument relating thereto;

(ii) the failure of Lender to exercise or to exhaust any right or remedy or take any action against Borrower, any other Person or the Collateral or any other security available to Lender, including, without limitation, any indulgence, forbearance or compromise granted or given by Lender to Borrower or any other Significant Party;

(iii) any amendment or modification of the Loan Agreement or any of the other Loan Documents;

(iv) any change in the time, manner or place of payment of all or any of the Obligations now existing or hereafter coming into existence and arising from, by reason of, or in any way relating to any of the terms, covenants, conditions and agreements of the Loan Agreement or any of the other Loan Documents or any extensions of time for payment, whether in whole or in part, of the terms of the Loan Agreement or any of the other Loan Documents on the part of Borrower or any other Person to be paid, performed or observed, as applicable;

(v) any amendment or waiver of, or any assertion or enforcement or failure or refusal to assert or enforce, or any consent or indulgence granted by Lender with respect to a departure from, any term of the Loan Agreement or any of the other Loan Documents, including, without

limitation, the waiver by Lender of any default of Borrower or any other Person, or the making of any other arrangement with, or the accepting of any compensation or settlement or compromise from, Borrower or any other Person;

(vi) any failure or delay of Lender to exercise, or any lack of diligence in exercising, any right or remedy with respect to the Loan Agreement, any other Loan Document or this Guaranty;

(vii) any dealings or transactions between Lender and Borrower or any other Person whether or not Guarantor shall be a party to or cognizant of the same;

(viii) any exchange, surrender or release, in whole or in part, of any security which may be held by Lender at any time for or under the Loan Agreement, any other Loan Document or in respect of the Obligations;

(ix) any other guaranty or any indemnity now or hereafter executed by Guarantor or any other guarantor or any indemnitor or the release of any other guarantor or any indemnitor from or the failure of any other Person to assume liability for the payment, performance or observance of the Obligations or any of the terms of the Loan Agreement, the Note or any other Loan Document on the part of Borrower or any other Person to be paid, performed or observed whether by operation of law or otherwise;

(x) any rights, powers or privileges Lender may now or hereafter have against any Person or the Collateral in respect of the Obligations;

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(xi) Lender's consent to any assignment or successive assignments of the Loan Agreement, the Note or any or all of the other Loan Documents by Borrower or any other Person;

(xii) the failure to give Guarantor or any other Person any notices whatsoever;

(xiii) any other circumstance which might in any manner or to any extent constitute a defense available to Borrower or any other Person, or vary the risk of Guarantor, or might otherwise constitute a legal or equitable discharge or defense available to a surety or guarantor, whether similar or dissimilar to the foregoing;

(xiv) any and all notice of the creation, renewal or extension of the Obligations and notice of or proof of reliance by Lender upon this Guaranty or acceptance of this Guaranty;

(xv) any change, restructuring or termination of the limited partnership structure, or existence of Borrower not otherwise permitted by and accomplished in accordance with the requirements contained in the Loan Documents;

(xvi) the exercise of any right or remedy under the Loan Agreement or any of the other Loan Documents, or the obtaining of any judgment against Borrower or any other Person, or the taking of any action to enforce the same;

(xvii) the insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, disability, dissolution or lack of power of Borrower, any other Significant Party or any other Person at any time liable for the payment or performance of all or part of the Obligations; or any dissolution of Borrower or any other Significant Party or any sale, lease or transfer of any or all of the assets of Borrower or any other Significant Party or any changes in the shareholders, partners, members, trustees or beneficiaries of Borrower or any other Significant Party;

(xviii) the invalidity, illegality or unenforceability of all or any part of the Obligations, or any document or agreement executed in connection with the Obligations, for any reason whatsoever, including, without limitation, the fact that (A) the Obligations, or any part thereof, exceed the amount permitted by law, (B) the act of creating the Obligations or any part thereof is ultra vires, (C) the officers or representatives executing the Loan Agreement or the other Loan Documents or otherwise creating the Obligations acted in excess of their authority, (D) the Obligations violate applicable usury laws, (E) Borrower or any other Person liable for any of the Obligations has valid defenses, claims or offsets (whether at law, in equity or by agreement) which render the Obligations wholly or partially uncollectible from Borrower or such other Person liable for any of the Obligations, (F) the creation, performance or repayment of the Obligations, or the execution, delivery and performance of any document or instrument representing part of the Obligations or executed in connection with the Obligations, or given to secure the repayment of the Obligations, is illegal, uncollectible or unenforceable, or (G) the Loan Agreement or any of the other

Loan Documents have been forged or otherwise are irregular or not genuine or authentic, it being understood and agreed that Guarantor shall remain liable under this Guaranty regardless of whether Borrower or any other Person be found not liable on the Obligations or any part thereof for any reason;

(xix) any full or partial release of the liability of Borrower for the Obligations, or any part thereof, or of Guarantor, or any other Person now or hereafter liable, whether directly or indirectly, jointly, severally, or jointly and severally, to pay, perform, or assure the payment of the Obligations, or any part thereof, it being recognized, acknowledged and agreed by Guarantor that Guarantor may be required to pay the Guaranty Obligations in full without assistance or support of any other Person, and Guarantor has not been induced to enter into this Guaranty on the basis of a contemplation, belief, understanding or agreement that other Persons will be liable to pay or perform the Guaranty Obligations, or that Lender will look to other Persons to pay or perform the Guaranty Obligations;

(xx) the failure of Lender or any other Person to exercise diligence or reasonable care in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of the Collateral or any other security given for the Obligations, including, without limitation, any neglect, delay, omission, failure or refusal of Lender (A) to take or prosecute any action for the collection of any of the Obligations, (B) to foreclose, or initiate any action to foreclose, or, once commenced, prosecute to completion any action to foreclose upon any security therefor or (C) to take or prosecute any action in connection with any instrument or agreement evidencing or securing all or any part of the Obligations;

(xxi) the fact that any Collateral, security, security interest or Lien contemplated or intended to be given, created or granted as security for the repayment and/or performance of the Obligations or any part thereof, shall not be properly perfected or created, or shall prove to be unenforceable or subordinate to any other security interest or Lien, it being recognized and agreed by Guarantor that Guarantor is not entering into this Guaranty in reliance on, or in contemplation of the benefits of, the validity, enforceability, collectibility or value of any of the Collateral for the Obligations;

(xxii) any existing or future right of offset, claim or defense of Borrower, any other Significant Party or any Affiliate of any Significant Party against Lender or any other Person or against payment and/or performance of the Obligations, whether such right of offset, claim or defense arises in connection with the Obligations or the transactions creating the Obligations or otherwise;

(xxiii) the reorganization, merger or consolidation of Borrower or any other Person into or with any other Person;

(xxiv) any payment (A) by Borrower to Lender or (B) by any other Person to Lender, in either case, on account of or in connection with the Obligations is held to constitute a preference under bankruptcy laws, or if for any reason Lender is required to refund such payment or pay such amount to Borrower, such other Person or any other Person; or

(xxv) any other action taken or omitted to be taken with respect to the Loan Documents, the Obligations or the Collateral or other security therefor, whether or not such action or omission prejudices Guarantor or increases the likelihood that Guarantor will be required to pay the Guaranty Obligations pursuant to the terms hereof; or

(xxvi) any assignment of the Loan or any interest therein to any assignees or participants;

whether occurring before or after any default by Borrower or any other Person under the Loan Agreement, the Note, the Mortgage or any of the other Loan Documents, and with or without further notice to or assent from Guarantor, it being the unambiguous and unequivocal intention of Guarantor that Guarantor shall be obligated to pay and/or perform the Obligations as provided in Section 2 hereof, if not punctually paid and/or performed when due (subject to applicable grace periods, if any), notwithstanding any occurrence, circumstance, event, action, or omission whatsoever, whether contemplated or un contemplated, and whether or not otherwise or particularly described herein, which obligation shall be deemed satisfied only upon the full and final indefeasible payment and satisfaction of the Obligations.

(d) This Guaranty shall continue to be effective or be reinstated, as the case may be, and the rights of Lender hereunder shall continue with respect to, any Guaranty Obligation (or portion thereof) arising out of any Obligation at any time paid by Borrower or any other Person which

shall thereafter be required to be restored or returned by Lender upon the insolvency, bankruptcy or reorganization of Borrower or such other Person, or for any other reason, all as though such Obligation (or portion thereof) had not been so paid or applied.

4. Irrevocable Guaranty; Payment. Guarantor's Guaranty Obligations pursuant to Section 2 hereof are continuing and irrevocable under any and all circumstances whatsoever. If all or any part of the Obligations shall not be punctually paid and/or performed when due, whether at demand, maturity, acceleration or otherwise (subject to applicable grace periods, if any), Guarantor shall immediately upon demand by Lender, and without presentment, protest, notice of protest, notice of non-payment, notice of intention to accelerate the maturity, notice of acceleration of the maturity, or any other notice whatsoever, pay the amount due on, and/or perform, the Obligations to Lender. Such demand(s) may be made at any time coincident with or after the time for payment and/or performance of all or part of the Obligations (subject to applicable grace periods, if any), and may be made from time to time with respect to the same or different items of Obligations. Such demand shall be deemed made, given and received in accordance with the notice provisions hereof.

5. Primary Liability of Guarantor. This Guaranty constitutes a guarantee of payment and performance and not a guarantee and indemnity of collection. Lender may enforce this Guaranty against Guarantor for payment of any amounts due under or performance of any of the Guaranty Obligations as they become due and without first making demand or instituting collection or other proceedings against Borrower, any other guarantor of the Obligations or any other Person liable for any of the Obligations. Guarantor's liability for the Guaranty Obligations is hereby declared by mutual agreement to be primary, and not secondary.

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6. Representations and Warranties. Guarantor warrants and covenants to Lender as follows:

(a) The execution, delivery and performance by Guarantor of this Guaranty, and the performance of its obligations hereunder do not (i) violate any law, rule, regulation (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award, (ii) conflict with or result in the breach of, or constitute a default under, any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting Guarantor or any of their property or (iii) result in or require the creation or imposition of any lien upon or with respect to any of the property of Guarantor. Guarantor is not in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument.

(b) No authorization, consent or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or any other Person is required for (i) the due execution, delivery or performance by Guarantor of this Guaranty or (ii) the exercise by the Lender of its rights under this Guaranty.

(c) This Guaranty has been duly executed and delivered by Guarantor. This Guaranty is the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors rights generally.

(d) There are no conditions precedent to the effectiveness of this Guaranty that have not been either satisfied or waived.

(e) Guarantor has, independently and without reliance upon Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Guaranty.

(f) Guarantor is not insolvent and Guarantor's execution hereof does not render Guarantor insolvent.

(g) Guarantor is not (i) presently, and covenants that it shall not hereafter be, delinquent in the payment of any Taxes (as hereinafter defined) imposed by any Governmental Authority or in the filing of any tax return and (ii) involved in a dispute with any taxing authority over Tax amounts due which would be reasonably likely to result in a material adverse effect on Guarantor's ability to fully and timely perform the Guaranty Obligations.

(h) No information, exhibit or report furnished by Guarantor to Lender in connection with this Guaranty or pursuant to the terms of the Loan Documents contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein not misleading in any material respect.

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(i) There is no action, suit, investigation, litigation or proceeding affecting Guarantor pending or threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to result in a material adverse effect on Guarantor's ability to fully and timely perform the Guaranty Obligations or (ii) purports to affect the legality, validity or enforceability of this Guaranty.

(j) Guarantor is not a party to any indenture, loan or credit agreement or any contract, lease or other agreement or instrument, or subject to any restriction that would be reasonably likely to result in a material adverse effect on Guarantor's ability to fully and timely perform the Guaranty Obligations.

(k) Subject to legally permitted extensions, Guarantor has filed, has caused to be filed or has been included in all tax returns (Federal, state, local and foreign) required to be filed and has paid all taxes shown thereon to be due, together with applicable interest and penalties.

(l) No bankruptcy, reorganization or insolvency proceedings are pending or contemplated either by Guarantor or, to the best knowledge of Guarantor, against Guarantor.

(m) Guarantor will receive, substantial direct or indirect benefit from the giving of this Guaranty, the borrowing of the Loan and the consummation of the transactions described in the Loan Agreement.

(n) The financial statements of Guarantor which have been delivered to Lender in connection with the Loan, if any, are true, correct and complete in all material respects and do not omit any material fact necessary to make such financial statements not misleading.

7. Covenants. Guarantor covenants and agrees that:

(a) Guarantor shall not convey, sell, lease, assign, transfer or otherwise dispose of all or substantially all of his property, business or assets.

(b) Guarantor shall deliver to Lender as soon as available, but in any event not later than 45 days after the end of each quarter of each calendar year, the unaudited financial statements of Guarantor as of the end of each such quarter year, certified by Guarantor as being true, correct and complete in all material respects.

(c) Guarantor shall deliver to Lender as soon as available, but in any event not later than 90 days after the end of each calendar year, the audited financial statements of Guarantor as of the end of each such calendar year, certified by Guarantor as being true, correct and complete copies in all material respects.

(d) Guarantor shall pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all of his obligations of whatever nature, except when the amount or validity thereof is being contested currently in good faith by appropriate proceedings and reasonable reserves are established by Guarantor thereagainst.

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8. No Marshaling of Assets. Lender may proceed against any or all of the Collateral or any other security for the Obligations, as well as any assets of Guarantor and against Persons liable therefor in such order as it may elect, and no Guarantor shall be entitled to require Lender to marshal assets. The benefit of any rule of law or equity to the contrary is hereby expressly waived by Guarantor.

9. Release of Liable Parties. Lender may, in its sole discretion and with or without consideration release, compromise or settle with any Person including, without limitation, Borrower or any other Significant Party. The defenses of impairment of collateral and impairment of recourse and any requirements of diligence on Lender's part in collecting the Obligations are hereby expressly waived by Guarantor.

10. Waivers. Guarantor expressly waives the following:

(a) notice of acceptance of this Guaranty and of any change in the financial condition of Borrower or any other Person;

(b) any requirement of promptness, diligence, presentment, protest, notice of dishonor, notice of default, notice of acceptance, demand, and all other actions or notices that may otherwise be required on Lender's part in connection with the Obligations and/or this Guaranty;

(c) any demand for payment under this Guaranty;

(d) the right to interpose all substantive and procedural

defenses of the law of guaranty, indemnification and suretyship, except the defenses of prior payment by Borrower or any other surety of the Obligations;

(e) all rights and remedies accorded by applicable law to guarantors or sureties, including, without limitation, any extension of time conferred by any law now or hereafter in effect;

(f) the right to trial by jury in any action or proceeding of any kind arising on, under, out of, or by reason of or relating, in any way, to this Guaranty or the interpretation, breach or enforcement hereof;

(g) the right to interpose any setoff or counterclaim (other than mandatory counterclaims) of any nature or description in any action or proceeding arising hereunder or with respect to this Guaranty;

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(h) any right or claim of right to cause a marshaling of the assets of Borrower or to cause Lender to proceed against Borrower and/or any of the Collateral or other security held by Lender at any time or in any particular order;

(i) any defense based on any statutory or other limitation of the amount of any deficiency judgment available to Lender after foreclosure or other proceedings to realize upon any of the Collateral or any other security for the Obligations;

(j) any defense or benefits that may be afforded by Section 1301 of the New York Real Property Actions and Proceedings Law or any statute or law in any other jurisdiction having similar effect or requiring a creditor to elect remedies;

(k) any defense based on the failure to make Guarantor a defendant in any action under any Loan Document;

(l) any rights which Guarantor may have to require Lender, in order to enforce the Guaranty Obligations under this Guaranty, to (i) institute suit or exhaust its remedies against Borrower, any other Person liable for any of the Obligations or any other Person, (ii) enforce Lender's rights against any of the Collateral or any other security which shall ever have been given to secure the Obligations, (iii) enforce Lender's rights against any other guarantors from time to time of any of the Obligations, (iv) join Borrower or any other Person liable for any of the Obligations in any action seeking to enforce this Guaranty, (v) exhaust any remedies available to Lender against any of the Collateral or any other security which shall ever have been given to secure the Obligations or (vi) resort to any other means of obtaining payment of any of the Obligations. Lender shall not be required to mitigate damages or take any other action to reduce, collect or enforce any of the Obligations; and

(m) notice of (i) any loans or advances made by Lender to Borrower, (ii) acceptance of this Guaranty, (iii) any amendment or extension of the Note or of any other Loan Documents, (iv) the execution and delivery by Borrower and Lender of any other loan or credit agreement or of Borrower's or any other Person's execution and delivery of any promissory notes or other documents arising under the Loan Documents or in connection with the Collateral, (v) the occurrence of any breach or default of or under the Loan Documents by Borrower, any other Person or an Event of Default, (vi) Lender's transfer or disposition of the Obligations, or any part thereof, (vii) sale or foreclosure (or posting or advertising for sale or foreclosure) of any of the Collateral or any other security for the Obligations, (viii) protest, proof of non-payment or default by Borrower or any other Person or (ix) any other action at any time taken or omitted by Lender, and, generally, all demands and notices of every kind in connection with this Agreement, the Loan Documents, any documents or agreements evidencing, securing or relating to any of the Obligations.

11. Bankruptcy. Notwithstanding anything to the contrary contained in this Guaranty, Guarantor's liability shall extend to all amounts and performance of all Obligations which constitute part of the Guaranty Obligations and would be owed or be required to be performed by Borrower or any other Person under the Loan or any Loan Document but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving Borrower or any other Person, including, without

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limitation, the accrual of post-petition interest which may otherwise be limited by Section 506 of the Bankruptcy Code or any other provision thereof. Without limiting the foregoing, neither Guarantor's obligation to perform or to make payment in accordance with this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed, stayed, released or limited in any manner by any impairment, modification, change, release, limitation or stay of the liability of Borrower or any other Person or its estate in bankruptcy or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the Bankruptcy Code or other statute or from the decision

of any court interpreting any of the same.

12. Currency of Payments. Any and all amounts required to be paid by Guarantor hereunder shall be paid in lawful money of the United States of America and in immediately available funds to Lender. Guarantor agrees that whenever, at any time, or from time to time, it shall make any payment to Lender on account of its liability hereunder, it shall notify Lender in writing that such payment is made under this Guaranty for that purpose.

13. Waiver of Rights Against Borrower; Subordination.

(a) Until all of the Obligations are paid in full to Lender and/or performed, Guarantor hereby waives all rights of subrogation and any other claims that Guarantor (or any of them) may now have or hereafter acquire against either Borrower or any insider (as such term is used in Section 547(b)(2)(B) of the Bankruptcy Code (an "Insider")) that arise from the existence, payment, performance or enforcement of Guarantor's obligations under this Guaranty or any other documents executed in connection herewith (collectively, the "Guaranty Documents"), including, without limitation, any right of reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of Lender against either Borrower or any Insider, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from either Borrower or any Insider, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right until all Obligations are indefeasibly paid and/or performed in full for a period of three hundred sixty six (366) days.

(b) If any amount shall be paid to Guarantor in violation of clause (a) immediately above, such amount shall be held in trust for the benefit of Lender and shall forthwith be paid to Lender to be credited and applied to all amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Loan Documents and the Guaranty Documents, or to be held as collateral for any amounts payable under this Guaranty thereafter arising. Guarantor acknowledges that Guarantor has and will receive substantial direct and indirect benefits from the borrowing of the Loan and the consummation of the transactions contemplated by the Loan Documents and the Guaranty Documents and that the waiver set forth in clause (a) immediately above is knowingly made in contemplation of such benefits.

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(c) As used herein, the term "Guarantor Claims" means all debts and liabilities of Borrower or any Insider to Guarantor, whether such debts and liabilities now exist or are hereafter incurred or arise, or whether such obligations of Borrower or any Insider be direct, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such debts or liabilities be evidenced by note, contract, open account, or otherwise or of the Person or Persons in whose favor such debts or liabilities may, at their inception, have been, or may hereafter be created, or the manner in which they have been or may hereafter be acquired by Guarantor. The Guarantor Claims shall include, without limitation, all rights and claims of Guarantor against Borrower (arising as a result of subrogation or otherwise) as a result of Guarantor's payment of all or a portion of the Guaranty Obligations. Upon the occurrence of an Event of Default or the occurrence of an event which would, with the giving of notice or the passage of time, or both, constitute an Event of Default, and as to which notice has been given by Lender, where required to be so given under the Loan Documents, Guarantor shall not receive or collect, directly or indirectly, from Borrower or any other Person any amount upon the Guarantor Claims.

(d) In the event of receivership, bankruptcy, reorganization, arrangement, debtor's relief, or other insolvency proceedings involving Guarantor, as debtor, Lender shall have the right to prove its claim in any such proceeding so as to establish its rights hereunder and receive directly from the receiver, trustee or other court custodian dividends and payments which would otherwise be payable upon the Guarantor Claims. Guarantor hereby assigns such dividends and payments to Lender. Should Lender receive, for application upon the Guaranty Obligations, any such dividend or payment which is otherwise payable to Guarantor, and which, as between Borrower or any Insider and Guarantor, shall constitute a credit upon the Guarantor Claims, then upon payment to Lender and performance in full of the Obligations, Guarantor shall become subrogated to the rights of Lender to the extent that such payments to Lender on the Guarantor Claims have contributed toward the liquidation of the Obligations, and such subrogation shall be with respect to that proportion of the Obligations which would have been unpaid if Lender had not received dividends or payments upon the Guarantor Claims.

(e) In the event that, notwithstanding anything to the contrary in this Guaranty, Guarantor should receive any funds, payment, claim or distribution which is prohibited by this Guaranty, Guarantor agrees to hold in trust for Lender an amount equal to the amount of all funds, payments, claims or distributions so received, and agrees that Guarantor shall have absolutely no dominion over the amount of such funds, payments, claims or distributions so

received except to pay them promptly to Lender, and Guarantor covenants promptly to pay the same to Lender.

(f) Guarantor agrees that any liens, security interests, judgment liens, charges or other encumbrances upon Borrower's or any Insider's assets securing payment of the Guarantor Claims shall be and remain inferior and subordinate to any liens, security interests, judgment liens, charges or other encumbrances upon Borrower's or any Insider's assets securing payment of the Obligations, regardless of whether such encumbrances in favor of Guarantor or Lender presently exist or are hereafter created or attach. Without the prior written consent of Lender, Guarantor shall not (i) exercise or enforce any creditor's right it may have against Borrower or any Insider or (ii) foreclose,

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repossess, sequester or otherwise take steps or institute any action or proceedings (judicial or otherwise, including, without limitation, the commencement of, or joinder in, any liquidation, bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any liens, mortgages, deeds of trust, security interests, collateral rights, judgments or other encumbrances on assets of Borrower or any Insider held by Guarantor.

14. Amendment in Writing. No amendment or waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

15. Statute of Limitation. Guarantor acknowledges that the statute of limitation applicable to this Guaranty shall begin to run only upon Lender's accrual of a cause of action against Guarantor caused by failure of Guarantor to honor a demand for payment or performance hereunder made by Lender in writing; provided, however, that if, subsequent to the demand upon Guarantor, Lender reaches an agreement with Borrower, Guarantor or any other Person on any terms causing Lender to forbear in the enforcement of its demand upon Guarantor, the statute of limitation shall be reinstated and shall run for its full duration from such time that Lender subsequently makes demand upon Guarantor.

16. Jurisdiction, Venue, Service of Process. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTY SHALL BE BROUGHT, AT LENDER'S OPTION, IN THE COURTS OF THE STATE OF NEW YORK, NEW YORK COUNTY OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK. GUARANTOR HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS. GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO EITHER (i) GUARANTOR'S ADDRESS SET FORTH IN THE INTRODUCTORY PARAGRAPH OF THIS GUARANTY OR (ii) GUARANTOR'S ADDRESS FOR NOTICES SET FORTH IN SECTION 20 HEREOF, WHICH SERVICE SHALL BE DEEMED SUFFICIENT FOR PERSONAL JURISDICTION AND SHALL BE DEEMED EFFECTIVE SEVEN (7) DAYS AFTER MAILING. GUARANTOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS GUARANTY BROUGHT IN THE COURTS REFERRED TO ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST GUARANTOR IN ANY OTHER JURISDICTION.

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17. Further Assurances, Etc. Guarantor shall, at its sole cost and expense, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts and assurances as Lender shall from time to time reasonably require or deem advisable (a) to effectuate the intent and purposes of this Guaranty and (b) for the better assuring and confirming of all of Lender's rights, powers and remedies hereunder, provided that none of the same shall increase, in other than a de minimis fashion, any of the obligations of Guarantor under this Guaranty or decrease, in other than a de minimis fashion, any of the rights of Guarantor under this Guaranty.

18. Remedies. The obligations of Guarantor under this Guaranty are independent of Borrower's or any other Person's obligations under the Note and the other Loan Documents, and a separate action or actions may be brought and prosecuted against Guarantor to enforce this Guaranty, irrespective of whether any action is brought against Borrower or any other Person or whether Borrower or any other Person is joined in any such action or actions. Any one or more successive and/or concurrent actions may be brought hereon against Guarantor either in the same action, if any, brought against Borrower or any other Person or in separate actions, as often as Lender, in its sole discretion, may deem advisable.

19. Certified Statement. Guarantor agrees that it shall, at any time

and from time to time, within ten (10) days following request by Lender, execute and deliver to Lender a statement certifying that this Guaranty is unmodified and in full force and effect (or if modified, that the same is in full force and effect as modified and stating such modifications).

20. Notices. All notices, demands and other communications permitted or required to be given or furnished hereunder shall be in writing and shall be given in any manner permitted pursuant to Section 7.6 of the Loan Agreement to the Person intended to receive the same at the following address(es):

If to Lender, at:

SWH Funding Corp.
Two University Plaza
Hackensack, New Jersey 07601
Attention: Sanford S. Herrick
Facsimile: (201) 343-1523

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with a copy to:

Solomon and Weinberg LLP
685 Third Avenue, 30th Floor
New York, New York 10017
Attention: Howard R. Shapiro, Esq.
Facsimile: (212) 605-0999

If to Guarantor, at:

Cedar Income Fund, Ltd.
44 South Bayles Avenue, Suite 304
Port Washington, New York 11050
Attention: Brenda J. Walker
Facsimile: (516) 767-6497

with a copy to:

Cedar Bay Realty Advisors, Inc.
44 South Bayles Avenue, Suite 304
Port Washington, New York 11050
Attention: Stuart H. Widowski, Esq.
Facsimile: (516) 767-6497

Any party may change the address to which any such notice, demand or communication is to be delivered by furnishing ten (10) days written notice of such change to the other parties in accordance with the provisions of this Section 20. Notices, demands and communications shall be deemed to have been given on the date they are actually received; provided, however, that the inability to deliver the same because of a changed address of which no notice was given, or rejection or refusal to accept any notice, demand or communication offered for delivery, shall be deemed to be receipt as of the date of such inability to deliver or rejection or refusal to accept delivery. Notice for Lender or Guarantor may be given by their respective counsel.

21. Successors and/or Assigns. This Guaranty shall inure to the benefit of and be enforceable by Lender and its assignees, participants and affiliates. Wherever in this Guaranty reference is made to Lender or Borrower, the same shall be deemed to refer also to the then assignee of Lender or Borrower.

22. Governing Law; Waivers.

(a) This Guaranty was negotiated, executed and delivered in the State of New York. This Guaranty shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the State of New York's principles of conflicts of law, except that it is the intent and purpose of Lender and Guarantor that the provisions of Section 5-1401 of the General Obligations Law of the State of New York shall apply to the Guaranty.

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(b) GUARANTOR EXPRESSLY AND UNCONDITIONALLY WAIVES, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY LENDER UNDER THIS GUARANTY ANY AND EVERY RIGHT GUARANTOR MAY HAVE TO (I) A TRIAL BY JURY, (II) INTERPOSE ANY COUNTERCLAIM THEREIN (EXCEPT FOR ANY COMPULSORY COUNTERCLAIM WHICH, IF NOT ASSERTED IN SUCH PROCEEDING, WOULD BE WAIVED) AND (III) HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING.

23. Severability. In the event that any of the covenants, agreements, terms or provisions contained in this Guaranty or the application thereof to any circumstance or to Guarantor shall be invalid or unenforceable in any respect,

the remaining covenants, agreements, terms and provisions contained in this Guaranty or the application thereof to any circumstances or to Guarantor other than those as to which any covenant, agreement, term or provision is held invalid or unenforceable, shall not be affected or prejudiced thereby and each remaining covenant, agreement, term and provision of this Guaranty shall be valid and shall be enforceable to the fullest extent permitted by law.

24. Inapplicability of Nonrecourse Obligations. The Loan Agreement, Note, the Mortgage and the other Loan Documents may contain provisions which may limit Lender's remedies against Borrower or any other Person upon a default (collectively, the "Limited Recourse Provisions"). None of the Limited Recourse Provisions shall be construed to abrogate or limit the obligations of Guarantor under this Guaranty.

25. Payments Free and Clear of Taxes.

(a) Any and all payments made by Guarantor under this Guaranty shall be made free and clear of, and without deduction for, any and all prospectively enacted taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto (including, without limitation, penalties, interest, additions to tax and expenses) (all such taxes, levies, imposts, deductions, charges, withholdings and liabilities being herein collectively referred to as "Taxes").

(b) Guarantor shall pay any prospectively enacted stamp or documentary taxes, intangible taxes or any other sales, excise or property taxes, charges or similar levies which arise from any payment made with respect to this Guaranty, excepting therefrom income taxes and franchise taxes of Lender (collectively, "Other Taxes").

(c) If Guarantor shall be required by any prospectively enacted law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to Lender, then:

(i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 25) Lender shall receive an amount equal to the sum Lender would have received had no such deductions been made;

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(ii) Guarantor shall make such deductions;

(iii) Guarantor shall pay the full amount deducted to the relevant taxation, or other, authority in accordance with applicable law; and

(iv) within ten (10) days after the date of such payment, Guarantor shall furnish to Lender the original or a certified copy of a receipt evidencing such payment.

(d) Without prejudice to the survival of any other agreement or obligation of Guarantor under this Guaranty, the agreements and obligations of Guarantor under this Section 25 shall survive so long as any relevant limitations period with respect to any Tax or Other Tax remains open.

26. Entire Agreement; No Oral Representations Limiting Enforcement, Loan Agreement, Etc. This Guaranty represents the entire agreement between the parties concerning the liability of Guarantor for the Guaranty Obligations, and any oral statements regarding the liability of Guarantor for the Guaranty Obligations are merged herein. GUARANTOR UNDERSTANDS THAT LENDER INTENDS TO RELY UPON AND TO ENFORCE THIS GUARANTY AND THAT GUARANTOR MUST NOT RELY UPON OR BELIEVE THAT LENDER OR ANY TRUSTEE, OFFICER, DIRECTOR, AGENT, EMPLOYEE OR REPRESENTATIVE OF LENDER IS AUTHORIZED TO MAKE ANY STATEMENT OR REPRESENTATION TO THE CONTRARY. LENDER HEREBY DISAVOWS ANY SUCH STATEMENT OR REPRESENTATION BY ANY PERSON. WITHOUT LIMITING THE FOREGOING, GUARANTOR ACKNOWLEDGES LENDER'S INTENTION TO ENFORCE THIS GUARANTY TO THE FULLEST EXTENT POSSIBLE AND GUARANTOR ACKNOWLEDGES THAT LENDER HAS MADE NO ORAL STATEMENTS TO GUARANTOR THAT COULD BE CONSTRUED AS A WAIVER OF LENDER'S RIGHT TO ENFORCE THIS GUARANTY BY ALL AVAILABLE LEGAL MEANS. Guarantor acknowledges that Guarantor has read the Loan Agreement, the Note and the other Loan Documents.

27. Cumulative Remedies. The remedies provided Lender in this Guaranty are not exclusive of any other remedies that may be available to Lender under any other document or at law, in equity or otherwise. Guarantor acknowledges and agrees that it is now, and shall in the future be, impossible to measure accurately the damages to Lender resulting from a breach of one or more of the obligations of Guarantor hereunder; that such a breach will cause irreparable injury to Lender and that Lender has no adequate remedy at law in respect of such breach and, as a consequence, agrees that such obligations shall be specifically enforceable against Guarantor upon which a demand for performance is made by Lender hereunder; and Guarantor hereby waives and shall not assert any defense based on the denial of any of the foregoing in an action for specific performance of any of such covenants.

28. Instrument for Payment of Money Only. Guarantor hereby agrees and acknowledges that this Guaranty is an instrument for the payment of money only and hereby consents that Lender, at its sole option, in the event of a default by Guarantor in the payment of any of the amounts payable by Guarantor hereunder, shall have the right to bring a motion or action under New York CPLR Section 3213.

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29. Headings. The captions and headings of the various sections of this Guaranty are for purposes of reference only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof.

30. Counterparts. This Guaranty may be executed in any number of counterparts, each of which shall constitute an original and which, when taken together, shall constitute but one instrument. All such counterparts will be deemed to be originals and will together constitute but one and the same instrument. If more than one guarantor executes this Guaranty, the joint and several liability of the undersigned shall be unaffected by the failure of any of the undersigned to execute any or all of the counterparts.

31. Rule of Construction. This Guaranty shall not be construed more strictly against a party, solely because this Guaranty may have been prepared by counsel for such party, it being agreed that each of Lender and Guarantor have contributed substantially and materially to the preparation of this Guaranty.

32. Transfer Restriction. Guarantor hereby agrees that, for so long as there shall remain any Guaranty Obligations outstanding, Guarantor shall not convey, assign or transfer any of his assets, except (a) in exchange for fair and full consideration or (b) in the ordinary course of business.

33. Time of the Essence. Time is of the essence as to Guarantor's obligations under this Guaranty.

34. Specific Limitation on Guaranty Obligations. Guarantor and Lender hereby confirm that it is the intention of Guarantor and Lender that this Guaranty not constitute a fraudulent transfer or fraudulent conveyance (a "Fraudulent Conveyance") under the Bankruptcy Code, the Uniform Fraudulent Conveyance Act or any other debtor relief law (whether statutory, common law, case law or otherwise) of any jurisdiction whatsoever (collectively, the "Bankruptcy Laws"). To give effect to the foregoing intention of Guarantor and Lender, each of such parties hereby irrevocably agrees that the Guaranty Obligations shall be limited to (but shall not be less than) such maximum amount as will, after giving effect to the maximum amount of such obligations and all other liabilities (whether contingent or otherwise) of Guarantor that are relevant under such Bankruptcy Laws, result in the Guaranty Obligations not constituting a Fraudulent Conveyance under the Bankruptcy Laws, as of the date of execution and delivery of this Agreement.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, Guarantor has executed and delivered this Guaranty as of the date first set forth above.

GUARANTOR:

CEDAR INCOME FUND, LTD.,
a Maryland corporation

By:

Name: Brenda J. Walker
Title: Vice President

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ACKNOWLEDGMENT

Within New York:

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

On the ___ day of October in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Brenda J. Walker, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public (SEAL)

Outside New York:

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

On the ___ day of October in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Brenda J. Walker, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument, and that such individual made such appearance before the undersigned in the _____.

Notary Public (SEAL)

ACKNOWLEDGMENT

Within New York:

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

On the ___ day of October in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public (SEAL)

Outside New York:

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

On the ___ day of October in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the

within instrument and acknowledged to me that she/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument, and that such individual made such appearance before the undersigned in the _____.

Notary Public (SEAL)

ACKNOWLEDGMENT

Within New York:

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

On the ___ day of October in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public (SEAL)

Outside New York:

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

On the ___ day of October in the year 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument, and that such individual made such appearance before the undersigned in the _____.

Notary Public (SEAL)

CEDAR INCOME FUND, LTD.
44 South Bayles Avenue, #304
Port Washington, New York 11050

Contact: Brenda J. Walker
Vice President
(516) 767-6492

FOR IMMEDIATE RELEASE:
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CEDAR INCOME FUND, LTD. - ANNOUNCES PURCHASE OF THREE SUPERMARKET-ANCHORED
SHOPPING CENTERS

Port Washington, New York - October 9, 2001 - Cedar Income Fund, Ltd. (the "Company"), a NASDAQ-listed real estate investment trust ("CEDR"), today announced that it had completed the purchase of three supermarket-anchored shopping centers containing in the aggregate approximately 470,000 rentable sq. ft., two of which are located in Philadelphia, Pennsylvania and one in Washington Township, New Jersey. The purchase price, exclusive of closing costs, was approximately \$34.5 million.

The purchase was funded in part by the use of the net proceeds of the sale by the Company, of the Broadbent Business Center in Salt Lake City, Utah, which was completed in May of this year. The use of the proceeds and the purchase of the shopping center properties were effected through a tax-deferred "like-kind exchange", as previously announced.

The Company presently owns, in addition to the three shopping centers acquired today, a 50% interest in The Point Shopping Center, a 260,000 s.f. retail property in Harrisburg, Pennsylvania and Southpoint Parkway Center, a 79,000 sq. ft. office building in Jacksonville, Florida. The Jacksonville property is the only property remaining in the Company pre-dating the change of control of the Company pursuant to the tender offer completed in 1998. That property, in turn, has been offered for sale.

The Company is presently in discussions regarding the purchase of certain additional retail properties.

Cedar Income Fund, Ltd. is a real estate investment trust administered by Cedar Bay Realty Advisors, Inc., Port Washington, New York. Shares of Cedar Income Fund, Ltd. are traded on the NASDAQ (Small Cap) Stock Market under the symbol "CEDR".