Section 1: 8-K (FORM 8-K)

As filed with the Securities and Exchange Commission on April 30, 1997

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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) April 15, 1997

VORNADO REALTY TRUST
(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction of Incorporation)

1-11954	22-1657560
(Commission File Number)	(IRS Employer Identification No.)

Park 80 West, Plaza II, Saddle Brook, New Jersey	07663
(Address of Principal Executive Offices)	(Zip Code)

(201) 587-1000
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Exhibit Index on Page 13

Item 1. Not Applicable.

Item 2. Acquisition or Disposition of Assets.

Mendik Transaction.

On April 15, 1997, Vornado Realty Trust (the "Company"), a real estate investment trust ("REIT") organized under the laws of the state of Maryland, consummated the acquisition, through an operating partnership, of interests in all or a portion of seven Manhattan office buildings (the "Mendik Properties") and certain management and leasing assets held by the Mendik Group (which means, as used herein, individually or collectively as the context may require, Bernard H. Mendik, David R. Greenbaum and the entities controlled by them, including Mendik Realty Company, Inc. and the subsidiaries and affiliates of such entities) and certain of its affiliates (the "Mendik Transaction"). Simultaneously with the closing of the Mendik Transaction, and in connection therewith, the Company converted to an Umbrella Partnership REIT (UPREIT) by transferring (by contribution, merger or otherwise) all or substantially all of the interests in its properties and other assets to The Mendik Company, L.P., a Delaware limited partnership which has been renamed Vornado Realty L.P. (the "Operating Partnership"), of which the Company is the sole general partner. As a result of such conversion, the Company's activities will be conducted through the Operating Partnership.

The consideration for the Mendik Transaction was approximately

$656 million, including $264 million in cash, $177 million in the limited partnership units of the Operating Partnership and $215 million in indebtedness.

The Company financed the cash portion of the Mendik Transaction by means of a public offering of Series A Convertible Preferred Shares of Beneficial Interest, liquidation preference $50.00 per share.

In connection with the Mendik Transaction, Bernard Mendik, the Chairman of the Board of Directors of Mendik Realty, has become Co-Chairman of the Board of Trustees and Chief Executive Officer of the Mendik Division of the Company. David Greenbaum has become President of the Mendik Division of the Company. Steven Roth continues as the Company's Chairman and Chief Executive Officer.

At any time after a holding period of one year (or two years in the case of certain holders) following the consummation of the Mendik Transaction, holders of limited partnership Units (other than the Company) will have the right to have their Units redeemed in whole or in part by the Operating Partnership for cash equal to the fair market value, at the time of redemption, of one Common Share of the Company for each Unit redeemed or, at the option of the Company, one Common Share of the Company for each Unit tendered, subject to customary anti-dilution provisions (the "Unit Redemption Right"). In addition to the foregoing, during the period from the 91st day after the Mendik Transaction until the first anniversary of the Mendik Transaction, holders of Class E Units will have the right to have redeemed their Class E Units for cash at a 6% discount from the fair market value at the time of the redemption of one Common Share of the Company for each Unit redeemed. Beginning one year following the consummation of the Mendik Transaction, holders of Units

may be able to sell Common Shares received upon the exercise of their Unit Redemption Right in the public market pursuant to a registration rights agreement with the Company (a copy of which is attached hereto as an exhibit and is incorporated herein by reference) or available exemptions from registration. No prediction can be made about the effect that future sales of such Common Shares will have on the market price for Common Shares.

For a more detailed description of the Mendik Transaction, see the Company's Current Report on Form 8-K dated March 12, 1997 filed with the Securities and Exchange Commission on March 26, 1997.

Items 3-4. Not Applicable.

Item 5. Other Events.

Term Loan.

On April 15, 1997, the Operating Partnership, as borrower, the Company, as guarantor, and Union Bank of Switzerland, New York Branch ("UBS") entered into a Credit Agreement pursuant to which the Company borrowed $400,000,000. The loan bears interest at the rate of LIBOR plus .625% and matures, assuming exercise of extension options, on April 14, 1998. A copy of the Credit Agreement is attached as an exhibit hereto and is incorporated herein by reference.

Puerto Rico Transactions.

On April 18, 1997, the Company announced that it acquired The Montehiedra Town Center located in San Juan, Puerto Rico, from Kmart Corporation ("Kmart") for approximately $74 million, of which $63 million is newly-issued ten year indebtedness. The Montehiedra shopping center, which opened in 1994, contains 525,000 square feet, including a 135,000 square foot Kmart. In addition, the Company agreed to acquire Kmart's 50% interest in the Caguas Centrum Shopping Center, which is currently under construction, located in Caguas, Puerto Rico. This acquisition is expected to close in 1998. A copy of the Company's Press Release relating to this transaction is attached hereto as an exhibit and is incorporated herein by reference.

Agreement to Purchase Mortgage.

On April 21, 1997, Tier-TMC Corp., a New York corporation (the "Purchaser"), entered into a Purchase Agreement (the "Purchase Agreement") with a bank pursuant to which the Purchaser agreed to acquire from such bank a mortgage loan secured by a mortgage on the office building located at 90 Park Avenue, New York, New York. The Purchaser executed the Purchase Agreement as nominee for the Company. The purchase price of the mortgage loan is $185 million. The mortgage loan, which is in default, has a face value of $193 million. The purchase is subject to approval by the loan participants and is expected to be completed during the second quarter of 1997. A copy of the Company's Press Release relating thereto is attached as an exhibit hereto and is incorporated herein by reference.

Item 6. Not Applicable.

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

(a) Financial Statements of Businesses Acquired.

Not Applicable. (Financial Statements for the Mendik Properties were previously filed with the Company's Current Report on Form 8-K dated March 12, 1997 filed with the Securities and Exchange Commission on March 26, 1997.)

(b) Pro Forma Financial Information. The following pro forma financial statements of the Company reflecting the Mendik Transaction are attached as Annex A:

Annex	Financial Statements
A	Condensed consolidated pro forma financial statements for the Company for the year ended December 31, 1996

(c) Exhibits Required by Item 601 of Regulation S-K.

Exhibit No.	Exhibit
2.1	Agreement for Contribution of Interests in 1740 Broadway Investment Company, dated as of April 15, 1997, by and among, The Mendik Company, L.P., Mendik 1740 Corp. and Certain Partners of 1740 Broadway Investment Company
2.2	Agreement for Contribution of Interests in Eleven Penn Plaza Company, dated as of April 15, 1997, by and among, The Mendik Company, L.P., The Partners in M/F Associates, M/F Eleven Associates and M/S Associates and M/S Eleven Associates and Bernard H. Mendik
2.3	Agreement for Contribution of Interests in 866 UN Plaza Associates LLC, dated as of April 15, 1997, by and among, The Mendik Company, L.P., The Members of 866 UN Plaza Associates LLC and Bernard H. Mendik
2.4	Agreement for Contribution of Interests in M330 Associates, dated as of April 15, 1997, by and among, The Mendik Company, L.P., The Partners in M330 Associates and The Mendik Partnership, L.P.
2.5	Agreement for Contribution of Interests in 570 Lexington Investors, dated as of April 15, 1997, by and among, The Mendik Company, L.P., Mendik Realty Company and The Partners of 570 Lexington Investors
2.6	Agreement for Contribution of Interests in B&B Park Avenue L.P., dated as of April 15, 1997, by and among, The Mendik Company, L.P., Mendik RELP Corporation and The Partners of B&B Park Avenue L.P.
2.7	Agreement for Contribution of Interests in Two Penn Plaza Associates L.P., dated as of April 15, 1997, by and among, The Mendik Company, L.P., The Partners of Two Penn Plaza Associates L.P. and Bernard H. Mendik

2.8	Contribution Agreement (Transfer of 99% of REIT Management Assets from Mendik/FW LLC to the Operating Partnership), dated as of April 15, 1997, between FW/Mendik REIT, L.L.C. and The Mendik Company, L.P.

2.9	Assignment and Assumption Agreement (Transfer of 1% Interest in REIT Management Assets and Third- Party Management Assets from Mendik/FW LLC to the Management Corporation), dated as of April 15, 1997, between FW/Mendik REIT, L.L.C. and Mendik Management Company, Inc.
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10.2	Registration Rights Agreement, dated as of April 15, 1997, between Vornado Realty Trust and the holders of Units listed on Schedule A thereto
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Items 8-9. Not applicable.

SIGNATURES

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

VORNADO REALTY TRUST

Dated: April 30, 1997

By: /s/ Joseph Macnow

Joseph Macnow
Vice President --
Chief Financial Officer

INDEX TO ANNEXES

Annex	Financial Statements
A	Condensed consolidated pro forma financial statements for the Company for the year ended December 31, 1996

Annex A

CONDENSED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

The unaudited condensed consolidated pro forma financial information set forth below presents (i) the condensed consolidated pro forma statement of income for the Company for the year ended December 31, 1996 as if the Mendik Transaction and certain related transactions were consummated and the offering of Series A Preferred Shares of Beneficial Interest, liquidation preference $50.00 per share (the "Offering") and the use of proceeds therefrom had occurred on January 1, 1996 and (ii) the condensed consolidated pro forma balance sheet of the Company as of December 31, 1996 as if the Mendik Transaction and certain related transactions were consummated and the Offering and the use of proceeds therefrom had occurred on December 31, 1996.

The unaudited condensed consolidated pro forma financial information is not necessarily indicative of what the Company's actual results of operations or financial position would have been had the Mendik Transaction and related transactions been consummated and had the Offering and the use of proceeds therefrom occurred on the dates indicated, nor does it purport to represent the Company's results of operations or financial position for any future period.

The unaudited condensed consolidated pro forma financial information should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1996 and the financial statements of the significant entities involved in the Mendik Transaction previously included in the Company's Current Report on Form 8-K filed with the Commission on March 26, 1997. In management's opinion, all adjustments necessary to reflect the Mendik Transaction and the related transactions and the Offering and the use of proceeds therefrom have been made.

CONDENSED CONSOLIDATED PRO FORMA BALANCE SHEET

DECEMBER 31, 1996
(AMOUNTS IN THOUSANDS)

	HISTORICAL VORNADO	HISTORICAL MENDIK	PRO FORMA ADJUSTMENTS	PRO FORMA COMPANY
ASSETS:				
Real estate, net	$ 246,249	$ 187,433	$ 390,950 (A)	$ 824,632
Cash and cash equivalents	117,245	50,654	(263,721) (A)	129,270
			(50,908) (A)	
			276,000 (B)	
Investment in and advances to Alexander's, Inc.	107,628			107,628
Investment in partnerships		19,863		19,863
Investment in Management Company			7,425 (A)	7,425
Officer's deferred compensation expense	22,917			22,917
Mortgage note receivable	17,000			17,000
Receivable arising from straight-lining of rents	17,052	42,219	(42,219) (A)	17,052
Other assets	37,113	42,855	(6,908) (A)	52,673
			(17,718) (A)	
			(2,669) (C)	
	$ 565,204	$ 343,024	$ 290,232	$ 1,198,460
LIABILITIES:				
Notes and mortgages payable	$ 232,387	$ 283,847	$ (5,000) (A)	$ 399,222
			(112,012) (A)	
Due for US Treasury Obligations	9,636			9,636
Deferred leasing fee income	8,373			8,373
Officer's deferred compensation payable	25,000			25,000
Negative investment in partnership		5,399	(5,399) (A)	-
Other liabilities	13,551	13,806	(314) (C)	27,043
	288,947	303,052	(122,725)	469,274
Minority interests	--	--	176,929 (A)	176,929

PREFERRED SHAREHOLDERS' EQUITY			276,000 (B)	276,000
COMMON SHAREHOLDERS' EQUITY	276,257	39,972	(39,972) (A)	276,257
	276,257	39,972	236,028	552,257
	$ 565,204	$ 343,024	$ 290,232	$ 1,198,460

CONDENSED CONSOLIDATED PRO FORMA INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 1996

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	HISTORICAL VORNADO	HISTORICAL MENDIK	PRO FORMA ADJUSTMENTS	COMPANY PRO FORMA
REVENUES:				
Property rentals	$87,424	$87,261	$7,071 (E) (44)(C)	$181,712
Expense reimbursements	26,644	13,551		40,195
Other income	2,819	5,378	(5,378)(C)	2,819
	116,887	106,190	1,649	224,726
EXPENSES:				
Operating	36,412	46,691	(39)(C) 116 (H)	83,180
Depreciation and amortization	11,589	14,133	(144)(C) 9,981 (F)	35,559
General and administrative	5,167	6,783	(3,788)(C)	8,162
Amortization of officer's deferred compensation expense	2,083			2,083
	55,251	67,607	6,126	128,984
Operating income	61,636	38,583	(4,477)	95,742
Income applicable to Alexander's	7,956			7,956
Equity in net income of management companies	1,855		1,471 (C)	3,326
Equity in net income of investees		1,663	1,755 (I)	3,418
Interest income on mortgage note receivable	2,579			2,579
Interest and dividend income	3,151	2,536	(20)(C)	5,667
Interest and debt expense	(16,726)	(23,998)	9,016 (D)	(31,708)
Net gain on marketable securities	913			913
Minority interest			(10,372)(J)	(10,372)
Net income	61,364	18,784	(2,627)	77,521
Preferred stock dividends	--	--	(19,800)(G)	(19,800)
Net income applicable to common shareholders	$61,364	$18,784	($22,427)	$57,721
Net income per share, based on 24,603,442 shares	$2.49			$2.35
OTHER DATA:				
Funds from Operations (1):				
Net income applicable to common shareholders	$61,364	$18,784	($22,427)	$57,721
Depreciation and amortization of real property	10,583	14,133	9,837	34,553
Straight-lining of property rent escalations	(2,676)	(1,783)	(7,071)	(11,530)
Leasing fees received in excess of income recognized	1,805			1,805
Proportionate share of adjustments to income from equity investments to arrive at FFO	(1,760)	2,747	(970)	17
	$69,316	$33,881	($20,631)	$82,566
CASH FLOW PROVIDED BY (USED) IN:				
Operating activities	70,703	29,267	9,407	109,377
Investing activities	14,912	(8,262)	(328,638)	(321,988)
Financing activities	(15,046)	(11,706)	270,209	243,457

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(1) Funds from operations does not represent cash generated from operating activities in accordance with generally accepted accounting principles and is not necessarily indicative of cash available to fund cash needs. Funds from operations should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity. The Company's definition of funds from operations does not conform to the NAREIT definition because the Company deducts the effect of the straight-lining of property rentals for rent escalations.

(A) The Mendik acquisition will be recorded under "purchase accounting" applying the provisions of Accounting Principles Board Opinion No. 16. The respective purchase costs will be allocated to acquired assets and assumed liabilities using their relative fair values as of the closing dates, based on valuations and other studies which are not yet complete. Accordingly, the excess of the purchase cost over the net assets acquired has not yet been allocated to individual assets and liabilities. However, the Company believes that the excess purchase price will be allocated principally to real estate.

The purchase costs and preliminary allocation of the excess of cost over net assets acquired is as follows: (in thousands)

Issuance of units of operating partnership		$176,929
Cash paid directly associated with the Mendik acquisition:		
Acquisition of partnership interest	$109,508	
Cash used to reduce existing debt	112,012	
Acquisition of Mendik management operations	7,425	
Fees and expenses	26,607	
Other	8,169	263,721
Purchase Price		440,650
Pro forma net book value of assets acquired:		
Net book value of assets acquired per historical financial statements		39,972
Write-off of deferred assets:		
Receivable arising from the straight-lining of rents		(42,219)
Tenant acquisition costs		(6,908)
Deferred lease fees and loan costs		(17,718)
Cash not acquired		(50,908)
Cash used to reduce existing debt		112,012
Debt forgiven		5,000
Negative investment in partnerships		5,399
Pro forma net book value of assets acquired		44,630
Pro forma excess of purchase cost over net assets acquired		$396,020
Preliminary allocation of excess:		
Allocated to Mendik management operations		$5,070
Allocated to real estate		390,950
		$396,020
The total purchase price of $440,650 above excludes the following:		
Debt - wholly owned properties	$166,262	
- partially owned properties	49,279	215,541
Purchase price, as above		440,650
Total purchase price, including debt		$656,191

(B) Reflects proceeds from issuance of $3.25 Series A Convertible Preferred Offering of $287,500, net of underwriting discount of $11,500.

(C) To reflect adjustments required to record the Company's investment in the Mendik management operations under the equity method of accounting.

(D) Reflects decrease in interest expense and loan cost amortization resulting from the reduction and refinancing of debt.

(E) To adjust rentals arising from the straight-lining of property rentals for rent escalations.

(F) Increase in depreciation due to preliminary allocation of purchase price.

(G) To reflect dividends at a rate of 6.50% plus amortization of the underwriting discount on the proportionate number of Series A Preferred Shares used to fund the acquisition.

(H) Increase in operating expenses due to contract changes.

(I) Increase in equity in investees, due to net decrease in interest expense on refinanced debt.

(J) To reflect minority interest of 9.6% in the Operating Partnership.

EXHIBIT INDEX

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Section 2: EX-2.1 (AGREEMENT FOR CONTRIBUTION OF INTERESTS)

EXHIBIT 2.1

AGREEMENT FOR CONTRIBUTION OF INTERESTS
IN
1740 BROADWAY INVESTMENT COMPANY

BY AND AMONG

THE MENDIK COMPANY, L.P.,
MENDIK 1740 CORP.
AND
CERTAIN PARTNERS OF 1740 BROADWAY INVESTMENT COMPANY

IN RELIANCE UPON CERTAIN EXEMPTIONS FROM REGISTRATION, THE UNITS TO BE ISSUED HEREUNDER WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. ACCORDINGLY, NO UNITS MAY BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE, AND UNLESS THE OTHER TRANSFER RESTRICTIONS ON SUCH UNITS HAVE BEEN SATISFIED. CONTRIBUTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR OWNERSHIP OF UNITS FOR AN INDEFINITE PERIOD OF TIME.

IN MAKING AN INVESTMENT DECISION CONTRIBUTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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AGREEMENT FOR CONTRIBUTION OF INTERESTS

[1740 BROADWAY]

THIS AGREEMENT for the Contribution of Interests (this "Agreement") is made and entered into as of April 15, 1997, by and among The Mendik Company, L.P. ("Operating Partnership"), a Delaware limited partnership, whose general partner as of the date hereof is The Mendik Company, Inc., a Maryland corporation, Vornado Realty Trust, a Maryland real estate investment trust (the "REIT"), each of the parties listed on Exhibit A annexed hereto who executes a Partner Consent (hereinafter defined) agreeing to become a party to this Agreement (collectively referred to herein as "Contributors") and Mendik 1740 Corp., a New York corporation ("Mendik 1740") (in its capacity as a general partner of the Partnership (hereinafter defined), the "General Partner").

WHEREAS, it is desired to consolidate (the "Consolidation") the assets of the REIT and interests in seven general or limited partnerships or limited liability companies of which the General Partner or an affiliate is a general partner, together with the assets of Mendik Realty Company, Inc and Mendik Management Company, Inc., each a New York corporation and an affiliate of the General Partner, with and into Operating Partnership.

WHEREAS, upon completion of and after the Consolidation, the REIT will become and be the managing general partner of the Operating Partnership;

WHEREAS, Contributors are owners of interests (the "Contributed Interests") (i) in 1740 Broadway Investment Company, a New York general partnership (the "Partnership"), which is a limited partner in 1740 Broadway Associates, L.P., a New York limited partnership ("Associates"), which owns land and improvements (the "Property") known as 1740 Broadway, New York, New York, and (ii) in the case of Mendik 1740, in Associates;

WHEREAS, in connection with the consummation of the Consolidation, the parties hereto desire that Operating Partnership and, if designated by Operating Partnership, one or more special purpose subsidiary partnerships or limited liability companies of Operating Partnership or one or more other entities controlled by Operating Partnership (each a "Designated Subsidiary") acquire all of the interests in the Partnership through the contribution of such interests to Operating Partnership and/or one or more Designated Subsidiaries upon the terms and conditions provided herein;

WHEREAS, it is desired to simultaneously acquire all of the interests in the Partnership owned by a major partner and its affiliates (together, the "Major Partner") pursuant to an Agreement (the "Major Partner Agreement") entered into between Major Partner and FW/Mendik REIT L.L.C., which Major Partner Agreement will be amended and assigned to Operating Partnership and/or a Designated Subsidiary prior to the Closing (as hereinafter defined);

All of the foregoing are collectively referred to as the "Transaction".

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants set forth herein, Operating Partnership, Contributors and the General Partner hereby agree as follows:

1. Contributions. Upon the Closing (hereinafter defined), and subject to the satisfaction or waiver by Operating Partnership of the conditions set forth in Section 7 of this Agreement, Contributors shall contribute, convey and assign to Operating Partnership (and/or Designated Subsidiary) and Operating Partnership (and/or Designated Subsidiary) shall acquire from Contributors all

of Contributors' right, title and interest in the Contributed Interests (the "Contributions"), including, without limitation, all of Contributors' interest in the profits, losses, property and capital of the Partnership allocable to the Contributed Interests, upon the terms and conditions set forth in this Agreement.

2. Consideration; Distributions Prior to Closing.

(a) In full consideration for the contribution of the Contributed Interests, Operating Partnership shall deliver to Contributors (or their designees as provided below) at the Closing an aggregate of 63,454 units of limited partnership interests ("Units") in the Operating Partnership, such Units being of the classes of Units and allocated among the Contributors as set forth on Exhibit A.

Prior to the Closing, subject to compliance with all applicable securities laws, any Contributor that is a partnership may give notice to the Operating Partnership to allocate all or a portion of the Units otherwise issuable to it among its partners in a manner set forth in the notice and to issue the Units directly to those partners, and any Contributor who holds interests in which another person or entity has a beneficial interest may give notice to the Operating Partnership to issue all or a portion of the Units otherwise issuable to that Contributor to the beneficial owner of that interest. In such event, as a condition to receiving any Units, any such partners of any Contributor or any such beneficial holder shall execute a Partner Consent (the "Partner Consent") in the form annexed to and made part of the Confidential Solicitation of Consents and Private Placement Memorandum (the "Memorandum") dated March 29, 1997 and shall make to the Operating Partnership the representations and warranties and agreements in Section 6.7(a), (b), (c) and (d) pursuant to an instrument reasonably satisfactory to the Operating Partnership (in addition to the Partner Consent to be executed by the Contributor).

(b) On the date of the Closing (the "Closing Date"), the General Partner shall cause the Partnership to satisfy any outstanding liabilities and to distribute any remaining cash to its partners.

(c) The Operating Partnership shall cause any amounts collected by Associates after the Closing Date relating to the period through the Closing Date with respect to refunds of real estate taxes paid by Associates (less any costs incurred by Associates, the

Partnership or the Operating Partnership in obtaining such refunds and less any portion of such refunds required or, in the REIT's reasonable determination, estimated to be required to be paid to tenants) to be paid to the General Partner, as agent for the Contributors and certain other parties, not later than 10 days after the end of the month in which such amounts are collected, and the General Partner shall promptly distribute such amounts to the Contributors.

3. Acceptance of Contributions. Subject to satisfaction of the conditions listed or referred to in Section 7, Operating Partnership hereby agrees that at the Closing it shall accept or, at its election, cause a Designated Subsidiary to accept all or part of, the Contributions and shall assume any and all rights, obligations and responsibilities of Contributors as owners of the Contributed Interests that arise subsequent to the Closing Date.

4. Closing Time and Place. Unless another date or place is agreed to by the parties, the closing of the Contributions (the "Closing") shall take place contemporaneously with the closing of the Consolidation at the offices of Proskauer Rose Goetz & Mendelsohn LLP, 1585 Broadway, New York, New York 10036, or such other place and time as Operating Partnership and the General Partner shall agree upon, upon the satisfaction or waiver of all conditions to the Closing set forth in Section 7 hereof.

5. Representations and Warranties of Operating Partnership. Operating Partnership hereby represents and warrants to Contributors as follows, which representations and warranties shall be true and correct on the Closing Date:

5.1 Organization, Power and Authority, and Qualification. Operating Partnership is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware. The REIT is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland. Each of Operating Partnership and the REIT has the requisite power and authority to carry on its respective business as it is now being conducted. Each of Operating Partnership and the REIT is qualified to do business and is in good standing in each jurisdiction in which the character of its property owned or leased or the nature of its activities makes such qualification necessary, except where the failure to be so qualified and in good standing would not have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, as the case may be.

5.2 Authority Relative to this Agreement. Operating Partnership has taken all action necessary to authorize the execution, delivery and performance of this Agreement by Operating Partnership and no other proceedings on the part of Operating Partnership are necessary to authorize the execution and delivery

of this Agreement and the consummation of the Contributions.

None of the execution and delivery of this Agreement by Operating Partnership, the consummation by Operating Partnership of the Contributions or compliance by Operating Partnership with any of the provisions hereof shall (i) conflict with or result in any breach of any provisions of the partnership agreement of Operating Partnership; (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give

rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Operating Partnership is a party or by which it or any of its properties or assets may be bound; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Operating Partnership; except in the case of (ii) or (iii) for violations, breaches, or defaults (A) that would not in the aggregate have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, and that shall not impair the effectiveness of the Contributions contemplated hereby, or (B) for which waivers or consents have been or shall be obtained prior to the Closing Date.

5.3 Binding Obligation. This Agreement has been duly and validly executed and delivered by Operating Partnership and constitutes a valid and binding agreement of Operating Partnership, enforceable against Operating Partnership in accordance with its terms, except that such enforcement may be subject to bankruptcy, conservatorship, receivership, insolvency, moratorium, or similar laws affecting creditors' rights generally or the rights of creditors of limited partnerships and to general principles of equity.

5.4 Insolvency. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or threatened against Operating Partnership.

5.5 Brokers. Neither Operating Partnership nor the REIT has employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contributions.

5.6 Valid Consideration. The Units, when issued in accordance with this Agreement and the Partnership Agreement of Operating Partnership, will be duly and validly issued, and the issuance thereof will not be subject to preemptive or other similar rights.

6. Representations, Warranties and Agreements of Contributors. Each Contributor, in its capacity as a partner of the Partnership (or, in the case of Mendik 1740, Associates), hereby represents and warrants to and agrees with Operating Partnership with respect to its Contributed Interests as follows, which representations and warranties shall also be true and correct on the Closing Date:

6.1 Title; Authority to Assign. Contributor (i) owns good and marketable, legal and beneficial (except for holders of beneficial interests in the amounts payable with respect to such Contributed Interests who have no other rights with respect to those interests) title in and to its Contributed Interests which as of the Closing Date will be held free of liens, encumbrances, judgments, adverse interests, pledges or security interests, other than pledges of partnership interests to the Partnership or the other partners to secure a partner's obligations to meet capital calls or other obligations as set forth in the partnership agreement of the Partnership (or, in the case of Mendik 1740, Associates) (as to which no amounts are outstanding and no amounts will be outstanding as of the Closing Date), (ii) holds the entire right, title and interest in and to its

Contributed Interests, and (iii) has the full right, power, capacity and authority to validly contribute and convey its Contributed Interests pursuant to this Agreement.

6.2 No Breach of Partnership Agreement. None of the execution and delivery of this Agreement by Contributor, the consummation by Contributor of the Contribution or compliance by Contributor with any of the provisions hereof shall as of the Closing Date conflict with or result in any breach of any provisions of the Partnership Agreement of the Partnership (or, in the case of Mendik 1740, Associates) or any other agreement to which Contributor is a party.

6.3 Insolvency. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or, to the knowledge of Contributor, threatened against Contributor.

6.4 Litigation. Contributor has no knowledge of any actual or pending litigation or proceeding by any organization, person, individual or governmental

agency against Contributor with respect to or against or potentially affecting its Contributed Interests.

6.5 Binding Obligation, etc. This Agreement has been duly and validly executed and delivered by Contributor to Operating Partnership and constitutes a legal, valid and binding agreement of Contributor, enforceable against Contributor in accordance with its terms, except as such enforcement may be limited by bankruptcy, conservatorship, receivership, insolvency, moratorium or similar laws affecting creditors' rights generally and to general principles of equity. Contributor further represents and warrants that if Contributor is a corporation, partnership, trust or other entity, it has the power to, and is duly authorized and otherwise duly qualified to, purchase and hold securities such as Units and Common Shares (as hereinafter defined) and such entity has its principal place of business as set forth on Exhibit A.

6.6 Brokers. Contributor has not employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contribution.

6.7 Securities Act and Other Representations and Agreements.

(a) (i) Upon the issuance of Units to Contributor (or a designee as provided in Section 2), Contributor (or designee) shall become subject to, and shall be bound by, the terms and provisions of the Partnership Agreement of Operating Partnership, including the terms of the power of attorney contained in Section 15.11 thereof, as the Partnership Agreement may be amended and restated from time to time in accordance with its terms.

(ii) Contributor or its advisor(s) have had a reasonable opportunity to ask questions of and receive information and answers from a person or persons acting on behalf of the Partnership and Operating Partnership concerning the Consolidation, and, as Contributor may deem necessary, to verify the information contained in the Memorandum,

receipt of which is acknowledged, and any other information provided to Contributor by the Partnership or Operating Partnership and all such questions have been answered and all such information has been provided to the full satisfaction of Contributor.

(iii) Contributor is acquiring Units for its own account as principal, for investment and not with a view to resale or distribution, and the Units may not be transferred or otherwise disposed of by Contributor otherwise than in transactions pursuant to a registration statement filed by the Operating Partnership (which it has no obligation to file) or that are exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and all applicable state and foreign securities laws, and the REIT may refuse to transfer any Units as to which evidence of such registration or exemptions from such registration satisfactory to the REIT is not provided to it, which evidence may include the requirement of legal opinions regarding the exemption from such registration. If the REIT elects, in its sole discretion, to deliver to any Contributor, common shares of beneficial interest of the REIT ("Common Shares") upon redemption of any Units, the Common Shares will be acquired for its own account as principal, for investment and not with a view to resale or distribution, and the Common Shares may not be transferred or otherwise disposed of by Contributor otherwise than in transactions pursuant to any registration statement filed by the REIT with respect to such Common Shares (which it has an obligation to file only pursuant to the Registration Rights Agreement described in the Memorandum) or that are exempt from the registration requirements of the Securities Act and all applicable state and foreign securities laws, and the REIT may refuse to transfer any Common Shares as to which evidence of such registration or exemptions from such registration satisfactory to the REIT is not provided to it, which evidence may include the requirement of legal opinions regarding the exemption from such registration.

(iv) Contributor (either alone or with its advisors) has sufficient knowledge and experience in financial, tax and business matters to enable it to evaluate the merits and risks of an investment in Units. Contributor has the ability to bear the economic risk of acquiring the Units. Contributor acknowledges that (1) the transactions contemplated by this Agreement and the Memorandum involve complex tax consequences for each Contributor and each Contributor is relying solely on the advice of its own tax advisors in evaluating such consequences, and (2) neither Operating Partnership nor the General Partner has made (or shall be deemed to have made) any representations or warranties as to the tax consequences of such transaction to any Contributor. Each Contributor remains solely responsible for all tax matters relating to each Contributor.

(v) If needed, Contributor has discussed with its professional, legal, tax or financial advisors the suitability of an investment in Units or Common Shares for its particular tax and financial situation. Nothing contained herein or in the Memorandum shall be deemed to imply any representation by Operating Partnership or the General Partner as to a particular tax effect that may be obtained by any Contributor.

(vi) All information that Contributor has provided to Operating Partnership concerning itself and its financial position is correct

and complete as of the date hereof, and if there should be any material change in such information prior to issuance of

Units to the Contributors, it shall immediately provide such changed information to Operating Partnership.

(vii) Contributor has not disclosed any information contained in the Memorandum to anyone other than its professional, legal, tax or financial advisors advising it in connection with this investment and has not reproduced the Memorandum other than for such use by such advisors.

(b) Status as a United States Person. (i) Unless otherwise indicated on the Partner Consent, Contributor certifies that Contributor is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code ("Section 1445"). To the extent that Contributor is not a foreign person within the meaning of Section 1445, (1) Contributor's U.S. taxpayer identification number that has previously been provided to the Partnership is accurate, (2) Contributor's home address (in the case of an individual) or office address (in the case of an entity) is that address indicated on Exhibit A of this Agreement and (3) if Contributor subsequently becomes a foreign person within the meaning of Section 1445, Contributor shall notify Operating Partnership prior to the Closing Date.

(ii) If Contributor is or prior to the Closing becomes a foreign person within the meaning of Section 1445, Operating Partnership shall, and is authorized to, withhold ten percent (10%) of the amount realized (as such term is defined in Section 1001 of the Internal Revenue Code) by Contributor in connection with the Contribution, unless Operating Partnership shall receive from Contributor a notice of nonrecognition transfer with respect to the Contribution by Contributor (in a form to be provided by Operating Partnership).

(c) Indemnification. Contributor hereby agrees to indemnify and hold harmless the Partnership, the REIT, Operating Partnership, The Mendik Company, Inc. and the General Partner and any of the employees, agents, officers, directors and affiliated persons of the foregoing from any and all damages, losses, costs and expenses (including reasonable attorneys' fees) which they, or any of them, may incur by reason of a failure by Contributor to fulfill any of its obligations under this Agreement or by reason of the breach by Contributor of any of the representations and warranties contained herein.

(d) Waiver and Contribution. Contributor understands that (i) the Units to be issued pursuant to the Consolidation have not been registered under the Securities Act and (ii) the failure to register such Units could result in Contributor being granted certain rights under the Federal securities laws, including a right to rescind Contributor's consent to the Consolidation. For the benefit of Operating Partnership, and in consideration of Operating Partnership's consummating the Consolidation, Contributor (x) hereby waives any and all rights it now has or may hereafter be granted to rescind its consent to the Consolidation on the basis that the Units issued in connection with the Consolidation were not registered (the "Waiver") and (y) agrees that if the Waiver is deemed void or unenforceable for any reason, including, without limitation, under Section 14 of the Securities Act, the entire beneficial interest in all property and amounts received by Contributor in any action to rescind the Consolidation (regardless of whether such action was initiated by Contributor) or otherwise received by Contributor as damages for

failure to register the Units under the Securities Act, shall be promptly paid over and contributed by Contributor to Operating Partnership, for no additional consideration from Operating Partnership, other than the Units originally issued pursuant to the Consolidation.

Whenever the context shall require, all words in the male, female or neuter gender shall be deemed to include the other genders, all singular words shall include the plural, and all plural words shall include the singular. All representations, covenants and agreements of Contributor set forth in this Agreement shall survive the consummation of the Consolidation contemplated by the Memorandum.

7. Conditions to Completion. In addition to the conditions to completion of the Consolidation set forth in the Memorandum, the obligations of Operating Partnership to consummate the transactions contemplated by this Agreement shall be subject to fulfillment (or waiver by Operating Partnership) at or prior to the Closing of the following conditions:

7.1 Representations, Warranties and Covenants. The representations, warranties and covenants made by Contributors in this Agreement or in any document delivered by any of them pursuant to this Agreement shall be true and correct in all material respects when made and on and as of the Closing as though such representations, warranties and covenants were made on and as of such date.

7.2 Consents. Any and all consents required by the Partnership Agreement of the Partnership (or, in the case of Mendik 1740, Associates), and any certificates, agreements, contribution and assumption instruments and other documents necessary or advisable to evidence the conveyance of the Contributed Interests and the admission of Operating Partnership (or Designated Subsidiary) into the Partnership or Associates, by virtue of the contribution of the Contributed Interests, shall have been obtained.

7.3 No Order or Injunction. The consummation of the Contributions shall not have been restrained, enjoined or prohibited by any order or injunction of any court or governmental authority of competent jurisdiction.

7.4 Instruments of Conveyance. The Contributors shall have delivered the instruments evidencing conveyance of their interests referred to in Section 8.1.

8. The Closing.

8.1 Contributors' and General Partner's Closing Documents. At Closing, each Contributor shall deliver (or cause to be delivered pursuant to the Power of Attorney referred to in Section 11.9) or the General Partner shall deliver the following (all of which shall be duly executed and acknowledged where required):

(a) A written document of conveyance contributing to Operating Partnership (and/or any Designated Subsidiary) title to Contributor's Contributed Interests, free and clear of any adverse claim or interest;

(b) Such documents and certificates as Operating Partnership reasonably may require to establish the authority of the parties executing any documents in connection with the Contributions including, in the case of any Contributor that is a corporation, partnership, limited liability company or other similar entity (other than a trust or estate), an opinion of counsel, reasonably satisfactory to the Operating Partnership, as to the due execution and delivery of such documents;

(c) Such consents and instruments of admission as are contemplated by Section 7.2 hereof; and

(d) Such other documents, instruments and certificates as Operating Partnership and the General Partner, as agent for the Contributors, reasonably agree are necessary or appropriate, including without limitation recording and transfer forms and affidavits.

8.2 Operating Partnership's Closing Documents. At Closing, Operating Partnership shall deliver or cause to be delivered to the General Partner, as agent for the Contributors, the following:

(a) The Units to be issued for the Contributed Interests;

(b) Copies of the Executed Partnership Agreement of the Operating Partnership and the Registration Rights Agreement and Unit Redemption Agreement referred to in Section 11.09; and

(c) Such other documents and instruments as the General Partner, as agent for the Contributors, and Operating Partnership agree are necessary or appropriate, including without limitation recording and transfer forms and affidavits.

9. Closing Costs.

(a) The General Partner and the Operating Partnership shall join on the Closing Date in completing, executing, delivering and verifying the returns, affidavits and other documents required in connection with the documentary stamps in accordance with Article 31 of the Tax Law, the New York City Real Property Transfer Tax imposed by Title Chapter 46 of Title II of the Administrative Code of the City of New York and any other tax payable by reason of the contribution of the Contributed Interests (collectively, the "Conveyance Taxes").

(b) The Contributors shall be solely responsible to pay the Conveyance Taxes due on the conveyance of the Contributed Interests including, but not limited to, any Conveyance Taxes imposed due to the Contributor's failure to satisfy any holding period or continuity requirements for qualifying for a reduced rate of Conveyance Taxes, including the holding period requirements with respect to certain transfers to a REIT imposed in connection with the New York Real Estate Transfer Tax imposed by Article 31 of the Tax Law and the New York City Real Property Transfer Tax imposed by Chapter 46 of Title 11 of the Administrative

Code of the City of New York. The Contributors shall pay to the General Partner at the Closing, and the General Partner, as agent for the Contributors, shall

pay at the Closing to the appropriate tax collecting agency or official the amount of all Conveyance Taxes payable by reason of the Contributors' agreement to pay the Conveyance Taxes (assuming satisfaction of the requirements set forth in the preceding sentence). The Contributors shall indemnify, defend and hold harmless the Operating Partnership, the Partnership and Associates from and against all claims, liabilities, costs and expenses (including reasonable attorney's fees), incurred by the Operating Partnership or the Partnership by reason of the failure of the Contributors to pay any Conveyance Taxes assessed or alleged to be due at any time with respect to the transfer of the Interests to Operating Partnership, including, without limitation, all interest and penalties thereon.

(c) Operating Partnership shall also pay or provide for the payment of all other costs associated with the closing of the contributions of the Contributed Interests pursuant to this Agreement, as described in and subject to the terms of the Memorandum.

10. Operation in the Ordinary Course. The General Partner shall use reasonable efforts to operate the Partnership, Associates and the Property in the ordinary course of business between the date hereof and the closing of the Consolidation, including making any necessary capital expenditures and leasing expenditures consistent with past practices to maintain the quality and value of the Property.

11. General Provisions.

11.1 Survival of Representations and Warranties. It is the express intention and agreement of the parties hereto that the representations and warranties of the parties set forth in this Agreement shall survive the consummation of the Contributions and the Closing.

11.2 Notices. All notices, demands, requests or other communications that may be or are required to be given or made by any party to the other parties pursuant to this Agreement shall be in writing and shall be hand delivered or transmitted by certified mail, express overnight mail or delivery service, telegram, telex or facsimile transmission to the parties at the addresses specified in Exhibit A or such other address as the addressee may indicate by written notice to the other party.

Each notice, demand, request or communication that is given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is delivered to the addressee (with the delivery receipt, the affidavit of messenger or (with respect to a telex) the answer back being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

11.3 Governing Law. This Agreement, the rights and obligations of the parties hereto and any claims or disputes relating to such rights and obligations shall be governed by and construed under the laws of the State of New York.

11.4 Headings. Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

11.5 Benefit and Assignment. No Contributor shall assign this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of Operating Partnership. Any purported assignment contrary to the terms hereof shall be null, void and of no force and effect.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns as permitted hereunder. No person or entity other than the parties hereto is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto or their respective successors and assigns as permitted hereunder. The Operating Partnership may designate one or more Designated Subsidiaries to acquire all or any part of the Contributed Interests (in which case the Designated Subsidiary shall execute a certificate at closing making the same representations and warranties as are made by Operating Partnership and references to Operating Partnership shall include the Designated Subsidiaries except where the context clearly indicates otherwise).

11.6 Severability. If any part of any provision of this Agreement or any other agreement, document or writing given pursuant to or in connection with this Agreement shall be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining parts of such provisions or the remaining provisions of said agreement so long as the economic and legal substance of the Contributions is not affected in any manner materially adverse to either party.

11.7 Entire Agreement; Amendment. The Schedules and the Exhibits attached hereto are hereby incorporated into the Agreement as if fully set forth herein. This Agreement, and the Schedules and Exhibits attached hereto, together with the Memorandum, contain the final and entire agreement between the parties hereto with respect to the Contributions, supersede all prior oral and written memoranda and agreements with respect to the matters contemplated herein, and are intended to be an integration of all prior negotiations and understandings. Contributors and Operating Partnership shall not be bound by any terms, conditions, statements, warranties or representations, oral or written, not contained or referred to herein or therein. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

11.8 No Waiver. No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other instrument or document given in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or any acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise

of such right, power or privilege. No waiver shall be valid against any party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

11.9 Consent and Power of Attorney. The General Partner hereby consents to the contribution of the Contributed Interests pursuant hereto by each of the Contributors. Each Contributor is executing a Partner Consent pursuant to which such Contributor (a) is executing this Agreement, and (b) is consenting to each matter set forth therein. In addition, by executing this Agreement pursuant to the Consent, each Contributor is constituting and appointing each of David R. Greenbaum, John J. Silberstein and Christopher G. Bonk, individually, with full power of substitution, the true and lawful attorney-in-fact (the "Attorney") of such Contributor, with full power and authority in the name of and for and on behalf of such Contributor, to execute an instrument of conveyance contributing its Contributed Interests to Operating Partnership pursuant to the Consolidation on the terms set forth in the Memorandum (or to the REIT pursuant to Section 11.10), to execute the Partnership Agreement of Operating Partnership and the Registration Rights Agreement and a Unit Redemption Agreement (if the Contributor elects to redeem its Units for cash immediately after the Closing), to execute any instruments required to be filed in connection with the Conveyance Taxes and to execute any other instruments that the General Partner reasonably determines necessary or appropriate in connection with the contribution of the Contributed Interests pursuant to this Agreement and the consummation of the Consolidation (or the REIT determines necessary or appropriate in connection with its purchase), including, without limitation, to consummate the transactions which are the subject matter of the Major Partner Agreement.

Each Contributor shall promptly notify the General Partner if any of the representations and warranties by that partner were not true and correct when made or become untrue at any time prior to the Closing.

11.10 Purchase If No Consolidation. Notwithstanding anything to the contrary in this Agreement, if the Consolidation does not occur and the Master Consolidation Agreement dated as of March 12, 1997 among the REIT, the Operating Partnership and certain other parties terminates in accordance with its terms, then, subject to satisfaction of the conditions in Section 7.1, 7.2, 7.3 and 7.4, (i) the closing shall occur on the third business day after the termination of the Master Consolidation Agreement; and (ii) at the closing, (a) the REIT shall purchase the Contributed Interests from the Contributors for an aggregate cash purchase price of $3,299,442, allocated among the Contributors in the same proportion as the Units are allocated as set forth on Exhibit A, (b) the Contributors shall deliver the documents and instruments referred to in Section 8.1(a), (b), (c) and (d), and (c) the REIT shall deliver the purchase price for the Contributed Interests and such other documents and instruments as the General Partner, as agent for the Contributors, and the REIT agree are necessary or appropriate, including, without limitation, recording and transfer forms and affidavits. In such event, references in this Agreement to the Operating Partnership shall be deemed references to the REIT, to the extent consistent with the foregoing.

IN WITNESS WHEREOF, each of the Contributors has executed a separate Partner Consent agreeing to be bound by the terms of this Agreement and each of Operating Partnership and the General Partner has caused this Agreement to be duly executed and delivered on its behalf as of the date first above written.

THE MENDIK COMPANY, L.P.

By: The Mendik Company, Inc., general partner

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: President

MENDIK 1740 CORP.

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: President

VORNADO REALTY TRUST

By: /s/ Joseph Macnow

Name: Joseph Macnow
Title: Vice President

[ADDITIONAL SIGNATURES OMITTED]

1740 BROADWAY ASSOCIATES, L.P.
1740 BROADWAY INVESTMENT COMPANY

EXHIBIT A

LIST OF PARTNERS

Name	Units
Bernard H. Mendik 330 Madison Avenue New York, New York 10017	11,058
Nendik 1740 Corp. 330 Madison Avenue New York, NY 10017	951
Mil Equities 330 Madison Avenue New York, NY 10017	4,327
Vicki Alpert 80 Summit Road Port Washington, NY 11050`	1,923
Ambassador Construction Company, Inc. 317 Madison Avenue New York, NY 10017	9,615
Leonard Barkin 775 Park Avenue New York, NY 10021	962
Doris Bianculli, Revocable Trust 513 Palm Drive Hallandale, FL 33009	4,808
Shirley Dember, UGMA for Lindsey Dembner 100 Boulder Ridge Rd. Scarsdale, NY 10583	1,731
Jacqueline Dryfoos 775 Park Avenue New York, NY 10021	962

Name	Units
Robert Freeman	2,885

114 East 72nd Street
10-A
New York, NY 10021

Andrea Kosloff, UGMA for A. Kosloff 55 East End Avenue New York, NY 10028	1,058
Andrea Kosloff, UGMA for J. Kosloff 55 East End Avenue New York, NY 10028	1,058
Maayan Partners c/o Bram Fierstein 252 Elderwood Avenue Pelham, NY 10803	4,808
Plum Partners 1995 Broadway, 17th Fl. New York, NY 10023	4,808
H. Richard Roberts 7 Soundview Lane Great Neck, NY 11024	9,615
Alfred & Hanina Shasha, Trustees 15 Cotswold Way Scarsdale, NY 20583-3511	2,885
TOTAL	63,454.00 =========

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Section 3: EX-2.2 (AGREEMENT FOR CONTRIBUTION OF INTERESTS)

EXHIBIT 2.2

AGREEMENT FOR CONTRIBUTION OF INTERESTS

IN

ELEVEN PENN PLAZA COMPANY

BY AND AMONG

THE MENDIK COMPANY, L.P.;
THE PARTNERS IN M/F ASSOCIATES,
M/F ELEVEN ASSOCIATES,
M/S ASSOCIATES AND
M/S ELEVEN ASSOCIATES;
AND
BERNARD H. MENDIK

IN RELIANCE UPON CERTAIN EXEMPTIONS FROM REGISTRATION, THE UNITS TO BE ISSUED HEREUNDER WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. ACCORDINGLY, NO UNITS MAY BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE, AND UNLESS THE OTHER TRANSFER RESTRICTIONS ON SUCH UNITS HAVE BEEN SATISFIED. CONTRIBUTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR OWNERSHIP OF UNITS FOR AN INDEFINITE PERIOD OF TIME.

IN MAKING AN INVESTMENT DECISION CONTRIBUTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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AGREEMENT FOR CONTRIBUTION OF INTERESTS

[ELEVEN PENN PLAZA]

THIS AGREEMENT for the Contribution of Interests (this "Agreement") is made and entered into as of Aprik 15, 1997, by and among The Mendik Company, L.P. ("Operating Partnership"), a Delaware limited partnership, whose general partner as of the date hereof is The Mendik Company, Inc., a Maryland corporation, each of the parties listed on Exhibit A annexed hereto who executes a Partner Consent (hereinafter defined) agreeing to become a party to this Agreement (collectively referred to herein as "Contributors") and Bernard H. Mendik (in his capacity as a general partner of each of the Partnerships (hereinafter defined), the "General Partner").

WHEREAS, it is desired to consolidate (the "Consolidation") the assets of Vornado Realty Trust, a Maryland real estate investment trust (the "REIT"), and interests in seven general or limited partnerships or limited liability companies of which the General Partner or an affiliate is a general partner or managing member, together with the assets of Mendik Realty Company, Inc. and Mendik Management Company, Inc., each a New York corporation and an affiliate of the General Partner, with and into Operating Partnership;

WHEREAS, upon completion of and after the Consolidation, the REIT will become and be the managing general partner of the Operating Partnership;

WHEREAS, Contributors are owners of interests (the "Contributed Interests") in one or more of M/F Associates, a New York limited partnership, M/F Eleven Associates, a New York limited partnership, M/S Associates, a New York limited partnership, and M/S Eleven Associates, a New York limited partnership (collectively, the "Partnerships"), which together own all of the partnership interests in M393 Associates, a New York general partnership, and M Eleven Associates, a New York general partnership (collectively, the "Middle Partnerships"), which together own all of the interests in Eleven Penn Plaza Company, a New York joint venture ("Eleven Penn"), which owns land and improvements (the "Property") known as Eleven Penn Plaza, New York, New York;

WHEREAS, the Contributed Interests represent a 51.25% percentage interest in Eleven Penn (the "Percentage"); and

WHEREAS, in connection with the consummation of the Consolidation, the parties hereto desire that Operating Partnership and, if designated by Operating Partnership, one or more special purpose subsidiary partnerships or limited liability companies of Operating Partnership or one or more other entities controlled by Operating Partnership (each a "Designated Subsidiary") acquire all of the interests in the Partnerships owned by the Contributors through the contribution of such interests to Operating Partnership and/or one or more Designated Subsidiaries upon the terms and conditions provided herein, and acquire all

of the interests in the Partnerships owned by a major partner and its affiliates (collectively, the "Major Partner") pursuant to an Agreement (the "Major Partner Agreement") between the Major Partner and the Operating Partnership.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants set forth herein, Operating Partnership, Contributors and the General Partner hereby agree as follows:

1. Contributions. Upon the Closing (hereinafter defined), and subject to the satisfaction or waiver by Operating Partnership of the conditions set forth in Section 7 of this Agreement, Contributors shall contribute, convey and assign to Operating Partnership (and/or Designated Subsidiary) and Operating Partnership (and/or Designated Subsidiary) shall acquire from Contributors all of Contributors' right, title and interest in the Contributed Interests (the "Contributions"), including, without limitation, all of Contributors' interest in the profits, losses, property and capital of the Partnership allocable to the Contributed Interests, upon the terms and conditions set forth in this Agreement.

2. Consideration; Distributions Prior to Closing.

(a) In full consideration for the contribution of the Contributed Interests, Operating Partnership shall deliver to Contributors (or their designees as provided below) at the Closing, with respect to the Exchange Value (as such term is defined in the Confidential Solicitation of Consents and Private Placement Memorandum (the "Memorandum") dated March 29, 1997) for the Property, an aggregate of 408,035 units of limited partnership interests ("Units") in the Operating Partnership, such Units being allocated among the Contributors as set forth on Exhibit A, subject to adjustment as provided in Section 2(b) hereof.

Prior to the Closing, subject to compliance with all applicable securities laws, any Contributor that is a partnership may give notice to the Operating Partnership to allocate all or a portion of the Units otherwise issuable to it among its partners in a manner set forth in the notice and to issue the Units directly to those partners, and any Contributor who holds interests in which another person or entity has a beneficial interest may give notice to the Operating Partnership to issue all or a portion of the Units otherwise issuable to that Contributor to the beneficial owner of that interest. In such event, as a condition to receiving any Units, any such partners of any Contributor or any such beneficial holder shall execute a Partner Consent (the "Partner Consent") in the form annexed to and made part of the Memorandum and shall make to the Operating Partnership the representations and warranties and agreements in Section 6.7(a), (b), (c) and (d) pursuant to an instrument reasonably satisfactory to the Operating Partnership (in addition to the Partner Consent to be executed by the Contributor).

(b) If the aggregate amount of the Net Other Assets (hereinafter defined) of Eleven Penn as of the close of business on the day preceding the date of the Closing (the "Closing Date") exceeds $0, Operating Partnership shall issue additional Units (valued at the average of the closing prices on the New York Stock Exchange of shares of the

REIT for the last ten trading days ending on the third trading day prior to the Closing Date) with a value equal to the Percentage times the amount of the excess Net Other Assets, and such additional Units shall be issued to each Contributor in the same proportion as the Units will be issued in accordance with Exhibit A.

As used in this Agreement, the following terms have the following meanings:

(i) "Net Other Assets" means the excess of Certain Other Assets over Certain Other Liabilities (as such terms are hereinafter defined).

(ii) "Certain Other Assets" means, subject to Section 2(e), cash and cash equivalents (other than any condemnation or casualty proceeds held by Eleven Penn), marketable securities, amortization from November 1, 1996 through the Closing on the first mortgage loan to Eleven Penn from The Equitable Life Assurance Society of the United States, accounts receivable (including an estimate of any rent escalations payable by tenants with respect

to the period through the Closing Date, but excluding any amounts payable by tenants with respect to any period after the Closing Date, as well as any amount payable by tenants after the Closing Date to the extent such amount has been recognized as income prior to the Closing), prepaid expenses (excluding any prepaid leasing costs relating to leases entered into prior to October 1, 1996), escrow deposits made by Eleven Penn, capital expenditures (other than tenant improvements or building improvements required by the terms of any lease and other than those committed capital expenditures listed on Exhibit B annexed hereto) made on or after October 1, 1996, amounts paid for leasing costs, tenant and building improvements or tenant acquisition costs relating to (1) leases entered into on or after October 1, 1996 and (2) leases entered into prior to October 1, 1996, but only to the extent of any leasing expenditures with respect to such leases entered into prior to October 1, 1996 which are set forth on Exhibit C annexed hereto. For the purpose of calculating Certain Other Assets, the accounts receivable of Eleven Penn shall be valued at the face amount of the accounts receivable, net of a reserve for doubtful accounts determined in accordance with generally accepted accounting principles consistently applied, and without giving effect to the straight-line requirement of FASB 13.

(iii) "Certain Other Liabilities" means accounts payable, accrued interest payable and other accrued liabilities (including any liability or obligation for leasing costs, tenant or building improvements or tenant acquisition costs payable relating to leases entered into prior to October 1, 1996, but excluding any liability or obligation for leasing costs, tenant or building improvements or tenant acquisition costs payable relating to (1) leases entered into on or after October 1, 1996 and (2) leases entered into prior to October 1, 1996, but only to the extent of any leasing expenditures with respect to such leases entered into prior to October 1, 1996 which are set forth on Exhibit C annexed hereto), the unpaid remaining cost of any committed capital expenditures listed on Exhibit B annexed hereto and prepaid rent received from tenants.

For purposes of this Section 2, the exercise of an option to renew a lease or to rent additional space pursuant to a lease shall be deemed a new lease entered into on the effective date of the renewal option.

(c) The General Partner shall prepare and submit to the REIT, not later than five days prior to the Closing Date, its best, good faith estimate of the Net Other Assets as of the close of business on the day preceding the Closing Date; such estimate shall be determined based upon the books and records of Eleven Penn. The estimate submitted to the REIT shall be accompanied by (i) a statement setting forth in reasonable detail the calculation of the estimated Net Other Assets as of the close of business on the day preceding the Closing Date, and (ii) a certificate signed by the General Partner confirming that the estimate was calculated in accordance with the terms of this Section 2. The estimate shall be final and binding on the parties unless, at least two days prior to the Closing, the REIT gives written notice to the General Partner that it objects to any item. The REIT and the General Partner shall immediately consult with respect to any item objected to and their joint determination with respect to any items in dispute shall be final and binding on the parties. The number of additional Units to be delivered at Closing shall be based on the statement of Net Other Assets delivered by the General Partner if there is no objection thereto by the REIT (or the undisputed amount of Net Other Assets if there is such an objection) and additional Units, if any, shall be delivered to the General Partner, as agent for the Contributors, promptly after the accountants' determination referred to in the next sentence, it being understood that the Contributors shall be deemed to own such additional Units, if any, as of the Closing Date. If the REIT and the General Partner are unable to reach agreement on the amount of Net Other Assets prior to Closing, within ten days after the Closing, the dispute shall be referred to and resolved by a "Big 6" firm of independent certified public accountants proposed by the REIT and reasonably acceptable to the General Partner, and the determination by that accounting firm shall be final and binding on the parties. The fees and expenses of the accounting firm shall be borne by Operating Partnership.

(d) Any amounts collected by Eleven Penn after the Closing Date relating to the period through the Closing Date with respect to refunds of real estate taxes paid by Eleven Penn (less any costs incurred by Eleven Penn, the Partnerships or the Operating Partnership in obtaining such refunds and less any portion of such refunds required or, in the REIT's reasonable determination, estimated to be required to be paid to tenants) shall be paid to the General Partner, as agent for the Contributors and certain other persons, not later than 10 days after the end of the month in which such amounts are collected, and the General Partner shall promptly distribute such amounts to the Contributors.

(e) An amount equal to $1,900,000 (plus any additional Conveyance Taxes (hereinafter defined) payable as a result of the value of the Units issued hereunder or under the Major Partner Agreement (based on the value of the shares of the REIT) exceeding $52 per Unit) shall be deducted from the Partnership's cash on hand prior to the calculation of Net Other Assets, regardless of the actual amount of the Conveyance Taxes. On the Closing Date, the General

Partner shall cause each of the Middle Partnerships and each of the Partnerships to satisfy any outstanding liabilities and, then on the Closing Date, the General Partner shall cause Eleven Penn to distribute to the Partnerships and the Partnerships to distribute to the General Partner, as agent for the Contributors and the Major Partner, an amount (estimated at $1,900,000 based on a value of $52 per Unit) sufficient to pay the Conveyance Taxes payable by the Major Partner and by the Contributors pursuant to Section 9(b) hereof, assuming that the Contributions hereunder and under the Major Partner Agreement are treated as "qualifying REIT transfers" under the laws referred to in Section 9(a) hereof, it being understood that the funds referred to in the first sentence of this clause (e) shall be applied toward satisfaction of this distribution requirement.

3. Acceptance of Contributions. Subject to satisfaction of the conditions listed or referred to in Section 7, Operating Partnership hereby agrees that at the Closing it shall accept or, at its election, cause a Designated Subsidiary to accept all or part of, the Contributions and shall assume any and all rights, obligations and responsibilities of Contributors as owners of the Contributed Interests that arise subsequent to the Closing Date.

4. Closing Time and Place. Unless another date or place is agreed to by the parties, the closing of the Contributions (the "Closing") shall take place contemporaneously with the closing of the Consolidation at the offices of Proskauer Rose Goetz & Mendelsohn LLP, 1585 Broadway, New York, New York 10036, or such other place and time as Operating Partnership and the General Partner shall agree, upon the satisfaction or waiver of all conditions to the Closing set forth in Section 7 hereof.

5. Representations and Warranties of Operating Partnership. Operating Partnership hereby represents and warrants to Contributors as follows, which representations and warranties shall be true and correct on the Closing Date:

5.1 Organization, Power and Authority, and Qualification. Operating Partnership is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware. The REIT is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland. Each of Operating Partnership and the REIT has the requisite power and authority to carry on its respective business as it is now being conducted. Each of Operating Partnership and the REIT is qualified to do business and is in good standing in each jurisdiction in which the character of its property owned or leased or the nature of its activities makes such qualification necessary, except where the failure to be so qualified and in good standing would not have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, as the case may be.

5.2 Authority Relative to this Agreement. Operating Partnership has taken all action necessary to authorize the execution, delivery and performance of this Agreement by Operating Partnership and no other proceedings on the part of Operating Partnership are necessary to authorize the execution and delivery of this Agreement and the consummation of the Contributions.

None of the execution and delivery of this Agreement by Operating Partnership, the consummation by Operating Partnership of the Contributions or compliance by Operating Partnership with any of the provisions hereof shall (i) conflict with or result in any breach of any provisions of the Partnership Agreement of Operating Partnership; (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Operating Partnership is a party or by which it or any of its properties or assets may be bound; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Operating Partnership; except in the case of (ii) or (iii) for violations, breaches, or defaults (A) that would not in the aggregate have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, and that shall not impair the effectiveness of the Contributions contemplated hereby, or (B) for which waivers or consents have been or shall be obtained prior to the Closing Date.

5.3 Binding Obligation. This Agreement has been duly and validly executed and delivered by Operating Partnership and constitutes a valid and binding agreement of Operating Partnership, enforceable against Operating Partnership in accordance with its terms, except that such enforcement may be subject to bankruptcy, conservatorship, receivership, insolvency, moratorium, or similar laws affecting creditors' rights generally or the rights of creditors of limited partnerships and to general principles of equity.

5.4 Insolvency. There are no attachments, executions or

assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or threatened against Operating Partnership.

5.5 Brokers. Neither Operating Partnership nor the REIT has employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contributions.

5.6 Valid Consideration. The Units, when issued in accordance with this Agreement and the Partnership Agreement of Operating Partnership, will be duly and validly issued, and the issuance thereof will not be subject to preemptive or other similar rights.

6. Representations, Warranties and Agreements of Contributors. Each Contributor, in his, her or its capacity as a partner of the Partnerships, hereby represents and warrants to and agrees with Operating Partnership with respect to his, her or its Contributed Interests as follows, which representations and warranties shall also be true and correct on the Closing Date:

6.1 Title; Authority to Assign. Contributor (i) owns good and marketable, legal and beneficial (except for holders of beneficial interests in the amounts payable with respect to such Contributed Interests who have no other rights with respect to those interests) title in and to his, her or its Contributed Interests which as of the Closing Date will be held

free of any liens, encumbrances, judgments, adverse interests, pledges or security interests, other than pledges of partnership interests to the Partnerships or the other partners to secure a partner's obligations to meet capital calls or other obligations as set forth in the Partnership Agreement of the Partnerships (as to which no amounts are outstanding and no amounts will be outstanding as of the Closing Date), (ii) holds the entire right, title and interest in and to his, her or its Contributed Interests, and (iii) has the full right, power, capacity and authority to validly contribute and convey his, her or its Contributed Interests pursuant to this Agreement.

6.2 No Breach of Partnership Agreement. None of the execution and delivery of this Agreement by Contributor, the consummation by Contributor of the Contribution or compliance by Contributor with any of the provisions hereof shall as of the Closing Date conflict with or result in any breach of any provisions of the Partnership Agreements of the Partnerships or any other agreement to which Contributor is a party.

6.3 Insolvency. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or, to the knowledge of Contributor, threatened against Contributor.

6.4 Litigation. Contributor has no knowledge of any actual or pending litigation or proceeding by any organization, person, individual or governmental agency against Contributor with respect to or against or potentially affecting his, her or its Contributed Interests.

6.5 Binding Obligation, etc. This Agreement has been duly and validly executed and delivered by Contributor to Operating Partnership and constitutes a legal, valid and binding agreement of Contributor, enforceable against Contributor in accordance with its terms, except as such enforcement may be limited by bankruptcy, conservatorship, receivership, insolvency, moratorium or similar laws affecting creditors' rights generally and to general principles of equity. Contributor further represents and warrants that if Contributor is a corporation, partnership, trust or other entity, it has the power to, and is duly authorized and otherwise duly qualified to, purchase and hold securities such as Units and Common Shares (as hereinafter defined) and such entity has its principal place of business as set forth on Exhibit A.

6.6 Brokers. Contributor has not employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contribution.

6.7 Securities Act and Other Representations and Agreements.

(a) (i) Upon the issuance of Units to Contributor (or a designee as provided in Section 2), Contributor (or designee) shall become subject to, and shall be bound by, the terms and provisions of the Partnership Agreement of Operating Partnership, including the terms of the power of attorney contained in Section 15.11 thereof,

as the Partnership Agreement may be amended and restated from time to time in accordance with its terms.

(ii) Contributor or his, her or its advisor(s) have had a reasonable opportunity to ask questions of and receive information and answers from a person or persons acting on behalf of the Partnerships and Operating Partnership concerning the Consolidation, and, as Contributor may deem necessary, to verify the information contained in the Memorandum, receipt of which is acknowledged, and any other information provided to Contributor by the Partnerships or Operating Partnership and all such questions have been answered and all such information has been provided to the full satisfaction of Contributor.

(iii) Contributor is acquiring Units for his, her or its own account as principal, for investment and not with a view to resale or distribution, and the Units may not be transferred or otherwise disposed of by Contributor otherwise than in transactions pursuant to a registration statement filed by the Operating Partnership (which it has no obligation to file) or that are exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and all applicable state and foreign securities laws, and the REIT may refuse to transfer any Units as to which evidence of such registration or exemptions from such registration satisfactory to the REIT is not provided to it, which evidence may include the requirement of legal opinions regarding the exemption from such registration. If the REIT elects, in its sole discretion, to deliver to any Contributor common shares of beneficial interest of the REIT ("Common Shares") upon redemption of any Units, the Common Shares will be acquired for his, her or its own account as principal, for investment and not with a view to resale or distribution, and the Common Shares may not be transferred or otherwise disposed of by Contributor otherwise than in transactions pursuant to any registration statement filed by the REIT with respect to such Common Shares (which it has an obligation to file only pursuant to the Registration Rights Agreement described in the Memorandum) or that are exempt from the registration requirements of the Securities Act and all applicable state and foreign securities laws, and the REIT may refuse to transfer any Common Shares as to which evidence of such registration or exemptions from such registration satisfactory to the REIT is not provided to it, which evidence may include the requirements of legal opinions regarding the exemption from such registration.

(iv) Contributor (either alone or with his, her or its advisors) has sufficient knowledge and experience in financial, tax and business matters to enable him, her or it to evaluate the merits and risks of an investment in Units. Contributor has the ability to bear the economic risk of acquiring the Units. Contributor acknowledges that (1) the transactions contemplated by this Agreement and the Memorandum involve complex tax consequences for each Contributor and each Contributor is relying solely on the advice of his, her or its own tax advisors in evaluating such consequences, and (2) neither Operating Partnership nor the General Partner has made (or shall be deemed to have made) any representations or warranties as to the tax consequences of such transaction to any Contributor. Each Contributor remains solely responsible for all tax matters relating to each Contributor.

(v) If needed, Contributor has discussed with his, her or its professional, legal, tax or financial advisors the suitability of an investment in Units or Common Shares for his, her or its particular tax and financial situation. Nothing contained herein or in the Memorandum shall be deemed to imply any representation by Operating Partnership or the General Partner as to a particular tax effect that may be obtained by any Contributor.

(vi) All information that Contributor has provided to Operating Partnership concerning himself or herself or itself and his, her or its financial position is correct and complete as of the date hereof, and if there should be any material change in such information prior to issuance of Units to the Contributors, he, she or it shall immediately provide such changed information to Operating Partnership.

(vii) Contributor has not disclosed any information contained in the Memorandum to anyone other than his or her spouse or his, her or its professional, legal, tax or financial advisors advising him, her or it in connection with this investment and has not reproduced the Memorandum other than for such use by such advisors.

(b) Status as a United States Person. (i) Unless otherwise indicated on the Partner Consent, Contributor certifies that Contributor is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code ("Section 1445"). To the extent that Contributor is not a foreign person within the meaning of Section 1445, (1) Contributor's U.S. taxpayer identification number that has previously been provided to the Partnership is accurate, (2) Contributor's home address (in the case of an individual) or office address (in the case of an entity) is that address indicated on Exhibit A of this Agreement and (3) if Contributor subsequently becomes a foreign person within the meaning of Section 1445, Contributor shall notify Operating Partnership prior to the Closing.

(ii) If Contributor is or prior to the Closing becomes a foreign person within the meaning of Section 1445, Operating

Partnership shall, and is authorized to, withhold ten percent (10%) of the amount realized (as such term is defined in Section 1001 of the Internal Revenue Code) by Contributor in connection with the Contribution, unless Operating Partnership shall receive from Contributor a notice of nonrecognition transfer with respect to the Contribution by Contributor (in a form to be provided by Operating Partnership).

(c) Indemnification. Contributor hereby agrees to indemnify and hold harmless the Partnerships, the REIT, Operating Partnership, The Mendik Company, Inc. and the General Partner and any of the employees, agents, officers, directors and affiliated persons of the foregoing from any and all damages, losses, costs and expenses (including reasonable attorneys' fees) which they, or any of them, may incur by reason of a failure by Contributor to fulfill any of its obligations under this Agreement or by reason of the breach by Contributor of any of the representations and warranties contained herein.

(d) Waiver and Contribution. Contributor understands that (i) the Units to be issued pursuant to the Consolidation have not been registered under the Securities Act and (ii) the failure to register such Units could result in Contributor being granted certain rights under the Federal securities laws, including a right to rescind Contributor's consent to the Consolidation. For the benefit of Operating Partnership, and in consideration of Operating Partnership's consummating the Consolidation, Contributor (x) hereby waives any and all rights he or she now has or may hereafter be granted to rescind his or her consent to the Consolidation on the basis that the Units issued in connection with the Consolidation were not registered (the "Waiver") and (y) agrees that if the Waiver is deemed void or unenforceable for any reason, including, without limitation, under Section 14 of the Securities Act, the entire beneficial interest in all property and amounts received by Contributor in any action to rescind the Consolidation (regardless of whether such action was initiated by Contributor) or otherwise received by Contributor as damages for failure to register the Units under the Securities Act, shall be promptly paid over and contributed by Contributor to Operating Partnership, for no additional consideration from Operating Partnership, other than the Units originally issued pursuant to the Consolidation.

Whenever the context shall require, all words in the male, female or neuter gender shall be deemed to include the other genders, all singular words shall include the plural, and all plural words shall include the singular. All representations, covenants and agreements of Contributor set forth in this Agreement shall survive the consummation of the Consolidation contemplated by the Memorandum.

7. Conditions to Completion. In addition to the conditions to completion of the Consolidation set forth in the Memorandum, the obligations of Operating Partnership to consummate the transactions contemplated by this Agreement shall be subject to fulfillment (or waiver by Operating Partnership) at or prior to the Closing of the following conditions:

7.1 Representations, Warranties and Covenants. The representations, warranties and covenants made by Contributors in this Agreement or in any document delivered by any of them pursuant to this Agreement shall be true and correct in all material respects when made and on and as of the Closing as though such representations, warranties and covenants were made on and as of such date.

7.2 Consents. Any and all consents required by the Partnership Agreements of the Partnerships, and any certificates, agreements, contribution and assumption instruments and other documents necessary or advisable to evidence the conveyance of the Contributed Interests and the admission of Operating Partnership (or Designated Subsidiary) into the Partnerships by virtue of the contribution of the Contributed Interests, shall have been obtained.

7.3 No Order or Injunction. The consummation of the Contributions shall not have been restrained, enjoined or prohibited by any order or injunction of any court or governmental authority of competent jurisdiction.

7.4 Instruments of Conveyance. The Contributors shall have delivered the instruments evidencing conveyance of their interests referred to in Section 8.1.

8. The Closing.

8.1 Contributors' and General Partner's Closing Documents. At Closing, each Contributor shall deliver (or cause to be delivered pursuant to the Power of Attorney referred to in Section 11.9) or the General Partner shall deliver the following (all of which shall be duly executed and acknowledged where required):

(a) A written document of conveyance contributing to

Operating Partnership (and/or any Designated Subsidiary) title to Contributor's Contributed Interests, free and clear of any adverse claim or interest;

(b) Such documents and certificates as Operating Partnership reasonably may require to establish the authority of the parties executing any documents in connection with the Contributions including, in the case of any Contributor that is a corporation, partnership, limited liability company or other similar entity (other than a trust or estate), an opinion of counsel, reasonably satisfactory to the Operating Partnership, as to the due execution and delivery of such documents;

(c) Such consents and instruments of admission as are contemplated by Section 7.2 hereof; and

(d) Such other documents, instruments and certificates as Operating Partnership and the General Partner, as agent for the Contributors, reasonably agree are necessary or appropriate, including without limitation recording and transfer forms and affidavits.

8.2 Operating Partnership's Closing Documents. At Closing, Operating Partnership shall deliver or cause to be delivered to the General Partner, as agent for the Contributors, the following:

(a) The Units referred to in Section 2(a);

(b) Copies of the executed Partnership Agreement of the Operating Partnership and the Registration Rights Agreement and Unit Redemption Agreement referred to in Section 11.09; and

(c) Such other documents and instruments as the General Partner, as agent for the Contributors, and Operating Partnership agree are necessary or appropriate, including without limitation recording and transfer forms and affidavits.

9. Transfer Taxes and Closing Costs.

(a) The General Partner and Operating Partnership shall join on the Closing Date in completing, executing, delivering and verifying the returns, affidavits and other documents required in connection with the documentary stamps in accordance with the New York State Real Estate Transfer Tax imposed by Article 31 of the Tax Law, the New York City Real Property Transfer Tax imposed by Chapter 46 of Title 11 of the Administrative Code of the City of New York, and any other tax payable by reason of the contribution of the Contributed Interests (collectively, the "Conveyance Taxes").

(b) The Contributors hereby agree to pay and shall be solely responsible for the Conveyance Taxes due on the conveyance of the Contributed Interests including, but not limited to, any Conveyance Taxes imposed due to the Contributor's failure to satisfy any holding period or continuity requirements for qualifying for a reduced rate of Conveyance Taxes, including the holding period requirements with respect to certain transfers to a REIT imposed in connection with the New York Real Estate Transfer Tax imposed by Article 31 of the Tax Law and the New York City Real Property Transfer Tax imposed by Chapter 46 of Title 11 of the Administrative Code of the City of New York. Using the amount distributed to the General Partner pursuant to Section 2(e) hereof, the General Partner, as agent for the Contributors and the Major Partner, shall timely pay to the appropriate tax collecting agency or official the amount of all Conveyance Taxes payable by reason of the Contributors' and the Major Partner's agreement to pay the Conveyance Taxes (assuming satisfaction of the requirements set forth in the preceding sentence). The Contributors shall indemnify, defend and hold harmless Operating Partnership and the Partnerships from and against all claims, liabilities, costs and expenses (including reasonable attorney's fees), incurred by Operating Partnership or the Partnerships by reason of the failure of the Contributors to pay any Conveyance Taxes assessed or alleged to be due at any time with respect to the transfer of the Interests to Operating Partnership, including, without limitation, all interest and penalties thereon.

(c) Operating Partnership shall also pay or provide for the payment of all other costs associated with the closing of the contributions of the Contributed Interests pursuant to this Agreement, as described in and subject to the terms of the Memorandum.

10. Operation in the Ordinary Course. The General Partner shall use reasonable efforts to operate the Partnership and the Property in the ordinary course of business between the date hereof and the closing of the Consolidation, including making any necessary capital expenditures and leasing expenditures consistent with past practices to maintain the quality and value of the Property.

11. General Provisions.

11.1 Survival of Representations and Warranties. It is the express intention and agreement of the parties hereto that the representations and

warranties of the parties set forth in this Agreement shall survive the consummation of the Contributions and the Closing.

11.2 Notices. All notices, demands, requests or other communications that may be or are required to be given or made by any party to the other parties pursuant to this Agreement shall be in writing and shall be hand delivered or transmitted by certified mail, express overnight mail or delivery service, telegram, telex or facsimile transmission to the parties at the addresses specified in Exhibit A or such other address as the addressee may indicate by written notice to the other party.

Each notice, demand, request or communication that is given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is delivered to the addressee (with the delivery receipt, the affidavit of messenger or (with respect to a telex) the answer back being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

11.3 Governing Law. This Agreement, the rights and obligations of the parties hereto and any claims or disputes relating to such rights and obligations shall be governed by and construed under the laws of the State of New York.

11.4 Headings. Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

11.5 Benefit and Assignment. No Contributor shall assign this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of Operating Partnership. Any purported assignment contrary to the terms hereof shall be null, void and of no force and effect.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns as permitted hereunder. No person or entity other than the parties hereto is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto or their respective successors and assigns as permitted hereunder.

The Operating Partnership may designate one or more Designated Subsidiaries to acquire all or any part of the Contributed Interests (in which case the Designated Subsidiary shall execute a certificate at closing making the same representations and warranties as are made by Operating Partnership and references to Operating Partnership shall include the Designated Subsidiaries except where the context clearly indicates otherwise).

11.6 Severability. If any part of any provision of this Agreement or any other agreement, document or writing given pursuant to or in connection with this Agreement shall be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining

parts of such provisions or the remaining provisions of said agreement so long as the economic and legal substance of the Contributions is not affected in any manner materially adverse to either party.

11.7 Entire Agreement; Amendment. The Schedules and the Exhibits attached hereto are hereby incorporated into the Agreement as if fully set forth herein. This Agreement, and the Schedules and Exhibits attached hereto, together with the Memorandum, contain the final and entire agreement between the parties hereto with respect to the Contributions, supersede all prior oral and written memoranda and agreements with respect to the matters contemplated herein, and are intended to be an integration of all prior negotiations and understandings. Contributors and Operating Partnership shall not be bound by any terms, conditions, statements, warranties or representations, oral or written, not contained or referred to herein or therein. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

11.8 No Waiver. No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other instrument or document given in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or any acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege. No waiver shall be valid against any party

hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

11.9 Consent and Power of Attorney. The General Partner hereby consents to the contribution of the Contributed Interests pursuant hereto by each of the Contributors. Each Contributor is executing a Partner Consent pursuant to which such Contributor (a) is executing this Agreement, and (b) is consenting to each matter set forth therein. In addition, by executing this Agreement pursuant to the Consent, each Contributor is constituting and appointing each of David R. Greenbaum, John J. Silberstein and Christopher G. Bonk, individually, with full power of substitution, the true and lawful attorney-in-fact (the "Attorney") of such Contributor, with full power and authority in the name of and for and on behalf of such Contributor, to execute an instrument of conveyance contributing his, her or its Contributed Interests to Operating Partnership pursuant to the Consolidation on the terms set forth in the Memorandum, to execute the Partnership Agreement of Operating Partnership and the Registration Rights Agreement and a Unit Redemption Agreement (if the Contributor elects to redeem its Units for cash immediately after the Closing) and to execute any instruments required to be filed in connection with the Conveyance Taxes, and to execute any other instruments that the General Partner reasonably determines necessary or appropriate in connection with the contribution of the Contributed Interests pursuant to this Agreement and the consummation of the Consolidation.

Each Contributor shall promptly notify the General Partner if any of the representations and warranties by that partner were not true and correct when made or become untrue at any time prior to the Closing.

IN WITNESS WHEREOF, each of the Contributors has executed a separate Partner Consent agreeing to be bound by the terms of this Agreement and each of Operating Partnership, and the General Partner has caused this Agreement to be duly executed and delivered on its or his behalf as of the date first above written.

THE MENDIK COMPANY, L.P.

By: The Mendik Company, Inc., general partner

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: President

/s/ Bernard H. Mendik

Bernard H. Mendik

[ADDITIONAL SIGNATURES OMITTED]

Exhibit A

M/F Associates
M/F Eleven Associates

List of Partners

	Number of Units
Equby Associates c/o Richard Vespa Goldschmidt & Goldschmidt 641 Lexington Avenue New York, NY 10022-4503	143,212
INS Realty Associates c/o Weissbarth, Altman & Michaelson 156 56th Street New York, NY 10019 INS Eleven Associates c/o Weissbarth, Altman & Michaelson 156 West 56th Street New York, NY 10019	134,758

Bernard H. Mendik 330 Madison Avenue New York, NY 10017		162,210
The Mendik Partnership, L.P. 330 Madison Avenue New York, NY 10017	(Not contributing interests equal to the override held by Rcay, S.A.)	
Mendik Realty Company, Inc. 330 Madison Avenue New York, NY 10017		8,758

		448,938

Exhibit B

Committed Capital Expenditures

Completion of the HVAC replacement project

Exhibit C

Contingent Leasing Expenditures

BOMA	$105,187
Newbridge Networks	400,000
Faulkner & Gray	210,000
TOTAL	$715,187

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Section 4: EX-2.3 (AGREEMENT FOR CONTRIBUTION OF INTERESTS)

Exhibit 2.3

AGREEMENT FOR CONTRIBUTION OF INTERESTS
IN
866 UN PLAZA ASSOCIATES LLC

BY AND AMONG

THE MENDIK COMPANY, L.P.,
THE MEMBERS OF 866 UN PLAZA ASSOCIATES LLC
AND
BERNARD H. MENDIK

IN RELIANCE UPON CERTAIN EXEMPTIONS FROM REGISTRATION, THE UNITS TO BE ISSUED HEREUNDER WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. ACCORDINGLY, NO UNITS MAY BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE, AND UNLESS THE OTHER TRANSFER RESTRICTIONS ON SUCH UNITS HAVE BEEN SATISFIED. CONTRIBUTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR OWNERSHIP OF UNITS FOR AN INDEFINITE PERIOD OF TIME.

IN MAKING AN INVESTMENT DECISION CONTRIBUTORS MUST RELY ON THEIR OWN EXAMINATION

OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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Exhibit A List of Partners
Exhibit B Committed Capital Expenditures
Exhibit C Contingent Leasing Expenditures

AGREEMENT FOR CONTRIBUTION OF INTERESTS

[866 UN PLAZA]

THIS AGREEMENT for the Contribution of Interests (this "Agreement") is made and entered into as of April 15, 1997, by and among The Mendik Company, L.P. ("Operating Partnership"), a Delaware limited partnership, whose general partner as of the date hereof is The Mendik Company, Inc., a Maryland corporation, each of the parties listed on Exhibit A annexed hereto who executes a Partner Consent (hereinafter defined) agreeing to become a party to this Agreement (collectively referred to herein as "Contributors") and Bernard H. Mendik (in his capacity as a managing member of the Company (hereinafter defined), the "Managing Member").

WHEREAS, it is desired to consolidate (the "Consolidation") the assets of Vornado Realty Trust, a Maryland real estate investment trust (the "REIT"), and interests in seven general or limited partnerships or limited liability companies of which the Managing Member or an affiliate is a general partner or managing member, together with the assets of Mendik Realty Company, Inc. and Mendik Management Company, Inc., each a New York corporation and an affiliate of the Managing Member, with and into Operating Partnership;

WHEREAS, upon completion of and after the Consolidation, the REIT will become and be the managing general partner of the Operating

Partnership;

WHEREAS, Contributors are owners of interests (the "Contributed Interests") in 866 UN Plaza Associates LLC, a New York limited liability company (the "Company"), which Company owns land and improvements (the "Property") known as 866 UN Plaza, New York, New York; and

WHEREAS, in connection with the consummation of the Consolidation, the parties hereto desire that Operating Partnership and, if designated by Operating Partnership, one or more special purpose subsidiary partnerships or limited liability companies of Operating Partnership or one or more other entities controlled by Operating Partnership (each a "Designated Subsidiary") acquire all of the interests in the Company through the contribution of such interests to Operating Partnership and/or one or more Designated Subsidiaries upon the terms and conditions provided herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants set forth herein, Operating Partnership, Contributors and the Managing Member hereby agree as follows:

1. CONTRIBUTIONS. Upon the Closing (hereinafter defined), and subject to the satisfaction or waiver by Operating Partnership of the conditions set forth in Section 7 of this Agreement, Contributors shall contribute, convey and assign to Operating Partnership (and/or Designated Subsidiary) and Operating Partnership (and/or Designated Subsidiary) shall acquire

from Contributors all of Contributors' right, title and interest in the Contributed Interests (the "Contributions"), including, without limitation, all of Contributors' interest in the profits, losses, property and capital of the Company allocable to the Contributed Interests, upon the terms and conditions set forth in this Agreement.

2. CONSIDERATION; DISTRIBUTIONS PRIOR TO CLOSING.

(a) In full consideration for the contribution of the Contributed Interests, Operating Partnership shall deliver to Contributors (or their designees as provided below) at the Closing, with respect to the Exchange Value (as such term is defined in the Confidential Solicitation of Consents and Private Placement Memorandum (the "Memorandum") dated March 29, 1997), an aggregate of 192,305 units of limited partnership interests ("Units") in the Operating Partnership, such Units being allocated among the Contributors as set forth on Exhibit A, subject to adjustment as provided in Section 2(b) hereof.

Prior to the Closing, subject to compliance with all applicable securities laws, any Contributor that is a partnership may give notice to the Operating Partnership to allocate all or a portion of the Units otherwise issuable to it among its partners in a manner set forth in the notice and to issue the Units directly to those partners, and any Contributor who holds interests in which another person or entity has a beneficial interest may give notice to the Operating Partnership to issue all or a portion of the Units otherwise issuable to that Contributor to the beneficial owner of that interest. In such event, as a condition to receiving any Units, any such partners of any Contributor or any such beneficial holder shall execute a Partner Consent (the "Partner Consent") in the form annexed to and made part of the Memorandum and shall make to the Operating Partnership the representations and warranties and agreements in Section 6.7(a), (b), (c) and (d) pursuant to an instrument reasonably satisfactory to the Operating Partnership (in addition to the Partner Consent to be executed by the Contributor).

(b) If the aggregate amount of the Net Other Assets (hereinafter defined) of the Company as of the close of business on the day preceding the date of the Closing (the "Closing Date") exceeds $9,250,000, Operating Partnership shall issue additional Units (valued at the average of the closing prices on the New York Stock Exchange of shares of the REIT for the last ten trading days ending on the third trading day prior to the Closing Date) with a value equal to the amount of the excess Net Other Assets, and such additional Units shall be issued to each Contributor in the same proportion as the Units will be issued in accordance with Exhibit A.

As used in this Agreement, the following terms have the following meanings:

(i) "Net Other Assets" means the excess of Certain Other Assets over Certain Other Liabilities (as such terms are hereinafter defined).

(ii) "Certain Other Assets" means, subject to Section 2(e), cash and cash equivalents (other than any condemnation or casualty proceeds held by the Company), marketable securities, accounts receivable (including an estimate of any rent escalations payable by tenants with respect to the period through the Closing Date, but excluding any amounts payable by tenants with respect to any period after the Closing Date, as well as any amount payable by tenants after the Closing Date to the extent such amount has been recognized as income prior to the Closing), prepaid expenses (excluding any prepaid leasing

costs relating to leases entered into prior to October 1, 1996), escrow deposits made by the Company, capital expenditures (other than tenant improvements or building improvements required by the terms of any lease and other than those committed capital expenditures listed on Exhibit B annexed hereto) made on or after October 1, 1996, amounts paid for leasing costs, tenant and building improvements or tenant acquisition costs relating to (1) leases entered into on or after October 1, 1996 and (2) leases entered into prior to October 1, 1996, but only to the extent of any leasing expenditures with respect to such leases entered into prior to October 1, 1996 which are set forth on Exhibit C annexed hereto. For the purpose of calculating Certain Other Assets, the accounts receivable of the Company shall be valued at the face amount of the accounts receivable, net of a reserve for doubtful accounts determined in accordance with generally accepted accounting principles consistently applied, and without giving effect to the straight-line requirement of FASB 13.

(iii) "Certain Other Liabilities" means accounts payable, accrued interest payable and other accrued liabilities (including any liability or obligation for leasing costs, tenant or building improvements or tenant acquisition costs payable relating to leases entered into prior to October 1, 1996 but excluding any liability or obligation for leasing costs, tenant or building improvements or tenant acquisition costs payable relating to (1) leases entered into on or after October 1, 1996 and (2) leases entered into prior to October 1, 1996, but only to the extent of any leasing expenditures with respect to such leases entered into prior to October 1, 1996 which are set forth on Exhibit C annexed hereto), the unpaid remaining cost of any committed capital expenditures listed on Exhibit B annexed hereto and prepaid rent received from tenants.

For purposes of this Section 2, the exercise of an option to renew a lease or to rent additional space pursuant to a lease shall be deemed a new lease entered into on the effective date of the renewal option.

(c) The Managing Member shall prepare and submit to the REIT, not later than five days prior to the Closing Date, its best, good faith estimate of the Net Other Assets as of the close of business on the day preceding the Closing Date; such estimate shall be determined based upon the books and records of the Company. The estimate submitted to the REIT shall be accompanied by (i) a statement setting forth in reasonable detail the calculation of the estimated Net Other Assets as of the close of business on the day preceding the Closing Date, and (ii) a certificate signed by the Managing Member confirming that the estimate was calculated

in accordance with the terms of this Section 2. The estimate shall be final and binding on the parties unless, at least two days prior to the Closing, the REIT gives written notice to the Managing Member that it objects to any item. The REIT and the Managing Member shall immediately consult with respect to any item objected to and their joint determination with respect to any items in dispute shall be final and binding on the parties. The number of additional Units to be delivered at Closing shall be based on the statement of Net Other Assets delivered by the Managing Member if there is no objection thereto by the REIT (or the undisputed amount of Net Other Assets if there is such an objection) and additional Units, if any, shall be delivered to the General Partner, as agent for the Contributors, promptly after the accountants' determination referred to in the next sentence, it being understood that the Contributors shall be deemed to own such additional Units, if any, as of the Closing Date. If the REIT and the Managing Member are unable to reach agreement on the amount of Net Other Assets prior to Closing, within ten days after the Closing, the dispute shall be referred to and resolved by a "Big 6" firm of independent certified public accountants proposed by the REIT and reasonably acceptable to the Managing Member, and the determination by that accounting firm shall be final and binding on the parties. The fees and expenses of the accounting firm shall be borne by Operating Partnership.

(d) The Operating Partnership shall cause the Company to pay any amounts collected by the Company after the Closing Date relating to the period through the Closing Date with respect to refunds of real estate taxes paid by the Company (less any costs incurred by the Company or the Operating Partnership in obtaining such refunds and less any portion of such refunds required or, in the REIT's reasonable determination, estimated to be required to be paid to tenants) to the Managing Member, as agent for the Contributors, not later than 10 days after the end of the month in which such amounts are collected, and the General Partner shall promptly distribute such amounts to the Contributors.

(e) An amount equal to $750,000 (plus any additional Conveyance Taxes (hereinafter defined) payable as a result of the value of the Units (based on the value of the shares of the REIT) exceeding $52 per Unit) shall be deducted from the Partnership's cash on hand prior to the calculation of Net Other Assets, regardless of the actual amount of the Conveyance Taxes. On the Closing Date, the Managing Member shall cause the Company to distribute to the Managing Member, as agent for the members, an amount (estimated at $750,000 based on a value of $52 per Unit) sufficient to pay the Conveyance Taxes payable by them pursuant to Section 9(b) hereof, assuming that the Contributions hereunder are treated as "qualifying REIT transfers" under the laws referred to in Section 9(a) hereof, it being understood that the funds referred to in the

first sentence of this clause (e) shall be applied toward satisfaction of this distribution requirement.

(f) Notwithstanding the foregoing, each Contributor may elect, by notice to the Operating Partnership given at least five days prior to the Closing Date, not to receive up to 80% of the Units issuable to him or it prior to any adjustment pursuant to Section 2(b), but instead to receive cash in an amount equal to $48.36 per Unit in lieu of those Units. In

that event, at the Closing, the Company shall distribute to each such Contributor the amount of cash to which he or it is entitled pursuant to the preceding sentence. Notwithstanding the foregoing, each Contributor that is a partnership may make the foregoing election separately with respect to up to 80% of the Units distributable to each partner in the Partnership.

3. ACCEPTANCE OF CONTRIBUTIONS. Subject to satisfaction of the conditions listed or referred to in Section 7, Operating Partnership hereby agrees that at the Closing it shall accept or, at its election, cause a Designated Subsidiary to accept all or part of, the Contributions and shall assume any and all rights, obligations and responsibilities of Contributors as owners of the Contributed Interests that arise subsequent to the Closing Date.

4. CLOSING TIME AND PLACE. Unless another date or place is agreed to by the parties, the closing of the Contributions (the "Closing") shall take place contemporaneously with the closing of the Consolidation at the offices of Proskauer Rose Goetz & Mendelsohn LLP, 1585 Broadway, New York, New York 10036, or such other place and time as Operating Partnership and the Managing Member shall agree upon, upon the satisfaction or waiver of all conditions to the Closing set forth in Section 7 hereof.

5. REPRESENTATIONS AND WARRANTIES OF OPERATING PARTNERSHIP. Operating Partnership hereby represents and warrants to Contributors as follows, which representations and warranties shall be true and correct on the Closing Date:

5.1 POWER AND AUTHORITY, AND QUALIFICATION. Operating Partnership is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware. The REIT is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland. Each of Operating Partnership and the REIT has the requisite power and authority to carry on its respective business as it is now being conducted. Each of Operating Partnership and the REIT is qualified to do business and is in good standing in each jurisdiction in which the character of its property owned or leased or the nature of its activities makes such qualification necessary, except where the failure to be so qualified and in good standing would not have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, as the case may be.

5.2 AUTHORITY RELATIVE TO THIS AGREEMENT. Operating Partnership has taken all action necessary to authorize the execution, delivery and performance of this Agreement by Operating Partnership and no other proceedings on the part of Operating Partnership are necessary to authorize the execution and delivery of this Agreement and the consummation of the Contributions.

None of the execution and delivery of this Agreement by Operating Partnership, the consummation by Operating Partnership of the Contributions or compliance by Operating Partnership with any of the provisions hereof shall (i) conflict with or result in any

breach of any provisions of the partnership agreement of Operating Partnership; (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Operating Partnership is a party or by which it or any of its properties or assets may be bound; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Operating Partnership; except in the case of (ii) or (iii) for violations, breaches, or defaults (A) that would not in the aggregate have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, and that shall not impair the effectiveness of the Contributions contemplated hereby, or (B) for which waivers or consents have been or shall be obtained prior to the Closing Date.

5.3 BINDING OBLIGATION. This Agreement has been duly and validly executed and delivered by Operating Partnership and constitutes a valid and binding agreement of Operating Partnership, enforceable against Operating Partnership in accordance with its terms, except that such enforcement may be

subject to bankruptcy, conservatorship, receivership, insolvency, moratorium, or similar laws affecting creditors' rights generally or the rights of creditors of limited partnerships and to general principles of equity.

5.4 INSOLVENCY. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or threatened against Operating Partnership.

5.5 BROKERS. Neither Operating Partnership nor the REIT has employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contributions.

5.6 VALID CONSIDERATION. The Units, when issued in accordance with this Agreement and the Partnership Agreement of Operating Partnership, will be duly and validly issued, and the issuance thereof will not be subject to preemptive or other similar rights.

6. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF CONTRIBUTORS. Each Contributor, in his, her or its capacity as a partner of the Company, hereby represents and warrants to and agrees with Operating Partnership with respect to his, her or its Contributed Interests as follows, which representations and warranties shall also be true and correct on the Closing Date:

6.1 TITLE; AUTHORITY TO ASSIGN. Contributor (i) owns good and marketable, legal and beneficial (except for holders of beneficial interests in the amounts payable with respect to such Contributed Interests who have no other rights with respect to those interests) title in and to his, her or its Contributed Interests which as of the Closing Date will be held free of any liens, encumbrances, judgments, adverse interests, pledges or security interests,

other than pledges of partnership interests to the Partnership or the other partners to secure a partner's obligations to meet capital calls or other obligations as set forth in the partnership agreement of the Partnership (as to which no amounts are outstanding and no amounts will be outstanding as of the Closing Date), (ii) holds the entire right, title and interest in and to his, her or its Contributed Interests, and (iii) has the full right, power, capacity and authority to validly contribute and convey his, her or its Contributed Interests pursuant to this Agreement.

6.2 NO BREACH OF OPERATING AGREEMENT. None of the execution and delivery of this Agreement by Contributor, the consummation by Contributor of the Contribution or compliance by Contributor with any of the provisions hereof shall as of the Closing Date conflict with or result in any breach of any provisions of the Operating Agreement of the Company or any other agreement to which Contributor is a party.

6.3 INSOLVENCY. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or, to the knowledge of Contributor, threatened against Contributor.

6.4 LITIGATION. Contributor has no knowledge of any actual or pending litigation or proceeding by any organization, person, individual or governmental agency against Contributor with respect to or against or potentially affecting his, her or its Contributed Interests.

6.5 BINDING OBLIGATION, ETC. This Agreement has been duly and validly executed and delivered by Contributor to Operating Partnership and constitutes a legal, valid and binding agreement of Contributor, enforceable against Contributor in accordance with its terms, except as such enforcement may be limited by bankruptcy, conservatorship, receivership, insolvency, moratorium or similar laws affecting creditors' rights generally and to general principles of equity. Contributor further represents and warrants that if Contributor is a corporation, partnership, trust or other entity, it has the power to, and is duly authorized and otherwise duly qualified to, purchase and hold securities such as Units and Common Shares (as hereinafter defined) and such entity has its principal place of business as set forth on Exhibit A.

6.6 BROKERS. Contributor has not employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contribution.

6.7 SECURITIES ACT AND OTHER REPRESENTATIONS AND AGREEMENTS.

(a) (i) Upon the issuance of Units to Contributor (or a designee as provided in Section 2), Contributor (or designee) shall become subject to, and shall be bound by, the terms and provisions of the Partnership Agreement of Operating Partnership, including the terms of the power of attorney

contained in Section 15.11 thereof, as the Partnership Agreement may be amended and restated from time to time in accordance with its terms.

(ii) Contributor or his, her or its advisor(s) have had a reasonable opportunity to ask questions of and receive information and answers from a person or persons acting on behalf of the Company and Operating Partnership concerning the Consolidation, and, as Contributor may deem necessary, to verify the information contained in the Memorandum, receipt of which is acknowledged, and any other information provided to Contributor by the Company or Operating Partnership and all such questions have been answered and all such information has been provided to the full satisfaction of Contributor.

(iii) Contributor is acquiring Units for his, her or its own account as principal, for investment and not with a view to resale or distribution, and the Units may not be transferred or otherwise disposed of by Contributor otherwise than in transactions pursuant to a registration statement filed by the Operating Partnership (which it has no obligation to file) or that are exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and all applicable state and foreign securities laws, and the REIT may refuse to transfer any Units as to which evidence of such registration or exemptions from such registration satisfactory to the REIT is not provided to it, which evidence may include the requirement of legal opinions regarding the exemption from such registration. If the REIT elects, in its sole discretion, to deliver to any Contributor common shares of beneficial interest of the REIT ("Common Shares") upon redemption of any Units, the Common Shares will be acquired for his, her or its own account as principal, for investment and not with a view to resale or distribution, and the Common Shares may not be transferred or otherwise disposed of by Contributor otherwise than in transactions pursuant to any registration statement filed by the REIT with respect to such Common Shares (which it has an obligation to file only pursuant to the Registration Rights Agreement described in the Memorandum) or that are exempt from the registration requirements of the Securities Act and all applicable state and foreign securities laws, and the REIT may refuse to transfer any Common Shares as to which evidence of such registration or exemptions from such registration satisfactory to the REIT is not provided to it, which evidence may include the requirement of legal opinions regarding the exemption from such registration.

(iv) Contributor (either alone or with his, her or its advisors) has sufficient knowledge and experience in financial, tax and business matters to enable him, her or it to evaluate the merits and risks of an investment in the Units. Contributor has the ability to bear the economic risk of acquiring the Units. Contributor acknowledges that (1) the transactions contemplated by this Agreement and the Memorandum involve complex tax consequences for each Contributor and each Contributor is relying solely on the advice of his, her or its own tax advisors in evaluating such consequences, and (2) neither Operating Partnership nor the Managing Member has made (or shall be deemed to have made) any representations or warranties as to the tax consequences of such transaction to any Contributor. Each Contributor remains solely responsible for all tax matters relating to each Contributor.

(v) If needed, Contributor has discussed with his, her or its professional, legal, tax or financial advisors the suitability of an investment in Units or Common Shares for his, her or its particular tax and financial situation. Nothing contained herein or in the Memorandum shall be deemed to imply any representation by Operating Partnership or the Managing Member as to a particular tax effect that may be obtained by any Contributor.

(vi) All information that Contributor has provided to Operating Partnership concerning himself or herself or itself and his, her or its financial position is correct and complete as of the date hereof, and if there should be any material change in such information prior to issuance of Units to the Contributors, he, she or it shall immediately provide such changed information to Operating Partnership.

(vii) Contributor has not disclosed any information contained in the Memorandum to anyone other than his or her spouse or his, her or its professional, legal, tax or financial advisors advising him, her or it in connection with this investment and has not reproduced the Memorandum other than for such use by such advisors.

(b) STATUS AS A UNITED STATES PERSON.

(i) Unless otherwise indicated on the Partner Consent, Contributor certifies that Contributor is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code ("Section 1445"). To the extent that Contributor is not a foreign person within the meaning of Section 1445, (1) Contributor's U.S. taxpayer identification number that has previously been provided to the Partnership is accurate, (2) Contributor's home address (in the case of an individual) or office address (in the case of an entity) is that address indicated on Exhibit A of this Agreement and (3) if Contributor subsequently becomes a foreign person within the meaning of Section 1445,

Contributor shall notify Operating Partnership prior to the Closing Date.

(ii) If Contributor is or prior to the Closing Date becomes a foreign person within the meaning of Section 1445, Operating Partnership shall, and is authorized to, withhold ten percent (10%) of the amount realized (as such term is defined in Section 1001 of the Internal Revenue Code) by Contributor in connection with the Contribution, unless Operating Partnership shall receive from Contributor a notice of nonrecognition transfer with respect to the Contribution by Contributor (in a form to be provided by Operating Partnership).

(c) Indemnification. Contributor hereby agrees to indemnify and hold harmless the Company, the REIT, Operating Partnership, The Mendik Company, Inc. and the Managing Member and any of the employees, agents, officers, directors and affiliated persons of the foregoing from any and all damages, losses, costs and expenses (including reasonable attorneys' fees) which they, or any of them, may incur by reason of a failure by Contributor to

fulfill any of its obligations under this Agreement or by reason of the breach by Contributor of any of the representations and warranties contained herein.

(d) Waiver and Contribution. Contributor understands that (i) the Units to be issued pursuant to the Consolidation have not been registered under the Securities Act and (ii) the failure to register such Units could result in Contributor being granted certain rights under the Federal securities laws, including a right to rescind Contributor's consent to the Consolidation. For the benefit of Operating Partnership, and in consideration of Operating Partnership's consummating the Consolidation, Contributor (x) hereby waives any and all rights he or she now has or may hereafter be granted to rescind his or her consent to the Consolidation on the basis that the Units issued in connection with the Consolidation were not registered (the "Waiver") and (y) agrees that if the Waiver is deemed void or unenforceable for any reason, including, without limitation, under Section 14 of the Securities Act, the entire beneficial interest in all property and amounts received by Contributor in any action to rescind the Consolidation (regardless of whether such action was initiated by Contributor) or otherwise received by Contributor as damages for failure to register the Units under the Securities Act, shall be promptly paid over and contributed by Contributor to Operating Partnership, for no additional consideration from Operating Partnership, other than the Units originally issued pursuant to the Consolidation.

Whenever the context shall require, all words in the male, female or neuter gender shall be deemed to include the other genders, all singular words shall include the plural, and all plural words shall include the singular. All representations, covenants and agreements of Contributor set forth in this Agreement shall survive the consummation of the Consolidation contemplated by the Memorandum.

7. CONDITIONS TO COMPLETION. In addition to the conditions to completion of the Consolidation set forth in the Memorandum, the obligations of Operating Partnership to consummate the transactions contemplated by this Agreement shall be subject to fulfillment (or waiver by Operating Partnership) at or prior to the Closing of the following conditions:

7.1 REPRESENTATIONS, WARRANTIES AND COVENANTS. The representations, warranties and covenants made by Contributors in this Agreement or in any document delivered by any of them pursuant to this Agreement shall be true and correct in all material respects when made and on and as of the Closing as though such representations, warranties and covenants were made on and as of such date.

7.2 CONSENTS. Any and all consents required by the Operating Agreement of the Company, and any certificates, agreements, contribution and assumption instruments and other documents necessary or advisable to evidence the conveyance of the Contributed Interests and the admission of Operating Partnership (or Designated Subsidiary) into the Company by virtue of the contribution of the Contributed Interests, shall have been obtained.

7.3 NO ORDER OR INJUNCTION. The consummation of the Contributions shall not have been restrained, enjoined or prohibited by any order or injunction of any court or governmental authority of competent jurisdiction.

7.4 INSTRUMENTS OF CONVEYANCE. The Contributors shall have delivered the instruments evidencing conveyance of their interests referred to in Section 8.1.

8. THE CLOSING.

8.1 CONTRIBUTORS' AND GENERAL PARTNER'S CLOSING DOCUMENTS. At Closing, each Contributor shall deliver (or cause to be delivered pursuant to

the Power of Attorney referred to in Section 11.9) or the Managing Member shall deliver the following (all of which shall be duly executed and acknowledged where required):

(a) A written document of conveyance contributing to Operating Partnership (and/or any Designated Subsidiary) title to Contributor's Contributed Interests, free and clear of any adverse claim or interest;

(b) Such documents and certificates as Operating Partnership reasonably may require to establish the authority of the parties executing any documents in connection with the Contributions including, in the case of any Contributor that is a corporation, partnership, limited liability company or other similar entity (other than a trust or estate), an opinion of counsel, reasonably satisfactory to the Operating Partnership, as to the due execution and delivery of such documents;

(c) Such consents and instruments of admission as are contemplated by Section 7.2 hereof; and

(d) Such other documents, instruments and certificates as Operating Partnership and the Managing Member, as agent for the Contributors, reasonably agree are necessary or appropriate, including without limitation recording and transfer forms and affidavits.

8.2 OPERATING PARTNERSHIP'S CLOSING DOCUMENTS. At Closing, Operating Partnership shall deliver or cause to be delivered to the Managing Member, as agent for the Contributors, the following:

(a) The Units referred to in Section 2(a); and

(b) Copies of the executed Partnership Agreement of the Operating Partnership and the Registration Rights Agreement and Unit Redemption Agreement referred to in Section 11.09; and

(c) Such other documents and instruments as the Managing Member, as agent for the Contributors, and Operating Partnership agree are necessary or appropriate, including without limitation recording and transfer forms and affidavits.

9. TRANSFER TAXES AND CLOSING COSTS.

(a) The Managing Member and Operating Partnership shall join on the Closing Date in completing, executing, delivering and verifying the returns, affidavits and other documents required in connection with the documentary stamps in accordance with the New York State Real Estate Transfer Tax imposed by Article 31 of the Tax Law, the New York City Real Property Transfer Tax imposed by Chapter 46 of Title 11 of the Administrative Code of the City of New York, and any other tax payable by reason of the contribution of the Contributed Interests (collectively, the "Conveyance Taxes").

(b) The Contributors hereby agree to pay and shall be solely responsible for the Conveyance Taxes due on the conveyance of the Contributed Interests including, but not limited to, any Conveyance Taxes imposed due to the Contributor's failure to satisfy any holding period or continuity requirements for qualifying for a reduced rate of Conveyance Taxes, including the holding period requirements with respect to certain transfers to a REIT imposed in connection with the New York Real Estate Transfer Tax imposed by Article 31 of the Tax Law and the New York City Real Property Transfer Tax imposed by Chapter 46 of Title 11 of the Administrative Code of the City of New York. Using the amount distributed to the Managing Member pursuant to Section 2(e) hereof, the Managing Member, as agent for the Contributors, shall timely pay to the appropriate tax collecting agency or official the amount of all Conveyance Taxes payable by reason of the Contributors' agreement to pay the Conveyance Taxes (assuming satisfaction of the requirements set forth in the preceding sentence). The Contributors shall indemnify, defend and hold harmless Operating Partnership and the Company from and against all claims, liabilities, costs and expenses (including reasonable attorney's fees), incurred by Operating Partnership or the Company by reason of the failure of the Contributors to pay any Conveyance Taxes assessed or alleged to be due at any time with respect to the transfer of the Interests to Operating Partnership, including, without limitation, all interest and penalties thereon.

(c) Operating Partnership shall also pay or provide for the payment of all other costs associated with the closing of the contributions of the Contributed Interests pursuant to this Agreement, as described in and subject to the terms of the Memorandum.

10. OPERATION IN THE ORDINARY COURSE. The Managing Member shall use reasonable efforts to operate the Company and the Property in the ordinary course of business between the date hereof and the closing of the Consolidation, including making any necessary

capital expenditures and leasing expenditures consistent with past practices to maintain the quality and value of the Property.

11. GENERAL PROVISIONS.

11.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. It is the express intention and agreement of the parties hereto that the representations and warranties of the parties set forth in this Agreement shall survive the consummation of the Contributions and the Closing.

11.2 NOTICES. All notices, demands, requests or other communications that may be or are required to be given or made by any party to the other parties pursuant to this Agreement shall be in writing and shall be hand delivered or transmitted by certified mail, express overnight mail or delivery service, telegram, telex or facsimile transmission to the parties at the addresses specified in Exhibit A or such other address as the addressee may indicate by written notice to the other party.

Each notice, demand, request or communication that is given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is delivered to the addressee (with the delivery receipt, the affidavit of messenger or (with respect to a telex) the answer back being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

11.3 GOVERNING LAW. This Agreement, the rights and obligations of the parties hereto and any claims or disputes relating to such rights and obligations shall be governed by and construed under the laws of the State of New York.

11.4 HEADINGS. Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

11.5 BENEFIT AND ASSIGNMENT. No Contributor shall assign this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of Operating Partnership. Any purported assignment contrary to the terms hereof shall be null, void and of no force and effect.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns as permitted hereunder. No person or entity other than the parties hereto is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto or their respective successors and assigns as permitted hereunder.

The Operating Partnership may designate one or more Designated Subsidiaries to acquire all or any part of the Contributed Interests (in which case the Designated Subsidiary shall execute a certificate at closing making the same representations and warranties as are made by Operating Partnership and references to Operating Partnership shall include the Designated Subsidiaries except where the context clearly indicates otherwise).

11.6 SEVERABILITY. If any part of any provision of this Agreement or any other agreement, document or writing given pursuant to or in connection with this Agreement shall be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining parts of such provisions or the remaining provisions of said agreement so long as the economic and legal substance of the Contributions is not affected in any manner materially adverse to either party.

11.7 ENTIRE AGREEMENT; AMENDMENT. The Schedules and the Exhibits attached hereto are hereby incorporated into the Agreement as if fully set forth herein. This Agreement, and the Schedules and Exhibits attached hereto, together with the Memorandum, contain the final and entire agreement between the parties hereto with respect to the Contributions, supersede all prior oral and written memoranda and agreements with respect to the matters contemplated herein, and are intended to be an integration of all prior negotiations and understandings. Contributors and Operating Partnership shall not be bound by any terms, conditions, statements, warranties or representations, oral or written, not contained or referred to herein or therein. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

11.8 NO WAIVER. No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other instrument or document given in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or any acquiescence therein. No single or partial exercise

of any such right, power or privilege shall preclude the further exercise of such right, power or privilege. No waiver shall be valid against any party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

11.9 CONSENT AND POWER OF ATTORNEY. The Managing Member hereby consents to the contribution of the Contributed Interests pursuant hereto by each of the Contributors. Each Contributor is executing a Partner Consent pursuant to which such Contributor (a) is executing this Agreement, and (b) is consenting to each matter set forth therein. In addition, by executing this Agreement pursuant to the Consent, each Contributor is constituting and appointing each of David R. Greenbaum, John J. Silberstein and Christopher G. Bonk, individually, with full power of substitution, the true and lawful attorney-in-fact (the "Attorney") of such Contributor, with full power and authority in the name of and for and on

behalf of such Contributor, to execute an instrument of conveyance contributing his, her or its Contributed Interests to Operating Partnership pursuant to the Consolidation on the terms set forth in the Memorandum, to execute the Partnership Agreement of Operating Partnership and the Registration Rights Agreement and a Unit Redemption Agreement (if the Contributor elects to redeem its Units for cash immediately after the Closing) and to execute any instruments required to be filed in connection with the Conveyance Taxes, and to execute any other instruments that the Managing Member reasonably determines necessary or appropriate in connection with the contribution of the Contributed Interests pursuant to this Agreement and the consummation of the Consolidation.

Each Contributor shall promptly notify the Managing Member if any of the representations and warranties by that partner were not true and correct when made or become untrue at any time prior to the Closing.

IN WITNESS WHEREOF, each of the Contributors has executed a separate Partner Consent agreeing to be bound by the terms of this Agreement and each of Operating Partnership, and the Managing Member has caused this Agreement to be duly executed and delivered on its or his behalf as of the date first above written.

THE MENDIK COMPANY, L.P.

By: The Mendik Company, Inc., general partner

By: /s/ David R. GreenBaum

Name: David R. Greenbaum
Title: President

/s/ Bernard H. Mendik

Bernard H. Mendik

[ADDITIONAL SIGNATURES OMITTED]

866 U.N. Plaza Associates LLC

Exhibit A

List of Partners

	Number of Units
Ambassador Construction c/o Irving Koven 317 Madison Avenue, Suite 1200 New York, NY 10017	6,977
Madlyn Braverman 270-26H Grand Central Floral Park, NY 11005	6,286
Lawrence Goldschmidt	

c/o Richard Vespa
Goldschmidt & Goldschmidt
641 Lexington Avenue
New York, NY 10022-4503 19,205

Menby Associates
c/o Richard Vespa
Goldschmidt & Goldschmidt
641 Lexington Avenue
New York, NY 10022-4503 93,123

Fierstein Co.
12 Secor Road
Scarsdale, NY 10583 6,286

Leonard Lauder
767 Fifth Avenue
New York, NY 10022 2,330

Ronald Lauder
767 Fifth Avenue
New York, NY 10022 2,330

Bernard H. Mendik
330 Madison Avenue
New York, NY 10017 9,782

Mendik Realty Company, Inc.
330 Madison Avenue
New York, NY 10017 109,063

Vicki Alpert
80 Summit Road
Port Washington, NY 11050 691

256,073

Exhibit B

Committed Capital Expenditures

NONE

Exhibit C

Contingent Leasing Expenditures

Assembly of Bahai's	$ 16,000
Mission of Kazakstan	85,000
Coach Management	41,500
TOTAL	$142,500

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Section 5: EX-2.4 (AGREEMENT FOR CONTRIBUTION OF INTERESTS)

Exhibit 2.4

AGREEMENT FOR CONTRIBUTION OF INTERESTS

IN

M330 ASSOCIATES

BY AND AMONG

THE MENDIK COMPANY, L.P.,

THE PARTNERS IN M330 ASSOCIATES
AND
THE MENDIK PARTNERSHIP, L.P.

IN RELIANCE UPON CERTAIN EXEMPTIONS FROM REGISTRATION, THE UNITS TO BE ISSUED HEREUNDER WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. ACCORDINGLY, NO UNITS MAY BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE, AND UNLESS THE OTHER TRANSFER RESTRICTIONS ON SUCH UNITS HAVE BEEN SATISFIED. CONTRIBUTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR OWNERSHIP OF UNITS FOR AN INDEFINITE PERIOD OF TIME.

IN MAKING AN INVESTMENT DECISION CONTRIBUTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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Exhibit A	List of Partners
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AGREEMENT FOR CONTRIBUTION OF INTERESTS

[330 MADISON AVENUE]

THIS AGREEMENT for the Contribution of Interests (this "Agreement") is made and entered into as of April 15, 1997, by and among The

Mendik Company, L.P. ("Operating Partnership"), a Delaware limited partnership, whose general partner as of the date hereof is The Mendik Company, Inc., a Maryland corporation, each of the parties listed on Exhibit A annexed hereto who executes a Partner Consent (hereinafter defined) agreeing to become a party to this Agreement (collectively referred to herein as "Contributors") and The Mendik Partnership, L.P. (formerly known as The Mendik Company, L.P.) (in its capacity as a general partner of the Partnership (hereinafter defined), the "General Partner").

WHEREAS, it is desired to consolidate (the "Consolidation") the assets of Vornado Realty Trust, a Maryland real estate investment trust (the "REIT"), and interests in seven general or limited partnerships or limited liability companies of which the General Partner or an affiliate is a general partner or managing member, together with the assets of Mendik Realty Company, Inc. and Mendik Management Company, Inc., each a New York corporation and an affiliate of the General Partner, with and into Operating Partnership.

WHEREAS, upon completion of and after the Consolidation, the REIT will become and be the managing general partner of the Operating Partnership;

WHEREAS, Contributors are owners of interests in M330 Associates, a New York limited partnership (the "Partnership"), which is a general partner in 330 Madison Company, a New York general partnership ("330 Madison"), which owns land and improvements (the "Property") known as 330 Madison Avenue, New York, New York;

WHEREAS, Contributors wish to transfer all of their interests in the Partnership (excluding the transfer by the General Partner of a portion of its interest as general partner of the Partnership equal to a 1% interest in the Partnership and the obligations as managing general partner of the Partnership, but including the General Partner's preference right to distributions) (the interests to be assigned by Contributors being hereinafter collectively referred to as the "Contributed Interests"); and

WHEREAS, in connection with the consummation of the Consolidation, the parties hereto desire that Operating Partnership and, if designated by Operating Partnership, one or more special purpose subsidiary partnerships or limited liability companies of Operating Partnership or one or more other entities controlled by Operating Partnership (each a "Designated Subsidiary") acquire all of the interests in the Partnership through the contribution of such interests to Operating Partnership and/or one or more Designated Subsidiaries upon the terms and conditions provided herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants set forth herein, Operating Partnership, Contributors and the General Partner hereby agree as follows:

1. Contributions. Upon the Closing (hereinafter defined), and subject to the satisfaction or waiver by Operating Partnership of the conditions set forth in Section 7 of this Agreement, Contributors shall contribute, convey and assign to Operating Partnership (and/or Designated Subsidiary) and Operating Partnership (and/or Designated Subsidiary) shall acquire from Contributors all of Contributors' right, title and interest in the Contributed Interests (the "Contributions"), including, without limitation, all of Contributors' interest in the profits, losses, property and capital of the Partnership allocable to the Contributed Interests, upon the terms and conditions set forth in this Agreement.

2. Consideration; Distributions Prior to Closing.

(a) In full consideration for the contribution of the Contributed Interests, Operating Partnership shall deliver to Contributors (or their designees as provided below) at the Closing, with respect to the Exchange Value (as such term is defined in the Confidential Solicitation of Consents and Private Placement Memorandum (the "Memorandum") dated March 29, 1997) for the Property, an aggregate of 207,688 units of limited partnership interests ("Units") in the Operating Partnership, such Units being allocated among the Contributors as set forth on Exhibit A, subject to adjustment as provided in Section 2(b) hereof.

Prior to the Closing, subject to compliance with all applicable securities laws, any Contributor that is a partnership may give notice to the Operating Partnership to allocate all or a portion of the Units otherwise issuable to it among its partners in a manner set forth in the notice and to issue the Units directly to those partners, and any Contributor who holds interests in which another person or entity has a beneficial interest may give notice to the Operating Partnership to issue all or a portion of the Units otherwise issuable to that Contributor to the beneficial owner of that interest. In such event, as a condition to receiving any Units, any such partners of any Contributor or any such beneficial holder shall execute a Partner Consent (the "Partner Consent") in the form annexed to and made part of the Memorandum and shall make to the Operating Partnership the representations and warranties and agreements in Section 6.7(a), (b), (c) and (d) pursuant to an instrument reasonably satisfactory to the Operating Partnership (in addition to the Partner

Consent to be executed by the Contributor).

(b) If the aggregate amount of the Net Other Assets (hereinafter defined) of 330 Madison as of the close of business on the day preceding the date of the Closing (the "Closing Date") exceeds $6,036,000, Operating Partnership shall issue additional Units (valued at the average of the closing prices on the New York Stock Exchange of shares of the REIT for the last ten trading days ending on the third trading day prior to the Closing Date) with a value equal to 24.75% of such excess Net Other Assets, and such additional Units shall be issued to each Contributor in the same proportion as the Units will be issued in accordance with Exhibit A.

If the aggregate amount of the Net Other Assets of 330 Madison as of the close of business on the day preceding the Closing Date is less than $6,036,000, then, notwithstanding the provisions of Section 2(e) hereof, the Contributors shall cause the Partnership to have cash at Closing in an amount equal to 25% of the amount by which the Net Other Assets are less than $6,036,000.

As used in this Agreement, the following terms have the following meanings:

(i) "Net Other Assets" means the excess of Certain Other Assets over Certain Other Liabilities (as such terms are hereinafter defined).

(ii) "Certain Other Assets" means cash and cash equivalents (other than any condemnation or casualty proceeds held by 330 Madison), marketable securities, accounts receivable (including an estimate of any rent escalations payable by tenants with respect to the period through the Closing Date, but excluding any amounts payable by tenants with respect to any period after the Closing Date, as well as any amount payable by tenants after the Closing Date to the extent such amount has been recognized as income prior to the Closing), prepaid expenses (excluding any prepaid leasing costs relating to leases entered into prior to October 1, 1996), escrow deposits made by 330 Madison, capital expenditures (other than tenant improvements or building improvements required by the terms of any lease and other than those committed capital expenditures listed on Exhibit B annexed hereto) made on or after October 1, 1996, amounts paid for leasing costs, tenant and building improvements or tenant acquisition costs relating to (1) leases entered into on or after October 1, 1996 and (2) leases entered into prior to October 1, 1996, but only to the extent of any leasing expenditures with respect to such leases entered into prior to October 1, 1996 which are set forth on Exhibit C annexed hereto. For the purpose of calculating Certain Other Assets, the accounts receivable of 330 Madison shall be valued at the face amount of the accounts receivable, net of a reserve for doubtful accounts determined in accordance with generally accepted accounting principles consistently applied, and without giving effect to the straight-line requirement of FASB 13.

(iii) "Certain Other Liabilities" means accounts payable, accrued interest from and after October 1, 1996 (which has been capitalized) and any other accrued interest payable and any other accrued liabilities (including any liability or obligation for leasing costs, tenant or building improvements or tenant acquisition costs payable relating to leases entered into prior to October 1, 1996 but excluding any liability or obligation for leasing costs, tenant or building improvements or tenant acquisition costs payable relating to (1) leases entered into on or after October 1, 1996 and (2) leases entered into prior to October 1, 1996, but only to the extent of any leasing expenditures with respect to such leases entered into prior to October 1, 1996 which are set forth on Exhibit C annexed hereto), the unpaid remaining cost of any committed capital expenditures listed on Exhibit B annexed hereto and prepaid rent received from tenants.

For purposes of this Section 2, the exercise of an option to renew a lease or to rent additional space pursuant to a lease shall be deemed a new lease entered into on the effective date of the renewal option.

(c) The General Partner shall prepare and submit to the REIT, not later than five days prior to the Closing Date, its best, good faith estimate of the Net Other Assets as of the close of business on the day preceding the Closing Date; such estimate shall be determined based upon the books and records of 330 Madison. The estimate submitted to the REIT shall be accompanied by (i) a statement setting forth in reasonable detail the calculation of the estimated Net Other Assets as of the close of business on the day preceding the Closing Date, and (ii) a certificate signed by the General Partner confirming that the estimate was calculated in accordance with the terms of this Section 2. The estimate shall be final and binding on the parties unless, at least two days prior to the Closing, the REIT gives written notice to the General Partner that it objects to any item. The REIT and the General Partner shall immediately consult with respect to any item objected to and their joint determination with respect to any items in dispute shall be final and binding on the parties. The number of additional Units to be delivered at

Closing shall be based on the statement of Net Other Assets delivered by the General Partner if there is no objection thereto by the REIT (or the undisputed amount of Net Other Assets if there is such an objection) and additional Units, if any, shall be delivered to the General Partner, as agent for the Contributors, promptly after the accountants' determination referred to in the next sentence, it being understood that the Contributors shall be deemed to own such additional Units, if any, as of the Closing Date. If the REIT and the General Partner are unable to reach agreement on the amount of Net Other Assets prior to Closing, within ten days after the Closing, the dispute shall be referred to and resolved by a "Big 6" firm of independent certified public accountants proposed by the REIT and reasonably acceptable to the General Partner, and the determination by that accounting firm shall be final and binding on the parties. The fees and expenses of the accounting firm shall be borne by Operating Partnership.

(d) An amount equal to any amounts received by the Partnership after the Closing Date relating to the period through the Closing Date with respect to refunds of real estate taxes paid by 330 Madison (after deduction of any costs incurred by 330 Madison, the Partnership or the Operating Partnership in obtaining such refunds and less any portion of such refunds required or, in the REIT's reasonable determination, estimated to be required to be paid to tenants) shall be paid to the General Partner, as agent for the Contributors and certain other persons, not later than 10 days after the end of the month in which such amounts are received, and the General Partner shall promptly distribute such amounts to the Contributors.

(e) On the Closing Date, the General Partner shall cause the Partnership to satisfy any outstanding liabilities and to distribute all remaining cash to its partners.

(f) A dispute currently exists between 330 Madison and Bank of Credit and Commerce International S.A. (in Compulsory Liquidation) ("BCCI") as to the outstanding principal amount of 330 Madison's indebtedness to BCCI (the "BCCI Indebtedness"). At the Closing, the General Partner and the REIT shall agree upon the amount of the BCCI Indebtedness as asserted by BCCI, the amount as asserted by 330 Madison and therefore the amount in dispute

as of the Closing Date (the "Closing Disputed Amount"). At such time as BCCI and 330 Madison agree on the amount to be paid to satisfy the BCCI Indebtedness (or that amount is finally determined by a court or arbitrator) (the "BCCI Payment Amount"), the REIT and the General Partner shall agree upon the amount of the BCCI Indebtedness at that time as asserted by BCCI (the "BCCI Asserted Amount") and as asserted by 330 Madison, and the difference between those amounts (the "Pay-Off Time Disputed Amount"). Promptly after the BCCI Indebtedness is repaid, the Operating Partnership shall issue to the Contributors, in proportion to their interests in the Partnership, an aggregate number of additional Units (valued at the average of the closing price on the New York Stock Exchange of common shares of the REIT for the last ten trading days ending three trading days prior to the date of the BCCI payment) with a value equal to the product of (1) 24.75%, times (2) the excess of the BCCI Asserted Amount over the BCCI Payment Amount, times (3) a fraction of which the numerator is the Closing Disputed Amount and the denominator is the Pay-Off Time Disputed Amount.

(g) If the Operating Partnership (and/or Designated Subsidiary) acquires any interests in the Partnership, other than interests acquired from Contributors, which causes the Contributors to owe any tax payable as a result of the New York Real Estate Transfer Tax imposed by Article 31 of the Tax Law, the New York City Real Property Transfer Tax imposed by Chapter 46 of Title 11 of the Administrative Code of the City of New York, or any other similar tax payable by reason of the contribution of the Contributed Interests (collectively, the "Conveyance Taxes"), the Operating Partnership agrees to pay and shall be solely responsible for such Conveyance Taxes; provided, however, that the Contributors shall be solely responsible for and shall indemnify, defend and hold harmless Operating Partnership and the Partnership from and against all claims, liabilities, costs and expenses (including attorney's fees) incurred by Operating Partnership and the Partnership by reason of the failure of the Contributor to pay any Conveyance Taxes that would not have been imposed but for a Contributor's failure to satisfy any holding period or continuity requirements for qualifying for a reduced rate of Conveyance Taxes, including the holding period requirements with respect to certain transfers to a REIT imposed in connection with the New York Real Estate Transfer Tax imposed by Article 31 of the Tax Law and the New York City Real Property Transfer Tax imposed by Chapter 46 of Title 11 of the Administrative Code of the City of New York.

3. Acceptance of Contributions. Subject to satisfaction of the conditions listed or referred to in Section 7, Operating Partnership hereby agrees that at the Closing it shall accept or, at its election, cause a Designated Subsidiary to accept all or part of, the Contributions and shall assume any and all rights, obligations and responsibilities of Contributors as owners of the Contributed Interests that arise subsequent to the Closing Date.

4. Closing Time and Place. Unless another date or place is agreed to by the parties, the closing of the Contributions (the "Closing") shall take place contemporaneously with the closing of the Consolidation at the offices of

Proskauer Rose Goetz & Mendelsohn LLP, 1585 Broadway, New York, New York 10036, or such other place and time as Operating Partnership and the General Partner shall agree, upon the satisfaction or waiver of all conditions to the Closing set forth in Section 7 hereof.

5. Representations and Warranties of Operating Partnership. Operating Partnership hereby represents and warrants to Contributors as follows, which representations and warranties shall be true and correct on the Closing Date:

5.1 Organization, Power and Authority, and Qualification. Operating Partnership is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware. The REIT is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland. Each of Operating Partnership and the REIT has the requisite power and authority to carry on its respective business as it is now being conducted. Each of Operating Partnership and the REIT is qualified to do business and is in good standing in each jurisdiction in which the character of its property owned or leased or the nature of its activities makes such qualification necessary, except where the failure to be so qualified and in good standing would not have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, as the case may be.

5.2 Authority Relative to this Agreement. Operating Partnership has taken all action necessary to authorize the execution, delivery and performance of this Agreement by Operating Partnership and no other proceedings on the part of Operating Partnership are necessary to authorize the execution and delivery of this Agreement and the consummation of the Contributions.

None of the execution and delivery of this Agreement by Operating Partnership, the consummation by Operating Partnership of the Contributions or compliance by Operating Partnership with any of the provisions hereof shall (i) conflict with or result in any breach of any provisions of the partnership agreement of Operating Partnership; (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Operating Partnership is a party or by which it or any of its properties or assets may be bound; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Operating Partnership; except in the case of (ii) or (iii) for violations, breaches, or defaults (A) that would not in the aggregate have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, and that shall not impair the effectiveness of the Contributions contemplated hereby, or (B) for which waivers or consents have been or shall be obtained prior to the Closing Date.

5.3 Binding Obligation. This Agreement has been duly and validly executed and delivered by Operating Partnership and constitutes a valid and binding agreement of Operating Partnership, enforceable against Operating Partnership in accordance with its terms, except that such enforcement may be subject to bankruptcy, conservatorship, receivership, insolvency, moratorium, or similar laws affecting creditors' rights generally or the rights of creditors of limited partnerships and to general principles of equity.

5.4 Insolvency. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or threatened against Operating Partnership.

5.5 Brokers. Neither Operating Partnership nor the REIT has employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contributions.

5.6 Valid Consideration. The Units, when issued in accordance with this Agreement and the Partnership Agreement of Operating Partnership, will be duly and validly issued, and the issuance thereof will not be subject to preemptive or other similar rights.

6. Representations, Warranties and Agreements of Contributors. Each Contributor, in his, her or its capacity as a partner of the Partnership, hereby represents and warrants to and agrees with Operating Partnership with respect to his, her or its Contributed Interests as follows, which representations and warranties shall also be true and correct on the Closing Date:

6.1 Title; Authority to Assign. Contributor (i) owns good and marketable, legal and beneficial (except for holders of beneficial interests in the amounts payable with respect to such Contributed Interests who have no other rights with respect to those interests) title in and to his, her or its Contributed Interests which as of the Closing Date will be held free of any liens, encumbrances, judgments, adverse interests, pledges or security

interests, other than pledges of partnership interests to the Partnership or the other partners to secure a partner's obligations to meet capital calls or other obligations as set forth in the partnership agreement of the Partnership (as to which no amounts are outstanding and no amounts will be outstanding as of the Closing Date), (ii) holds the entire right, title and interest in and to his, her or its Contributed Interests, and (iii) has the full right, power, capacity and authority to validly contribute and convey his, her or its Contributed Interests pursuant to this Agreement.

6.2 No Breach of Partnership Agreement. None of the execution and delivery of this Agreement by Contributor, the consummation by Contributor of the Contribution or compliance by Contributor with any of the provisions hereof shall as of the Closing Date conflict with or result in any breach of any provisions of the Partnership Agreement of the Partnership or any other agreement to which Contributor is a party.

6.3 Insolvency. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or, to the knowledge of Contributor, threatened against Contributor.

6.4 Litigation. Contributor has no knowledge of any actual or pending litigation or proceeding by any organization, person, individual or governmental agency against Contributor with respect to or against or potentially affecting his, her or its Contributed Interests.

6.5 Binding Obligation, etc. This Agreement has been duly and validly executed and delivered by Contributor to Operating Partnership and constitutes a legal, valid and binding agreement of Contributor, enforceable against Contributor in accordance with its terms, except as such enforcement may be limited by bankruptcy, conservatorship, receivership, insolvency, moratorium or similar laws affecting creditors' rights generally and to general principles of equity. Contributor further represents and warrants that if Contributor is a corporation, partnership, trust or other entity, it has the power to, and is duly authorized and otherwise duly qualified to, purchase and hold securities such as Units and Common Shares (as hereinafter defined) and such entity has its principal place of business as set forth on Exhibit A.

6.6 Brokers. Contributor has not employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contribution.

6.7 Securities Act and Other Representations and Agreements.

(a) (i) Upon the issuance of Units to Contributor (or a designee as provided in Section 2), Contributor (or designee) shall become subject to, and shall be bound by, the terms and provisions of the Partnership Agreement of Operating Partnership, including the terms of the power of attorney contained in Section 15.11 thereof, as the Partnership Agreement may be amended and restated from time to time in accordance with its terms.

(ii) Contributor or his, her or its advisor(s) have had a reasonable opportunity to ask questions of and receive information and answers from a person or persons acting on behalf of the Partnership and Operating Partnership concerning the Consolidation, and, as Contributor may deem necessary, to verify the information contained in the Memorandum, receipt of which is acknowledged, and any other information provided to Contributor by the Partnership or Operating Partnership and all such questions have been answered and all such information has been provided to the full satisfaction of Contributor.

(iii) Contributor is acquiring Units for his, her or its own account as principal, for investment and not with a view to resale or distribution, and the Units may not be transferred or otherwise disposed of by Contributor otherwise than in transactions pursuant to a registration statement filed by the Operating Partnership (which it has no obligation to file) or that are exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and all applicable state and foreign securities laws, and the REIT may refuse to transfer any Units as to which evidence of such registration or exemptions from such registration satisfactory to the REIT is not provided to it, which evidence may include the requirement of legal opinions regarding the exemption from such registration. If the REIT elects, in its sole discretion, to deliver to any Contributor common shares of beneficial interest of the REIT ("Common Shares") upon redemption of any Units, the Common Shares will be acquired for his, her or its own account as principal, for investment and not with a view to resale or distribution, and the Common Shares may not be transferred or otherwise disposed of by Contributor otherwise than in transactions pursuant to any registration statement filed by the REIT with respect to such Common Shares (which it has an obligation to file only pursuant to the Registration Rights Agreement described in the Memorandum) or that are exempt from the registration requirements

of the Securities Act and all applicable state and foreign securities laws, and the REIT may refuse to transfer any Common Shares as to which evidence of such registration or exemptions from such registration satisfactory to the REIT is not provided to it, which evidence may include the requirement of legal opinions regarding the exemption from such registration.

(iv) Contributor (either alone or with his, her or its advisors) has sufficient knowledge and experience in financial, tax and business matters to enable him, her or it to evaluate the merits and risks of an investment in the Units. Contributor has the ability to bear the economic risk of acquiring the Units. Contributor acknowledges that (1) the transactions contemplated by this Agreement and the Memorandum involve complex tax consequences for each Contributor and each Contributor is relying solely on the advice of his, her or its own tax advisors in evaluating such consequences, and (2) neither Operating Partnership nor the General Partner has made (or shall be deemed to have made) any representations or warranties as to the tax consequences of such transaction to any Contributor. Each Contributor remains solely responsible for all tax matters relating to each Contributor.

(v) If needed, Contributor has discussed with his, her or its professional, legal, tax or financial advisors the suitability of an investment in Units or Common Shares for his, her or its particular tax and financial situation. Nothing contained herein or in the Memorandum shall be deemed to imply any representation by Operating Partnership or the General Partner as to a particular tax effect that may be obtained by any Contributor.

(vi) All information that Contributor has provided to Operating Partnership concerning himself or herself or itself and his, her or its financial position is correct and complete as of the date hereof, and if there should be any material change in such information prior to issuance of Units to the Contributors, he, she or it shall immediately provide such changed information to Operating Partnership.

(vii) Contributor has not disclosed any information contained in the Memorandum to anyone other than his or her spouse or his, her or its professional, legal, tax or financial advisors advising him, her or it in connection with this investment and has not reproduced the Memorandum other than such use by such advisors.

(b) Status as a United States Person. (i) Unless otherwise indicated on the Partner Consent, Contributor certifies that Contributor is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code ("Section 1445"). To the extent that Contributor is not a foreign person within the meaning of Section 1445, (1) Contributor's U.S. taxpayer identification number that has previously been provided to the Partnership is accurate, (2) Contributor's home address (in the case of an individual) or office address (in the case of an entity) is that address indicated on Exhibit A of this Agreement and (3) if Contributor subsequently becomes a foreign person within the meaning of Section 1445, Contributor shall notify Operating Partnership prior to the Closing.

(ii) If Contributor is or prior to the Closing becomes a foreign person within the meaning of Section 1445, Operating Partnership shall, and is authorized to,

withhold ten percent (10%) of the amount realized (as such term is defined in Section 1001 of the Internal Revenue Code) by Contributor in connection with the Contribution, unless Operating Partnership shall receive from Contributor a notice of nonrecognition transfer with respect to the Contribution by Contributor (in a form to be provided by Operating Partnership).

(c) Indemnification. Contributor hereby agrees to indemnify and hold harmless the Partnership, the REIT, Operating Partnership, The Mendik Company, Inc. and the General Partner and any of the employees, agents, officers, directors and affiliated persons of the foregoing from any and all damages, losses, costs and expenses (including reasonable attorneys' fees) which they, or any of them, may incur by reason of a failure by Contributor to fulfill any of its obligations under this Agreement or by reason of the breach by Contributor of any of the representations and warranties contained herein.

(d) Waiver and Contribution. Contributor understands that (i) the Units to be issued pursuant to the Consolidation have not been registered under the Securities Act and (ii) the failure to register such Units could result in Contributor being granted certain rights under the Federal securities laws, including a right to rescind Contributor's consent to the Consolidation. For the benefit of Operating Partnership, and in consideration of Operating Partnership's consummating the Consolidation, Contributor (x) hereby waives any and all rights he or she now has or may hereafter be granted to rescind his or her consent to the Consolidation on the basis that the Units issued in connection with the Consolidation were not registered (the "Waiver") and (y) agrees that if the Waiver is deemed void or unenforceable for any reason, including, without limitation, under Section 14 of the Securities Act, the entire beneficial interest in all property and amounts received by Contributor in any action to rescind the Consolidation (regardless of whether such action

was initiated by Contributor) or otherwise received by Contributor as damages for failure to register the Units under the Securities Act, shall be promptly paid over and contributed by Contributor to Operating Partnership, for no additional consideration from Operating Partnership, other than the Units originally issued pursuant to the Consolidation.

Whenever the context shall require, all words in the male, female or neuter gender shall be deemed to include the other genders, all singular words shall include the plural, and all plural words shall include the singular. All representations, covenants and agreements of Contributor set forth in this Agreement shall survive the consummation of the Consolidation contemplated by the Memorandum.

7. Conditions to Completion. In addition to the conditions to completion of the Consolidation set forth in the Memorandum, the obligations of Operating Partnership to consummate the transactions contemplated by this Agreement shall be subject to fulfillment (or waiver by Operating Partnership) at or prior to the Closing of the following conditions:

7.1 Representations, Warranties and Covenants. The representations, warranties and covenants made by Contributors in this Agreement or in any document delivered by any of them pursuant to this Agreement shall be true and correct in all material respects when

made and on and as of the Closing as though such representations, warranties and covenants were made on and as of such date.

7.2 Consents. Any and all consents required by the Partnership Agreement of the Partnership, and any certificates, agreements, contribution and assumption instruments and other documents necessary or advisable to evidence the conveyance of the Contributed Interests and the admission of Operating Partnership (or Designated Subsidiary) into the Partnership by virtue of the contribution of the Contributed Interests, shall have been obtained.

7.3 No Order or Injunction. The consummation of the Contributions shall not have been restrained, enjoined or prohibited by any order or injunction of any court or governmental authority of competent jurisdiction.

7.4 Instruments of Conveyance. The Contributors shall have delivered the instruments evidencing conveyance of their interests referred to in Section 8.1.

8. The Closing.

8.1 Contributors' and General Partner's Closing Documents. At Closing, each Contributor shall deliver (or cause to be delivered pursuant to the Power of Attorney referred to in Section 11.9) or the General Partner shall deliver the following (all of which shall be duly executed and acknowledged where required):

(a) A written document of conveyance contributing to Operating Partnership (and/or any Designated Subsidiary) title to Contributor's Contributed Interests, free and clear of any adverse claim or interest;

(b) Such documents and certificates as Operating Partnership reasonably may require to establish the authority of the parties executing any documents in connection with the Contributions including, in the case of any Contributor that is a corporation, partnership, limited liability company or other similar entity (other than a trust or an estate), an opinion of counsel, reasonably satisfactory to the Operating Partnership, as to the due execution and delivery of such documents;

(c) Such consents and instruments of admission as are contemplated by Section 7.2 hereof; and

(d) Such other documents, instruments and certificates as Operating Partnership and the General Partner, as agent for the Contributors, reasonably agree are necessary or appropriate, including without limitation recording and transfer forms and affidavits.

8.2 Operating Partnership's Closing Documents. At Closing, Operating Partnership shall deliver or cause to be delivered to the General Partner, as agent for the Contributors, the following:

(a) The Units referred to in Section 2(a);

(b) Copies of the executed Partnership Agreement of the Operating Partnership and the Registration Rights Agreement and Unit Redemption Agreement referred to in Section 11.09; and

(c) Such other documents and instruments as the General Partner, as agent for the Contributors, and Operating Partnership agree are

necessary or appropriate, including without limitation recording and transfer forms and affidavits.

9. Closing Costs. Operating Partnership shall pay or provide for the payment of all costs associated with the closing of the contributions of the Contributed Interests pursuant to this Agreement, as described in and subject to the terms of the Memorandum.

10. Operation in the Ordinary Course. The General Partner shall use reasonable efforts to operate the Partnership and the Property in the ordinary course of business between the date hereof and the closing of the Consolidation, including making any necessary capital expenditures and leasing expenditures consistent with past practices to maintain the quality and value of the Property.

11. General Provisions.

11.1 Survival of Representations and Warranties. It is the express intention and agreement of the parties hereto that the representations and warranties of the parties set forth in this Agreement shall survive the consummation of the Contributions and the Closing.

11.2 Notices. All notices, demands, requests or other communications that may be or are required to be given or made by any party to the other parties pursuant to this Agreement shall be in writing and shall be hand delivered or transmitted by certified mail, express overnight mail or delivery service, telegram, telex or facsimile transmission to the parties at the addresses specified in Exhibit A or such other address as the addressee may indicate by written notice to the other party.

Each notice, demand, request or communication that is given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is delivered to the addressee (with the delivery receipt, the affidavit of messenger or (with respect to a telex) the answer back being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

11.3 Governing Law. This Agreement, the rights and obligations of the parties hereto and any claims or disputes relating to such rights and obligations shall be governed by and construed under the laws of the State of New York.

11.4 Headings. Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement

for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

11.5 Benefit and Assignment. No Contributor shall assign this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of Operating Partnership. Any purported assignment contrary to the terms hereof shall be null, void and of no force and effect.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns as permitted hereunder. No person or entity other than the parties hereto is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto or their respective successors and assigns as permitted hereunder.

The Operating Partnership may designate one or more Designated Subsidiaries to acquire all or any part of the Contributed Interests (in which case the Designated Subsidiary shall execute a certificate at closing making the same representations and warranties as are made by Operating Partnership and references to Operating Partnership shall include the Designated Subsidiaries except where the context clearly indicates otherwise).

11.6 Severability. If any part of any provision of this Agreement or any other agreement, document or writing given pursuant to or in connection with this Agreement shall be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining parts of such provisions or the remaining provisions of said agreement so long as the economic and legal substance of the Contributions is not affected in any manner materially adverse to either party.

11.7 Entire Agreement; Amendment. The Schedules and the Exhibits attached hereto are hereby incorporated into the Agreement as if fully set forth herein. This Agreement, and the Schedules and Exhibits attached hereto, together with the Memorandum, contain the final and entire agreement between the parties hereto with respect to the Contributions, supersede all prior oral and written

memoranda and agreements with respect to the matters contemplated herein, and are intended to be an integration of all prior negotiations and understandings. Contributors and Operating Partnership shall not be bound by any terms, conditions, statements, warranties or representations, oral or written, not contained or referred to herein or therein. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

11.8 No Waiver. No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other instrument or document given in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or any acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege. No waiver shall be valid against any party hereto unless made in

writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

11.9 Consent and Power of Attorney. The General Partner hereby consents to the contribution of the Contributed Interests pursuant hereto by each of the Contributors. Each Contributor is executing a Partner Consent pursuant to which such Contributor (a) is executing this Agreement, and (b) is consenting to each matter set forth therein. In addition, by executing this Agreement pursuant to the Consent, each Contributor is constituting and appointing each of David R. Greenbaum, John J. Silberstein and Christopher G. Bonk, individually, with full power of substitution, the true and lawful attorney-in-fact (the "Attorney") of such Contributor, with full power and authority in the name of and for and on behalf of such Contributor, to execute an instrument of conveyance contributing his, her or its Contributed Interests to Operating Partnership pursuant to the Consolidation on the terms set forth in the Memorandum, to execute the Partnership Agreement of Operating Partnership and the Registration Rights Agreement and a Unit Redemption Agreement (if the Contributor elects to redeem its Units for cash immediately after the Closing) and to execute any other instruments that the General Partner reasonably determines necessary or appropriate in connection with the contribution of the Contributed Interests pursuant to this Agreement and the consummation of the Consolidation.

Each Contributor shall promptly notify the General Partner if any of the representations and warranties by that partner were not true and correct when made or become untrue at any time prior to the Closing.

IN WITNESS WHEREOF, each of the Contributors has executed a separate Partner Consent agreeing to be bound by the terms of this Agreement and each of Operating Partnership, and the General Partner has caused this Agreement to be duly executed and delivered on its or his behalf as of the date first above written.

THE MENDIK COMPANY, L.P.

By: The Mendik Company, Inc., general partner

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: President

THE MENDIK PARTNERSHIP, L.P.

By: Mendik Realty Company, Inc., general partner

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: President

[ADDITIONAL SIGNATURES OMITTED]

M 330 Associates

Exhibit A

List of Partners

	Number of Units
Madby Associates c/o Richard Vespa Goldschmidt & Goldschmidt 641 Lexington Avenue New York, NY 10033-4503	2,700
Knatten, Inc. c/o Weissbarth, Altman & Michaelson 156 West 56th Street New York, NY 10022	51,282
Harvey L. Silbert 10100 Santa Monica Blvd. Los Angeles, CA 90067	8,097
Harvey L. Silbert, as Trustee 10100 Santa Monica Blvd. Los Angeles, CA 90067	8,097
Bernard H. Mendik 330 Madison Avenue New York, NY 10017	6,408
The Mendik Partnership, L.P. 330 Madison Avenue New York, NY 10017	131,104
	207,688

Exhibit B

Committed Capital Expenditures

NONE

Exhibit C

Contingent Leasing Expenditures

Chapman & Fennell	$ 173,290
Dean Witter	948,400
Tukiye Ziraat Bank	86,570
TOTAL	$1,208,260

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Section 6: EX-2.5 (AGREEMENT FOR CONTRIBUTION OF INTERESTS)

Exhibti 2.5

AGREEMENT FOR CONTRIBUTION OF INTERESTS
IN
570 LEXINGTON INVESTORS

BY AND AMONG

THE MENDIK COMPANY, L.P.,
MENDIK REALTY COMPANY
AND
THE PARTNERS OF 570 LEXINGTON INVESTORS

IN RELIANCE UPON CERTAIN EXEMPTIONS FROM REGISTRATION, THE UNITS TO BE ISSUED HEREUNDER WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. ACCORDINGLY, NO UNITS MAY BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE, AND UNLESS THE OTHER TRANSFER RESTRICTIONS ON SUCH UNITS HAVE BEEN SATISFIED. CONTRIBUTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR OWNERSHIP OF UNITS FOR AN INDEFINITE PERIOD OF TIME.

IN MAKING AN INVESTMENT DECISION CONTRIBUTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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AGREEMENT FOR CONTRIBUTION OF INTERESTS

[570 LEXINGTON AVENUE]

THIS AGREEMENT for the Contribution of Interests (this "Agreement") is made and entered into as of April 15, 1997, by and among The Mendik Company, L.P. ("Operating Partnership"), a Delaware limited partnership, whose general partner as of the date hereof is The Mendik Company, Inc., a Maryland corporation, each of the parties listed on Exhibit A annexed hereto who executes a Partner Consent (hereinafter defined) agreeing to become a party to this Agreement (collectively referred to herein as "Contributors") and Mendik Realty Company, Inc. (in its capacity as a managing partner of the Partnership (hereinafter defined), the "General Partner").

WHEREAS, it is desired to consolidate (the "Consolidation") the assets of Vornado Realty Trust, a Maryland real estate investment trust (the "REIT"), and interests in seven general or limited partnerships or limited liability

companies of which an affiliate of the General Partner is a general partner or managing member, together with the assets of Mendik Realty Company, Inc and Mendik Management Company, Inc., each a New York corporation and an affiliate of the General Partner, with and into Operating Partnership.

WHEREAS, upon completion of and after the Consolidation, the REIT will become and be the managing general partner of the Operating Partnership;

WHEREAS, Contributors are owners of interests (the "Contributed Interests") (i) in 570 Lexington Investors, a New York general partnership (the "Partnership"), which is a limited partner in 570 Lexington Associates, L.P., a New York limited partnership ("Associates"), which in turn is a general partner in 570 Lexington Company, L.P., a New York limited partnership ("570 Lexington") which owns land and improvements (the "Property") known as 570 Lexington Avenue, New York, New York, and (ii) in the case of The Mendik Partnership, L.P. (formerly known as The Mendik Company, L.P.) ("TMP") and Mendik 570 Corp. ("Mendik 570"), in Associates; and

WHEREAS, in connection with the consummation of the Consolidation, the parties hereto desire that Operating Partnership and, if designated by Operating Partnership, one or more special purpose subsidiary partnerships or limited liability companies of Operating Partnership or one or more other entities controlled by Operating Partnership (each a "Designated Subsidiary") acquire all of the interests in the Partnership through the contribution of such interests to Operating Partnership and/or one or more Designated Subsidiaries upon the terms and conditions provided herein;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants set forth herein, Operating Partnership, Contributors and the General Partner hereby agree as follows:

4

1. CONTRIBUTIONS. Upon the Closing (hereinafter defined), and subject to the satisfaction or waiver by Operating Partnership of the conditions set forth in Section 7 of this Agreement, Contributors shall contribute, convey and assign to Operating Partnership (and/or Designated Subsidiary) and Operating Partnership (and/or Designated Subsidiary) shall acquire from Contributors all of Contributors' right, title and interest in the Contributed Interests (the "Contributions"), including, without limitation, all of Contributors' interest in the profits, losses, property and capital of the Partnership (or, in the case of TMP and Mendik 570, Associates) allocable to the Contributed Interests, upon the terms and conditions set forth in this Agreement.

2. CONSIDERATION; DISTRIBUTIONS PRIOR TO CLOSING.

(a) In full consideration for the contribution of the Contributed Interests, Operating Partnership shall deliver to Contributors (or their designees as provided below) at the Closing an aggregate of 76,921 units of limited partnership interests ("Units") in the Operating Partnership, such Units being of the classes of Units and allocated among the Contributors as set forth on Exhibit A.

Prior to the Closing, subject to compliance with all applicable securities laws, any Contributor that is a partnership may give notice to the Operating Partnership to allocate all or a portion of the Units otherwise issuable to it among its partners in a manner set forth in the notice and to issue the Units directly to those partners, and any Contributor who holds interests in which another person or entity has a beneficial interest may give notice to the Operating Partnership to issue all or a portion of the Units otherwise issuable to that Contributor to the beneficial owner of that interest. In such event, as a condition to receiving any Units, any such partners of any Contributor or any such beneficial holder shall execute a Partner Consent (the "Partner Consent") in the form annexed to and made part of the Confidential Solicitation of Consents and Private Placement Memorandum (the "Memorandum") dated March 29, 1997 and shall make to the Operating Partnership the representations and warranties and agreements in Section 6.7(a), (b), (c) and (d) pursuant to an instrument reasonably satisfactory to the Operating Partnership (in addition to the Partner Consent to be executed by the Contributor).

(b) On the date of the Closing (the "Closing Date"), the General Partner shall cause the Partnership to satisfy any outstanding liabilities (including any loan by the General Partner to enable the Partnership to make required capital contributions to Associates) and to distribute any remaining cash to its partners.

(c) Any amounts received by the Partnership or the Operating Partnership or its designee after the Closing Date relating to the period through the Closing Date with respect to refunds of real estate taxes paid by 570 Lexington (after deducting any costs incurred by 570 Lexington, the Partnership or the Operating Partnership in obtaining such refunds and less any portion of such refunds required or, in the REIT's reasonable determination, estimated to be required to be paid to tenants) shall be promptly paid to the General Partner, as agent for the Contributors and certain other parties, not later than 10 days after the end of the

month in which such amounts are collected, and the General Partner shall promptly distribute such amounts to the Contributors.

(d) If the Operating Partnership (and/or Designated Subsidiary) acquires any interests in Associates or 570 Lexington which causes the Contributors to owe any tax payable as a result of the New York Real Estate Transfer Tax imposed by Article 31 of the Tax Law, the New York City Real Property Transfer Tax imposed by Chapter 46 of Title 11 of the Administrative Code of the City of New York, or any other similar tax payable by reason of the contribution of the Contributed Interests (collectively, the "Conveyance Taxes"), the Operating Partnership agrees to pay and shall be solely responsible for such Conveyance Taxes; provided, however, that the Contributors shall be solely responsible for and shall indemnify, defend and hold harmless Operating Partnership and the Partnership from and against all claims, liabilities, costs and expenses (including attorney's fees) incurred by Operating Partnership and the Partnership by reason of the failure of the Contributor to pay any Conveyance Taxes that would not have been imposed but for a Contributor's failure to satisfy any holding period or continuity requirements for qualifying for a reduced rate of Conveyance Taxes, including the holding period requirements with respect to certain transfers to a REIT imposed in connection with the New York Real Estate Transfer Tax imposed by Article 31 of the Tax Law and the New York City Real Property Transfer Tax imposed by Chapter 46 of Title 11 of the Administrative Code of the City of New York.

3. ACCEPTANCE OF CONTRIBUTIONS. Subject to the satisfaction of the conditions listed or referred to in Section 7,Operating Partnership hereby agrees that at the Closing it shall accept or, at its election, cause a Designated Subsidiary to accept all or part of, the Contributions and shall assume any and all rights, obligations and responsibilities of Contributors as owners of the Contributed Interests that arise from and after the Closing Date.

4. CLOSING TIME AND PLACE. Unless another date or place is agreed to by the parties, the closing of the Contributions (the "Closing") shall take place contemporaneously with the closing of the Consolidation at the offices of Proskauer Rose Goetz & Mendelsohn LLP, 1585 Broadway, New York, New York 10036, or such other place and time as Operating Partnership and the General Partner shall agree, upon the satisfaction or waiver of all conditions to the Closing set forth in Section 7 hereof.

5. REPRESENTATIONS AND WARRANTIES OF OPERATING PARTNERSHIP. Operating Partnership hereby represents and warrants to Contributors as follows, which representations and warranties shall be true and correct on the Closing Date:

5.1 ORGANIZATION, POWER AND AUTHORITY, AND QUALIFICATION. Operating Partnership is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware. The REIT is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland. Each of Operating Partnership and the REIT has the requisite power and authority to carry on its respective business as it is now being conducted. Each of Operating Partnership and the REIT is qualified to do

business and is in good standing in each jurisdiction in which the character of its property owned or leased or the nature of its activities makes such qualification necessary, except where the failure to be so qualified and in good standing would not have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, as the case may be.

5.2 AUTHORITY RELATIVE TO THIS AGREEMENT. Operating Partnership has taken all action necessary to authorize the execution, delivery and performance of this Agreement by Operating Partnership and no other proceedings on the part of Operating Partnership are necessary to authorize the execution and delivery of this Agreement and the consummation of the Contributions.

None of the execution and delivery of this Agreement by Operating Partnership, the consummation by Operating Partnership of the Contributions or compliance by Operating Partnership with any of the provisions hereof shall (i) conflict with or result in any breach of any provisions of the partnership agreement of Operating Partnership; (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Operating Partnership is a party or by which it or any of its properties or assets may be bound; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Operating Partnership; except in the case of (ii) or (iii) for violations, breaches, or defaults (A) that would not in the aggregate have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, and that shall not impair the effectiveness of the Contributions contemplated hereby, or (B) for which waivers or consents have been or shall be obtained prior to the Closing Date.

5.3 BINDING OBLIGATION. This Agreement has been duly and validly executed and delivered by Operating Partnership and constitutes a valid and

binding agreement of Operating Partnership, enforceable against Operating Partnership in accordance with its terms, except that such enforcement may be subject to bankruptcy, conservatorship, receivership, insolvency, moratorium, or similar laws affecting creditors' rights generally or the rights of creditors of limited partnerships and to general principles of equity.

5.4 INSOLVENCY. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or threatened against Operating Partnership.

5.5 BROKERS. Neither Operating Partnership nor the REIT has employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contributions.

5.6 VALID CONSIDERATION. The Units, when issued in accordance with this Agreement and the Partnership Agreement of Operating Partnership, will be duly and validly issued, and the issuance thereof will not be subject to preemptive or other similar rights.

6. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF CONTRIBUTORS. Each Contributor, in his, her or its capacity as a partner of the Partnership (or, in the case of TMP and Mendik 570, Associates), hereby represents and warrants to and agrees with Operating Partnership with respect to his, her or its Contributed Interests as follows, which representations and warranties shall also be true and correct on the Closing Date:

6.1 TITLE; AUTHORITY TO ASSIGN. Contributor (i) owns good and marketable, legal and beneficial (except for holders of beneficial interests in the amounts payable with respect to such Contributed Interests who have no other rights with respect to those interests) title in and to his, her or its Contributed Interests which as of the Closing Date will be held free of any liens, encumbrances, judgments, adverse interests, pledges or security interests, other than pledges of partnership interests to the Partnership or the other partners to secure a partner's obligations to meet capital calls or other obligations as set forth in the partnership agreement of the Partnership (or, in the case of TMP and Mendik 570, Associates) (as to which no amounts are outstanding and no amounts will be outstanding as of the Closing Date) or pursuant to any agreement relating to financing provided to Associates, (ii) holds the entire right, title and interest in and to his, her or its Contributed Interests, and (iii) has the full right, power, capacity and authority to validly contribute and convey his, her or its Contributed Interests pursuant to this Agreement.

6.2 NO BREACH OF PARTNERSHIP AGREEMENT. None of the execution and delivery of this Agreement by Contributor, the consummation by Contributor of the Contribution or compliance by Contributor with any of the provisions hereof shall as of the Closing Date conflict with or result in any breach of any provisions of the Partnership Agreement of the Partnership (or, in the case of TMP and Mendik 570, Associates) or any other agreement to which Contributor is a party.

6.3 INSOLVENCY. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or, to the knowledge of Contributor, threatened against Contributor.

6.4 LITIGATION. Contributor has no knowledge of any actual or pending litigation or proceeding by any organization, person, individual or governmental agency against Contributor with respect to or against or potentially affecting his, her or its Contributed Interests.

6.5 BINDING OBLIGATION, ETC. This Agreement has been duly and validly executed and delivered by Contributor to Operating Partnership and constitutes a legal, valid and binding agreement of Contributor, enforceable against Contributor in accordance with its terms, except as such enforcement may be limited by bankruptcy, conservatorship, receivership, insolvency, moratorium or similar laws affecting creditors' rights generally and to general principles of equity. Contributor further represents and warrants that if Contributor is a corporation, partnership, trust or other entity, it has the power to, and is duly authorized and otherwise duly qualified to, purchase and hold securities such as Units and Common Shares (as hereinafter defined) and such entity has its principal place of business as set forth on Exhibit A.

6.6 BROKERS. Contributor has not employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contribution.

6.7 SECURITIES ACT AND OTHER REPRESENTATIONS AND AGREEMENTS.

(a) (i) Upon the issuance of Units to Contributor (or a designee as provided in Section 2), Contributor (or designee) shall become subject to, and shall be bound by, the terms and provisions of the Partnership

Agreement of Operating Partnership, including the terms of the power of attorney contained in Section 15.11 thereof, as the Partnership Agreement may be amended and restated from time to time in accordance with its terms.

(ii) Contributor or his, her or its advisor(s) have had a reasonable opportunity to ask questions of and receive information and answers from a person or persons acting on behalf of the Partnership and Operating Partnership concerning the Consolidation, and, as Contributor may deem necessary, to verify the information contained in the Memorandum, receipt of which is acknowledged, and any other information provided to Contributor by the Partnership or Operating Partnership and all such questions have been answered and all such information has been provided to the full satisfaction of Contributor.

(iii) Contributor is acquiring Units for his, her or its own account as principal, for investment and not with a view to resale or distribution, and the Units may not be transferred or otherwise disposed of by Contributor otherwise than in transactions pursuant to a registration statement filed by the Operating Partnership (which it has no obligation to file) or that are exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and all applicable state and foreign securities laws, and the REIT may refuse to transfer any Units as to which evidence of such registration or exemptions from such registration satisfactory to the REIT is not provided to it, which evidence may include the requirement of legal opinions regarding the exemption from such registration. If the REIT elects, in its sole discretion, to deliver to any Contributor common shares of beneficial interest of the REIT ("Common Shares") upon redemption of any Units, the Common Shares will be acquired for his, her or its own account as principal, for investment and not with a view to resale or distribution, and the Common Shares may not be transferred or otherwise disposed of by Contributor otherwise than in transactions pursuant to any registration statement filed by the REIT with respect to such Common Shares (which it has an obligation to file only pursuant to the Registration Rights Agreement described in the Memorandum) or that are exempt from the registration requirements of the Securities Act and all applicable state and foreign securities laws, and the REIT may refuse to transfer any Common Shares as to which evidence of such registration or exemptions from such registration satisfactory to the REIT is not provided to it, which evidence may include the requirement of legal opinions regarding the exemption from such registration.

(iv) Contributor (either alone or with his, her or its advisors) has sufficient knowledge and experience in financial, tax and business matters to enable him, her or it to evaluate the merits and risks of an investment in Units. Contributor has the ability to bear the economic risk of acquiring the Units. Contributor acknowledges that (1) the transactions contemplated by this Agreement and the Memorandum involve complex tax consequences for each Contributor and each Contributor is relying solely on the advice of his, her or its own tax advisors in evaluating such consequences, and (2) neither Operating Partnership nor the General Partner has made (or shall be deemed to have made) any representations or warranties as to the tax consequences of such transaction to any Contributor. Each Contributor remains solely responsible for all tax matters relating to each Contributor.

(v) If needed, Contributor has discussed with his, her or its professional, legal, tax or financial advisors the suitability of an investment in Units or Common Shares for his, her or its particular tax and financial situation. Nothing contained herein or in the Memorandum shall be deemed to imply any representation by Operating Partnership or the General Partner as to a particular tax effect that may be obtained by any Contributor.

(vi) All information that Contributor has provided to Operating Partnership concerning himself or herself or itself and his, her or its financial position is correct and complete as of the date hereof, and if there should be any material change in such information prior to issuance of Units to the Contributors, he, she or it shall immediately provide such changed information to Operating Partnership.

(vii) Contributor has not disclosed any information contained in the Memorandum to anyone other than his or her spouse or his, her or its professional, legal, tax or financial advisors advising him, her or it in connection with this investment and has not reproduced the Memorandum other than for such use by such advisors.

(b) STATUS AS A UNITED STATES PERSON. (i) Unless otherwise indicated on the Partner Consent, Contributor certifies that Contributor is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code ("Section 1445"). To the extent that Contributor is not a foreign person within the meaning of Section 1445, (1) Contributor's U.S. taxpayer identification number that has previously been provided to the Partnership is accurate, (2) Contributor's home address (in the case of an individual) or office address (in the case of an entity) is that address indicated on Exhibit A of this Agreement and (3) if Contributor subsequently becomes a foreign person within the meaning of Section 1445, Contributor shall notify Operating Partnership prior to the Closing.

(ii) If Contributor is or prior to the Closing becomes a foreign person within the meaning of Section 1445, Operating Partnership shall, and is authorized to, withhold ten percent (10%) of the amount realized (as such term is defined in Section 1001 of the Internal Revenue Code) by Contributor in connection with the Contribution, unless Operating Partnership shall receive from Contributor a notice of nonrecognition transfer with respect to the Contribution by Contributor (in a form to be provided by Operating Partnership).

(c) INDEMNIFICATION. Contributor hereby agrees to indemnify and hold harmless the Partnership, the REIT, Operating Partnership, The Mendik Company, Inc. and the General Partner and any of the employees, agents, officers, directors and affiliated persons of the foregoing from any and all damages, losses, costs and expenses (including reasonable attorneys' fees) which they, or any of them, may incur by reason of a failure by Contributor to fulfill any of its obligations under this Agreement or by reason of the breach by Contributor of any of the representations and warranties contained herein.

(d) WAIVER AND CONTRIBUTION. Contributor understands that (i) the Units to be issued pursuant to the Consolidation have not been registered under the Securities Act and (ii) the failure to register such Units could result in Contributor being granted certain rights under the Federal securities laws, including a right to rescind Contributor's consent to the Consolidation. For the benefit of Operating Partnership, and in consideration of Operating Partnership's consummating the Consolidation, Contributor (x) hereby waives any and all rights he or she now has or may hereafter be granted to rescind his or her consent to the Consolidation on the basis that the Units issued in connection with the Consolidation were not registered (the "Waiver") and (y) agrees that if the Waiver is deemed void or unenforceable for any reason, including, without limitation, under Section 14 of the Securities Act, the entire beneficial interest in all property and amounts received by Contributor in any action to rescind the Consolidation (regardless of whether such action was initiated by Contributor) or otherwise received by Contributor as damages for failure to register the Units under the Securities Act, shall be promptly paid over and contributed by Contributor to Operating Partnership, for no additional consideration from Operating Partnership, other than the Units originally issued pursuant to the Consolidation.

Whenever the context shall require, all words in the male, female or neuter gender shall be deemed to include the other genders, all singular words shall include the plural, and all plural words shall include the singular. All representations, covenants and agreements of Contributor set forth in this Agreement shall survive the consummation of the Consolidation contemplated by the Memorandum.

7. CONDITIONS TO COMPLETION. In addition to the conditions to completion of the Consolidation set forth in the Memorandum, the obligations of Operating Partnership to consummate the transactions contemplated by this Agreement shall be subject to fulfillment (or waiver by Operating Partnership) at or prior to the Closing of the following conditions:

7.1 REPRESENTATIONS, WARRANTIES AND COVENANTS. The representations, warranties and covenants made by Contributors in this Agreement or in any document delivered by any of them pursuant to this Agreement shall be true and correct in all material respects when made and on and as of the Closing as though such representations, warranties and covenants were made on and as of such date.

7.2 CONSENTS. Any and all consents required by the Partnership Agreement of the Partnership (or, in the case of TMP and Mendik 570, Associates), and any certificates, agreements, contribution and assumption instruments and other documents necessary or advisable to evidence the conveyance of the Contributed Interests and the admission of Operating Partnership (or Designated Subsidiary) into the Partnership or Associates, as the case may be, by virtue of the contribution of the Contributed Interests, shall have been obtained.

7.3 NO ORDER OR INJUNCTION. The consummation of the Contributions shall not have been restrained, enjoined or prohibited by any order or injunction of any court or governmental authority of competent jurisdiction.

7.4 INSTRUMENTS OF CONVEYANCE. The Contributors shall have delivered the instruments evidencing conveyance of their interests referred to in Section 8.1.

8. THE CLOSING.

8.1 CONTRIBUTORS' AND GENERAL PARTNER'S CLOSING DOCUMENTS. At Closing, each Contributor shall deliver (or cause to be delivered pursuant to the Power of Attorney referred to in Section 11.9) or the General Partner shall deliver the following (all of which shall be duly executed and acknowledged where required):

(a) A written document of conveyance contributing to Operating Partnership (and/or any Designated Subsidiary) title to Contributor's Contributed Interests, free and clear of any adverse claim or interest;

(b) Such documents and certificates as Operating Partnership reasonably may require to establish the authority of the parties executing any documents in connection with the Contributions including, in the case of any Contributor that is a corporation, partnership, limited liability company or other similar entity (other than a trust or estate), an opinion of counsel, reasonably satisfactory to the Operating Partnership, as to the due execution and delivery of such documents; (c) Such consents and instruments of admission as are contemplated by Section 7.2 hereof; and

(d) Such other documents, instruments and certificates as Operating Partnership and the General Partner, as agent for the Contributors, reasonably agree are necessary or appropriate, including without limitation recording and transfer forms and affidavits.

8.2 OPERATING PARTNERSHIP'S CLOSING DOCUMENTS. At Closing, Operating Partnership shall deliver or cause to be delivered to the General Partner, as agent for the Contributors, the following:

(a) The Units to be issued for the Contributed Interests;

(b) Copies of the executed Partnership Agreement of the Operating Partnership and the Registration Rights Agreement and Unit Redemption Agreement referred to in Section 11.09; and

(c) Such other documents and instruments as the General Partner, as agent for the Contributors, and Operating Partnership agree are necessary or appropriate, including without limitation recording and transfer forms and affidavits.

8.3 RELEASE OF SECURITY. At Closing, any security (and any related instruments) held by the Partnership for the obligations of the Contributors to make additional capital contributions to the Partnership shall be released (and such related instruments shall be returned to the Contributors).

9. CLOSING COSTS. Operating Partnership shall pay or provide for the payment of all costs associated with the closing of the contributions of the Contributed Interests pursuant to this Agreement, as described in and subject to the terms of the Memorandum.

10. OPERATION IN THE ORDINARY COURSE. The General Partner shall use reasonable efforts to operate the Partnership, Associates, 570 Lexington and the Property in the ordinary course of business between the date hereof and the closing of the Consolidation, including making any necessary capital expenditures and leasing expenditures consistent with past practices to maintain the quality and value of the Property.

11. GENERAL PROVISIONS.

11.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. It is the express intention and agreement of the parties hereto that the representations and warranties of the parties set forth in this Agreement shall survive the consummation of the Contributions and the Closing.

11.2 NOTICES. All notices, demands, requests or other communications that may be or are required to be given or made by any party to the other parties pursuant to this Agreement shall be in writing and shall be hand delivered or transmitted by certified mail, express overnight mail or delivery service, telegram, telex or facsimile transmission to the parties at the addresses specified in Exhibit A or such other address as the addressee may indicate by written notice to the other party.

Each notice, demand, request or communication that is given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is delivered to the addressee (with the delivery receipt, the affidavit of messenger or (with respect to a telex) the answer back being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

11.3 GOVERNING LAW. This Agreement, the rights and obligations of the parties hereto and any claims or disputes relating to such rights and obligations shall be governed by and construed under the laws of the State of New York.

11.4 HEADINGS. Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

11.5 BENEFIT AND ASSIGNMENT. No Contributor shall assign this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of Operating Partnership. Any purported assignment contrary to the terms hereof shall be null, void and of no force and effect.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns as permitted hereunder. No person or entity other than the parties hereto is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto or their respective successors and assigns as permitted hereunder.

The Operating Partnership may designate one or more Designated Subsidiaries to acquire all or any part of the Contributed Interests (in which case the Designated Subsidiary shall execute a certificate at closing making the same representations and warranties as are made by Operating Partnership and references to Operating Partnership shall include the Designated Subsidiaries except where the context clearly indicates otherwise).

11.6 SEVERABILITY. If any part of any provision of this Agreement or any other agreement, document or writing given pursuant to or in connection with this Agreement shall be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining parts of such provisions or the remaining provisions of said agreement so long as the economic and legal substance of the Contributions is not affected in any manner materially adverse to either party.

11.7 ENTIRE AGREEMENT; AMENDMENT. The Schedules and the Exhibits attached hereto are hereby incorporated into the Agreement as if fully set forth herein. This Agreement, and the Schedules and Exhibits attached hereto, together with the Memorandum, contain the final and entire agreement between the parties hereto with respect to the Contributions, supersede all prior oral and written memoranda and agreements with respect to the matters contemplated herein, and are intended to be an integration of all prior negotiations and understandings. Contributors and Operating Partnership shall not be bound by any terms, conditions, statements, warranties or representations, oral or written, not contained or referred to herein or therein. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

11.8 NO WAIVER. No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other instrument or document given in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or any acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege. No waiver shall be valid against any party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

11.9 CONSENT AND POWER OF ATTORNEY. The General Partner hereby consents to the contribution of the Contributed Interests pursuant hereto by each of the Contributors. Each Contributor is executing a Partner Consent pursuant to which such Contributor (a) is executing this Agreement, and (b) is consenting to each matter set forth therein. In addition, by executing this Agreement pursuant to the Consent, each Contributor is constituting and appointing each of David R. Greenbaum, John J. Silberstein and Christopher G. Bonk, individually, with full power of substitution, the true and lawful attorney-in-fact (the "Attorney") of such Contributor, with full power and authority in the name of and for and on behalf of such Contributor, to execute an instrument of conveyance contributing his, her or its Contributed Interests to Operating Partnership pursuant to the Consolidation on the terms set forth in the Memorandum, to execute the Partnership Agreement of Operating Partnership and Registration Rights Agreement and a Unit Redemption Agreement (if the Contributor elects to redeem its Units for cash immediately after the Closing) and to execute any other instruments that the General Partner reasonably determines necessary or appropriate in connection with the contribution of the Contributed Interests pursuant to this Agreement and the consummation of the Consolidation.

Each Contributor shall promptly notify the General Partner if any of the representations and warranties by that partner were not true and correct when made or become untrue at any time prior to the Closing.

IN WITNESS WHEREOF, each of the Contributors has executed a separate Partner Consent agreeing to be bound by the terms of this Agreement and each of Operating Partnership and the General Partner has caused this Agreement to be duly executed and delivered on its or his behalf as of the date first above written.

THE MENDIK COMPANY, L.P.

By: The Mendik Company, Inc., general partner

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: President

MENDIK REALTY COMPANY, INC.

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: President

MENDIK 570 CORP.

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: President

[ADDITIONAL SIGNATURES OMITTED]

570 LEXINGTON ASSOCIATES, L.P.
570 LEXINGTON INVESTORS

EXHIBIT A

LIST OF PARTNERS

Name	Number of Units
Mendik Realty Company, Inc. 330 Madison Avenue New York, NY 10017	30,862
Bernard H. Mendik 330 Madison Avenue New York, NY 10017	1,708
Mendik 570 Corp. 330 Madison Avenue New York, NY 10017	769
Laureine Knight 1000 Park Avenue Apt. 11A New York, NY 10028	5,121
John J. Silberstein 330 Madison Avenue New York, NY 10017	1,709
Bernard Green 1700 Broadway New York, NY 10019	8,547
Robert Hartevelt 40 East 66th Street Apt. #3B New York, NY 10021	2,564
LeRoy Partners 1995 Broadway, 17th Floor New York, NY 10023	4,274

Name	Number of Units
Migdal, L. & Kalmus, E. Trustees U/W/O J Silberstein 41 East 57th Street, 15th Floor New York, NY 10022	5,128

Ellen Aschendorf-Shasha 229 Beechmont Drive New Rochelle, NY 10804	855
Alfred & Hanina Shasha, Trustees 15 Cotswold Way Scarsdale, NY 10583-3511	6,838
Robert Y. Shasha 229 Beechmont Drive New Rochelle, NY 10804	855
Leslie Shasha-Kupchik 2000 Broadway 25C New York, NY 10023	1,709
Christopher G. Bonk 330 Madison Avenue New York, NY 10017	2,564
David R. Greenbaum 330 Madison Avenue New York, NY 10017	3,418
	76,921.00 =========

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Section 7: EX-2.6 (AGREEMENT FOR CONTRIBUTION OF INTERESTS)

1

EXHIBIT 2.6

AGREEMENT FOR CONTRIBUTION OF INTERESTS
IN
B&B PARK AVENUE L.P.

BY AND AMONG

THE MENDIK COMPANY, L.P.,

MENDIK RELP CORPORATION

AND

THE PARTNERS OF B&B PARK AVENUE L.P.

IN RELIANCE UPON CERTAIN EXEMPTIONS FROM REGISTRATION, THE UNITS TO BE ISSUED HEREUNDER WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. ACCORDINGLY, NO UNITS MAY BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE, AND UNLESS THE OTHER TRANSFER RESTRICTIONS ON SUCH UNITS HAVE BEEN SATISFIED. CONTRIBUTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR OWNERSHIP OF UNITS FOR AN INDEFINITE PERIOD OF TIME.

IN MAKING AN INVESTMENT DECISION CONTRIBUTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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AGREEMENT FOR CONTRIBUTION OF INTERESTS

[TWO PARK]

THIS AGREEMENT for the Contribution of Interests (this "Agreement") is made and entered into as of April 15, 1997, by and among The Mendik Company, L.P. ("Operating Partnership"), a Delaware limited partnership, whose general partner as of the date hereof is The Mendik Company, Inc., a Maryland corporation, each of the parties listed on Exhibit A annexed hereto agreeing to become a party to this Agreement (collectively referred to herein as "Contributors") and Mendik RELP Corporation, a New York corporation (in its capacity as a general partner of the Partnership (hereinafter defined), the "General Partner").

WHEREAS, it is desired to consolidate (the "Consolidation") the assets of Vornado Realty Trust, a Maryland real estate investment trust (the "REIT"), and interests in seven general or limited partnerships or limited liability companies of which the General Partner or an affiliate is a general partner or managing member, together with the assets of Mendik Realty Company, Inc. and Mendik Management Company, Inc., each a New York corporation and affiliate of the General Partner, with and into Operating Partnership.

WHEREAS, upon completion of and after the Consolidation, the REIT will become and be the managing general partner of the Operating Partnership;

WHEREAS, Contributors are owners of interests (the "Contributed Interests") in B&B Park Avenue L.P., a New York limited partnership (the

"Partnership"), which is a general partner in Two Park Company, a New York general partnership ("Two Park"), which owns land and improvements (the "Property") known as Two Park Avenue, New York, New York;

WHEREAS, in connection with the consummation of the Consolidation, the parties hereto desire that Operating Partnership and, if designated by Operating Partnership, one or more special purpose subsidiary partnerships or limited liability companies of Operating Partnership or one or more other entities controlled by Operating Partnership (each a "Designated Subsidiary") acquire all of the interests in the Partnership through the contribution of such interests to Operating Partnership and/or one or more Designated Subsidiaries upon the terms and conditions provided herein;

WHEREAS, it is desired to simultaneously acquire all of the interests in the Partnership owned by a major partner and its affiliates (together, the "Major Partner") pursuant to an Agreement (the "Major Partner Agreement") entered into between Major Partner and F/W Mendik REIT L.L.C., which Major Partner Agreement may be assigned to Operating Partnership and/or a Designated Subsidiary prior to the Closing (as hereinafter defined);

All of the foregoing is collectively referred to as the "Transaction".

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants set forth herein, Operating Partnership, Contributors and the General Partner hereby agree as follows:

1. CONTRIBUTIONS. Upon the Closing (hereinafter defined), and subject to the satisfaction or waiver by Operating Partnership of the conditions set forth in Section 7 of this Agreement, Contributors shall contribute, convey and assign to Operating Partnership (and/or Designated Subsidiary) and Operating Partnership (and/or Designated Subsidiary) shall acquire from Contributors all of Contributors' right, title and interest in the Contributed Interests (the "Contributions"), including, without limitation, all of Contributors' interest in the profits, losses, property and capital of the Partnership allocable to the Contributed Interests, upon the terms and conditions set forth in this Agreement.

2. CONSIDERATION; DISTRIBUTIONS PRIOR TO CLOSING.

(a) In full consideration for the contribution of the Contributed Interests, Operating Partnership shall deliver to Contributors at the Closing 423 units of limited partnership interest ("Units") in Operating Partnership, such Units being of the classes and allocated among the Contributors as set forth on Exhibit A.

(b) On the date of the Closing (the "Closing Date"), the General Partner shall cause the Partnership to satisfy any outstanding liabilities and to distribute any remaining cash to its partners.

(c) The Operating Partnership shall cause any amounts received by the Partnership after the Closing Date relating to the period through the Closing Date with respect to refunds of real estate taxes paid by Two Park (less any costs incurred by Two Park, the Partnership or the Operating Partnership in obtaining such refunds and less any portion of such refunds required or, in the REIT's reasonable determination, estimated to be paid to tenants) to be paid to the General Partner, as agent for the Contributors and certain other parties, not later than 10 days after the end of the month in which such amounts are collected, and the General Partner shall promptly distribute such amounts to the Contributors.

(d) If the Operating Partnership (and/or Designated Subsidiary) acquires any interests in M/H Two Park Associates or Two Park, which causes the Contributors to owe any tax payable as a result of the New York Real Estate Transfer Tax imposed by Article 31 of the Tax Law, the New York City Real Property Transfer Tax imposed by Chapter 46 of Title 11 of the Administrative Code of the City of New York, or any other similar tax payable by reason of the contribution of the Contributed Interests (collectively, the "Conveyance Taxes"), the Operating Partnership agrees to pay and shall be solely responsible for such Conveyance Taxes and for any Conveyance Taxes payable with respect to the interests in the Partnership acquired from the Major Partner; provided, however,

that the Contributors shall be solely responsible for and shall indemnify, defend and hold harmless Operating Partnership and the Partnership from and against all claims, liabilities, costs and expenses (including attorney's fees) incurred by Operating Partnership and the Partnership by reason of the failure of the Contributor to pay any Conveyance Taxes that would not have been imposed but for a Contributor's failure to satisfy any holding period or continuity requirements for qualifying for a reduced rate of Conveyance Taxes, including the holding period requirements with respect to certain transfers to a REIT imposed in connection with the New York Real Estate Transfer Tax imposed by Article 31 of the Tax Law and the New York City Real Property Transfer Tax

imposed by Chapter 46 of Title 11 of the Administrative Code of the City of New York.

3. ACCEPTANCE OF CONTRIBUTIONS. Subject to satisfaction of the conditions listed or referred to in Section 7, Operating Partnership hereby agrees that at the Closing it shall accept or, at its election, cause a Designated Subsidiary to accept all or part of, the Contributions and shall assume any and all rights, obligations and responsibilities of Contributors as owners of the Contributed Interests that arise subsequent to the Closing Date.

4. CLOSING TIME AND PLACE. Unless another date or place is agreed to by the parties, the closing of the Contributions (the "Closing") shall take place contemporaneously with the closing of the Consolidation at the offices of Proskauer Rose Goetz & Mendelsohn LLP, 1585 Broadway, New York, New York 10036, or such other place and time as Operating Partnership and the General Partner shall agree, upon the satisfaction or waiver of all conditions to the Closing set forth in Section 7 hereof.

5. REPRESENTATIONS AND WARRANTIES OF OPERATING PARTNERSHIP. Operating Partnership hereby represents and warrants to Contributors as follows, which representations and warranties shall be true and correct on the Closing Date:

5.1 ORGANIZATION, POWER AND AUTHORITY, AND QUALIFICATION. Operating Partnership is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware. The REIT is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland. Each of Operating Partnership and the REIT has the requisite power and authority to carry on its respective business as it is now being conducted. Each of Operating Partnership and the REIT is qualified to do business and is in good standing in each jurisdiction in which the character of its property owned or leased or the nature of its activities makes such qualification necessary, except where the failure to be so qualified and in good standing would not have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, as the case may be.

5.2 AUTHORITY RELATIVE TO THIS AGREEMENT. Operating Partnership has taken all action necessary to authorize the execution, delivery and performance of this Agreement by Operating Partnership and no other proceedings on the part of Operating Partnership are

necessary to authorize the execution and delivery of this Agreement and the consummation of the Contributions.

None of the execution and delivery of this Agreement by Operating Partnership, the consummation by Operating Partnership of the Contributions or compliance by Operating Partnership with any of the provisions hereof shall (i) conflict with or result in any breach of any provisions of the partnership agreement of Operating Partnership; (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Operating Partnership is a party or by which it or any of its properties or assets may be bound; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Operating Partnership; except in the case of (ii) or (iii) for violations, breaches, or defaults (A) that would not in the aggregate have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, and that shall not impair the effectiveness of the Contributions contemplated hereby, or (B) for which waivers or consents have been or shall be obtained prior to the Closing Date.

5.3 BINDING OBLIGATION. This Agreement has been duly and validly executed and delivered by Operating Partnership and constitutes a valid and binding agreement of Operating Partnership, enforceable against Operating Partnership in accordance with its terms, except that such enforcement may be subject to bankruptcy, conservatorship, receivership, insolvency, moratorium, or similar laws affecting creditors' rights generally or the rights of creditors of limited partnerships and to general principles of equity.

5.4 INSOLVENCY. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or threatened against Operating Partnership.

5.5 BROKERS. Neither Operating Partnership nor the REIT has employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contributions.

5.6 VALID CONSIDERATION. The Units, when issued in accordance with this Agreement and the Partnership Agreement of Operating Partnership, will be duly and validly issued, and the issuance thereof will not be subject to preemptive or other similar rights.

6. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF CONTRIBUTORS. Each Contributor, in his, her or its capacity as a partner of the Partnership, hereby represents and warrants to and agrees with Operating Partnership with respect to his, her or its Contributed Interests as follows, which representations and warranties shall also be true and correct on the Closing Date:

6.1 TITLE; AUTHORITY TO ASSIGN. Contributor (i) owns good and marketable, legal and beneficial (except for holders of beneficial interests in the amounts payable with respect to such Contributed Interests who have no other rights with respect to those interests) title in and to his, her or its Contributed Interests which as of the Closing Date will be held free of liens, encumbrances, judgments, adverse interests, pledges or security interests, other than pledges of partnership interests to the Partnership or the other partners to secure a partner's obligations to meet capital calls or other obligations as set forth in the partnership agreement of the Partnership (as to which no amounts are outstanding and no amounts will be outstanding as of the Closing Date), (ii) holds the entire right, title and interest in and to his, her or its Contributed Interests, and (iii) has the full right, power, capacity and authority to validly contribute and convey his, her or its Contributed Interests pursuant to this Agreement.

6.2 NO BREACH OF PARTNERSHIP AGREEMENT. None of the execution and delivery of this Agreement by Contributor, the consummation by Contributor of the Contribution or compliance by Contributor with any of the provisions hereof shall as of the Closing Date conflict with or result in any breach of any provisions of the Partnership Agreement of the Partnership or any other agreement to which Contributor is a party.

6.3 INSOLVENCY. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or, to the knowledge of Contributor, threatened against Contributor.

6.4 LITIGATION. Contributor has no knowledge of any actual or pending litigation or proceeding by any organization, person, individual or governmental agency against Contributor with respect to or against or potentially affecting his, her or its Contributed Interests.

6.5 BINDING OBLIGATION, ETC. This Agreement has been duly and validly executed and delivered by Contributor to Operating Partnership and constitutes a legal, valid and binding agreement of Contributor, enforceable against Contributor in accordance with its terms, except as such enforcement may be limited by bankruptcy, conservatorship, receivership, insolvency, moratorium or similar laws affecting creditors' rights generally and to general principles of equity.

6.6 BROKERS. Contributor has not employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contribution.

6.7 STATUS AS A UNITED STATES PERSON. (i) Unless otherwise indicated on the Partner Consent, Contributor certifies that Contributor is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code ("Section 1445"). To the extent that Contributor is not a foreign person within the meaning of Section 1445, (1) Contributor's U.S. taxpayer identification number that has previously been provided to the Partnership is accurate, (2) Contributor's home address (in the case of an individual) or office address (in the case of

an entity) is that address indicated on Exhibit A of this Agreement and (3) if Contributor subsequently becomes a foreign person within the meaning of Section 1445, Contributor shall notify Operating Partnership prior to the Closing.

(ii) If Contributor is or prior to the Closing becomes a foreign person within the meaning of Section 1445, Operating Partnership shall, and is authorized to, withhold ten percent (10%) of the amount realized (as such term is defined in Section 1001 of the Internal Revenue Code) by Contributor in connection with the Contribution, unless Operating Partnership shall receive from Contributor a notice of nonrecognition transfer with respect to the Contribution by Contributor (in a form to be provided by Operating Partnership).

6.8 INDEMNIFICATION. Contributor hereby agrees to indemnify and hold harmless the Partnership, the REIT, Operating Partnership and the General Partner and any of the employees, agents, officers, directors and affiliated persons of the foregoing from any and all damages, losses, costs and expenses (including reasonable attorneys' fees) which they, or any of them, may incur by reason of a failure by Contributor to fulfill any of its obligations under this Agreement or by reason of the breach by Contributor of any of the

representations and warranties contained herein. All representations, covenants and agreements of Contributor set forth in this Agreement shall survive the consummation of the Consolidation.

7. CONDITIONS TO COMPLETION. In addition to the conditions to completion of the Consolidation set forth in the Memorandum, the obligations of Operating Partnership to consummate the transactions contemplated by this Agreement shall be subject to fulfillment (or waiver by Operating Partnership) at or prior to the Closing of the following conditions:

7.1 REPRESENTATIONS, WARRANTIES AND COVENANTS. The representations, warranties and covenants made by Contributors in this Agreement or in any document delivered by any of them pursuant to this Agreement shall be true and correct in all material respects when made and on and as of the Closing as though such representations, warranties and covenants were made on and as of such date.

7.2 CONSENTS. Any and all consents required by the Partnership Agreement of the Partnership, and any certificates, agreements, contribution and assumption instruments and other documents necessary or advisable to evidence the conveyance of the Contributed Interests and the admission of Operating Partnership (or Designated Subsidiary) into the Partnership by virtue of the contribution of the Contributed Interests, shall have been obtained.

7.3 NO ORDER OR INJUNCTION. The consummation of the Contributions shall not have been restrained, enjoined or prohibited by any order or injunction of any court or governmental authority of competent jurisdiction.

7.4 INSTRUMENTS OF CONVEYANCE. The Contributors shall have delivered the instruments evidencing conveyance of their interests referred to in Section 8.1.

8. THE CLOSING.

8.1 CONTRIBUTORS' AND GENERAL PARTNER'S CLOSING DOCUMENTS. At Closing, each Contributor shall deliver (or cause to be delivered pursuant to the Power of Attorney referred to in Section 11.9) or the General Partner shall deliver the following (all of which shall be duly executed and acknowledged where required):

(a) A written document of conveyance contributing to Operating Partnership (and/or any Designated Subsidiary) title to Contributor's Contributed Interests, free and clear of any adverse claim or interest;

(b) Such documents and certificates as Operating Partnership reasonably may require to establish the authority of the parties executing any documents in connection with the Contributions including, in the case of any Contributor that is a corporation, partnership, limited liability company or other similar entity (other than a trust or estate), an opinion of counsel, reasonably satisfactory to the Operating Partnership, as to the due execution and delivery of such documents;

(c) Such consents and instruments of admission as are contemplated by Section 7.2 hereof; and

(d) Such other documents, instruments and certificates as Operating Partnership and the General Partner, as agent for the Contributors, reasonably agree are necessary or appropriate, including without limitation recording and transfer forms and affidavits.

8.2 OPERATING PARTNERSHIP'S CLOSING DOCUMENTS. At Closing, Operating Partnership shall deliver or cause to be delivered to the General Partner, as agent for the Contributors, the following:

(a) The Units to be issued for the Contributed Interests; and

(b) Copies of the executed Partnership Agreement of the Operating Partnership and the Registration Rights Agreement and Unit Redemption Agreement referred to in Section 11.09; and

(c) Such other documents and instruments as the General Partner, as agent for the Contributors, and Operating Partnership agree are necessary or appropriate, including without limitation recording and transfer forms and affidavits.

9. CLOSING COSTS. Operating Partnership shall pay or provide for the payment of all other costs associated with the closing of the contributions of the Contributed Interests pursuant to this Agreement, as described in and subject to the terms of the Memorandum.

10. OPERATION IN THE ORDINARY COURSE. The General Partner shall use reasonable efforts to operate the Partnership, Two Park and the Property in the ordinary course of business between the date hereof and the closing of the Consolidation, including making any necessary capital expenditures and leasing expenditures consistent with past practices to maintain the quality and value of the Property.

11. GENERAL PROVISIONS.

11.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. It is the express intention and agreement of the parties hereto that the representations and warranties of the parties set forth in this Agreement shall survive the consummation of the Contributions and the Closing.

11.2 NOTICES. All notices, demands, requests or other communications that may be or are required to be given or made by any party to the other parties pursuant to this Agreement shall be in writing and shall be hand delivered or transmitted by certified mail, express overnight mail or delivery service, telegram, telex or facsimile transmission to the parties at the addresses specified in Exhibit A or such other address as the addressee may indicate by written notice to the other party.

Each notice, demand, request or communication that is given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is delivered to the addressee (with the delivery receipt, the affidavit of messenger or (with respect to a telex) the answer back being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

11.3 GOVERNING LAW. This Agreement, the rights and obligations of the parties hereto and any claims or disputes relating to such rights and obligations shall be governed by and construed under the laws of the State of New York.

11.4 HEADINGS. Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

11.5 BENEFIT AND ASSIGNMENT. No Contributor shall assign this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of Operating Partnership. Any purported assignment contrary to the terms hereof shall be null, void and of no force and effect.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns as permitted hereunder. No person or entity other than the parties hereto is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants and

agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto or their respective successors and assigns as permitted hereunder.

The Operating Partnership may designate one or more Designated Subsidiaries to acquire all or any part of the Contributed Interests (in which case the Designated Subsidiary shall execute a certificate at closing making the same representations and warranties as are made by Operating Partnership and references to Operating Partnership shall include the Designated Subsidiaries except where the context clearly indicates otherwise).

11.6 SEVERABILITY. If any part of any provision of this Agreement or any other agreement, document or writing given pursuant to or in connection with this Agreement shall be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining parts of such provisions or the remaining provisions of said agreement so long as the economic and legal substance of the Contributions is not affected in any manner materially adverse to either party.

11.7 ENTIRE AGREEMENT; AMENDMENT. The Schedules and the Exhibits attached hereto are hereby incorporated into the Agreement as if fully set forth herein. This Agreement, and the Schedules and Exhibits attached hereto, together with the Memorandum, contain the final and entire agreement between the parties hereto with respect to the Contributions, supersede all prior oral and written memoranda and agreements with respect to the matters contemplated herein, and are intended to be an integration of all prior negotiations and understandings. Contributors and Operating Partnership shall not be bound by any terms, conditions, statements, warranties or representations, oral or written, not contained or referred to herein or therein. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

11.8 NO WAIVER. No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other instrument or document given in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or any acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege. No waiver shall be valid against any party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

11.9 CONSENT AND POWER OF ATTORNEY. The General Partner hereby consents to the contribution of the Contributed Interests pursuant hereto by each of the Contributors. Each Contributor is consenting to each matter set forth herein. In addition, by executing this Agreement pursuant to the Consent, each Contributor is constituting and appointing each of David R. Greenbaum, John J. Silberstein and Christopher G. Bonk,

individually, with full power of substitution, the true and lawful attorney-in-fact (the "Attorney") of such Contributor, with full power and authority in the name of and for and on behalf of such Contributor, to execute an instrument of conveyance contributing his, her or its Contributed Interests to Operating Partnership pursuant to the Consolidation on the terms set forth in the Memorandum, to execute the Partnership Agreement of Operating Partnership and the Registration Rights Agreement and a Unit Redemption Agreement (if the Contributor elects to redeem its Units for cash immediately after the Closing), to execute any instruments required to be filed in connection with the Conveyance Taxes and to execute any other instruments that the General Partner reasonably determines necessary or appropriate in connection with the contribution of the Contributed Interests pursuant to this Agreement and the consummation of the Consolidation, including, without limitation, to consummate the transactions which are the subject matter of the Major Partner Agreement.

Each Contributor shall promptly notify the General Partner if any of the representations and warranties by that partner were not true and correct when made or become untrue at any time prior to the Closing.

IN WITNESS WHEREOF, each of the Contributors agrees to be bound by the terms of this Agreement and each of Operating Partnership, the General Partner and Bernard H. Mendik has caused this Agreement to be duly executed and delivered on its or his behalf as of the date first above written.

THE MENDIK COMPANY, L.P.

By: The Mendik Company, Inc., general partner

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: President

MENDIK RELP CORPORATION

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: President

Bernard H. Mendik

By: /s/ Bernard H. Mendik

Bernard H. Mendik

B&B Park Avenue L.P.

Exhibit A

List of Partners

Number of Units

Mendik RELP Corporation 423
330 Madison Avenue
New York, N.Y. 10017

Bernard H. Mendik 0
330 Madison Avenue
New York, N.Y. 10017

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Section 8: EX-2.7 (AGREEMENT FOR CONTRIBUTION OF INTERESTS)

EXHIBIT 2.7

AGREEMENT FOR CONTRIBUTION OF INTERESTS

IN

TWO PENN PLAZA ASSOCIATES L.P.

BY AND AMONG

THE MENDIK COMPANY, L.P.,
THE PARTNERS OF TWO PENN PLAZA ASSOCIATES L.P.
AND
BERNARD H. MENDIK

IN RELIANCE UPON CERTAIN EXEMPTIONS FROM REGISTRATION, THE UNITS TO BE ISSUED HEREUNDER WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. ACCORDINGLY, NO UNITS MAY BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE, AND UNLESS THE OTHER TRANSFER RESTRICTIONS ON SUCH UNITS HAVE BEEN SATISFIED. CONTRIBUTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR OWNERSHIP OF UNITS FOR AN INDEFINITE PERIOD OF TIME.

IN MAKING AN INVESTMENT DECISION CONTRIBUTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

AGREEMENT FOR CONTRIBUTION OF INTERESTS

[TWO PENN PLAZA]

THIS AGREEMENT for the Contribution of Interests (this "Agreement") is made and entered into as of April 15, 1997, by and among The Mendik Company, L.P. ("Operating Partnership"), a Delaware limited partnership, whose general partner as of the date hereof is The Mendik Company, Inc., a Maryland corporation, each of the parties listed on Exhibit A annexed hereto who executes a Partner Consent (hereinafter defined) agreeing to become a party to this Agreement (collectively referred to herein as "Contributors") and Bernard H. Mendik (in his capacity as a general partner of the Partnership (hereinafter defined), the "General Partner").

WHEREAS, it is desired to consolidate (the "Consolidation") the assets of Vornado Realty Trust, a Maryland real estate investment trust (the "REIT"), and interests in seven general or limited partnerships or limited liability companies of which the General Partner or an affiliate is a general partner or managing member, together with the assets of Mendik Realty Company, Inc. and Mendik Management Company, Inc., each a New York corporation and an affiliate of the General Partner, with and into Operating Partnership.

WHEREAS, upon completion of and after the Consolidation, the REIT will become and be the managing general partner of the Operating Partnership;

WHEREAS, Contributors are owners of interests (the "Contributed Interests") in Two Penn Plaza Associates L.P., a New York limited partnership (the "Partnership"), which Partnership owns land and improvements (the "Property") known as Two Penn Plaza, New York, New York; and

WHEREAS, in connection with the consummation of the Consolidation, the parties hereto desire that Operating Partnership and, if designated by Operating Partnership, one or more special purpose subsidiary partnerships or limited liability companies of Operating Partnership or one or more other entities controlled by Operating Partnership (each a "Designated Subsidiary") acquire all of the interests in the Partnership through the contribution of such interests to Operating Partnership and/or one or more Designated Subsidiaries upon the terms and conditions provided herein and simultaneously acquire all of the interests in the Partnership owned by a major partner and its affiliates (collectively, the "Major Partner") pursuant to an Agreement (the "Major Partner Agreement") entered into between the Major Partner and FW/Mendik REIT L.L.C., which Major Partner Agreement shall be amended and assigned to Operating Partnership and/or a Designated Subsidiary prior to the Closing (hereinafter defined).

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants set forth herein, Operating Partnership, Contributors and the General Partner hereby agree as follows:

1. CONTRIBUTIONS. Upon the Closing, and subject to the satisfaction or waiver by Operating Partnership of the conditions set forth in Section 7 of this Agreement, Contributors shall contribute, convey and assign to Operating Partnership (and/or Designated Subsidiary) and Operating Partnership (and/or Designated Subsidiary) shall acquire from Contributors all of Contributors' right, title and interest in the Contributed Interests (the "Contributions"), including, without limitation, all of Contributors' interest in the profits, losses, property and capital of the Partnership allocable to the Contributed Interests, upon the terms and conditions set forth in this Agreement.

2. CONSIDERATION; DISTRIBUTIONS PRIOR TO CLOSING.

(a) In full consideration for the contribution of the Contributed Interests, Operating Partnership shall deliver to Contributors (or their designees as provided below) at the Closing, an aggregate of 48,379 units of limited partnership interests ("Units") in Operating Partnership, such Units being allocated among the Contributors as set forth on Exhibit A.

Prior to the Closing, subject to compliance with all applicable securities laws, any Contributor that is a partnership may give notice to the Operating Partnership to allocate all or a portion of the Units otherwise issuable to it among its partners in a manner set forth in the notice and to issue the Units directly to those partners, and any Contributor who holds interests in which another person or entity has a beneficial interest may give notice to the Operating Partnership to issue all or a portion of the Units otherwise issuable to that Contributor to the beneficial owner of that interest. In such event, as a condition to receiving any Units, any such partners of any Contributor or any such beneficial holder shall execute a Partner Consent (the "Partner Consent") in the form annexed to and made part of the Confidential Solicitation of Consents and Private Placement Memorandum (the "Memorandum") dated March 29, 1997 and shall make to the Operating Partnership the representations and warranties and agreements in Section 6.7(a), (b), (c) and (d) pursuant to an instrument reasonably satisfactory to the Operating Partnership (in addition to the Partner Consent to be executed by the Contributor).

(b) On the date of the Closing (the "Closing Date"), the General Partner shall cause the Partnership to distribute to the Major Partner an amount (estimated at $1,600,000) and to distribute to the General Partner, as agent for the Contributors, an amount (estimated at $800,000 based on a value of $52 per Unit), in each case sufficient to pay the Conveyance Taxes (hereinafter defined) payable by the Major Partner or by the Contributors pursuant to Section 9(b) hereof, as the case may be, assuming that the Contributions hereunder and under the Major Partner Agreement are treated as "qualifying REIT transfers" under the laws referred to in Section 9(a) hereof.

(c) The Operating Partnership shall cause the Partnership to pay any amounts collected by the Partnership after the Closing Date relating to the period through the

Closing Date with respect to refunds of real estate taxes paid by the Partnership (after deducting any costs incurred by the Partnership or the Operating Partnership in obtaining such refunds and less any portion of such refunds required or, in the REIT's reasonable determination, estimated to be required to be paid to tenants) to the General Partner, as agent for the Contributors and certain other persons, not later than 10 days after the end of the month in which such amounts are collected, and the General Partner shall promptly distribute such amounts to the Contributors.

3. ACCEPTANCE OF CONTRIBUTIONS. Subject to the satisfaction of the conditions listed or referred to in Section 7, Operating Partnership hereby

agrees that at the Closing it shall accept or, at its election, cause a Designated Subsidiary to accept all or part of, the Contributions and shall assume any and all rights, obligations and responsibilities of Contributors as owners of the Contributed Interests that arise subsequent to the Closing Date.

4. CLOSING TIME AND PLACE. Unless another date or place is agreed to by the parties, the closing of the Contributions (the "Closing") shall take place contemporaneously with the closing of the Consolidation at the offices of Proskauer Rose Goetz & Mendelsohn LLP, 1585 Broadway, New York, New York 10036, or such other place and time as Operating Partnership and the General Partner shall agree, upon the satisfaction or waiver of all conditions to the Closing set forth in Section 7 hereof.

5. REPRESENTATIONS AND WARRANTIES OF OPERATING PARTNERSHIP. Operating Partnership hereby represents and warrants to Contributors as follows, which representations and warranties shall be true and correct on the Closing Date:

5.1 ORGANIZATION, POWER AND AUTHORITY, AND QUALIFICATION. Operating Partnership is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware. The REIT is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland. Each of Operating Partnership and the REIT has the requisite power and authority to carry on its respective business as it is now being conducted. Each of Operating Partnership and the REIT is qualified to do business and is in good standing in each jurisdiction in which the character of its property owned or leased or the nature of its activities makes such qualification necessary, except where the failure to be so qualified and in good standing would not have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, as the case may be.

5.2 AUTHORITY RELATIVE TO THIS AGREEMENT. Operating Partnership has taken all action necessary to authorize the execution, delivery and performance of this Agreement by Operating Partnership and no other proceedings on the part of Operating Partnership are necessary to authorize the execution and delivery of this Agreement and the consummation of the Contributions.

None of the execution and delivery of this Agreement by Operating Partnership, the consummation by Operating Partnership of the Contributions or compliance by Operating

Partnership with any of the provisions hereof shall (i) conflict with or result in any breach of any provisions of the partnership agreement of Operating Partnership; (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Operating Partnership is a party or by which it or any of its properties or assets may be bound; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Operating Partnership; except in the case of (ii) or (iii) for violations, breaches, or defaults (A) that would not in the aggregate have a material adverse effect on the business or financial condition of Operating Partnership or the REIT, and that shall not impair the effectiveness of the Contributions contemplated hereby, or (B) for which waivers or consents have been or shall be obtained prior to the Closing Date.

5.3 BINDING OBLIGATION. This Agreement has been duly and validly executed and delivered by Operating Partnership and constitutes a valid and binding agreement of Operating Partnership, enforceable against Operating Partnership in accordance with its terms, except that such enforcement may be subject to bankruptcy, conservatorship, receivership, insolvency, moratorium, or similar laws affecting creditors' rights generally or the rights of creditors of limited partnerships and to general principles of equity.

5.4 INSOLVENCY. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or threatened against Operating Partnership.

5.5 BROKERS. Neither Operating Partnership nor the REIT has employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contributions.

5.6 VALID CONSIDERATION. The Units, when issued in accordance with this Agreement and the Partnership Agreement of Operating Partnership, will be duly and validly issued, and the issuance thereof will not be subject to preemptive or other similar rights.

6. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF Contributors. Each Contributor, in his, her or its capacity as a partner of the Partnership, hereby represents and warrants to and agrees with Operating Partnership with respect to his, her or its Contributed Interests as follows, which representations and warranties shall also be true and correct on the Closing Date:

6.1 TITLE; AUTHORITY TO ASSIGN. Contributor (i) owns good and marketable, legal and beneficial (except for holders of beneficial interests in the amounts payable with respect to such Contributed Interests who have no other rights with respect to those interests) title in and to his, her or its Contributed Interests which as of the Closing Date will be held free of liens, encumbrances, judgments, adverse interests, pledges or security interests, other than pledges of

partnership interests to the Partnership or the other partners to secure a partner's obligations to meet capital calls or other obligations as set forth in the partnership agreement of the Partnership (as to which no amounts are outstanding and no amounts will be outstanding as of the Closing Date), and except as contemplated in the financing for the Partnership and (iii) has the full right, power, capacity and authority to validly contribute and convey his, her or its Contributed Interests pursuant to this Agreement.

6.2 NO BREACH OF PARTNERSHIP AGREEMENT. None of the execution and delivery of this Agreement by Contributor, the consummation by Contributor of the Contribution or compliance by Contributor with any of the provisions hereof shall as of the Closing Date conflict with or result in any breach of any provisions of the Partnership Agreement of the Partnership or any other agreement to which Contributor is a party.

6.3 INSOLVENCY. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy, or under any other debtor relief laws, contemplated by or pending or, to the knowledge of Contributor, threatened against Contributor.

6.4 LITIGATION. Contributor has no knowledge of any actual or pending litigation or proceeding by any organization, person, individual or governmental agency against Contributor with respect to or against or potentially affecting his, her or its Contributed Interests.

6.5 BINDING OBLIGATION, ETC. This Agreement has been duly and validly executed and delivered by Contributor to Operating Partnership and constitutes a legal, valid and binding agreement of Contributor, enforceable against Contributor in accordance with its terms, except as such enforcement may be limited by bankruptcy, conservatorship, receivership, insolvency, moratorium or similar laws affecting creditors' rights generally and to general principles of equity. Contributor further represents and warrants that if Contributor is a corporation, partnership, trust or other entity, it has the power to, and is duly authorized and otherwise duly qualified to, purchase and hold securities such as Units and Common Shares (as hereinafter defined) and such entity has its principal place of business as set forth on Exhibit A.

6.6 BROKERS. Contributor has not employed or dealt with any broker or finder, or incurred any liability therefor, in connection with the Contribution.

6.7 SECURITIES ACT AND OTHER REPRESENTATIONS AND AGREEMENTS.

(a) (i) Upon the issuance of Units to Contributor (or a designee as provided in Section 2), Contributor (or designee) shall become subject to, and shall be bound by, the terms and provisions of the partnership agreement of Operating Partnership, including the terms of the power of attorney contained in Section 15.11 thereof, as the Partnership Agreement may be amended and restated from time to time in accordance with its terms.

(ii) Contributor or his, her or its advisor(s) have had a reasonable opportunity to ask questions of and receive information and answers from a person or persons acting on behalf of the Partnership and Operating Partnership concerning the Consolidation, and, as Contributor may deem necessary, to verify the information contained in the Memorandum, receipt of which is acknowledged, and any other information provided to Contributor by the Partnership or Operating Partnership and all such questions have been answered and all such information has been provided to the full satisfaction of Contributor.

(iii) Contributor is acquiring Units for his, her or its own account as principal, for investment and not with a view to resale or distribution, and the Units may not be transferred or otherwise disposed of by Contributor otherwise than in transactions pursuant to a registration statement filed by the Operating Partnership (which it has no obligation to file) or that are exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and all applicable state and foreign securities laws, and the REIT may refuse to transfer any Units as to which evidence of such registration or exemptions from such registration satisfactory to the REIT is not provided to it, which evidence may include the requirement of legal opinions regarding the exemption from such registration. If the REIT elects, in its sole discretion, to deliver to any Contributor common shares of beneficial interest of the REIT ("Common Shares") upon redemption of any Units, the Common Shares will be acquired for his, her or its own account as principal, for investment

and not with a view to resale or distribution, and the Common Shares may not be transferred or otherwise disposed of by Contributor otherwise than in transactions pursuant to any registration statement filed by the REIT with respect to such Common Shares (which it has an obligation to file only pursuant to the Registration Rights Agreement described in the Memorandum) or that are exempt from the registration requirements of the Securities Act and all applicable state and foreign securities laws, and the REIT may refuse to transfer any Common Shares as to which evidence of such registration or exemptions from such registration satisfactory to the REIT is not provided to it, which evidence may include the requirement of legal opinions regarding the exemption from such registration.

(iv) Contributor (either alone or with his, her or its advisors) has sufficient knowledge and experience in financial, tax and business matters to enable him, her or it to evaluate the merits and risks of an investment in the Units. Contributor has the ability to bear the economic risk of acquiring the Units. Contributor acknowledges that (1) the transactions contemplated by this Agreement and the Memorandum involve complex tax consequences for each Contributor and each Contributor is relying solely on the advice of his, her or its own tax advisors in evaluating such consequences, and (2) neither Operating Partnership nor the General Partner has made (or shall be deemed to have made) any representations or warranties as to the tax consequences of such transaction to any Contributor. Each Contributor remains solely responsible for all tax matters relating to each Contributor.

(v) If needed, Contributor has discussed with his, her or its professional, legal, tax or financial advisors the suitability of an investment in Units or Common

Shares for his, her or its particular tax and financial situation. Nothing contained herein or in the Memorandum shall be deemed to imply any representation by Operating Partnership or the General Partner as to a particular tax effect that may be obtained by any Contributor.

(vi) All information that Contributor has provided to Operating Partnership concerning himself or herself or itself and his, her or its financial position is correct and complete as of the date hereof, and if there should be any material change in such information prior to issuance of Units to the Contributors, he, she or it shall immediately provide such changed information to Operating Partnership.

(vii) Contributor has not disclosed any information contained in the Memorandum to anyone other than his or her spouse or his, her or its professional, legal, tax or financial advisors advising him, her or it in connection with this investment and has not reproduced the Memorandum other than for such use by such advisors.

(b) Status as a United States Person. (i) Unless otherwise indicated on the Partner Consent, Contributor certifies that Contributor is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code ("Section 1445"). To the extent that Contributor is not a foreign person within the meaning of Section 1445, (1) Contributor's U.S. taxpayer identification number that has previously been provided to the Partnership is accurate, (2) Contributor's home address (in the case of an individual) or office address (in the case of an entity) is that address indicated on Exhibit A of this Agreement and (3) if Contributor subsequently becomes a foreign person within the meaning of Section 1445, Contributor shall notify Operating Partnership prior to the Closing.

(ii) If Contributor is or prior to the Closing becomes a foreign person within the meaning of Section 1445, Operating Partnership shall, and is authorized to, withhold ten percent (10%) of the amount realized (as such term is defined in Section 1001 of the Internal Revenue Code) by Contributor in connection with the Contribution, unless Operating Partnership shall receive from Contributor a notice of nonrecognition transfer with respect to the Contribution by Contributor (in a form to be provided by Operating Partnership).

(c) Indemnification. Contributor hereby agrees to indemnify and hold harmless the Partnership, the REIT, Operating Partnership and the General Partner and any of the employees, agents, officers, directors and affiliated persons of the foregoing from any and all damages, losses, costs and expenses (including reasonable attorneys' fees) which they, or any of them, may incur by reason of a failure by Contributor to fulfill any of its obligations under this Agreement or by reason of the breach by Contributor of any of the representations and warranties contained herein.

(d) Waiver and Contribution. Contributor understands that (i) the Units to be issued pursuant to the Consolidation have not been registered under the Securities Act and (ii) the failure to register such Units could result in Contributor being granted certain rights

under the Federal securities laws, including a right to rescind Contributor's

consent to the Consolidation. For the benefit of Operating Partnership, and in consideration of Operating Partnership's consummating the Consolidation, Contributor (x) hereby waives any and all rights he or she now has or may hereafter be granted to rescind his or her consent to the Consolidation on the basis that the Units issued in connection with the Consolidation were not registered (the "Waiver") and (y) agrees that if the Waiver is deemed void or unenforceable for any reason, including, without limitation, under Section 14 of the Securities Act, the entire beneficial interest in all property and amounts received by Contributor in any action to rescind the Consolidation (regardless of whether such action was initiated by Contributor) or otherwise received by Contributor as damages for failure to register the Units under the Securities Act, shall be promptly paid over and contributed by Contributor to Operating Partnership, for no additional consideration from Operating Partnership, other than the Units originally issued pursuant to the Consolidation.

Whenever the context shall require, all words in the male, female or neuter gender shall be deemed to include the other genders, all singular words shall include the plural, and all plural words shall include the singular. All representations, covenants and agreements of Contributor set forth in this Agreement shall survive the consummation of the Consolidation contemplated by the Memorandum.

7. CONDITIONS TO COMPLETION. In addition to the conditions to completion of the Consolidation set forth in the Memorandum, the obligations of Operating Partnership to consummate the transactions contemplated by this Agreement shall be subject to fulfillment (or waiver by Operating Partnership) at or prior to the Closing of the following conditions:

7.1 REPRESENTATIONS, WARRANTIES AND COVENANTS. The representations, warranties and covenants made by Contributors in this Agreement or in any document delivered by any of them pursuant to this Agreement shall be true and correct in all material respects when made and on and as of the Closing as though such representations, warranties and covenants were made on and as of such date.

7.2 CONSENTS. Any and all consents required by the Partnership Agreement of the Partnership, and any certificates, agreements, contribution and assumption instruments and other documents necessary or advisable to evidence the conveyance of the Contributed Interests and the admission of Operating Partnership (or Designated Subsidiary) into the Partnership by virtue of the contribution of the Contributed Interests, shall have been obtained.

7.3 NO ORDER OR INJUNCTION. The consummation of the Contributions shall not have been restrained, enjoined or prohibited by any order or injunction of any court or governmental authority of competent jurisdiction.

7.4 INSTRUMENTS OF CONVEYANCE. The Contributors shall have delivered the instruments evidencing conveyance of their interests referred to in Section 8.1.

8. THE CLOSING.

8.1 CONTRIBUTORS' AND GENERAL PARTNER'S CLOSING DOCUMENTS. At Closing, each Contributor shall deliver (or cause to be delivered pursuant to the Power of Attorney referred to in Section 11.9) or the General Partner shall deliver the following (all of which shall be duly executed and acknowledged where required):

(a) A written document of conveyance contributing to Operating Partnership (and/or any Designated Subsidiary) title to Contributor's Contributed Interests, free and clear of any adverse claim or interest;

(b) Such documents and certificates as Operating Partnership reasonably may require to establish the authority of the parties executing any documents in connection with the Contributions including, in the case of any Contributor that is a corporation, partnership, limited liability company, or other similar entity (other than a trust or estate), an opinion of counsel, reasonably satisfactory to the Operating Partnership, as to the due execution and delivery of such documents;

(c) Such consents and instruments of admission as are contemplated by Section 7.2 hereof; and

(d) Such other documents, instruments and certificates as Operating Partnership and the General Partner, as agent for the Contributors, reasonably agree are necessary or appropriate, including without limitation recording and transfer forms and affidavits.

8.2 OPERATING PARTNERSHIP'S CLOSING DOCUMENTS. At Closing, Operating Partnership shall deliver or cause to be delivered to the General Partner, as agent for the Contributors, the following:

(a) The Units referred to in Section 2(a);

(b) Copies of the executed Partnership Agreement of the

Operating Partnership and the Registration Rights Agreement and Unit Redemption Agreement referred to in Section 11.09; and

(c) Such other documents and instruments as the General Partner, as agent for the Contributors, and Operating Partnership agree are necessary or appropriate, including without limitation recording and transfer forms and affidavits.

9. TRANSFER TAXES AND CLOSING COSTS.

(a) The General Partner and Operating Partnership shall join on the Closing Date in completing, executing, delivering and verifying the returns, affidavits and other documents required in connection with the documentary stamps in accordance with the New York State Real Estate Transfer Tax imposed by Article 31 of the Tax Law, the New York City Real Property Transfer Tax imposed by Chapter 46 of Title 11 of the Administrative Code of the City of New York, and any other tax payable by reason of the contribution of the Contributed Interests (collectively, the "Conveyance Taxes").

(b) The Contributors hereby agree to pay and shall be solely responsible for the Conveyance Taxes due on the conveyance of the Contributed Interests including, but not limited to, any Conveyance Taxes imposed due to the Contributor's failure to satisfy any holding period or continuity requirements for qualifying for a reduced rate of Conveyance Taxes, including the holding period requirements with respect to certain transfers to a REIT imposed in connection with the New York Real Estate Transfer Tax imposed by Article 31 of the Tax Law and the New York City Real Property Transfer Tax imposed by Chapter 46 of Title 11 of the Administrative Code of the City of New York. Using the amount distributed to the General Partner pursuant to Section 2(b) hereof, the General Partner, as agent for the Contributors, shall timely pay to the appropriate tax collecting agency or official the amount of all Conveyance Taxes payable by reason of the Contributors' agreement to pay the Conveyance Taxes (assuming satisfaction of the requirements set forth in the preceding sentence). The Contributors shall indemnify, defend and hold harmless Operating Partnership and the Partnership from and against all claims, liabilities, costs and expenses (including reasonable attorney's fees), incurred by Operating Partnership or the Partnership by reason of the failure of the Contributors to pay any Conveyance Taxes assessed or alleged to be due at any time with respect to the transfer of the Interests to Operating Partnership, including, without limitation, all interest and penalties thereon.

(c) Operating Partnership shall also pay or provide for the payment of all other costs associated with the closing of the contributions of the Contributed Interests pursuant to this Agreement, as described in and subject to the terms of the Memorandum.

10. OPERATION IN THE ORDINARY COURSE. The General Partner shall use reasonable efforts to operate the Partnership and the Property in the ordinary course of business between the date hereof and the closing of the Consolidation, including making any necessary capital expenditures and leasing expenditures consistent with past practices to maintain the quality and value of the Property.

11. GENERAL PROVISIONS.

11.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. It is the express intention and agreement of the parties hereto that the representations and warranties of the parties set forth in this Agreement shall survive the consummation of the Contributions and the Closing.

11.2 NOTICES. All notices, demands, requests or other communications that may be or are required to be given or made by any party to the other parties pursuant to this Agreement shall be in writing and shall be hand delivered or transmitted by certified mail, express overnight mail or delivery service, telegram, telex or facsimile transmission to the parties at the addresses specified in Exhibit A or such other address as the addressee may indicate by written notice to the other party.

Each notice, demand, request or communication that is given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is delivered to the addressee (with the delivery receipt, the affidavit of messenger or (with respect to a telex) the answer back being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

11.3 GOVERNING LAW. This Agreement, the rights and obligations of the parties hereto and any claims or disputes relating to such rights and obligations shall be governed by and construed under the laws of the State of New York.

11.4 HEADINGS. Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to

be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

11.5 BENEFIT AND ASSIGNMENT. No Contributor shall assign this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of Operating Partnership. Any purported assignment contrary to the terms hereof shall be null, void and of no force and effect.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns as permitted hereunder. No person or entity other than the parties hereto is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto or their respective successors and assigns as permitted hereunder.

The Operating Partnership may designate one or more Designated Subsidiaries to acquire all or any part of the Contributed Interests (in which case the Designated Subsidiary shall execute a certificate at closing making the same representations and warranties as are made by Operating Partnership and references to Operating Partnership shall include the Designated Subsidiaries except where the context clearly indicates otherwise).

11.6 SEVERABILITY. If any part of any provision of this Agreement or any other agreement, document or writing given pursuant to or in connection with this Agreement shall be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such

invalidity or unenforceability only, without in any way affecting the remaining parts of such provisions or the remaining provisions of said agreement so long as the economic and legal substance of the Contributions is not affected in any manner materially adverse to either party.

11.7 ENTIRE AGREEMENT; AMENDMENT. The Schedules and the Exhibits attached hereto are hereby incorporated into the Agreement as if fully set forth herein. This Agreement, and the Schedules and Exhibits attached hereto, together with the Memorandum, contain the final and entire agreement between the parties hereto with respect to the Contributions, supersede all prior oral and written memoranda and agreements with respect to the matters contemplated herein, and are intended to be an integration of all prior negotiations and understandings. Contributors and Operating Partnership shall not be bound by any terms, conditions, statements, warranties or representations, oral or written, not contained or referred to herein or therein. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

11.8 NO WAIVER. No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other instrument or document given in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or any acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege. No waiver shall be valid against any party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

11.9 CONSENT AND POWER OF ATTORNEY. The General Partner hereby consents to the contribution of the Contributed Interests pursuant hereto by each of the Contributors. Each Contributor is executing a Partner Consent pursuant to which such Contributor (a) is executing this Agreement and (b) is consenting to each matter set forth therein. In addition, by executing this Agreement pursuant to the Consent, each Contributor is constituting and appointing each of David R. Greenbaum, John J. Silberstein and Christopher G. Bonk, individually, with full power of substitution, the true and lawful attorney-in-fact (the "Attorney") of such Contributor, with full power and authority in the name of and for and on behalf of such Contributor, to execute an instrument of conveyance contributing his, her or its Contributed Interests to Operating Partnership pursuant to the Consolidation on the terms set forth in the Memorandum, to execute the Partnership Agreement of Operating Partnership and the Registration Rights Agreement and a Unit Redemption Agreement (if the Contributor elects to redeem its Units for cash immediately after the Closing) and to execute any instruments required to be filed in connection with the Conveyance Taxes, and to execute any other instruments that the General Partner reasonably determines necessary or appropriate in connection with the contribution of the Contributed Interests pursuant to this Agreement and the consummation of the Consolidation, including, without limitation, to consummate the transactions which are the subject matter of the Major Partner Agreement.

Each Contributor shall promptly notify the General Partner if any of

the representations and warranties by that partner were not true and correct when made or become untrue at any time prior to the Closing.

IN WITNESS WHEREOF, each of the Contributors has executed a separate Partner Consent agreeing to be bound by the terms of this Agreement and each of Operating Partnership, and the General Partner has caused this Agreement to be duly executed and delivered on its or his behalf as of the date first above written.

THE MENDIK COMPANY, L.P.

By: The Mendik Company, Inc., general partner

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: President

/s/ Bernard H. Mendik

Bernard H. Mendik

[ADDITIONAL SIGNATURES OMITTED]

Two Penn Plaza Associates

Exhibit A
List of Partners

	Number of Units
Penby Associates c/o Richard Vespa Goldschmidt & Goldschmidt 641 Lexington Avenue New York, NY 10022-4503	9,674
Knatten, Inc. c/o Weissbarth, Altman & Michaelson 156 West 56th Street New York, NY 10022	7,742
Bernard H. Mendik 330 Madison Avenue New York, NY 10017	1,868
Mendik Realty Company, Inc. 330 Madison Avenue New York, NY 10017	29,095
	48,379

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Section 9: EX-2.8 (CONTRIBUTION AGREEMENT)

EXHIBIT 2.8

CONTRIBUTION AGREEMENT
(TRANSFER OF 99% OF REIT MANAGEMENT ASSETS FROM MENDIK/FW LLC
TO THE OPERATING PARTNERSHIP)

THIS CONTRIBUTION AGREEMENT (this "Agreement") is made and entered into as of April 15, 1997, by and between FW/Mendik REIT, L.L.C., a Delaware limited liability company ("Contributor"), and The Mendik Company, L.P., a Delaware limited partnership (the "Operating Partnership").

WHEREAS, Contributor desires to contribute to the Operating Partnership an undivided ninety-nine percent (99%) interest in all of Contributor's rights and obligations under the property management contracts listed on Schedule 1 hereto (which rights were acquired by Contributor indirectly from Mendik Realty Company, Inc., a New York corporation ("Mendik Realty"), and which rights are exclusive of Mendik Realty's right to receive management fees and leasing commissions that are earned as of the date hereof but not yet paid) (the "REIT Management Assets"), in exchange for an interest in the Operating Partnership, and the Operating Partnership desires to accept such contribution and issue such interest to Contributor;

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

1. Contribution of REIT Management Assets . Contributor hereby contributes to the Operating Partnership, without recourse or warranty, an undivided ninety-nine percent (99%) interest in all of Contributor's right, title and interest in and to the REIT Management Assets (the "Contribution"). The Operating Partnership hereby accepts from Contributor the Contribution and assumes all obligations of Contributor with respect to the REIT Management Assets from and after the date hereof.

2. Consideration. In consideration for the REIT Management Assets, the Operating Partnership hereby issues to Contributor a limited partner interest in the Operating Partnership, as described in that certain Master Consolidation Agreement dated as of March 12, 1997 among Contributor, the Operating Partnership and certain other parties thereto.

3. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered on its behalf as of the date first above written.

FW/MENDIK REIT, L.L.C.

By: Mendik Holdings LLC

By: Mendik Holdings, Inc., Member

By: /s/ David R. Greenbaum

David R. Greenbaum
President

THE MENDIK COMPANY, L.P.

By: The Mendik Company, Inc., General Partner

By: /s/ David R. Greenbaum

David R. Greenbaum
President

Schedule 1 to
Contribution Agreement
(Transfer of REIT Management Assets)

866 U.N. PLAZA
Management Agreement between 866 U.N. Plaza Associates and Mendik Realty Company, Inc., dated as of June 1, 1978.

1740 BROADWAY
Management Agreement between 1740 Broadway Associates L.P. and Mendik Realty Company, Inc., dated as of December 17, 1990.

TWO PENN PLAZA
Management Agreement between Two Penn Plaza Associates and Mendik Realty Company, Inc., dated as of January 1, 1979.

11 PENN PLAZA
Real Estate Management Agreement between 393 Seventh Associates (now known as Eleven Penn Plaza Company) and Mendik Realty Company, Inc., dated as of January 1, 1982, as amended by First Amendment to Real Estate Management Agreement , dated as of September 30, 1994.

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Section 10: EX-2.9 (ASSIGNMENT AND ASSUMPTION AGREEMENT)

EXHIBIT 2.9

ASSIGNMENT AND ASSUMPTION AGREEMENT
(Transfer of 1% Interest in REIT Management Assets and Third-Party Management Assets from Mendik/FW LLC to Management Corporation)

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made and entered into as of April 15, 1997, by and between FW/Mendik REIT, L.L.C., a Delaware limited liability company ("Assignor"), and Mendik Management Company Inc., a New York corporation (the "Management Corporation" or "Assignee").

WHEREAS, pursuant to Contribution Agreements dated as of the date hereof by and between Mendik Holdings LLC and Assignor, Assignor has acquired the rights and obligations with respect to the REIT Management Assets (as defined below) and the Third-Party Management Assets (as defined below); and

WHEREAS, Assignor desires to sell, transfer and convey to Assignee, and Assignee desires to acquire from Assignor, all of Assignor's right and interest in and to a one percent (1%) undivided interest in the REIT Management Assets and to the Third-Party Management Assets, in return for the consideration described herein;

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

1. Assignment and Assumption. Assignor hereby sells, transfers and conveys to Assignee, its successors and its assigns, without recourse or warranty, (i) the rights of Assignor under the property management contracts listed on Schedule 1A hereto (the "Management Agreements") (which rights were acquired by Acquiror indirectly from Mendik Realty Company, Inc., a New York corporation ("Mendik Realty"), and Mendik Managing Agent Company, Inc., a New York corporation ("Mendik Management"), and which rights are exclusive of the right of Mendik Realty or Mendik Management, as applicable, to receive management fees and leasing commissions under the Management Agreements that are earned as of the date hereof but not yet paid), (ii) the rights to receive income earned from and after the date hereof under the agreements listed on Schedule 1B hereto and all successors thereto (which rights are exclusive of the right of Mendik Realty or Mendik Management, as applicable, to receive management fees and leasing commissions under such agreements that are earned as of the date hereof but not yet paid) (the "Beneficial Interests"), (iii) on an "as is" basis, the furniture furnishings, fixtures, machinery, equipment and other tangible personal property, and replacements thereof, set forth on Schedule 2 hereto (the "Property Assets" and, together with the Management Contracts and the Beneficial Interests, the "Third-Party Management Assets") and (iv) an undivided one percent (1%) interest in the rights of Assignor under the property management contracts listed on Schedule 3 hereto (the "REIT Management Assets"). Assignee hereby accepts and assumes from and after the date hereof the obligations of Assignor with respect to the Third-Party Management Assets and, to the

extent of its interest in the REIT Management Assets, the obligations of Assignor with respect to the REIT Management Assets.

2. CONSIDERATION. In consideration for an undivided 1% interests in the REIT Management Assets and the Third-Party Management Assets, the Management Corporation hereby issues to Assignor (i) 74 shares of voting Class A common stock, par value $.01 per share, of the Management Corporation (the "Voting Stock"), which, together with the one share of Voting Stock previously issued to Bernard H. Mendik, represents 100% of the voting capital stock of the Management Corporation, (ii) 1,425 shares of nonvoting Class B common stock, par value $.01 per share, of the Management Corporation (the "Nonvoting Stock"), and (iii) a promissory note in the amount of SIX MILLION DOLLARS ($6,000,000) (the "Note"). Concurrently with the execution and delivery of this Agreement, Assignee is delivering to Assignor stock certificates representing the Voting Stock and the Nonvoting Stock, and is executing and delivering to Assignor the Note in the form attached hereto as EXHIBIT A. Assignee represents and warrants that the Voting Shares and Nonvoting Shares are validly issued, fully paid and non-assessable.

3. BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered on its behalf as of the date first above written.

FW/MENDIK REIT, L.L.C.

By: Mendik Holdings LLC

By: Mendik Holdings, Inc., Member

By: /s/ DAVID R. GREENBAUM

David R. Greenbaum
President

MENDIK MANAGEMENT COMPANY INC.

By: /s/ DAVID R. GREENBAUM

David R. Greenbaum
President

EXHIBIT A

PROMISSORY NOTE

$6,000,000 , 1997

FOR VALUE RECEIVED, MENDIK MANAGEMENT COMPANY, INC., a New York corporation (the "Maker"), promises to pay to the order of FW/MENDIK REIT, L.L.C., a Delaware limited liability company, its successors and assigns (the "Holder"), at such place as the Holder of this Note may from time to time designate, the principal amount of SIX MILLION DOLLARS ($6,000,000), together with interest on the unpaid principal amount hereof from the date hereof, until paid in full at a fixed rate of twelve (12%) per annum. An initial payment of accrued interest in the amount of $ shall be due and payable on , 1997, and thereafter accrued interest shall be due and payable in equal monthly payments of $60,000 on the last day of each month, beginning on , 1997. The entire unpaid principal balance of this Note, together with all accrued and unpaid interest thereon, shall be due and payable in full on , 2007. All payments hereunder shall be made in lawful money of the United States of America.

This Note may be prepaid in whole or in part at any time or times without premium or penalty. Each payment hereunder (including any prepayments) shall be applied first to the payment of all interest and other amounts accrued hereunder, and the balance of any such prepayment shall be applied to the principal amount hereof. No prepayment shall entitle any person to be subrogated to the rights of the Holder unless and until this Note has been paid in full.

This Note serves as partial consideration in exchange for the business and assets sold by the Holder to the Maker as purchaser, as set forth in the Assignment and Assumption Agreement dated as of the date hereof among the Maker, the Holder and certain other parties.

It shall be an event of default ("Event of Default") hereunder if Maker shall fail to pay, when due, the principal, any interest, or any other sum payable hereunder, and continuance of such failure for ten (10) business days after the date on which such principal, interest or other sum is due (whether upon maturity hereof, upon any installment payment date, upon any prepayment date, upon acceleration, or otherwise).

Upon the occurrence of such Event of Default, the entire principal amount hereof, and all accrued and unpaid interest thereon, and any other amounts due hereunder or under the Agreement, shall be accelerated, and shall be immediately due and payable, at the option of the Holder, without demand or notice, and in addition thereto, and not in substitution therefor, the Holder shall be entitled to exercise any one or more of the rights and remedies provided by applicable law. Failure to exercise said option or to pursue such other rights and remedies shall

not constitute a waiver of such option or such other rights or remedies or of the right to exercise any of the same in the event of any subsequent Event of Default.

The Maker promises to pay all reasonable costs and expenses (including without limitation reasonable attorneys' fees and disbursements) incurred in connection with the collection hereof or in the protection or realization of any collateral hereafter given as security for the repayment hereof, and to perform each and every covenant or agreement to be performed by the Maker under this Note, the Agreement, and any other instrument evidencing or securing the obligation represented by this Note.

Any payment on this Note coming due on a Saturday, a Sunday, or a day which is a legal holiday in the place at which a payment is to be made hereunder shall be made on the next succeeding day which is a business day in such place, and any such extension of the time of payment shall be included in the computation of interest hereunder.

Each Obligor (which term shall include the Maker and all makers, sureties, guarantors, endorsers, and other persons assuming obligations pursuant to this Note) under this Note hereby waives presentment, protest, demand, notice of dishonor, and all other notices, and all defenses and pleas on the grounds of any extension or extensions of the time of payments or the due dates of this Note, in whole or in part, before or after maturity, with or without notice. No renewal or extension of this Note, no release or surrender of any collateral given as security for this Note, no release of any Obligor, and no delay in enforcement of this Note or in exercising any right or power hereunder, shall affect the liability of any Obligor. The pleading of any statute of limitations as a defense to any demand against any Obligor is expressly waived.

No single or partial exercise by the Holder of any right hereunder, under the Agreement, or under any other agreement given as security for this Note or pertaining hereto, shall preclude any other or further exercise thereof or the exercise of any other rights. No delay or omission on the part of the Holder in exercising any right hereunder shall operate as a waiver of such right or of any other right under this Note.

This Note and all agreements between the Maker and the Holder relating hereto are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration or otherwise, shall the amount paid or agreed to be paid to the Holder for the use, forbearance or detention of money hereunder exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance the Holder shall ever receive interest, or anything which might be deemed interest under applicable law, which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal amount owing on account of this Note and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of this Note, such excess shall be refunded to the Maker. The terms and provisions of this paragraph shall control and supersede every other provision of this Note and all other agreements between the Maker and the Holder.

Whenever used herein, the words "Maker" and "Holder"and "Obligor" shall be deemed to include their respective successors and assigns.

This Note shall be governed by and construed under and in accordance with the laws of the State of New York (but not including the choice of law rules thereof).

IN WITNESS WHEREOF, the undersigned have duly executed this Note, or have caused this Note to be duly executed on their behalf, as of the day and year first hereinabove set forth.

[SEAL] MENDIK MANAGEMENT COMPANY, INC.

ATTEST:

By:

---------------------------------- -----------------------------------

David R. Greenbaum
President

Schedule 1A to
Contribution Agreement
(Transfer of Third-Party Management Assets)

570 LEXINGTON AVENUE
Real Estate Management and Leasing Agreement between 570 Lexington Company, L.P. and Mendik Realty Company, Inc., dated as of October 31, 1994.

550 AND 600 MAMARONECK AVENUE

Real Estate Management Agreement between Mendik Real Estate Limited Partnership and Mendik Realty Company, Inc., dated as of September 4, 1986.

330-348 WEST 34TH STREET
Real Estate Management Agreement between Mendik Real Estate Limited Partnership and Mendik Realty Company, Inc., dated as of April 23, 1987.

20 BROAD STREET
Management Agreement between 20 Broad Street Company and Mendik Realty Company, Inc., dated as of January __, 1984.

2 PARK AVENUE
Management Agreement between Two Park Company and Mendik Realty Company Inc., dated as of December 22, 1986.

WESTPORT OFFICE PARK
Right to receive fees for providing management services to Westport Office Park.

330 MADISON AVENUE
Management Agreement dated as of January 1, 1997 between 330 Madison Company and Mendik Realty Company, Inc.

Schedule 1B to
Contribution Agreement
(Transfer of Third-Party Management Assets)

SILVERSTEIN/MENDIK PROPERTIES
Silverstein & Mendik Company Restated Partnership Agreement, dated as of February 15, 1997 between Silverstein Properties, Inc. and Mendik Realty Company, Inc.

909 THIRD AVENUE
Real Estate Management Agreement between 909 Third Company and Mendik Realty Company, Inc., dated as of June 6, 1983.

100 CHURCH STREET
Real Estate Management Agreement between 100 Church Company and Mendik Realty Company, Inc., dated as of October 15, 1985.

Schedule 2 to
Contribution Agreement
(Transfer of Third-Party Management Assets)

[OMITTED]

Schedule 3 to
Contribution Agreement
(Transfer of REIT Management Assets)

866 U.N. PLAZA
Management Agreement between 866 U.N. Plaza Associates and Mendik Realty Company, Inc., dated as of June 1, 1978.

1740 BROADWAY
Management Agreement between 1740 Broadway Associates L.P. and Mendik Realty Company, Inc., dated as of December 17, 1990.

TWO PENN PLAZA
Management Agreement between Two Penn Plaza Associates and Mendik Realty Company, Inc., dated as of January 1, 1979.

11 PENN PLAZA
Real Estate Management Agreement between 393 Seventh Associates (now known as Eleven Penn Plaza Company) and Mendik Realty Company, Inc., dated as of January 1, 1982, as amended by First Amendment to Real Estate Management Agreement , dated as of September 30, 1994.

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Section 11: EX-4.1 (FIRST AMENDED AND RESTATED AGREEMENT)

EXHIBIT 4.1

FIRST AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

VORNADO REALTY L.P.

Dated as of: April 15, 1997

IN RELIANCE UPON CERTAIN EXEMPTIONS FROM REGISTRATION, THE PARTNERSHIP INTERESTS BEING OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. ACCORDINGLY, NO PARTNERSHIP INTEREST MAY BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE, AND UNLESS THE OTHER TRANSFER RESTRICTIONS CONTAINED HEREIN HAVE BEEN SATISFIED. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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FIRST AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
VORNADO REALTY L.P.

THIS FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF Vornado Realty L.P., dated as of April 15, 1997, is entered into by and among Vornado Realty Trust, a Maryland real estate investment trust as the General Partner of and a Limited Partner in the Partnership, FW/Mendik REIT, L.L.C., a Delaware limited liability company, as a Limited Partner in the Partnership, and The Mendik Company, Inc., a Maryland corporation, as a Limited Partner in the Partnership, together with any other Persons who become Partners in the Partnership as provided herein.

WHEREAS, the Partnership was formed under the name "Mendik Real Estate Group, L.P." on October 2, 1996, and, on October 2, 1996, the Partnership adopted an Agreement of Limited Partnership (the "Prior Agreement");

WHEREAS, on November 7, 1996, the general partner of the Partnership changed the Partnership's name to "The Mendik Company, L.P." and, in connection therewith, caused a certificate of Amendment to the Certificate of Limited Partnership of the Partnership to be filed in the office of the Delaware

Secretary of State on November 8, 1996;

WHEREAS, FW/Mendik REIT, L.L.C. and The Mendik Company, Inc., the partners of the Partnership under the Prior Agreement, have immediately prior to the Effective Date recapitalized the Partnership;

WHEREAS, the Partnership proposes to acquire certain property and, in connection therewith, to admit Vornado Realty Trust as an Additional Limited Partner in the Partnership and immediately thereafter to convert the General Partnership Interest held by The Mendik Company, Inc. to a Limited Partnership Interest in the Partnership; and

WHEREAS, in connection with the foregoing transactions the parties hereto have agreed to amend and restate the Prior Agreement on the terms set forth below;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby amend and restate the Prior Agreement in its entirety and agree to continue the Partnership as a limited partnership under the Delaware Revised Uniform Limited Partnership Act, as amended from time to time, as follows:

ARTICLE I
DEFINED TERMS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"Act" means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time, and any successor to such statute.

"Additional Limited Partner" means a Person admitted to the Partnership as a Limited Partner pursuant to Section 12.2 hereof and who is shown as such on the books and records of the Partnership.

"Adjusted Capital Account" means the Capital Account maintained for each Partner as of the end of each Partnership Year (i) increased by any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) and (ii) decreased by the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Capital Account Deficit" means, with respect to any Partner, the deficit balance, if any, in such Partner's Adjusted Capital Account as of the end of the relevant Partnership Year.

"Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Exhibit B hereto.

"Adjustment Date" has the meaning set forth in Section 4.2.B hereof.

"Affiliate" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting interests of such Person, (iii) any Person of which such Person owns or controls ten percent (10%) or more of the voting interests or (iv) any officer, director, general partner or trustee of such Person or any Person referred to in clauses (i), (ii), and (iii) above. For purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Affiliated Transferee" means, with respect to any Limited Partner, a member of such Limited Partner's Immediate Family, a trust formed solely for the benefit of such Limited Partner and/or members of such Limited Partner's Immediate Family, or any partnership, limited liability company, joint venture, corporation or other business entity all of the interests in which are, and remain, directly or indirectly owned and controlled solely by such Limited Partner and/or members of such Limited Partner's Immediate Family, and if the Limited Partner is an entity and owned Partnership Units on the Effective Date, Persons who, as of the Effective Date, directly or indirectly owned interests in or were beneficiaries of such Limited Partner and continue to own such interests (or be beneficiaries) at the time of the proposed transfers or any Affiliated Transferee of such Persons.

"Agreed Value" means (i) in the case of any Contributed Property contributed to the Partnership as part of or in connection with the Consolidation, the amount set forth on Exhibit E attached hereto as the Agreed

Value of such Property; (ii) in the case of any other Contributed Property, the 704(c) Value of such property as of the time of its contribution to the Partnership, reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed; and (iii) in the case of any property distributed to a Partner by the Partnership, the Partnership's Carrying Value of such property at the time such property is distributed, reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of distribution as determined under Section 752 of the Code and the regulations thereunder.

"Agreement" means this First Amended and Restated Agreement of Limited Partnership, as it may be amended, supplemented or restated from time to time.

"Assignee" means a Person to whom one or more Partnership Units have been transferred in a manner permitted under this Agreement, but who has not become a Substituted Limited Partner, and who has the rights set forth in Section 11.5 hereof.

"Bankruptcy" with respect to any Person shall be deemed to have occurred when (a) the Person commences a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Person is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Person, (c) the Person executes and delivers a general assignment for the benefit of the Person's creditors, (d) the Person files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Person in any proceeding of the nature described in clause (b) above, (e) the Person seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Person or for all or any substantial part of the Person's properties, (f) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within one hundred twenty (120) days after the commencement thereof, (g) the appointment without the Person's consent or acquiescence of a trustee, receiver of liquidator has not been vacated or stayed within ninety (90) days of such appointment or (h) an appointment referred to in clause (g) is not vacated within ninety (90) days after the expiration of any such stay.

"Book-Tax Disparities" means, with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Exhibit B hereto and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained, with respect to each such Contributed Property or Adjusted Property, strictly in accordance with federal income tax accounting principles.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"Capital Account" means the Capital Account maintained for a Partner pursuant to Exhibit B hereto.

"Capital Contribution" means, with respect to any Partner, any cash, cash equivalents or the Agreed Value of Contributed Property which such Partner contributes or is deemed to contribute to the Partnership pursuant to Section 4.1 or 4.2 hereof.

"Carrying Value" means (i) with respect to a Contributed Property or Adjusted Property, the 704(c) Value of such property reduced (but not below zero) by all Depreciation with respect to such Contributed Property or Adjusted Property, as the case may be, charged to the Partners' Capital Accounts and (ii) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Exhibit B hereto, and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"Cash Amount" means an amount of cash equal to the Value on the Valuation Date of the Shares Amount, subject to Section 8.6.A(iv).

"Certificate" means the Certificate of Limited Partnership of the Partnership filed in the office of the Delaware Secretary of State on October 2, 1996, as amended by a Certificate of Amendment filed in Delaware on November 8, 1996, and as further amended from time to time in accordance with the terms hereof and the Act.

"Charter Documents" has the meaning set forth in Section 7.11.D hereof.

"Class A Unit" means any Partnership Unit that is not specifically designated by the General Partner as being of another specified class of Partnership Units.

"Class B Unit" means a Partnership Unit that is specifically designated by the General Partner as being a Class B Unit.

"Class C Accumulated Amount" has the meaning set forth in Section 4.2.D(i).

"Class C Preferential Distribution" has the meaning set forth in Section 5.1.B.

"Class C Unit" means any Partnership Unit that is specifically designated by the General Partner as being a Class C Unit.

"Class D/E Accumulated Amount" has the meaning set forth in Section 4.2.D(ii).

"Class D/E Preferential Distribution" has the meaning set forth in Section 5.1.B.

"Class D Unit" means a Partnership Unit that is specifically designated by the General Partner as being a Class D Unit.

"Class E Unit" means any Partnership Unit that is specifically designated by the General Partner as being a Class E Unit.

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time, as interpreted by the applicable regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Common Partnership Unit" means any Class A, Class B, Class C, Class D and Class E Unit and any other Partnership Unit that is not a Preference Unit.

"Consent" means the consent or approval of a proposed action by a Partner given in accordance with Section 14.2 hereof.

"Consent of Certain Limited Partners" means Consent of the holders of 75% in the aggregate of the Two Penn Plaza Units, the Eleven Penn Plaza Units, and the 866 U.N. Plaza Units, collectively considered as one group, provided that:

(A) if:

(i) there has been a prior transaction involving the Two Penn Plaza Property, the Eleven Penn Plaza Property, or the 866 U.N. Plaza Property, as the case may be, that has been approved by the holders of the Two Penn Plaza Units, the Eleven Penn Plaza Units, or the 866 U.N. Plaza Units, as the case may be, pursuant to Section 7.11.C(1), 7.11.C(2) or 7.11.C(3), as applicable, and

(ii) no holder of Two Penn Plaza Units, Eleven Penn Plaza Units, or 866 U.N. Plaza Units, as applicable with respect to a transaction involving Two Penn Plaza, Eleven Penn Plaza or 866 U.N. Plaza, respectively, would recognize gain for federal income tax purposes with respect to (but only with respect to) such Partnership Units in excess of $1.00 as a result of the sale or other disposition of all such Partnership Units for $1.00 (that is, no Limited Partner has a "negative capital account" with respect to such Partnership Units),

then the "Certain Limited Partners" shall not be considered to include the holders of such Partnership Units; and

(B) if any holder of Two Penn Plaza Units, Eleven Penn Plaza Units or 866 U.N. Plaza Units, as applicable, has received from the Partnership the payment described in Section 7.11.C(7) in respect of such Partnership Units, and the amount of such payment is, at the time that it is made, equal to the full amount that would be payable under Section 7.11.C(7) with respect to such Partnership Units if the Two Penn Plaza Property, the Eleven Penn Plaza Property, or the 866 U.N. Plaza Property, as applicable, were to have been sold on such date for its market value, then the "Certain Limited Partners" shall not include such holder.

"Consent of the Outside Limited Partners" means the Consent of Limited Partners (excluding for this purpose any Limited Partnership Interests held by the General Partner, any Person of which the General Partner owns or controls

more than fifty percent (50%) of the voting interests and any Person owning or controlling, directly or indirectly, more than fifty percent (50%) of the outstanding voting interests of the General Partner) holding Percentage Interests regardless of class that are greater than fifty percent (50%) of the aggregate Percentage Interest of all Limited Partners of all classes taken together who are not excluded for the purposes hereof.

"Consolidation" means the transactions whereby the Partnership will acquire all or substantially all of the interests in the assets currently owned by the General Partner, interests in certain office properties located in midtown Manhattan, and certain property management businesses that provide services to those office properties and to other properties in the New York metropolitan area, in exchange for Partnership Units, all as described in a Master Consolidation Agreement dated as of March 12, 1997 among the General Partner, Vornado Sub, the Partnership and the other entities named therein.

"Consolidation Transaction" has the meaning set forth in Section 7.11.C(6) hereof.

"Contributed Property" means each property or other asset contributed to the Partnership, in such form as may be permitted by the Act, but excluding cash contributed or deemed contributed to the Partnership. Once the Carrying Value of a Contributed Property is adjusted pursuant to Exhibit B hereto, such property shall no longer constitute a Contributed Property for purposes of Exhibit B hereto, but shall be deemed an Adjusted Property for such purposes.

"Conversion Factor" means 1.0; provided that in the event that the General Partner Entity (i) declares (and the applicable record date has passed or will have passed before a redeeming Partner would receive cash or Common Shares in respect of the Partnership Units being redeemed) or pays a dividend on its outstanding Shares in Shares or makes a distribution to all holders of its outstanding Shares in Shares, (ii) subdivides its outstanding Shares or (iii) combines its outstanding Shares into a smaller number of Shares, the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which shall be the number of Shares issued and outstanding on the record date for such dividend, distribution, subdivision or combination (assuming for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time) and the denominator of which shall be the actual number of Shares (determined without the above assumption) issued and outstanding on the record date for such dividend, distribution, subdivision or combination; and provided further that in the event that an entity shall cease to be the General Partner Entity (the "Predecessor Entity") and another entity shall become the General Partner Entity (the "Successor Entity"), the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which is the Value of one Share of the Predecessor Entity, determined as of the time immediately prior to when the Successor Entity becomes the General Partner Entity, and the denominator of which is the Value of one Share of the Successor Entity, determined as of that same date. (For purposes of the second proviso in the preceding sentence, in the event that any shareholders of the Predecessor Entity will receive consideration in connection with the transaction in which the Successor Entity becomes the General Partner Entity, the numerator in the fraction described above for determining the adjustment to the Conversion Factor (that is, the Value of one Share of the Predecessor Entity) shall be the sum of the greatest amount of cash and the fair market value of any securities and other consideration that the holder of one Share in the Predecessor Entity could have received in such transaction (determined without regard to any provisions governing fractional shares).) Any adjustment to the

Conversion Factor shall become effective immediately after the effective date of such event retroactive to the record date, if any, for the event giving rise thereto; it being intended that (x) adjustments to the Conversion Factor are to be made in order to avoid unintended dilution or anti-dilution as a result of transactions in which Shares are issued, redeemed or exchanged without a corresponding issuance, redemption or exchange of Partnership Units and (y) if a Specified Redemption Date shall fall between the record date and the effective date of any event of the type described above, that the Conversion Factor applicable to such redemption shall be adjusted to take into account such event.

"Convertible Funding Debt" has the meaning set forth in Section 7.5.F hereof.

"Debt" means, as to any Person, as of any date of determination, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, (ii) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person, (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person's interest in such property, even though such Person has not assumed or become liable for the payment thereof, and (iv) obligations of such Person incurred in connection with entering into a lease which, in accordance with generally accepted accounting principles, should be capitalized.

"Declaration of Trust" means the Declaration of Trust or other similar organizational document governing the General Partner, as amended, supplemented or restated from time to time.

"Deemed Partnership Interest Value" means, as of any date with respect to any class of Partnership Interests, the Deemed Value of the Partnership Interest of such class multiplied by the applicable Partner's Percentage Interest of such class.

"Deemed Value of the Partnership Interest" means, as of any date with respect to any class of Partnership Interests, (a) if the common shares of beneficial interest (or other comparable equity interests) of the General Partner are Publicly Traded (i) the total number of shares of beneficial interest (or other comparable equity interest) of the General Partner corresponding to such class of Partnership Interest (as provided for in Section 4.2.B hereof) issued and outstanding as of the close of business on such date (excluding any treasury shares) multiplied by the Value of a share of such beneficial interest (or other comparable equity interest) on such date divided by (ii) the Percentage Interest of the General Partner in such class of Partnership Interests on such date, and (b) otherwise, the aggregate Value of such class of Partnership Interests determined as set forth in the fourth and fifth sentences of the definition of Value.

"Depreciation" means, for each fiscal year, an amount equal to the federal income tax depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such year, except that if the Carrying Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Carrying Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Carrying Value using any reasonable method selected by the General Partner.

"866 U.N. Plaza Associates" means 866 United Nations Plaza Associates LLC, a New York limited liability company.

"866 U.N. Plaza Property" has the meaning set forth in Section 7.11.C hereof.

"866 U.N. Plaza Units" has the meaning set forth in Section 7.11.C hereof.

"Effective Date" means the date of the closing of the Consolidation.

"Eleven Penn Partnerships" means M/F Associates, a New York limited partnership, M/F Eleven Associates, a New York limited partnership, M/S Associates, a New York limited partnership, and M/S Eleven Associates, a New York limited partnership.

"Eleven Penn Plaza Property" has the meaning set forth in Section 7.11.C hereof.

"Eleven Penn Plaza Units" has the meaning set forth in Section 7.11.C hereof.

"Equity Merger" has the meaning set forth in Section 7.11.D hereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchanged Property" has the meaning set forth in Section 7.11.C hereof.

"Funding Debt" means the incurrence of any Debt by or on behalf of the General Partner for the purpose of providing funds to the Partnership.

"Funds From Operations" shall mean, with respect to any period, the General Partner's "funds from operations," calculated in a manner consistent with the calculation of such measure as it is used in the General Partner's consolidated financial statements appearing in its most recent public filing on Form 10-K or Form 10-Q (whichever is more recent).

"FW/Mendik LLC" means FW/Mendik REIT, L.L.C., a Delaware limited liability company.

"General Partner" means Vornado Realty Trust, a Maryland real estate investment trust, or its successors as general partner of the Partnership.

"General Partner Entity" means the General Partner; provided, however, that if (i) the common shares of beneficial interest (or other comparable equity

interests) of the General Partner are at any time not Publicly Traded and (ii) the shares of common stock (or other comparable equity interests) of an entity that owns, directly or indirectly, fifty percent (50%) or more of the common shares of beneficial interest (or other comparable equity interests) of the General Partner are Publicly Traded, the term "General Partner Entity" shall refer to such entity whose shares of common stock (or other comparable equity securities) are Publicly Traded. If both requirements set forth in clauses (i) and (ii) above are not satisfied, then the term "General Partner Entity" shall mean the General Partner.

"General Partner Payment" has the meaning set forth in Section 15.14 hereof.

"General Partnership Interest" means a Partnership Interest held by the General Partner that is a general partnership interest. A General Partnership Interest may be expressed as a number of Partnership Units.

"Immediate Family" means, with respect to any natural Person, such natural Person's spouse, parents, descendants, nephews, nieces, brothers and sisters.

"Incapacity" or "Incapacitated" means, (i) as to any individual Partner, death, total physical disability or entry by a court of competent jurisdiction adjudicating such Partner incompetent to manage his or her Person or estate, (ii) as to any corporation which is a Partner, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter, (iii) as to any partnership which is a Partner, the dissolution and

commencement of winding up of the partnership, (iv) as to any estate which is a Partner, the distribution by the fiduciary of the estate's entire interest in the Partnership, (v) as to any trustee of a trust which is a Partner, the termination of the trust (but not the substitution of a new trustee) or (vi) as to any Partner, the Bankruptcy of such Partner.

"Indemnitee" means (i) any Person made a party to a proceeding or threatened with being made a party to a proceeding by reason of its status as (A) the General Partner, (B) a Limited Partner or (C) an officer of the Partnership (or any Subsidiary or other entity in which the Partnership owns an equity interest) or a trustee/director, officer or shareholder of the General Partner or the General Partner Entity (or any Subsidiary or other entity in which the General Partner owns an equity interest (so long as the General Partner's ownership of an interest in such entity is not prohibited by Section 7.5.A) or for which the General Partner, acting on behalf of the Partnership, requests the trustee/director, officer or shareholder to serve as a director, officer, trustee or agent, including serving as a trustee of an employee benefit plan) and (ii) such other Persons (including Affiliates of the General Partner, a Limited Partner or the Partnership) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability), in its sole and absolute discretion.

"IRS" means the Internal Revenue Service, which administers the internal revenue laws of the United States.

"Limited Partner" means any Person named as a Limited Partner in Exhibit A attached hereto, as such Exhibit may be amended and restated from time to time, or any Substituted Limited Partner or Additional Limited Partner, in such Person's capacity as a Limited Partner in the Partnership.

"Limited Partnership Interest" means a Partnership Interest of a Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Limited Partnership Interest may be expressed as a number of Partnership Units.

"Liquidating Event" has the meaning set forth in Section 13.1 hereof.

"Liquidating Transaction" has the meaning set forth in Section 7.11.C hereof.

"Liquidator" has the meaning set forth in Section 13.2.A hereof.

"Majority in Interest" means Partners (excluding the General Partner) who hold more than fifty percent (50%) of the outstanding Percentage Interests not held by the General Partner.

"Mendik Owner" means, with respect to Bernard H. Mendik or David R. Greenbaum, as applicable, any member of his Immediate Family and any trust formed solely for the benefit of him and/or members of his Immediate Family, or any partnership, limited liability company, joint venture, corporation or other business entity all of the interests in which are, and remain, owned and controlled solely by him and/or members of his Immediate Family.

"Net Income" means, for any taxable period, the excess, if any, of the

Partnership's items of income and gain for such taxable period over the Partnership's items of loss and deduction for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with Exhibit B hereto. If an item of income, gain, loss or deduction that has been included in the initial computation of Net Income is subjected to the special allocation rules in Exhibit C hereto, Net Income or the resulting Net Loss, whichever the case may be, shall be recomputed without regard to such item.

"Net Loss" means, for any taxable period, the excess, if any, of the Partnership's items of loss and deduction for such taxable period over the Partnership's items of income and gain for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with Exhibit B. If an item of income, gain, loss or deduction that has been included in the initial computation of Net Loss is subjected to the special allocation rules in Exhibit C hereto, Net Loss or the resulting Net Income, whichever the case may be, shall be recomputed without regard to such item.

"New Securities" means (i) any rights, options, warrants or convertible or exchangeable securities having the right to subscribe for or purchase shares of beneficial interest (or other comparable equity interest) of the General Partner, excluding grants under any Stock Option Plan, or (ii) any Debt issued by the General Partner that provides any of the rights described in clause (i).

"Non-Class D/E Units" has the meaning set forth in Section 5.1(B)(vii).

"Nonrecourse Built-in Gain" means, with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or negative pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Section 2.B of Exhibit C hereto if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

"Nonrecourse Liability" has the meaning set forth in Regulations Section 1.752-1(a)(2).

"Notice of Redemption" means a Notice of Redemption substantially in the form of Exhibit D attached hereto.

"Partner" means the General Partner or a Limited Partner, and "Partners" means the General Partner and the Limited Partners.

"Partner Minimum Gain" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

"Partner Nonrecourse Debt" has the meaning set forth in Regulations Section 1.704-2(b)(4).

"Partner Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

"Partnership" means the limited partnership formed under the Act and continued upon the terms and conditions set forth in this Agreement, and any successor thereto.

"Partnership Interest" means a Limited Partnership Interest or the General Partnership Interest, as the context requires, and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Partnership Interest may be expressed as a number of Partnership Units.

"Partnership Minimum Gain" has the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

"Partnership Record Date" means the record date established by the General Partner either (i) for the making of any distribution pursuant to Section 5.1 hereof, which record date shall be the same as the record date established by the General Partner Entity for a distribution to its shareholders of some or all of its portion of such distribution received by the General

Partner if the shares of common stock (or comparable equity interests) of the General Partner Entity are Publicly Traded, or (ii) if applicable, for determining the Partners entitled to vote on or consent to any proposed action for which the consent or approval of the Partners is sought pursuant to Section 14.2 hereof.

"Partnership Unit" means a fractional, undivided share of the Partnership Interests of all Partners issued pursuant to Sections 4.1 and 4.2 hereof, and includes Class A Units, Class B Units, Class C Units, Class D Units, Class E Units and any other classes or series of Partnership Units established after the date hereof. The number of Partnership Units outstanding and the Percentage Interests in the Partnership represented by such Partnership Units are set forth in Exhibit A hereto, as such Exhibit may be amended and restated from time to time. The ownership of Partnership Units may be evidenced by a certificate in a form approved by the General Partner.

"Partnership Year" means the fiscal year of the Partnership.

"Percentage Interest" means, as to a Partner holding a Partnership Interest of any class issued hereunder, its interest in such class, determined by dividing the Partnership Units of such class owned by such Partner by the total number of Partnership Units of such class then outstanding as specified in Exhibit A attached hereto, as such exhibit may be amended and restated from time to time, multiplied by the aggregate Percentage Interest allocable to such class of Partnership Interests. For such time or times as the Partnership shall at any time have outstanding more than one class of Partnership Interests, the Percentage Interest attributable to each class of Partnership Interests shall be determined as set forth in Section 4.2.B hereof.

"Person" means a natural person, partnership (whether general or limited), trust, estate, association, corporation, limited liability company, unincorporated organization, custodian, nominee or any other individual or entity in its own or any representative capacity.

"Predecessor Entity" has the meaning set forth in the definition of "Conversion Factor" herein.

"Preference Units" has the meaning set forth in Section 4.2.E.

"Publicly Traded" means listed or admitted to trading on the New York Stock Exchange, the American Stock Exchange or another national securities exchange or designated for quotation on the NASDAQ National Market, or any successor to any of the foregoing.

"Qualified REIT Subsidiary" means any Subsidiary of the General Partner that is a "qualified REIT subsidiary" within the meaning Section 856(i) of the Code. Except as otherwise specifically provided herein, a Qualified REIT Subsidiary of the General Partner that holds as its only assets direct and/or indirect interests in the Partnership will not be treated as an entity separate from the General Partner.

"Recapture Income" means any gain recognized by the Partnership (computed without regard to any adjustment required by Section 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

"Redeeming Partner" has the meaning set forth in Section 8.6.A hereof.

"Redemption Amount" means either the Cash Amount or the Shares Amount, as determined by the General Partner in its sole and absolute discretion; provided that in the event that the Shares are not Publicly Traded at the time a Redeeming Partner exercises its Redemption Right, the Redemption Amount shall be paid only in the form of the Cash Amount unless the Redeeming Partner, in its sole and absolute discretion, consents to payment of the Redemption Amount in the form of the Shares Amount; provided further, the foregoing is subject to Section 8.6.A(iv). A Redeeming Partner shall have no right, without the General Partner's consent, in its sole and absolute discretion, to receive the Redemption Amount in the form of the Shares Amount.

"Redemption Right" has the meaning set forth in Section 8.6.A hereof.

"Regulations" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"REIT" means a real estate investment trust under Section 856 of the Code.

"REIT Expenses" shall mean (i) costs and expenses relating to the continuity of existence of the General Partner and any Person in which the General Partner owns an equity interest, to the extent not prohibited by Section 7.5.A (and excluding expenses relating to any Person in which the General Partner acquired an interest with the Consent of the Outside Limited Partners,

unless the Consent of the Outside Limited Partners has been obtained to include such expenses within the definition of "REIT Expenses"), other than the Partnership (which Persons shall, for purposes of this definition, be included within the definition of "General Partner"), including taxes, fees and assessments associated therewith (other than federal, state or local income taxes imposed upon the General Partner as a result of the General Partner's failure to distribute to its shareholders an amount equal to its taxable income), any and all costs, expenses or fees payable to any trustee or director of the General Partner or such Persons, (ii) costs and expenses relating to any offer or registration of securities by the General Partner (the proceeds of which will be contributed or advanced to the Partnership) and all statements, reports, fees and expenses incidental thereto, including underwriting discounts and selling commissions applicable to any such offer of securities, (iii) costs and expenses associated with the preparation and filing of any periodic reports by the General Partner under federal, state or local laws or regulations, including filings with the SEC, (iv) costs and expenses associated with compliance by the General Partner with laws, rules and regulations promulgated by any regulatory body, including the Securities and Exchange Commission, and (v) all other operating or administrative costs of the General Partner incurred in the ordinary course of its business; provided, however, that any of the foregoing expenses that are determined by the General Partner to be expenses relating to the ownership and operation of, or for the benefit of, the Partnership shall be treated, subject to Section 7.4.E hereof, as reimbursable expenses under Section 7.4.B hereof rather than as "REIT Expenses".

"REIT Requirements" has the meaning set forth in Section 5.1.A hereof.

"Replacement Property" has the meaning set forth in Section 7.11.C hereof.

"Residual Gain" or "Residual Loss" means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Section 2.B.1(a) or 2.B.2(a) of Exhibit C hereto to eliminate Book-Tax Disparities.

"Restricted Partner" means any of FW/Mendik LLC, Bernard H. Mendik, David R. Greenbaum, any Mendik Owner and any other Person identified on Exhibit F hereto.

"Safe Harbors" has the meaning set forth in Section 11.6.F hereof.

"Securities Act" means the Securities Act of 1933, as amended.

"704(c) Value" of any Contributed Property means the fair market value of such property at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt. Subject to Exhibit B hereto, the General Partner shall, in its sole and absolute discretion, use such method as it deems reasonable and appropriate to allocate the aggregate of the 704(c) Values of Contributed Properties in a single or integrated transaction among each separate property on a basis proportional to their fair market values. The 704(c) Values of the Contributed Properties contributed to the Partnership as part of or in connection with the Consolidation are set forth on Exhibit E attached hereto.

"Share" means a share of beneficial interest (or other comparable equity interest) of the General Partner Entity. Shares may be issued in one or more classes or series in accordance with the terms of the Declaration of Trust (or, if the General Partner is not the General Partner Entity, the organizational documents of the General Partner Entity). In the event that there is more than one class or series of Shares, the term "Shares" shall, as the context requires, be deemed to refer to the class or series of Shares that correspond to the class or series of Partnership Interests for which the reference to Shares is made. When used with reference to Class A Units, Class C Units, Class D Units or Class E Units, the term "Shares" refers to common shares of beneficial interest (or other comparable equity interest) of the General Partner Entity.

"Shares Amount" means a number of Shares equal to the product of the number of Partnership Units offered for redemption by a Redeeming Partner times the Conversion Factor; provided, that in the event the General Partner Entity issues to all holders of Shares rights, options, warrants or convertible or exchangeable securities entitling such holders to subscribe for or purchase Shares or any other securities or property (collectively, the "rights"), then the Shares Amount shall also include such rights that a holder of that number of Shares would be entitled to receive; and provided, further, that the Shares Amount shall be adjusted pursuant to Section 7.5 hereof in the event that the General Partner acquires material assets other than on behalf of the Partnership.

"Specified Redemption Date" means the tenth Business Day after receipt by the General Partner of a Notice of Redemption; provided, that if the Shares are not Publicly Traded, the Specified Redemption Date means the thirtieth

Business Day after receipt by the General Partner of a Notice of Redemption.

"Stock Option Plan" means any share or stock incentive plan or similar compensation arrangement (including, without limitation, any arrangement whereby the Partnership or the General Partner delivers Units or shares of capital stock of the General Partner into a "rabbi trust") of the General Partner, the Partnership or any Affiliate of the Partnership or the General Partner, as the context may require.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership or joint venture, or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

"Substituted Limited Partner" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.4 hereof.

"Successor Entity" has the meaning set forth in the definition of "Conversion Factor" herein.

"Successor Partnership" has the meaning set forth in Section 7.11.C hereof.

"Tenant" means any tenant from which the General Partner derives rent, either directly or indirectly through limited liability companies or partnerships, including the Partnership, or through any Qualified REIT Subsidiary.

"Terminating Capital Transaction" means any sale or other disposition of all or substantially all of the assets of the Partnership for cash or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the Partnership for cash.

"Termination Transaction" has the meaning set forth in Section 11.2.B hereof.

"Title 8" means Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland.

"Transferred Property" has the meaning set forth in Section 7.11.C. hereof.

"Two Penn Plaza Associates" means Two Penn Plaza Associates, L.P., a New York limited partnership.

"Two Penn Plaza Property" has the meaning set forth in Section 7.11.C hereof.

"Two Penn Plaza Units" has the meaning set forth in Section 7.11.C hereof.

"Unrealized Gain" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (i) the fair market value of such property (as determined under Exhibit B hereto) as of such date, over (ii) the Carrying Value of such property (prior to any adjustment to be made pursuant to Exhibit B hereto) as of such date.

"Unrealized Loss" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (i) the Carrying Value of such property (prior to any adjustment to be made pursuant to Exhibit B hereto) as of such date, over (ii) the fair market value of such property (as determined under Exhibit B hereto) as of such date.

"Valuation Date" means the date of receipt by the General Partner of a Notice of Redemption or, if such date is not a Business Day, the first Business Day thereafter.

"Value" means, with respect to any outstanding Shares of the General Partner Entity that are Publicly Traded, the average of the daily market price for the ten (10) consecutive trading days immediately preceding the date with respect to which value must be determined or, if such day is not a Business Day, the immediately preceding Business Day. The market price for each such trading day shall be the closing price, regular way, on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices on such day. In the event that the outstanding Shares of the General Partner Entity are Publicly Traded and the Shares Amount includes rights that a holder of Shares would be entitled to receive, then the Value of such rights shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. In the event that the Shares of the General Partner Entity are not Publicly Traded, the Value of the Shares Amount per Partnership Unit offered for redemption (which will be the Cash Amount per Partnership Unit offered for redemption

payable pursuant to Section 8.6.A hereof) means the amount that a holder of one Partnership Unit would receive if each of the assets of the Partnership were to be sold for its fair market value on the Specified Redemption Date, the Partnership were to pay all of its outstanding liabilities, and the remaining proceeds were to be distributed to the Partners in accordance with the terms of this Agreement. Such Value shall be determined by the General Partner, acting in good faith and based upon a commercially reasonable estimate of the amount that would be realized by the Partnership if each asset of the Partnership (and each asset of each partnership, limited liability company, joint venture or other entity in which the Partnership owns a direct or indirect interest) were sold to an unrelated purchaser in an arms' length transaction where neither the purchaser nor the seller were under economic compulsion to enter into the transaction (without regard to any discount in value as a result of the Partnership's minority interest in any property or any illiquidity of the Partnership's interest in any property). In connection with determining the Deemed

Value of the Partnership Interest for purposes of determining the number of additional Partnership Units issuable upon a Capital Contribution funded by an underwritten public offering of shares of beneficial interest (or other comparable equity interest) of the General Partner, the Value of such shares shall be the public offering price per share of such class of beneficial interest (or other comparable equity interest) sold.

"Vornado Sub" means Vornado/Saddle Brook L.L.C., a Delaware limited liability company and a wholly-owned subsidiary of the General Partner.

ARTICLE II
ORGANIZATIONAL MATTERS

Section 2.1 Organization

The Partnership is a limited partnership organized pursuant to the provisions of the Act and upon the terms and conditions set forth in the Prior Agreement. The Partners hereby continue the Partnership and amend and restate the Prior Agreement in its entirety. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.2 Name

The name of the Partnership is Vornado Realty L.P. The Partnership's business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

Section 2.3 Registered Office and Agent; Principal Office

The address of the registered office of the Partnership in the State of Delaware shall be located at Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be Corporation Trust Company. The principal office of the Partnership shall be Vornado Realty L.P., Park 80 West, Plaza II, Saddle Brook, New Jersey 07663, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

Section 2.4 Term

The term of the Partnership commenced on October 2, 1996, the date on which the Certificate was filed in the office of the Secretary of State of the State of Delaware in accordance with the Act, and shall continue until December 31, 2095 (as such date may be extended by the General Partner in its sole discretion), unless it is dissolved sooner pursuant to the provisions of Article XIII hereof or as otherwise provided by law.

ARTICLE III
PURPOSE

Section 3.1 Purpose and Business

The purpose and nature of the business to be conducted by the

Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act; provided, however, that such business shall be limited to and conducted in such a manner as to permit the General Partner Entity (or the General Partner, as applicable) at all times to be classified as a REIT and avoid the imposition of federal income and excise taxes on the General Partner Entity (or the General Partner, as applicable), unless the General Partner Entity (or the General Partner, as applicable) ceases to qualify, or is not qualified, as a REIT for any reason or reasons; (ii) to enter into any partnership, joint venture, limited liability company or other similar arrangement to engage in any of the foregoing or the ownership of interests in any entity engaged, directly or indirectly, in any of the foregoing; and (iii) to do anything necessary or incidental to the foregoing. In connection with the foregoing, the Limited Partners acknowledge that the status of the General Partner Entity (or the General Partner, as applicable) as a REIT and the avoidance of federal income and excise taxes on the General Partner Entity (or the General Partner, as applicable) inures to the benefit of all the Partners and not solely the General Partner or its Affiliates. Notwithstanding the foregoing, the Limited Partners acknowledge and agree that the General Partner Entity (or the General Partner, as applicable) may terminate its status as a REIT under the Code at any time to the full extent permitted under the Declaration of Trust.

Section 3.2 Powers

The Partnership shall have full power and authority to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership, including, without limitation, directly or through its ownership interest in other entities, to enter into, perform and carry out contracts of any kind, borrow money and issue evidences of indebtedness whether or not secured by mortgage, deed of trust, pledge or other lien, acquire, own, manage, improve and develop real property, and lease, sell, transfer and dispose of real property; provided, however, that the Partnership shall not take, or refrain from taking, any action which, in the judgment of the General Partner, in its sole and absolute discretion, (i) could adversely affect the ability of the General Partner Entity (or the General Partner, as applicable) to continue to qualify as a REIT, (ii) could subject the General Partner Entity (or the General Partner, as applicable) to any additional taxes under Section 857 or Section 4981 of the Code or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over the General Partner Entity (or the General Partner, if different) or its securities, unless such action (or inaction) shall have been specifically consented to by the General Partner in writing.

Section 3.3 Partnership Only for Purposes Specified

The Partnership shall be a partnership only for the purposes specified in Section 3.1 above, and this Agreement shall not be deemed to create a partnership among the Partners with respect to any activities whatsoever other than the activities within the purposes of the Partnership as specified in Section 3.1 above.

ARTICLE IV
CAPITAL CONTRIBUTIONS AND ISSUANCES
OF PARTNERSHIP INTERESTS

Section 4.1 Capital Contributions of the Partners

A. Capital Contributions to the Partnership on the Effective Date. The Mendik Company, Inc. and FW/Mendik LLC previously made Capital Contributions to the Partnership. Immediately prior to the Effective Date, the Partnership was recapitalized and FW/Mendik LLC was issued Class D Units as the sole Limited Partner of the Partnership and The Mendik Company, Inc. was issued Class D Units as the then general partner of the Partnership, which Units will be subject to Section 4.2.D(iii). On the Effective Date and concurrently with the execution of this Agreement: (i) the General Partner and certain other Persons are making additional Capital Contributions to the Partnership in connection with the Consolidation; (ii) the General Partner is being admitted to the Partnership as a general partner; and immediately thereafter the General Partnership Interest held by The Mendik Company, Inc. is being converted to a Limited Partnership Interest. Thereafter, the General Partner will complete Exhibit A hereto to reflect the Capital Contributions made by each Partner, the number of Partnership Units (by class) held by each Partner and the Percentage Interest in the Partnership represented by such Partnership Units. The Capital Accounts of the Partners and the Carrying Values of the Partnership's Assets shall be determined as of the Effective Date pursuant to Section I.D of Exhibit B hereto to reflect the Capital Contributions made prior to and on the Effective Date.

B. General Partnership Interest. A number of Partnership Units held by the General Partner equal to one percent (1%) of all outstanding Partnership Units shall be deemed to be the General Partner Partnership Units and shall be the General Partnership Interest. All other Partnership Units held by the General Partner shall be Limited Partnership Interests and shall be held by the

General Partner in its capacity as a Limited Partner in the Partnership.

C. Capital Contributions By Merger. To the extent the Partnership acquires any property by the merger of any other Person into the Partnership, Persons who receive Partnership Interests in exchange for their interests in the Person merging into the Partnership shall become Partners and shall be deemed to have made Capital Contributions as provided in the applicable merger agreement and as set forth in Exhibit A hereto.

D. No Obligation to Make Additional Capital Contributions. Except as provided in Sections 7.5 and 10.5 hereof, the Partners shall have no obligation to make any additional Capital Contributions or provide any additional funding to the Partnership (whether in the form of loans, repayments of loans or otherwise). No Partner shall have any obligation to restore any deficit that may exist in its Capital Account, either upon a liquidation of the Partnership or otherwise.

Section 4.2 Issuances of Partnership Interests

A. General. The General Partner is hereby authorized to cause the Partnership from time to time to issue to Partners (including the General Partner and its Affiliates) or other Persons (including, without limitation, in connection with the contribution of property to the Partnership) Partnership Units or other Partnership Interests in one or more classes, or in one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties senior to Limited Partnership Interests, all as shall be determined, subject to applicable Delaware law, by the General Partner in its sole and absolute discretion, including, without limitation, (i) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests, (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions and (iii) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; provided that, no such Partnership Units or other Partnership Interests shall be issued (x) to the General Partner unless either (a) the Partnership Interests

are issued in connection with the grant, award or issuance of Shares or other equity interests in the General Partner having designations, preferences and other rights such that the economic interests attributable to such Shares or other equity interests are substantially similar to the designations, preferences and other rights (except voting rights) of the additional Partnership Interests issued to the General Partner in accordance with this Section 4.2.A, or (b) the Partnership Interests are issued to all Partners holding Partnership Interests in the same class in proportion to their respective Percentage Interests in such class or (c) the Partnership Interests are issued in connection with a Termination Transaction or a transaction in which another person is merged, combined or consolidated with or into the General Partner and in exchange for the transfer or contribution of all or substantially all of the assets of such other person by the General Partner to the Partnership, or (y) to any Person in violation of Section 4.2.E. In the event that the Partnership issues Partnership Interests pursuant to this Section 4.2.A, the General Partner shall make such revisions to this Agreement (including but not limited to the revisions described in Section 5.4, Section 6.2 and Section 8.6 hereof) as it deems necessary to reflect the issuance of such additional Partnership Interests.

B. Percentage Interest Adjustments in the Case of Capital Contributions for Partnership Units. Upon the acceptance of additional Capital Contributions in exchange for Partnership Units, the Percentage Interest related thereto shall be equal to a fraction, the numerator of which is equal to the amount of cash, if any, plus the Agreed Value of Contributed Property, if any, contributed with respect to such additional Partnership Units and the denominator of which is equal to the sum of (i) the Deemed Value of the Partnership Interests for all outstanding classes (computed as of the Business Day immediately preceding the date on which the additional Capital Contributions are made (such contribution date being referred to as an "Adjustment Date")) plus (ii) the aggregate amount of additional Capital Contributions contributed to the Partnership on such Adjustment Date in respect of such additional Partnership Units. The Percentage Interest of each other Partner holding Partnership Interests not making a full pro rata Capital Contribution shall be adjusted to a fraction the numerator of which is equal to the sum of (i) the Deemed Partnership Interest Value of such Limited Partner (computed as of the Business Day immediately preceding the Adjustment Date) plus (ii) the amount of additional Capital Contributions (such amount being equal to the amount of cash, if any, plus the Agreed Value of Contributed Property, if any, so contributed), if any, made by such Partner to the Partnership in respect of such Partnership Interest as of such Adjustment Date and the denominator of which is equal to the sum of (i) the Deemed Value of the Partnership Interests of all outstanding classes (computed as of the Business Day immediately preceding such Adjustment Date) plus (ii) the aggregate amount of the additional Capital Contributions contributed to the Partnership on such Adjustment Date in respect of such additional Partnership Interests. For purposes of calculating a Partner's Percentage Interest pursuant to this Section 4.2.B, cash Capital Contributions by the General Partner will be deemed to equal

the cash contributed by the General Partner plus (a) in the case of cash contributions funded by an offering of any equity interests in or other securities of the General Partner, the offering costs attributable to the cash contributed to the Partnership, and (b) in the case of Partnership Units issued pursuant to Section 7.5.E hereof, an amount equal to the difference between the Value of the Shares sold pursuant to any Stock Option Plan and the net proceeds of such sale.

C. Classes of Partnership Units. From and after the Effective Date, subject to Section 4.2.A above, the Partnership shall have five classes of Common Partnership Units entitled "Class A Units", "Class B Units", "Class C Units", "Class D Units" and "Class E Units" and one class of Preference Units entitled "Series A Preferred Units" which shall be issued to the Partners in connection with the Consolidation as set forth below:

(i) the General Partner will receive Class A Units in respect of its General Partnership Interest and will receive Class A Units and Series A Preferred Units in respect of its Limited Partnership Interest;

(ii) initially, no Class B Units will be issued to any Partner;

(iii) as specified on Exhibit A, certain Persons will receive Class C Units, certain Persons will receive Class D Units and certain Persons will receive Class E Units in respect of their Limited Partnership Interests.

The General Partner may, in its sole and absolute discretion but subject to Section 4.2.E, issue to newly admitted Partners Class A Units, Class B Units, Class C Units, Class D Units, Class E Units or Partnership Units of any other class established by the Partnership in accordance with Section 4.2.A (subject to Section 4.2.E below) in exchange for the contribution by such Partners of cash, real estate partnership interests, stock, notes or any other assets or consideration; provided that any Partnership Unit that is not specifically designated by the General Partner as being of a particular class shall be deemed to be a Class A Unit unless the context clearly requires otherwise.

D. Conversion of Class C Units, Class D Units and Class E Units.

(i) At such time as all holders of Class A Units have received quarterly distributions in accordance with Article V equal to $.845 per Partnership Unit for each of four consecutive quarters (without including for these purposes distributions, if any, made to holders of Class A Units pursuant to Subsections 4.2.D(i) and 4.2.D(ii)), the Class C Units will be converted automatically into Class A Units and thereafter will have the same distribution rights as all other Class A Units. The foregoing conversion will be deemed to have occurred as of the first day of the quarter immediately succeeding the fourth consecutive quarter with respect to which the distributions described in the preceding sentence are made.

At any time prior to the first distribution made in respect of Partnership Units that were converted from Class C Units to Class A Units pursuant to this Subsection 4.2.D(i), the General Partner may, in its sole discretion but subject to Section 5.2.B, elect to make a one-time distribution of the Class C Accumulated Amount, calculated as of the date of such distribution, pro rata among those Persons who hold Class A Units; provided, however, that the foregoing distribution right shall only be available if during each of the preceding four (4) consecutive fiscal quarters the Partnership has earned Funds From Operations sufficient to enable the Partnership to distribute to holders of Class A Units on a per Partnership Unit basis (assuming a 100% payout of Funds From Operations) at least $0.845 per Partnership Unit (which payment must be made in a quarter prior to the quarter in which Class C Units are converted to Class A Units pursuant to the preceding paragraph). For purposes hereof, the "Class C Accumulated Amount" means, as of any date the lesser of (A) $1,500,000.00 and (B)(x)the sum of all amounts previously distributed to holders of Class C Units pursuant to Subsections 5.1.B(iv) and 5.1.B(v) during the most recently completed twelve (12) consecutive fiscal quarters less (y) the sum of all amounts previously distributed to holders of Class A Units (excluding Class A Units that were converted from Class C Units prior to such distribution) during such period pursuant to Subsection 5.1.B(vi) but not Subsection 5.1.B(vii); provided that the Class C Accumulated Amount shall not exceed the Partnership's aggregate Funds From Operations for such twelve quarter period less (without duplication) the distributions pursuant to Subsections 5.1(B)(i) through (vi).

(ii) At such time as all holders of Class A Units have received quarterly distributions in accordance with Article V in an amount at least equal to $1.0075 per Partnership Unit for each of four consecutive quarters (without including for these purposes distributions, if any, made to holders of Class A Units pursuant to Subsections 4.2.D(i) and 4.2.D(ii)), the Class D Units and the Class E Units, if any, will be converted automatically into Class A Units and thereafter will have the same distribution rights as all other Class A Units. The foregoing conversion will be deemed to have occurred as of the first day of the quarter immediately succeeding the fourth consecutive

quarter with respect to which the distributions described in the preceding sentence are made.

At any time prior to the first distribution made in respect of Partnership Units that were converted from Class D Units or Class E Units to Class A Units pursuant to this Subsection 5.1.D(ii), the General Partner may, in its sole discretion but subject to Section 5.2.B, elect to make a one time distribution of the Class D/E Accumulated Amount, calculated as of the date of such distribution, pro rata among those Persons who hold Class A Units; provided, however, that the foregoing distribution right shall only be available if during each of the preceding four (4) consecutive fiscal quarters the Partnership has earned Funds From Operations sufficient to enable the Partnership to distribute to holders of Class A Units on a per Partnership Unit basis (assuming a 100% payout of Funds From Operations) at least $1.0075 per Partnership Unit. For purposes hereof, the "Class D/E Accumulated Amount" means, as of any date the lesser of (A) $1,500,000 less any amount distributed pursuant to Subsection 4.2.D(i) above and (B)

(x) the sum of all amounts previously distributed to holders of Class D Units and Class E Units pursuant to Subsections 5.1.B(ii) and (iii) during the most recently completed twelve (12) consecutive fiscal quarters less (y) the sum of all amounts previously distributed to holders of Class A Units (excluding Class A Units that were converted from Class D Units or Class E Units prior to or during such period, if any) during such period pursuant to Subsections 5.1.B(vi) and (vii) during such period and less the Class C Accumulated Amount distributed previously or contemporaneously therewith, provided that the maximum amount of the Class D/E Accumulated Amount shall not exceed the Partnership's Funds From Operations less (without duplication) distributions pursuant to Subsections 5.1.B(i) through (vii).

(iii) Immediately after the time on the Effective Date at which this Agreement becomes effective, every Class D Unit held by any of Mendik/FW, Christopher G. Bonk, Michael M. Downey, James D. Kuhn, John J. Silberstein, David L. Sims, Kevin R. Wang, Mr. Mendik, Mr. Greenbaum or any Mendik Owner with respect to either of Mr. Mendik or Mr. Greenbaum shall automatically, and without any further payment or action of any kind by any Person, be converted into Class C Units and thereafter shall have all of the same distribution rights as any other Class C Unit, and the General Partner shall reflect said conversion on Exhibit A.

E. Limitation on the Issuance of Partnership Units. The General Partner may not, without the Consent of the Outside Limited Partners (taking into account, for these purposes, only those Limited Partnership Interests being issued concurrently herewith as part of the Consolidation), cause the Partnership to issue any Limited Partnership Interests of any class ranking senior (as to distributions or redemption or voting rights) to the Class C Units, the Class D Units or the Class E Units (any such senior Partnership Units, "Preference Units") unless the distribution and redemption (but not voting) rights of such Partnership Units are substantially similar to the terms of securities issued by the General Partner and the proceeds or other consideration from the issuance of such securities have been contributed to the Partnership. The foregoing limitation will expire with respect to the Partnership Units of any such class at such time as the Partnership Units of that class issued in connection with the Consolidation are no longer outstanding, whether as a result of redemption, conversion to another class or otherwise.

F. Issuance of Series A Preferred Units. In consideration of the contribution to the Partnership on the Effective Date of the entire net proceeds received by the General Partner from the issuance of the Series A Preferred Shares, the General Partner shall be deemed to have made a Capital Contribution to the Partnership in the amount of the gross proceeds of such issuance, which is $287,500,000, and the Partnership shall be deemed simultaneously to have distributed to the General Partner, as REIT Expenses, the amount of the underwriters' discount and other costs incurred by the General Partner in connection with such issuance. On the Effective Date, in consideration of the contribution to the Partnership made by the General Partner pursuant to this Section 4.2.F, the Partnership will issue to the General Partner, in respect of its Limited Partnership Interest and in addition to the Class A Units issued to the General Partner pursuant to this Section 4.2, 5,750,000 of a series of Preference Units designated as the "Series A Preferred Units" (as defined in Exhibit G hereto). The terms of the Series A Preferred Units are set forth in Exhibit G attached hereto.

Section 4.3 No Preemptive Rights

Except to the extent expressly granted by the General Partner (on behalf of the Partnership) pursuant to another agreement, no Person shall have any preemptive, preferential or other similar right with respect to (i) additional Capital Contributions or loans to the Partnership or (ii) issuance or sale of any Partnership Units or other Partnership Interests.

Section 4.4 Other Contribution Provisions

In the event that any Partner is admitted to the Partnership and is given a Capital Account in exchange for services rendered to the Partnership, such transaction shall be treated by the Partnership and the affected

Partner as if the Partnership had compensated such Partner in cash for the fair market value of such services, and the Partner had contributed such cash to the capital of the Partnership.

Section 4.5 No Interest on Capital

No Partner shall be entitled to interest on its Capital Contributions or its Capital Account.

ARTICLE V
DISTRIBUTIONS

Section 5.1 Requirement and Characterization of Distributions

A. General. Subject to Section 5.1.C, the General Partner shall have the exclusive right and authority to declare and cause the Partnership to make distributions as and when the General Partner deems appropriate or desirable in its sole discretion. Notwithstanding anything to the contrary contained herein, in no event may a Partner receive a distribution with respect to a Partnership Unit for a quarter or shorter period if such Partner is entitled to receive a distribution for such quarter or shorter period with respect to a Share for which such Partnership Unit has been redeemed or exchanged. Unless otherwise expressly provided for herein or in an agreement at the time a new class of Partnership Interests is created in accordance with Article IV hereof, no Partnership Interest shall be entitled to a distribution in preference to any other Partnership Interest. For so long as the General Partner elects to qualify as a REIT, the General Partner shall make such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with the qualification of the General Partner Entity or the General Partner (as applicable) as a REIT, to make distributions to the Partners in amounts such that the General Partner will receive amounts sufficient to enable the General Partner Entity or the General Partner (as applicable) to pay shareholder dividends that will (1) satisfy the requirements for qualification as a REIT under the Code and the Regulations (the "REIT Requirements") and (2) avoid any federal income or excise tax liability for the General Partner Entity or the General Partner (as applicable).

B. Method. When, as and if declared by the General Partner, the Partnership will make distributions to the General Partner in any amount necessary to enable the General Partner to pay REIT Expenses, and thereafter:

(i) first, to holders of Series A Preferred Units and any other Preference Units in an amount equal to preferential distributions accumulated and unpaid on such Preference Units in accordance with their respective terms;

(ii) second, to holders of Class D Units and Class E Units (pro rata based on the ratio of the total number of Class D Units or Class E Units, as applicable, to the aggregate number of Class D Units and Class E Units taken together on the Partnership Record Date) in an amount equal to any accumulated and unpaid Class D/E Preferential Distributions;

(iii) third, to holders of Class D Units and Class E Units (pro rata based on the ratio of the total number of Class D Units or Class E Units, as applicable, to the aggregate number of Class D Units and Class E Units taken together on the Partnership Record Date) until such holders have received with respect to the quarter for which such distribution is made an amount per Class D Unit and Class E Unit, respectively, determined based on a distribution rate of $1.0075 per quarter (the "Class D/E Preferential Distribution") pro rated to take into account the actual number of days in such period and the number of days in the period that such Class D Units or

Class E Units, as applicable, were outstanding; provided, however, that if the General Partner does not distribute sufficient cash to pay the Class D/E Preferential Distribution, then the Class D/E Preferential Distribution will cumulate, without interest, and be payable by the Partnership in the future pursuant to clause (ii) above;

(iv) fourth, to holders of Class C Units in an amount equal to any accumulated and unpaid Class C Preferential Distributions;

(v) fifth, to holders of Class C Units until such holders have received with respect to the quarter for which such distribution is made an amount per Class C Unit to be determined based on a

distribution rate of $.845 per quarter (the "Class C Preferential Distribution") pro rated to take into account the actual number of days in such period and the number of days in the period that such Class C Units were outstanding; provided, however, that if the General Partner does not distribute sufficient cash to pay the Class C Preferential Distribution, then the Class C Preferential Distribution will cumulate, without interest, and be payable by the Partnership in the future pursuant to clause (iv) above;

(vi) sixth, to the holders of Units other than Class C Units, Class D Units and Class E Units (the "Other Units") until the holders of such Other Units have received with respect to the quarter for which such distribution is made an amount per Partnership Unit equal to the amount that would have been payable to such holders under clause (v) above if the Partnership Units held by them had been Class C Units; provided that with respect to the distribution, if any, for the first quarter or portion thereof ending following the Effective Date, if the Partnership elects to distribute sufficient cash the General Partner shall be entitled to receive a distribution at the foregoing rate for the entire fiscal quarter to which such period relates notwithstanding that the General Partner did not hold Class A Units for the entire quarter;

(vii) seventh, to the holders of Partnership Units other than Class D Units and Class E Units (the "Non-Class D/E Units") until the holders of such Non-Class D/E Units have received with respect to the quarter for which such distribution is made a total amount per Partnership Unit (taking into account distributions made to such holders of Non-Class D/E Units with respect to such quarter under clause (v) or clause (vi) above as applicable) equal to the amount paid per Class D Unit at such time pursuant to clause (iii) above; provided that with respect to the distribution for the first quarter or portion thereof ending following the Effective Date, if the Partnership elects to distribute sufficient cash the General Partner shall be entitled to receive a distribution at the foregoing rate for the entire fiscal quarter to which such period relates notwithstanding that the General Partner did not hold Class A Units for the entire quarter;

(viii) eighth, to holders of Class A Units as described in Subsection 4.2.D(i);

(ix) ninth, to holders of Class A Units as described in Subsection 4.2.D(ii);

(x) tenth, to all holders of Partnership Units (of all classes), pro rata in proportion to their respective Percentage Interest, in an amount sufficient to permit to the General Partner to satisfy the REIT Requirements and to avoid any federal income or excise tax liability for the General Partner Entity (or the General Partner, as applicable);

(xi) eleventh, to the extent of remaining distribution amount, to holders of Partnership Units in proportion to their respective Percentage Interests.

Each holder of Partnership Interests that are entitled to any preference in distribution shall be entitled to a distribution in accordance with the rights of any such class of Partnership Interests (and, within such class, pro rata in proportion to the respective Percentage Interests on such Partnership Record Date). Notwithstanding anything to the contrary contained herein, in no event shall any partner receive a distribution with respect to any Common Partnership Unit with respect to any quarter until such time as the Partnership has distributed to the holders of the Preference Units all distributions payable with respect to such Preference Units through the last day of such quarter, in accordance with the instruments designating such Preference Units.

C. Minimum Distributions if General Partner Not a REIT or Not Publicly Traded. In addition, if the General Partner Entity is not a REIT or the common shares of beneficial interest (or other comparable equity interests) of the General Partner Entity are not Publicly Traded, the General Partner shall use commercially reasonable efforts (including, if appropriate, incurring indebtedness), as determined by the General Partner in its sole discretion exercised in good faith, to make cash distributions pursuant to Section 5.1.B above at least annually for each taxable year of the Partnership beginning prior to the twentieth (20th) anniversary of the Effective Date in an aggregate amount with respect to each such taxable year at least equal to 95% of the Partnership's taxable income for such year other than gain subject to Section 704(c) of the Code allocable to the Class A Units, with such distributions to be made not later than 60 days after the end of such year; provided, the foregoing shall not create any obligation on the part of the General Partner to contribute or loan funds to the Partnership or dispose of assets. Notwithstanding Section 14.1.D.(iv), this Section 5.1.C may be amended with the Consent of Certain Limited Partners.

Section 5.2 Amounts Withheld

All amounts withheld pursuant to the Code or any provisions of any state or local tax law and Section 10.5 hereof with respect to any allocation, payment or distribution to the General Partner, the Limited Partners or Assignees shall be treated as amounts distributed to the General Partner, Limited Partners or Assignees pursuant to Section 5.1 above for all purposes under this Agreement.

Section 5.3 Distributions Upon Liquidation

Proceeds from a Terminating Capital Transaction shall be distributed to the Partners in accordance with Section 13.2 hereof.

Section 5.4 Revisions to Reflect Issuance of Additional Partnership Interests

In the event that the Partnership issues additional Partnership Interests to the General Partner or any Additional Limited Partner pursuant to Article IV hereof, the General Partner shall make such revisions to this Article V as it deems necessary to reflect the issuance of such additional Partnership Interests.

ARTICLE VI
ALLOCATIONS

Section 6.1 Allocations For Capital Account Purposes

For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Exhibit B hereto) shall be allocated among the Partners in each taxable year (or portion thereof) as provided herein below.

A. Net Income. After giving effect to the special allocations set forth in Section 1 of Exhibit C hereto and Section 6.1.E below, Net Income shall be allocated (i) first, to the General Partner to the extent that Net Losses previously allocated to the General Partner pursuant to the last sentence of Section 6.1.B below exceed Net

Income previously allocated to the General Partner pursuant to this clause (i) of Section 6.1.A,; (ii) second, to holders of Preference Units until their aggregate allocations of Net Income under this clause (ii) equal the sum of (x) the aggregate Net Losses allocated to them under clause (x) of Section 6.1.B and (y) all distributions made pursuant to clause (i) of Section 5.1.B (provided that the allocation provided for in this clause (ii) shall not apply to the extent that distributions made pursuant to clause (i) of Section 5.1.B are treated as or determined to be guaranteed payments under Section 707(c) of the Code); (iii) third, to holders of Class D Units and Class E Units until their aggregate allocations of Net Income under this clause (iii) equal the sum of (x) the aggregate Net Losses allocated to them under clause (ix) of Section 6.1.B and (y) all distributions made pursuant to clause (ii) of Section 5.1.B; (iv) fourth, to holders of Class D Units and Class E Units until their aggregate allocations of Net Income under this clause (iv) equal the sum of (x) the aggregate Net Losses allocated to them under clause (viii) of Section 6.1.B and (y) all distributions made pursuant to clause (iii) of Section 5.1.B with respect to which there was not a corresponding distribution to holders of Units other than Class D Units and Class E Units pursuant to clauses (vi) or (vii) of Section 5.1.B; (v) fifth, to holders of Class C Units until their aggregate allocations of Net Income under this clause (v) equal the sum of (x) the aggregate Net Losses allocated to them under clause (vii) of Section 6.1.B and (y) all distributions made pursuant to clause (iv) of Section 5.1.B; (vi) sixth, to holders of Class C Units until their aggregate allocations of Net Income under this clause (vi) equal the sum of (x) the aggregate Net Losses allocated to them under clause (vi) of Section 6.1.B and (y) all distributions made pursuant to clause (v) of Section 5.1.B with respect to which there was not a corresponding distribution to holders of Units other than Class C, D or E Units pursuant to clause (vi) of Section 5.1.B; (vii) seventh, to all holders of Units (other than Preference Units)until the aggregate allocations of Net Income under this clause (vii) equal the sum of (x) aggregate Net Losses allocated under clause (v) of Section 6.1.B, (y) all distributions made pursuant to clauses (vi) or (vii) of Section 5.1.B, and (z) all distributions made pursuant to clauses (iii) or (v) of Section 5.1.B that were not taken into account in clauses (iv) or (vi) of this Section 6.1.A as a result of distributions pursuant to clauses (vi) and (vii) of Section 5.1.B; (viii) eighth, to holders of Class A Units until their aggregate allocations of Net Income under this clause (viii) equal the sum of (x) the aggregate Net Losses allocated to them under clause (iv) of Section 6.1.B and (y) all distributions made pursuant to clause (viii) of Section 5.1.B, with such Net Income to be allocated only to those holders of Class A Units who received distributions under said clause (viii); (ix) ninth, to holders of Class A Units until their aggregate allocations of Net Income under this clause (ix) equal the sum of (x) the aggregate Net Losses allocated to them under clause (iii) of Section 6.1.B and (y) all distributions made pursuant to clause (ix) of Section 5.1.B, with such Net Income to be allocated only to those holders of Class A Units who received distributions under said

clause (ix) of Section 5.1.B; (x) tenth, to all holders of Units (other than Preference Units)pro rata in accordance with their Percentage Interests until the aggregate allocations of Net Income under this clause (x) equal the sum of (x) aggregate Net Losses allocated under clause (ii) of Section 6.1.B and (y) all distributions made pursuant to clause (xi) of Section 5.1.B.; and (xi) eleventh, to all holders of Units (other than Preference Units) in proportion to their respective Percentage Interests.

B. Net Losses. After giving effect to the special allocations set forth in Section 1 of Exhibit C hereto and Section 6.1.E below, Net Losses shall be allocated (i) first, to all holders of Units (other than Preference Units) in proportion to their respective Percentage Interests until the aggregate allocations of Net Losses pursuant to this clause (i) equal the aggregate amount of allocations of Net Income pursuant to clause (xi) of Section 6.1.A; (ii) second, to all holders of Units (other than Preference Units)pro rata in accordance with their Percentage Interests until the aggregate allocations of Net Losses under this clause (ii) equal the aggregate amount of Net Income allocated pursuant to clause (x) of Section 6.1.A; (iii) third, to holders of Class A Units until the aggregate allocations of Net Losses pursuant to this clause (iii) equal the aggregate amount of allocations of Net Income pursuant to clause (ix) of Section 6.1.A.; (iv) fourth to holders of Class A Units until the aggregate allocations of Net Losses pursuant to this clause (iii) equal the aggregate amount of allocations of Net Income pursuant to clause (viii) of Section 6.1.A.; (v) fifth, to all holders of Units (other than Preference Units) until the aggregate allocation of Net Losses pursuant to this clause (v) equal the aggregate amount of Net Income allocated pursuant to clause (vii) of Section 6.1.A; (vi) sixth, to holders of Class C Units until the aggregate allocations of Net Losses under this clause (vi) equal the aggregate amount of Net Income allocated pursuant to clause (vi) of Section 6.1.A; (vii) seventh, to holders of Class C Units until the aggregate allocations of Net Losses under this clause (vii) equal the aggregate amount of Net Income allocated pursuant to clause (v) of Section 6.1.A; (viii) eighth, to holders of Class D Units and Class E Units until the aggregate allocations of Net

Losses under this clause (viii) equal the aggregate amount of Net Income allocated pursuant to clause (iv) of Section 6.1.A; (ix) ninth, to holders of Class D Units and Class E Units until the aggregate allocations of Net Losses under this clause (ix) equal the aggregate amount of Net Income allocated pursuant to clause (iii) of Section 6.1.A; (x) tenth, to holders of the Preference Units until their aggregate allocations of Net Losses pursuant to this clause (x) equal the aggregate amount of allocations of Net Income pursuant to clause (ii) of Section 6.1.A (provided that the allocation provided for in this clause (x) shall not apply to the extent that distributions made pursuant to clause (i) of Section 5.1.B are treated as or determined to be guaranteed payments for purposes of Section 707(c) of the Code); and (xi) thereafter, to holders of all Units (other than Preference Units) in proportion to their Percentage Interests; provided that, Net Losses shall not be allocated to any Limited Partner pursuant to this Section 6.1.B to the extent that such allocation would cause such Limited Partner to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) at the end of such taxable year (or portion thereof). All Net Losses in excess of the limitations set forth in this Section 6.1.B shall be allocated to the General Partner.

C. Allocation of Nonrecourse Debt. For purposes of Regulations Section 1.752-3(a), the Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (i) the amount of Partnership Minimum Gain and (ii) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners in accordance with their respective Percentage Interests.

D. Recapture Income. Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible after taking into account other required allocations of gain pursuant to Exhibit C hereto, be characterized as Recapture Income in the same proportions and to the same extent as such Partners have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

E. Cancellation of Indebtedness Income. Any cancellation of indebtedness income required to be recognized by the Partnership with respect to the Two Penn Plaza Property in connection with the acquisition of the Two Penn Plaza Property by the Partnership and the restructuring of the outstanding indebtedness with respect thereto shall be allocated solely to holders of Two Penn Plaza Units. In the event that cancellation of indebtedness income is recognized with respect to the property at 330 Madison Avenue as a result of resolving the dispute with the lender under the loan outstanding upon consummation of the Consolidation that is secured by a mortgage on such property, holders of the Partnership Units issued with respect to M 330 Associates, a New York limited partnership, shall be specially allocated cancellation of indebtedness income in an amount equal to their proportionate share of the dollar amount of the discount as a result of the settlement resulting in the recognition of such cancellation of indebtedness income.

Section 6.2 Revisions to Allocations to Reflect Issuance of Additional Partnership Interests

In the event that the Partnership issues additional Partnership Interests to the General Partner or any Additional Limited Partner pursuant to Article IV hereof, the General Partner shall make such revisions to this Article VI as it deems necessary to reflect the terms of the issuance of such additional Partnership Interests, including making preferential allocations to classes of Partnership Interests that are entitled thereto.

ARTICLE VII
MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1 Management

A. Powers of General Partner. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership are and shall be exclusively vested in the General Partner, and no Limited Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership. The General Partner may not be removed by the Limited Partners with or without cause. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Sections 7.6.A, 7.6.D and 7.11 below, shall have full power and authority to do all things deemed necessary or desirable by it, on such terms and conditions as the General Partner in its sole discretion deems appropriate, to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 hereof and to effectuate the purposes set forth in Section 3.1 hereof, including, without limitation:

(1) the making of any expenditures, the lending, subject to Section 7.6.D, or borrowing of money (including, without limitation, making prepayments on loans and borrowing money to permit the Partnership to make distributions to its Partners in such amounts as are required under Section 5.1.C hereof or will permit the General Partner Entity or the General Partner (as applicable) (as long as the General Partner Entity or the General Partner qualifies as a REIT) to avoid the payment of any federal income tax (including, for this purpose, any excise tax pursuant to Section 4981 of the Code) and to make distributions to its shareholders sufficient to permit the General Partner Entity or the General Partner (as applicable) to satisfy the REIT Requirements), the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness (including the securing of same by mortgage, deed of trust or other lien or encumbrance on the Partnership's assets) and the incurring of any obligations the General Partner deems necessary or desirable for the conduct of the activities of the Partnership;

(2) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(3) the acquisition, disposition, sale, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership (including the exercise or grant of any conversion, option, privilege or subscription right or other right available in connection with any assets at any time held by the Partnership) or the merger or other combination of the Partnership with or into another entity, on such terms as the General Partner deems proper in its sole and absolute discretion;

(4) the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement, including, without limitation, the financing of the conduct of the operations of the Partnership or any of the Partnership's Subsidiaries, the lending of funds to other Persons, subject to Section 7.6.D, and the repayment of obligations of the Partnership and its Subsidiaries and any other Person in which the Partnership has an equity investment and the making of capital contributions to its Subsidiaries;

(5) the management, operation, leasing, landscaping, repair, alteration, demolition or improvement of any real property or improvements owned by the Partnership or any

Subsidiary of the Partnership or any other Person in which the Partnership has made a direct or indirect equity investment;

(6) the negotiation, execution, and performance of any contracts, conveyances or other instruments that the General Partner considers useful or necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement, including contracting with contractors, developers, consultants, accountants, legal counsel, other professional advisors and other agents and the payment of their expenses and compensation out of the Partnership's assets;

(7) the distribution of Partnership cash or other Partnership assets in accordance with this Agreement;

(8) the holding, managing, investing and reinvesting of cash and other assets of the Partnership and, in connection therewith, the opening, maintaining and closing of bank and brokerage accounts and the drawing of checks or other orders for the payment of moneys;

(9) the collection and receipt of revenues and income of the Partnership;

(10) the selection and dismissal of employees of the Partnership (including, without limitation, employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors of the Partnership, and the determination of their compensation and other terms of employment or hiring;

(11) the maintenance of such insurance for the benefit of the Partnership and the Partners;

(12) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, joint ventures, limited liability companies or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to its Subsidiaries and any other Person in which it has an equity investment from time to time);

(13) the control of any matters affecting the rights and obligations of the Partnership, including the settlement, compromise, submission to arbitration or any other form of dispute resolution or abandonment of any claim, cause of action, liability, debt or damages due or owing to or from the Partnership, the commencement or defense of suits, legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, the representation of the Partnership in all suits or legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, the incurring of legal expense and the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(14) the determination of the fair market value of any Partnership property distributed in kind, using such reasonable method of valuation as the General Partner may adopt;

(15) the exercise, directly or indirectly, through any attorney-in-fact acting under a general or limited power of attorney, of any right, including the right to vote, appurtenant to any assets or investment held by the Partnership;

(16) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of or in connection with any Subsidiary of the Partnership or any other Person in

which the Partnership has a direct or indirect interest, individually or jointly with any such Subsidiary or other Person;

(17) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of any Person in which the Partnership does not have any interest pursuant to contractual or other arrangements with such Person;

(18) the making, executing and delivering of any and all deeds, leases, notes, deeds to secure debt, mortgages, deeds of trust, security agreements, conveyances, contracts, guarantees, warranties, indemnities, waivers, releases or other legal instruments or agreements in writing necessary or appropriate in the judgment of the General Partner for the accomplishment of any of the powers of the General Partner

under this Agreement;

(19) the distribution of cash to acquire Partnership Units held by a Limited Partner in connection with a Limited Partner's exercise of its Redemption Right under Section 8.6 hereof;

(20) the amendment and restatement of Exhibit A hereto to reflect accurately at all times the Capital Contributions and Percentage Interests of the Partners as the same are adjusted from time to time to the extent necessary to reflect redemptions, Capital Contributions, the issuance of Partnership Units, the admission of any Additional Limited Partner or any Substituted Limited Partner or otherwise, which amendment and restatement, notwithstanding anything in this Agreement to the contrary, shall not be deemed an amendment of this Agreement, as long as the matter or event being reflected in Exhibit A hereto otherwise is authorized by this Agreement;

(21) the approval and/or implementation of any merger (including a triangular merger), consolidation or other combination between the Partnership and another person that is not prohibited under this Agreement, whether with or without Consent, the terms of Section 17- 211(g) of the Act shall be applicable such that the General Partner shall have the right to effect any amendment to this Agreement or effect the adoption of a new partnership agreement for a limited partnership if it is the surviving or resulting limited partnership on the merger or consolidation (except as may be expressly prohibited under Section 7.11.D., Section 14.1.C, Section 14.1.D or Section 14.1.F); and

(22) the taking of any and all actions necessary or desirable in furtherance of, in connection with or incidental to the foregoing.

B. No Approval by Limited Partners. Except as provided in Section 7.11 below, each of the Limited Partners agrees that the General Partner is authorized to execute, deliver and perform the above-mentioned agreements and transactions on behalf of the Partnership without any further act, approval or vote of the Partners, notwithstanding any other provision of this Agreement, the Act or any applicable law, rule or regulation, to the full extent permitted under the Act or other applicable law. The execution, delivery or performance by the General Partner or the Partnership of any agreement authorized or permitted under this Agreement shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or any other Persons under this Agreement or of any duty stated or implied by law or equity.

C. Insurance. At all times from and after the date hereof, the General Partner may cause the Partnership to obtain and maintain (i) casualty, liability and other insurance on the properties of the Partnership, (ii) liability insurance for the Indemnitees hereunder and (iii) such other insurance as the General Partner, in its sole and absolute discretion, determines to be necessary.

D. Working Capital and Other Reserves. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain working capital reserves in such amounts as the General Partner, in its sole and absolute discretion, deems appropriate and reasonable (both in purpose and amount) from time to time, including upon liquidation of the Partnership pursuant to Section 13.2 hereof.

E. No Obligations to Consider Tax Consequences of Limited Partners. In exercising its authority under this Agreement, the General Partner may, but shall be under no obligation to, take into account the tax consequences to any Partner (including the General Partner) of any action taken (or not taken) by it. The General Partner and the Partnership shall not have liability to a Limited Partner for monetary damages or otherwise for losses sustained, liabilities incurred or benefits not derived by such Limited Partner in connection with such decisions, provided that the General Partner has acted in good faith and not beyond its authority under this Agreement.

Section 7.2 Certificate of Limited Partnership

The Partnership has caused the Certificate to be filed with the Secretary of State of Delaware. To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other state, the District of Columbia or other jurisdiction in which the Partnership may elect to do business or own property. Subject to the terms of Section 8.5.A(4) hereof, the General Partner shall not

be required, before or after filing, to deliver or mail a copy of the Certificate or any amendment thereto to any Limited Partner. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and any other state, the District of Columbia or other jurisdiction in which the Partnership may elect to do business or own property.

Section 7.3 Title to Partnership Assets

Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partners, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

Section 7.4 Reimbursement of the General Partner

A. No Compensation. Except as provided in this Section 7.4 and elsewhere in this Agreement (including the provisions of Articles V and VI hereof regarding distributions, payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

B. Responsibility for Partnership Expenses. The Partnership shall be responsible for and shall pay all expenses relating to the Partnership's organization, the ownership of its assets and its operations. The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all expenses it incurs relating to the ownership and operation of, or for the benefit of, the Partnership (including, without limitation, expenses related to the management and administration of any Subsidiaries of the General Partner or the Partnership or Affiliates of the Partnership such as auditing expenses and filing fees);

provided that (x), the amount of any such reimbursement shall be reduced by (i) any interest earned by the General Partner with respect to bank accounts or other instruments or accounts held by it as permitted in Section 7.5.A below and (ii) any amount derived by the General Partner from any investments permitted in Section 7.5.A below and (y) REIT Expenses shall not be treated as Partnership expenses for purposes of this Section 7.4.B. The General Partner shall determine in good faith the amount of expenses incurred by it related to the ownership and operation of, or for the benefit of, the Partnership. In the event that certain expenses are incurred for the benefit of the Partnership and other entities (including the General Partner), such expenses will be allocated to the Partnership and such other entities in such a manner as the General Partner in its sole and absolute discretion deems fair and reasonable. Such reimbursements shall be in addition to any reimbursement to the General Partner pursuant to Section 10.3.C hereof and as a result of indemnification pursuant to Section 7.7 below. All payments and reimbursements hereunder shall be characterized for federal income tax purposes as expenses of the Partnership incurred on its behalf, and not as expenses of the General Partner.

C. Partnership Interest Issuance Expenses. The General Partner shall also be reimbursed for all expenses it incurs relating to any issuance of additional Partnership Interests, Debt of the Partnership or rights, options, warrants or convertible or exchangeable securities pursuant to Article IV hereof (including, without limitation, all costs, expenses, damages and other payments resulting from or arising in connection with litigation related to any of the foregoing), all of which expenses are considered by the Partners to constitute expenses of, and for the benefit of, the Partnership.

D. Purchases of Shares by the General Partner. In the event that the General Partner exercises its rights under the Declaration of Trust to purchase shares or otherwise elects to purchase from its shareholders Shares in connection with a share repurchase or similar program or for the purpose of delivering such Shares to satisfy an obligation under any dividend reinvestment or share purchase program adopted by the General Partner, any employee share purchase plan adopted by the General Partner or any similar obligation or arrangement undertaken by the General Partner in the future, the purchase price paid by the General Partner for such Shares and any other expenses incurred by the General Partner in connection with such purchase shall be considered REIT Expenses, and the Partnership shall distribute cash to the General Partner to offset such expenses pursuant to Section 5.1, subject to the conditions that: (i) if such Shares subsequently are to be sold by the General Partner, the

General Partner pays to the Partnership any proceeds received by the General Partner for such Shares (provided that a transfer of Shares for Partnership Units pursuant to Section 8.6 hereof would not be considered a sale for such purposes); and (ii) if such Shares are not retransferred by the General Partner within thirty (30) days after the purchase thereof, the General Partner shall cause the Partnership to cancel a number of Partnership Units of the appropriate class (rounded to the nearest whole Partnership Unit) held by the General Partner equal to the product attained by multiplying the number of such Shares by a fraction, the numerator of which is one and the denominator of which is the Conversion Factor.

E. Tax Treatment of Certain Reimbursements. If and to the extent that any reimbursement made pursuant to this Section 7.4 is determined for federal income tax purposes not to constitute a payment of expenses of the Partnership, then such reimbursement shall be treated as a distribution pursuant to clause (i) of Section 5.1.B. hereof.

Section 7.5 Outside Activities of the General Partner

A. General. Without the Consent of the Outside Limited Partners, except as set forth in this Section 7.5.A, the General Partner shall not, directly or indirectly, enter into or conduct any business other than in connection with the ownership, acquisition and disposition of Partnership Interests as a General Partner or Limited Partner and the management of the business of the Partnership and such activities as are incidental to any of the foregoing. Without the Consent of the Outside Limited Partners, the assets of the General Partner shall be limited to Partnership Interests and permitted debt obligations of the Partnership (as contemplated by Section 7.5.F below), so that Shares and Partnership Units are completely fungible except as otherwise specifically provided herein; provided, that the General Partner shall be permitted to hold (i) interests in entities, including Qualified REIT Subsidiaries, that

hold no material assets; (ii) interests in Qualified REIT Subsidiaries (or other entities that are not taxed as corporations for federal income tax purposes) that own only interests in the Partnership and/or interests in other Qualified REIT Subsidiaries (or other entities that are not taxed as corporations for federal income tax purposes) that either hold no assets or hold only interests in the Partnership; (iii) assets and/or interests in entities, including Qualified REIT Subsidiaries, that hold assets, having an aggregate value not greater than five percent (5%) of the total market value of the General Partner Entity (determined by reference to the value of all outstanding equity securities of the General Partner Entity), provided that (X) the General Partner Entity will apply the net income from such assets (other than net income derived as a result of a Qualified REIT Subsidiary's ownership of an interest in the Partnership) to offset REIT Expenses before utilizing the distribution provisions of Section 5.1.B, (Y) the General Partner will contribute all net income generated by such assets and/or interests (other than net income derived as a result of a Qualified REIT Subsidiary's ownership of an interest in the Partnership) to the Operating Partnership (after taking into account REIT Expenses as described in clause (X) above), and (Z) the General Partner will use commercially reasonable efforts to transfer such assets and interests (other than interests in Qualified REIT Subsidiaries and the Partnership) to the Operating Partnership or an entity controlled by the Operating Partnership as soon as such a transfer can be made without causing the General Partner or the Operating Partnership to incur any material expenses in connection therewith; and (iv) such bank accounts or similar instruments or account in its own name as it deems necessary to carry out its responsibilities and purposes as contemplated under this Agreement and its organizational documents; and, provided, further, that the General Partner shall be permitted to acquire, directly or through a Qualified REIT Subsidiary (or other entities that are not taxed as corporations for federal income tax purposes), up to a one percent (1%) interest in any partnership or limited liability company at least ninety-nine percent (99%) of the equity of which is owned directly or indirectly by the Partnership. The General Partner and any of its Affiliates may acquire Limited Partnership Interests and shall be entitled to exercise all rights of a Limited Partner relating to such Limited Partnership Interests.

B. Repurchase of Shares. In the event the General Partner exercises its rights under the Declaration of Trust to purchase Shares or otherwise elects to purchase from its shareholders Shares in connection with a share repurchase or similar program or for the purpose of delivering such Shares to satisfy an obligation under any dividend reinvestment or share purchase program adopted by the General Partner, any employee share purchase plan adopted by the General Partner or any similar obligation or arrangement undertaken by the General Partner in the future, and the General Partner does not resell said Shares within thirty (30) days after the purchase thereof as contemplated in Section 7.4.D(i), then the General Partner shall cause the Partnership to purchase from the General Partner (and eliminate) that number of Partnership Units of the appropriate class equal to the product obtained by multiplying the number of Shares purchased by the General Partner times a fraction, the numerator of which is one and the denominator of which is the Conversion Factor, on the same terms and for the same aggregate price that the General Partner purchased such Shares.

C. Forfeiture of Shares. In the event the Partnership or the General Partner acquires Shares as a result of the forfeiture of such Shares under a

restricted or similar share plan, then the General Partner shall cause the Partnership to cancel that number of Partnership Units of the appropriate class equal to the number of Shares so acquired, and, if the Partnership acquired such Shares, it shall transfer such Shares to the General Partner for cancellation.

D. Issuances of Shares. After the Effective Date, the General Partner shall not grant, award, or issue any additional Shares (other than Shares issued pursuant to Section 8.6 hereof or pursuant to a dividend or distribution (including any share split) of Shares to all of its shareholders), other equity securities of the General Partner, New Securities or Convertible Funding Debt unless (i) the General Partner shall cause, pursuant to Section 4.2.A hereof, the Partnership to issue to the General Partner Partnership Interests or rights, options, warrants or convertible or exchangeable securities of the Partnership having designations, preferences and other rights, all such that the economic interests are substantially the same as those of such additional Shares, other equity securities, New Securities or Convertible Funding Debt, as the case may be, and (ii) the General Partner transfers to the Partnership, as an additional Capital Contribution, the proceeds from the grant, award, or issuance of such additional Shares, other

equity securities, New Securities or Convertible Funding Debt, as the case may be, or from the exercise of rights contained in such additional Shares, other equity securities, New Securities or Convertible Funding Debt, as the case may be. Without limiting the foregoing, the General Partner is expressly authorized to issue additional Shares, other equity securities, New Securities or Convertible Funding Debt, as the case may be, for less than fair market value, and the General Partner is expressly authorized, pursuant to Section 4.2.A hereof, to cause the Partnership to issue to the General Partner corresponding Partnership Interests, as long as (a) the General Partner concludes in good faith that such issuance is in the interests of the General Partner and the Partnership (for example, and not by way of limitation, the issuance of Shares and corresponding Partnership Units pursuant to a share purchase plan providing for purchases of Shares, either by employees or shareholders, at a discount from fair market value or pursuant to employee share options that have an exercise price that is less than the fair market value of the Shares, either at the time of issuance or at the time of exercise) and (b) the General Partner transfers all proceeds from any such issuance or exercise to the Partnership as an additional Capital Contribution.

E. Stock Option Plan. If at any time or from time to time, the General Partner sells Shares pursuant to any Stock Option Plan, the General Partner shall transfer the net proceeds of the sale of such Shares to the Partnership as an additional Capital Contribution in exchange for an amount of additional Partnership Units equal to the number of Shares so sold divided by the Conversion Factor.

F. Funding Debt. The General Partner may incur a Funding Debt, including, without limitation, a Funding Debt that is convertible into Shares or otherwise constitutes a class of New Securities ("Convertible Funding Debt"), subject to the condition that the General Partner lends to the Partnership the net proceeds of such Funding Debt; provided, that Convertible Funding Debt shall be issued pursuant to Section 7.5.D above; and, provided, further, that the General Partner shall not be obligated to lend the net proceeds of any Funding Debt to the Partnership in a manner that would be inconsistent with the General Partner's ability to remain qualified as a REIT. If the General Partner enters into any Funding Debt, the loan to the Partnership shall be on comparable terms and conditions, including interest rate, repayment schedule and costs and expenses, as are applicable with respect to or incurred in connection with such Funding Debt.

Section 7.6 Transactions with Affiliates

A. Transactions with Certain Affiliates. Except as expressly permitted by this Agreement (other than Section 7.1.A hereof, which shall not be considered authority for a transaction that otherwise would be prohibited by this Section 7.6.A), the Partnership shall not, directly or indirectly, sell, transfer or convey any property to, or purchase any property from, or borrow funds from, or lend funds to, any Partner or any Affiliate of the Partnership or the General Partner or the General Partner Entity that is not also a Subsidiary of the Partnership, except pursuant to a transaction that has been approved by a majority of the disinterested trustees (or directors) of the General Partner or General Partner Entity (as applicable), taking into account the fiduciary duties of the General Partner or General Partner Entity (as applicable) to the Limited Partners.

B. Benefit Plans. The General Partner, in its sole and absolute discretion and without the approval of the Limited Partners, may propose and adopt on behalf of the Partnership employee benefit plans funded by the Partnership for the benefit of employees of the General Partner, the Partnership, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership, the General Partner, or any of the Partnership's Subsidiaries.

C. Conflict Avoidance. The General Partner is expressly authorized to enter into, in the name and on behalf of the Partnership, a right of first

opportunity arrangement and other conflict avoidance agreements with various Affiliates of the Partnership and General Partner on such terms as the General Partner, in its sole and absolute discretion, believes are advisable.

D. Limitation on Loans to the General Partner. Except with the Consent of the Outside Limited Partners, the General Partner may not cause the Partnership to loan money to the General Partner or to any Subsidiary or Affiliate of the General Partner which is not also a Subsidiary or an entity in which the Partnership owns an equity interest.

Section 7.7 Indemnification

A. General. To the maximum extent permitted by applicable law at the time, the Partnership, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall indemnify each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, attorneys fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from or in connection with any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative incurred by the Indemnitee and relating to the Partnership or the General Partner or the formation or the current (and, in the case of the General Partner's right to indemnification from the Partnership, prior) operations of, or the current (and, in the case of the General Partner's right to indemnification from the Partnership, prior) ownership of property by, either of them as set forth in this Agreement in which any such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established by a final determination of a court of competent jurisdiction that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) the Indemnitee actually received an improper personal benefit in money, property or services or (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. The obligations of the Partnership under this Section 7.7 shall include reimbursement of the General Partner for any indemnification or advance of expenses by the General Partner pursuant to Title 8, the Declaration of Trust or its Bylaws. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guarantee, contractual obligations for any indebtedness or other obligations or otherwise, for any indebtedness of the Partnership or any Subsidiary of the Partnership (including, without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken subject to). The General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements not inconsistent with the provisions of this Section 7.7 in favor of any Indemnitee having or potentially having liability for any such indebtedness. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.7.A. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership and any insurance proceeds from the liability policy covering the General Partner and any Indemnitees, and neither the General Partner nor any Limited Partner shall have any obligation to contribute to the capital of the Partnership or otherwise provide funds to enable the Partnership to fund its obligations under this Section 7.7.

B. Advancement of Expenses. Reasonable expenses expected to be incurred by an Indemnitee shall be paid or reimbursed by the Partnership in advance of the final disposition of any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative made or threatened against an Indemnitee, in the case of any trustee/director or officer who is an Indemnitee upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this Section 7.7.A has been met and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

C. No Limitation of Rights. The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity unless otherwise provided in a written agreement pursuant to which such Indemnitee is indemnified.

D. Insurance. The Partnership may purchase and maintain insurance on behalf of the Indemnitees and such other Persons as the General Partner shall determine against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

E. Benefit Plan Fiduciary. For purposes of this Section 7.7, (i) the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan, (ii) excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of this Section 7.7 and (iii) actions taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be related to the Partnership.

F. No Personal Liability for Limited Partners. In no event may an Indemnitee subject any of the Partners to liability by reason of the indemnification provisions set forth in this Agreement.

G. Interested Transactions. An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

H. Benefit. The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.7, or any provision hereof, shall be prospective only and shall not in any way affect the obligation of the Partnership to any Indemnitee under this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or related to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

I. Indemnification Payments Not Distributions. If and to the extent any payments to the General Partner pursuant to this Section 7.7 constitute gross income to the General Partner (as opposed to the repayment of advances made on behalf of the Partnership), such amounts shall constitute guaranteed payments within the meaning of Section 707(c) of the Code, shall be treated consistently therewith by the Partnership and all Partners, and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

Section 7.8 Liability of the General Partner

A. General. Notwithstanding anything to the contrary set forth in this Agreement, the General Partner and its directors and officers shall not be liable for monetary damages to the Partnership, any Partners or any Assignees for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission if the General Partner acted in good faith.

B. No Obligation to Consider Separate Interests of Limited Partners or Shareholders. The Limited Partners expressly acknowledge that the General Partner is acting on behalf of the Partnership and the General Partner's shareholders collectively, that the General Partner is under no obligation to consider the separate interests of the Limited Partners (including, without limitation, the tax consequences to Limited Partners or Assignees or to such shareholders) in deciding whether to cause the Partnership to take (or decline to take) any actions and that the General Partner shall not be liable for monetary damages or otherwise for losses sustained, liabilities incurred or benefits not derived by Limited Partners in connection with such decisions, provided that the General Partner has acted in good faith.

C. Actions of Agents. Subject to its obligations and duties as General Partner set forth in Section 7.1.A above, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

D. Effect of Amendment. Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's liability to the Partnership and the Limited Partners under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.9 Other Matters Concerning the General Partner

A. Reliance on Documents. The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond,

debenture or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

B. Reliance on Advisors. The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisors selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters which the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

C. Action Through Agents. The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the General Partner hereunder.

D. Actions to Maintain REIT Status or Avoid Taxation of the General Partner Entity or the General Partner (as applicable). Notwithstanding any other provisions of this Agreement (other than the limitations on the General Partner's authority set forth in Sections 7.5, 7.6.A, 7.6.D, and 7.11) or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of the General Partner Entity or the General Partner (as applicable) to continue to satisfy the REIT Requirements or (ii) to allow the General Partner Entity or the General Partner (as applicable) to avoid incurring any liability for taxes under Section 857 or 4981 of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

Section 7.10 Reliance by Third Parties

Notwithstanding anything to the contrary in this Agreement (other than the limitations on the General Partner's authority set forth in Sections 7.5, 7.6.A, 7.6.D, and 7.11), any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority, without consent or approval of any other Partner or Person, to encumber, sell or otherwise use in any manner any and all assets of the Partnership, to enter into any contracts on behalf of the Partnership and to take any and all actions on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if the General Partner were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies which may be available against such Person to contest, negate or disaffirm any action of the General Partner in

connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (ii) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership, and (iii) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

Section 7.11 Restrictions on General Partner's Authority

A. Consent Required. The General Partner may not take any action in contravention of an express prohibition or limitation of this Agreement without the written Consent of (i) all Partners adversely affected or (ii) such lower percentage of the Limited Partnership Interests as may be specifically provided for under a provision of this Agreement or the Act.

B. Intentionally Omitted.

C. Required Consent of Certain Partners. (i) The General Partner may not, directly or indirectly, cause the Partnership to take any action prohibited by this Section 7.11.C without the requisite approval as provided in this Section 7.11.C.

(1) For a period of twenty (20) years following the Effective Date, the General Partner may not, directly or indirectly, cause the Partnership to sell, exchange or otherwise dispose of the property located at Two Penn Plaza, New York, New York or any indirect interest (including, without limitation, any interest of the Partnership in Two Penn Plaza REIT, Inc., and any interest of Two Penn Plaza REIT, Inc., in Vornado Two Penn

Plaza L.L.C., whether, in either case, by liquidation, merger or otherwise) therein (collectively, the "Two Penn Plaza Property") (other than an involuntary sale pursuant to foreclosure of the mortgage secured by the Two Penn Plaza Property or otherwise, including pursuant to (x) an event described in Section 1033 of the Code (as determined without reference to the property, if any, into which the Two Penn Plaza Property is converted), other than a disposition resulting from the mere threat or imminence of a requisition or condemnation and (y) a deed in lieu of foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless the maturity of the indebtedness secured by the Two Penn Plaza Property has occurred, whether by reason of acceleration or otherwise, or a proceeding in connection with a Bankruptcy of the Partnership, the fee owning entity or any intermediate Person between them) to any Person without the Consent of the Partners at the time of the proposed sale, exchange or other disposition (other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) who hold seventy-five percent (75%) of the Partnership Units which were issued with respect to Two Penn Plaza Associates in the Consolidation and which remain outstanding (whether held by the original recipient of such Partnership Units or by a successor or transferee of the original recipient, but not including Partnership Units, if any, held by (I) the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity and (II) the estate of Bernard H. Mendik following his death) (referred to as "Two Penn Plaza Units"). In addition, during such twenty-year period, the General Partner may not, directly or indirectly, cause the Partnership to repay, earlier than one year prior to its stated maturity, any indebtedness secured by the Two Penn Plaza Property without the Consent of Partners holding seventy- five percent (75%) of the Two Penn Plaza Units, unless such repayment (a) is made in connection with the refinancing (on a basis such that the new debt would be considered a Nonrecourse Liability, or, as contemplated and only to the extent required by clause (2) below, a Partner Nonrecourse Debt) of such indebtedness for an amount not less than the principal amount of such indebtedness on the date of such refinancing, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but not requiring) a guarantee of such indebtedness by the holders of the Two Penn Plaza Units who elect to join in such guarantee in a form and on terms consistent with the guarantees by the holders of the Two Penn Plaza Units in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee is obtainable on commercially reasonable terms, or (b) is made in connection with an involuntary sale pursuant to foreclosure of the mortgage secured by the Two Penn Plaza Property or otherwise, including pursuant to a deed in lieu of foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless the maturity of the indebtedness secured by the Two Penn Plaza Property has been accelerated) or a proceeding in connection with a Bankruptcy of the Partnership, the fee-owning entity or any intermediate Person between them. During such twenty-year period, the General Partner shall use commercially reasonable efforts during the one-year period prior to the stated maturity of such indebtedness to cause the Partnership to refinance (on a basis such that the new debt would be considered a Nonrecourse Liability, or, as contemplated and only to the extent required by clause (2) below, a Partner Nonrecourse Debt) the indebtedness for an amount not less than the principal amount of such indebtedness on the date of such refinancing, provided such refinancing can be obtained on commercially reasonable terms, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but not requiring) a guarantee of such indebtedness by the holders of the Two Penn Plaza Units who elect to join in such guarantee in a form and on terms consistent with the guarantees by the holders of the Two Penn Plaza Units in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee is obtainable on commercially reasonable terms. Finally, during such twenty-year period, the General Partner shall not, without the Consent of Partners holding seventy-

five percent (75%) of the Two Penn Plaza Units, incur

indebtedness secured by the Two Penn Plaza Property if, at the time such indebtedness is incurred, the aggregate amount of the indebtedness secured by the Two Penn Plaza Property would exceed the greater of (i) seventy percent (70%) of the fair market value of the Two Penn Plaza Property (or the interest therein) securing such indebtedness or (ii) the then outstanding indebtedness being refinanced plus all costs (including prepayment fees, "breakage" payments and similar costs) incurred in connection with such refinancing. All references in this Section 7.11.C to "commercially reasonable terms" shall be as determined by the General Partner in its sole discretion, exercised in good faith.

(2) For a period of twenty (20) years following the Effective Date, the General Partner may not, directly or indirectly, cause the Partnership to sell, exchange or otherwise dispose of the property located at Eleven Penn Plaza, New York, New York or any indirect interest therein (collectively, the "Eleven Penn Plaza Property") (other than an involuntary sale pursuant to foreclosure of the mortgage secured by the Eleven Penn Plaza Property or otherwise, including pursuant to (x) an event described in Section 1033 of the Code (as determined without reference to the property, if any, into which the Eleven Penn Plaza Property is converted), other than a disposition resulting from the mere threat or imminence of a requisition or condemnation and (y) a deed in lieu of foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless the maturity of the

indebtedness secured by the Eleven Penn Plaza Property has occurred, whether by reason of acceleration or otherwise, or a proceeding in connection with a Bankruptcy of the Partnership, the fee-owning entity or any intermediate Person between them) to any Person without the Consent of the Partners at the time of the proposed sale, exchange or other disposition who hold seventy-five percent (75%) of the Partnership Units which were issued with respect to the Eleven Penn Partnerships in the Consolidation and which remain outstanding (whether held by the original recipient of such Partnership Units or by a successor or transferee of the original recipient, but not including the Partnership Units, if any, held by (I) General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity and (II) the estate of Bernard H. Mendik following his death) (referred to as "Eleven Penn Plaza Units"). In addition, during such twenty-year period, the General Partner may not, directly or indirectly, cause the Partnership to repay, earlier than one year prior to its stated maturity, any indebtedness secured by the Eleven Penn Plaza Property without the Consent of Partners who hold seventy-five percent (75%) of the Eleven Penn Plaza Units, unless such repayment (a) is made in connection with the refinancing (on a basis such that the new debt would be considered a Nonrecourse Liability, or, as contemplated and only to the extent required by clause (2) below, a Partner Nonrecourse Debt) of such indebtedness for an amount not less than the principal amount of such indebtedness on the date of such refinancing, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but not requiring) a guarantee of such indebtedness by the holders of the Eleven Penn Plaza Units who elect to join in such guarantee in a form and on terms consistent with the guarantees by the holders of the Eleven Penn Plaza Units in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee is obtainable on commercially reasonable terms, or (b) is made in connection with an involuntary sale pursuant to foreclosure of the mortgage secured by the Eleven Penn Plaza Property or otherwise, including pursuant to a deed in lieu of foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless the maturity of the indebtedness secured by the Eleven Penn Plaza Property has been accelerated) or a proceeding in connection with a Bankruptcy of the Partnership, the fee-owning entity or any intermediate Person between them. During such twenty-year period, the General Partner shall use commercially reasonable efforts during the one-year period prior to the stated maturity of such indebtedness to cause the Partnership to refinance (on a basis such that the new debt would be considered a Nonrecourse Liability, or, as contemplated and only to the extent required by clause (2) below, a Partner Nonrecourse Debt) the indebtedness for an amount not less than the principal amount of such indebtedness on the date of such refinancing, provided such refinancing can be obtained on

commercially reasonable terms, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but not requiring) a guarantee of such indebtedness by the holders of the Eleven Penn Plaza Units who elect to join in such guarantee in a form and on terms consistent with the guarantees by the holders of the Eleven Penn Plaza Units in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee is obtainable on commercially reasonable terms. Finally, during such twenty-year period, the General Partner shall not, without the Consent of Partners holding seventy-five percent (75%) of the Eleven Penn Plaza Units, incur indebtedness secured by the Eleven Penn Plaza Property if, at the time such indebtedness is incurred, the aggregate amount of the indebtedness secured by the Eleven Penn Plaza Property would exceed the greater of (i) seventy percent (70%) of the fair market value of the Eleven Penn Plaza Property (or the interest therein) securing such indebtedness or (ii)

the then outstanding indebtedness being refinanced plus all costs (including prepayment fees, "breakage" payments and similar costs) incurred in connection with such refinancing.

(3) For a period of twenty (20) years following the Effective Date, the General Partner may not, directly or indirectly, cause the Partnership to sell, exchange, or otherwise dispose of the property located at 866 U.N. Plaza, New York, New York or any indirect interest therein (collectively, the "866 U.N. Plaza Property") (other than an involuntary sale pursuant to foreclosure of the mortgage secured by the 866 U.N. Plaza Property or otherwise, including pursuant to (x) an event described in Section 1033 of the Code (as determined without reference to the property, if any, into which the 866 U.N. Plaza Property is converted), other than a disposition resulting from the mere threat or imminence of a requisition or condemnation and (y) a deed in lieu of foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless the maturity of the indebtedness secured by the 866 U.N. Plaza Property has occurred, whether by reason of acceleration or otherwise, or a proceeding in connection with a Bankruptcy of the Partnership, the fee-owning entity or any intermediate Person between them) to any Person without the Consent of the Partners at the time of the proposed sale, exchange or other disposition (other than the General Partner or the General Partner Entity or any Subsidiary of either of the General Partner of the General Partner or the General Partner Entity) who hold seventy-five percent (75%) of the Partnership Units which were issued with respect to 866 U.N. Plaza Associates in the Consolidation and which remain outstanding (whether held by the original recipient of such Partnership Units or by a successor or transferee of the original recipient, but not including Partnership Units, if any, held by (I) the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity and (II) the estate of Bernard H. Mendik following his death) (referred to as "866 U.N. Plaza Units"). In addition, during such twenty-year period, the General Partner may not, directly or indirectly, cause the Partnership to repay, earlier than one year prior to its stated maturity, any indebtedness secured by the 866 U.N. Plaza Property without the Consent of Partners holding seventy-five percent (75%) of the 866 U.N. Plaza Units, unless such repayment (a) is made in connection with the refinancing (on a basis such that the new debt would be considered a Nonrecourse Liability or, as contemplated and only to the extent required by clause (2) below, a Partner Nonrecourse Debt) of such indebtedness for an amount not less than the principal amount of such indebtedness on the date of such refinancing, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but not requiring) a guarantee of such indebtedness by the holders of the 866 U.N. Plaza Units who elect to join in such guarantee in a form and on terms consistent with the guarantees by the holders of the 866 U.N. Plaza Units in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee is obtainable on commercially reasonable terms, or (b) is made in connection with an involuntary sale pursuant to foreclosure of the mortgage secured by the 866 U.N. Plaza Property or otherwise, including pursuant to a deed in lieu of foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless the maturity of the indebtedness secured by the 866 U.N. Plaza Property has been accelerated) or a proceeding in connection with a Bankruptcy of the Partnership,

of the fee-owning entity or any intermediate Person between them. During such twenty-year period, the General Partner shall use commercially reasonable efforts during the one-year period prior to the stated maturity of such indebtedness to cause the Partnership to refinance (on a basis such that the new debt would be considered a Nonrecourse Liability, or, as contemplated and only to the extent required by clause (2) below, a Partner Nonrecourse Debt) the indebtedness for an amount not less than the principal amount of such indebtedness on the date of such

refinancing, provided such refinancing can be obtained on commercially reasonable terms, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but not requiring) a guarantee of such indebtedness by the holders of the 866 U.N. Plaza Units who elect to join in such guarantee in a form and on terms consistent with the guarantees by the holders of the 866 U.N. Plaza Units in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee is obtainable on commercially reasonable terms. Finally, during such twenty-year period, the General Partner shall not, without the Consent of Partners holding seventy-five percent (75%) of the 866 U.N. Plaza Units, incur indebtedness secured by the 866 U.N. Plaza Property if, at the time such indebtedness is incurred, the aggregate amount of the indebtedness secured by the 866 U.N. Plaza Property would exceed the greater of (i) seventy percent (70%) of the fair market value of the 866 U.N. Plaza Property (or the interest therein) securing such indebtedness or (ii) the then outstanding indebtedness being refinanced plus all costs (including prepayment fees, "breakage" payments and similar costs) incurred in connection with such refinancing.

(4) Subparagraphs (1), (2), and (3) shall not apply to any transaction that involves the Two Penn Plaza Property, the Eleven Penn Plaza Property or the 866 U.N. Plaza Property, as the case may be (which Property is referred to as the "Exchanged Property"), if such transaction qualifies as a like-kind exchange under Section 1031 of the Code or an involuntary conversion under Section 1033 of the Code (other than an involuntary conversion under Section 1033 of the Code that is described in the second parenthetical to subparagraphs (1), (2) or (3), as the case may be) in which no gain is recognized by the Partnership as long as the following conditions are satisfied: (x) in the case of a Section 1031 like-kind exchange, such exchange is not with a "related party" within the meaning of Section 1031(f)(3) of the Code; (y) the property received in exchange for the Exchanged Property (referred to as the "Replacement Property") is acquired in the same taxable year of the Partnership in which the disposition of the Exchanged Property occurs and is secured by nonrecourse indebtedness in an amount not less than the outstanding principal amount of the nonrecourse indebtedness secured by the Exchanged Property at the time of the exchange, nor greater than the amount that would be permitted under Sections 7.11.C(1), (2), or (3), as the case may be (except that 70% of fair market value shall be determined by reference to the Replacement Property and not the Exchanged Property, with a maturity not earlier than, and a principal amortization rate not more rapid than, the maturity and principal amortization rate of such indebtedness secured by the Exchanged Property, which indebtedness permits (but does not require) a guarantee of such indebtedness by the holders of the Two Penn Plaza Units, the Eleven Penn Plaza Units or the 866 U.N. Plaza Units, as the case may be, who elect to join in such guarantee in a form and on terms consistent with the guarantees by the holders of the Two Penn Plaza Units, the Eleven Penn Plaza Units or the 866 U.N. Plaza Units, as the case may be, in effect immediately prior to the time of the exchange, and (z) the Replacement Property is thereafter treated for all purposes of the restrictions in this Section 7.11.C as the Exchanged Property and the indebtedness secured by such Replacement Property is subject to the same restrictions and agreements as apply with respect to the indebtedness secured by the Exchanged Property.

(5) Subparagraphs (1), (2), and (3) shall not apply to any transaction that involves the Two Penn Plaza Property, the Eleven Penn Plaza Property or the 866 U.N. Plaza Property, as the case may be (which Property is referred to as the "Transferred Property"), if (x) such transaction is one in which no gain is recognized with respect to the Two Penn Plaza Property, the Eleven Penn Plaza Property or the 866 U.N. Plaza

Property by the Partnership

or the holders of the Two Penn Plaza Units, the Eleven Penn Plaza Units, or the 866 U.N. Plaza Units, as the case may be (other than gain, if any, resulting solely because the share, if any, of indebtedness allocable to a Partnership Unit is reduced or eliminated), provided that (i) the amount of indebtedness secured by the Two Penn Plaza Property, the Eleven Penn Plaza Property or the 866 U.N. Plaza Property, as applicable, is not decreased as a result of the transaction and the amount of indebtedness secured by the Two Penn Plaza Property, the Eleven Penn Plaza Property or the 866 U.N. Plaza Property, as applicable, that is a Nonrecourse Liability or Partner Nonrecourse Debt is not reduced, except as permitted by the relevant provisions of Subparagraph (1), (2) or (3) of this Section 7.11.C, and (ii) the indebtedness secured by the Two Penn Plaza Property, the Eleven Penn Plaza Property or the 866 U.N. Plaza Property, as applicable, continues to be taken into account in determining the Partners' basis in their Partnership Interests under rules similar to those provided in Section 752 of the Code and (y) the entity to which such Transferred Property is transferred agrees, for the benefit of the holders of the Two Penn Plaza Units, the Eleven Penn Plaza Units or the 866 U.N. Plaza Units, as the case may be, that all of the restrictions of this Section 7.11.C shall apply to the Transferred Property and the indebtedness outstanding with respect thereto in the same manner and to the extent set forth in this Section 7.11.C and such agreement is reflected in the partnership agreement (or other comparable governing instrument) of the entity to which the Transferred Property is transferred.

(6) Subparagraphs (1), (2), and (3) shall not apply to any transaction that involves either a merger or consolidation of the Partnership with or into another entity that qualifies as a "partnership" for federal income tax purposes (the "Successor Partnership") or a transfer of all or substantially all of the assets of the Partnership to a Successor Partnership and dissolution of the Partnership in connection therewith (in either case, a "Consolidation Transaction") so long as (x) no gain is recognized with respect to the Two Penn Plaza Property, the Eleven Penn Plaza Property or the 866 U.N. Plaza Property by the Partnership or the holders of the Two Penn Plaza Units, the Eleven Penn Plaza Units or the 866 U.N. Plaza Units, as the case may be, in connection with such Consolidation Transaction (other than gain, if any, resulting solely because the share, if any, of indebtedness allocable to a Partnership Unit is reduced or eliminated, provided that the amount of indebtedness secured by the Two Penn Plaza Property, the Eleven Penn Plaza Property or the 866 U.N. Plaza Property, as applicable, is not decreased as a result of the transaction and the amount of indebtedness secured by the Two Penn Plaza Property, the Eleven Penn Plaza Property or the 866 U.N. Plaza Property, as applicable, that is a Nonrecourse Liability or Partner Nonrecourse Debt is not reduced, except as permitted by the relevant provisions of Subparagraph (1), (2) or (3) of this Section 7.11.C, and (y) the Successor Partnership agrees in writing, for the benefit of the holders of the Two Penn Plaza Units, the Eleven Penn Plaza Units or the 866 U.N. Plaza Units, as the case may be, that all of the restrictions of this Section 7.11.C shall apply to the Two Penn Plaza Property, the Eleven Penn Plaza Property and the 866 U.N. Plaza Property and the indebtedness outstanding with respect thereto in the same manner and to the extent set forth in this Section 7.11.C.

(7) Subparagraphs (1), (2) and (3) shall not apply to any transaction not otherwise described in Subparagraph (4), (5) or (6) involving the Two Penn Plaza Property, the Eleven Penn Plaza Property and/or the 866 U.N. Plaza Property if, concurrently with the consummation of such transaction, the Partnership pays to the holders of the Two Penn Plaza Units, the Eleven Penn Plaza Units and/or the 866 U.N. Plaza Units, as applicable, in addition to any amounts otherwise distributable under Article V hereof, an amount equal to the lesser of (x) the aggregate federal, state and local income taxes payable by each holder of Two Penn

Plaza Units, as applicable, as a result of or in connection with such transactions, or (y) the aggregate federal, state and local income taxes that would have been payable by such

holder (or its predecessor in interest) if the relevant property had been sold on the Effective Date for its 704(c) Value; provided that the amount referred to in clause (y) shall be reduced to reflect (I) reductions in the Book/Tax Disparity with respect to the Two Penn Plaza Property, the Eleven Penn Plaza Property and/or the 866 U.N. Plaza Property, as applicable, and (II) with respect to a holder who acquired Two Penn Plaza Units, Eleven Penn Plaza Units and/or 866 U.N. Plaza Units, as applicable, subsequent to the Effective Date, the reduction in gain that results from such holder's having a special inside basis under Section 743 of the Code in the Two Penn Plaza Property, the Eleven Penn Plaza Property or the 866 U.N. Plaza Property, as applicable (by treating the special inside basis as the basis for determining gain on the deemed sale described in clause (y)), but, in either (I) or (II), the gain with respect to which the tax is computed may not be so reduced beneath the "negative basis" associated, as of the Effective Time, with the Two Penn Plaza Units, the Eleven Penn Plaza Units or the 866 U.N. Plaza Units, as appropriate, plus in the case of either (x) or (y), an amount equal to the aggregate federal, state and local income taxes payable by the recipient thereof as the result of the receipt of the payments provided for in this subparagraph (7) (including for this purpose all taxes on payments hereunder intended to compensate the recipient thereof for taxes owed by the recipient). For purposes of the preceding sentence, (x) all income arising from the transaction that is treated as ordinary income under the applicable provisions of the Code and is allocated to the holders of the Two Penn Plaza Units, the Eleven Penn Plaza Units and/or the 866 U.N. Plaza Units, as applicable, shall be treated as subject to federal, state and local income tax at the effective tax rate imposed on ordinary income of New York City residents, determined using the maximum federal, New York State and New York City rates on ordinary income then in effect and (y) all other income arising from the transaction and all payments provided for in this subparagraph (7) shall be treated as subject to federal, state and local income tax at the effective tax rate imposed on long-term capital gains of New York City residents, determined using the maximum federal, New York State and New York City rates on long-term capital gains then in effect.

If at any time prior to the twentieth (20th) anniversary of the Effective Date, the Partnership pays the amounts described in subparagraph (7) above in respect of any Partnership Units entitled to the benefits of Section 7.11.C(1), (2) or (3), and the amount of such payment is, at the time that it is made, equal to the full amount that would be payable under such Sections with respect to such Partnership Units if the Two Penn Plaza Property, the Eleven Penn Plaza Property, or the 866 U.N. Plaza Property, as applicable, were to have been sold on such date for its market value, then the provisions of Section 7.11.C shall thereafter cease to apply to those Partnership Units.

(ii) Nothing herein shall be deemed to require that the Partnership or the General Partner take any action to avoid or prevent an involuntary disposition of any property, whether pursuant to foreclosure of a mortgage secured by such property or otherwise, including pursuant to a deed in lieu of foreclosure or a proceeding in connection with a Bankruptcy.

(iii) Nothing herein shall prevent the sale, exchange, transfer or other disposition of any property pursuant to the dissolution and liquidation of the Partnership in accordance with Article XIII hereof (other than Section 13.1(v), which shall be subject to this Section 7.11.C).

D. Merger or Consolidation in Which the Partnership is Not the Surviving Entity. In the event that the Partnership is to merge or consolidate with or into any other entity in a transaction in which holders of Partnership Units will receive consideration other than cash or equity securities that are Publicly Traded (an "Equity

Merger") and such Equity Merger would be prohibited by Section 7.11.C but for the application of Section 7.11.C(6) (and not Section 7.1.C(4), (5) or (7)), then, unless the Consent of Certain Limited Partners is obtained:

(i) the partnership agreement, limited liability agreement or other operative governing documents (the "Charter Documents") of the entity that is the surviving entity in such Equity Merger must contain provisions that are comparable in all material respects to, or the entity that is the surviving entity in such Equity Merger must otherwise agree in writing, for the benefit of the holders of the Two Penn Plaza Units, the Eleven Penn Plaza Units, and the 866 U.N. Plaza Units, to restrictions that are comparable in all material respects to the provisions of Section 4.2.A, Article V and Article VI (except for differences that would be permitted pursuant to Sections 4.2, 5.1.C, 5.4, 6.2 and 14.1.B(3) if such changes were to be made to this Agreement), Section 7.6.A, Section 7.11.A, this Section 7.11.D, Section

8.6 (and all defined terms set forth in Article I that relate to the Redemption Right), Section 11.2, Section 13.1, Section 13.2.A(3) (except as permitted pursuant to Sections 4.2, 5.4, 6.2 and 14.1.B(3)), Section 14.1.C, Section 14.1.D, and Section 14.2, all as in effect immediately prior to the Equity Merger; and

(ii) the Equity Merger shall not cause a holder of a Partnership Unit to be a general partner or to have liability equivalent to that of a general partner in a partnership or otherwise modify the limited liability of a Limited Partner under this Agreement.

Section 7.12 Loans by Third Parties

The Partnership may incur Debt, or enter into similar credit, guarantee, financing or refinancing arrangements for any purpose (including, without limitation, in connection with any acquisition of property) with any Person upon such terms as the General Partner determines appropriate; provided, that the Partnership shall not incur any Debt that is recourse to the General Partner unless, and then only to the extent that, the General Partner has expressly agreed.

ARTICLE VIII
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 8.1 Limitation of Liability

The Limited Partners shall have no liability under this Agreement except as expressly provided in this Agreement, including Section 10.5 hereof, or under the Act.

Section 8.2 Management of Business

No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such) shall take part in the operation, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 8.3 Outside Activities of Limited Partners

Subject to Section 7.5 hereof, and subject to any agreements entered into pursuant to Section 7.6.C hereof and to any other agreements entered into by a Limited Partner or its Affiliates with the Partnership or a Subsidiary, any Limited Partner (other than the General Partner) and any officer, director, employee, agent, trustee, Affiliate or shareholder of any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct or indirect competition with the Partnership. Neither the Partnership nor any Partners shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee. None of the Limited Partners (other than the General Partner) nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person (other than the General Partner to the extent expressly provided herein), and such Person shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures to the Partnership, any Limited Partner or any such other Person, even if such opportunity is of a character which, if presented to the Partnership, any Limited Partner or such other Person, could be taken by such Person.

Section 8.4 Return of Capital

Except pursuant to the right of redemption set forth in Section 8.6 below, no Limited Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon termination of the Partnership as provided herein. No Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions (except as permitted by Section 4.2.A hereof) or, except to the extent provided by Exhibit C hereto or as permitted by Sections 4.2.A, 5.1.B(i) hereof or otherwise expressly provided in this Agreement, as to profits, losses, distributions or credits.

Section 8.5 Rights of Limited Partners Relating to the Partnership

A. General. In addition to other rights provided by this Agreement or by the Act, and except as limited by Section 8.5.D below, each

Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon written demand with a statement of the purpose of such demand and at such Limited Partner's own expense:

(1) to obtain a copy of the most recent annual and quarterly reports filed with the Securities and Exchange Commission by the General Partner Entity pursuant to the Exchange Act;

(2) to obtain a copy of the Partnership's federal, state and local income tax returns for each Partnership Year;

(3) to obtain a current list of the name and last known business, residence or mailing address of each Partner; and

(4) to obtain a copy of this Agreement and the Certificate and all amendments thereto, together with copies of all powers of attorney pursuant to which this Agreement, the Certificate and all amendments thereto have been executed.

B. Notice of Conversion Factor. The Partnership shall notify each Limited Partner upon request of the then current Conversion Factor and any changes that have been made thereto.

C. Notice of Extraordinary Transaction of the General Partner Entity. The General Partner Entity shall not make any extraordinary distributions of cash or property to its shareholders or effect a merger (including, without limitation, a triangular merger), a sale of all or substantially all of its assets or any other similar extraordinary transaction without notifying the Limited Partners of its intention to make such distribution or effect such

merger, sale or other extraordinary transaction at least twenty (20) days prior to the record date to determine shareholders eligible to receive such distribution or to vote upon the approval of such merger, sale or other extraordinary transaction (or, if no such record date is applicable, at least twenty (20) days before consummation of such merger, sale or other extraordinary transaction). This provision for such notice shall not be deemed (i) to permit any transaction that otherwise is prohibited by this Agreement or requires a Consent of the Partners or (ii) to require a Consent of the Limited Partners to a transaction that does not otherwise require Consent under this Agreement. Each Limited Partner agrees, as a condition to the receipt of the notice pursuant hereto, to keep confidential the information set forth therein until such time as the General Partner Entity has made public disclosure thereof and to use such information during such period of confidentiality solely for purposes of determining whether or not to exercise the Redemption Right; provided, however, that a Limited Partner may disclose such information to its attorney, accountant and/or financial advisor for purposes of obtaining advice with respect to such exercise so long as such attorney, accountant and/or financial advisor agrees to receive and hold such information subject to this confidentiality requirement.

D. Confidentiality. Notwithstanding any other provision of this Section 8.5, the General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its sole and absolute discretion to be reasonable, any information that (i) the General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or could damage the Partnership or its business or (ii) the Partnership is required by law or by agreements with unaffiliated third parties to keep confidential.

Section 8.6 Redemption Right

A. General. (i) Subject to Section 8.6.C below, on or after the date one (1) year (or, in the case of Partnership Units owned by a Restricted Partner on or before the Effective Date, two (2) years (subject to the terms of the parenthetical and the proviso in Section 11.3.A(y))) after the Effective Date (or, if later, the date of the issuance of a Partnership Unit to a Limited Partner pursuant to Article IV hereof) which one-year (or two-year, if applicable) period shall commence upon the issuance of such Partnership Unit regardless of whether such Partnership Unit is designated upon issuance as a Class A Unit, a Class B Unit, a Class C Unit, a Class D Unit, a Class E Unit or otherwise and shall include any class A Unit issued in exchange for such Partnership Unit pursuant to Section 4.2.D), or on or after such date prior to the expiration of such one-year period or two-year period, as applicable, as the General Partner, in its sole and absolute discretion, designates with respect to any or all Partnership Units then outstanding, the holder of a Partnership Unit (if other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) shall have the right (the "Redemption Right") to require the Partnership to redeem such Partnership Unit on a Specified Redemption Date and at a redemption price equal to and in the form of the Cash Amount to be paid by the Partnership. In

addition, at any time commencing on the ninety-first (91st) day after the Effective Date and continuing until (but not after) the first anniversary of the Effective Date, any holder of a Class E Unit shall have the right (which shall also be deemed a Redemption Right hereunder) to require the Partnership to redeem such Partnership Unit on a Specified Redemption Date and at a redemption price equal to and in the form of ninety-four percent (94%) of the Cash Amount to be paid by the Partnership. Any such Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the Partnership (with a copy to the General Partner) by the Limited Partner who is exercising the Redemption Right (the "Redeeming Partner"). A Limited Partner may not exercise the Redemption Right for less than one thousand (1,000) Partnership Units or, if such Redeeming Partner holds less than one thousand (1,000) Partnership Units, for less than all of the Partnership Units held by such Redeeming Partner.

(ii) The Redeeming Partner shall have no right with respect to any Partnership Units so redeemed to receive any distributions paid after the Specified Redemption Date.

(iii) The Assignee of any Limited Partner may exercise the rights of such Limited Partner pursuant to this Section 8.6, and such Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be

bound by the exercise of such rights by such Limited Partner's Assignee. In connection with any exercise of the such rights by such Assignee on behalf of such Limited Partner, the Cash Amount shall be paid by the Partnership directly to such Assignee and not to such Limited Partner.

(iv) In the event that the General Partner provides notice to the Limited Partners, pursuant to Section 8.5.C hereof, the Redemption Right shall be exercisable, subject to the one-year limitation contained in Section 8.6(a)(i) (and, for purposes of this clause (iv), the two-year limitation imposed on Restricted Partners under this Section 8.6 shall be shortened to one year after the Effective Date beyond the first anniversary of the Effective Date), during the period commencing on the date on which the General Partner provides such notice and ending on the record date to determine shareholders eligible to receive such distribution or to vote upon the approval of such merger, sale or other extraordinary transaction (or, if no such record date is applicable, the date that is twenty (20) days after the date the General Partner provides such notice pursuant to Section 8.5.C hereof). In the event that this subparagraph (iv) applies, the Specified Redemption Date shall be the sooner of (1) the tenth (10th) Business Day after the Partnership receives the Redemption Notice or (2) the Business Day immediately preceding the record date to determine shareholders eligible to receive a distribution or vote on approval; provided that if such time determined pursuant to clause (1) or (2) above occurs in less than ten (10) Business Days and the Partnership elects to redeem the subject Partnership Units for cash, the Partnership will have up to ten (10) Business Days from receipt of the Redemption Notice to deliver payment in respect of such Partnership Units.

(v) Notwithstanding the terms of Section 8.6.A(i) or anything else in this Agreement to the contrary, if there shall have been a merger or consolidation of the General Partner, or a sale or all or substantially all of the assets of the General Partner as an entirety, and in either case, in connection therewith, the shareholders of the General Partner are obligated to accept cash and/or debt obligations in full or partial consideration for their Shares, then the portion of the Redemption Amount per Partnership Unit that corresponds to the portion of Value of the total consideration receivable for one Share multiplied by the Conversion Factor (a "Unit Equivalent") that is required to be accepted in cash and/or debt obligations shall thereafter be an amount of cash equal to the sum of (i) the cash payable for a Unit Equivalent on the date of the closing of such merger, consolidation or sale and (ii) the Value on the date of the closing of such merger, consolidation, or sale of the debt obligations to be received with respect to a Unit Equivalent, adjusted as set forth below (this amount of cash is referred to as the "Required Cash Payment") (the percentage that the Required Cash Payment represents of the total Redemption Amount with respect to a Partnership Unit, determined as of such closing date, is referred to as the "Pro Rata Portion"). The balance of the Redemption Amount per Partnership Unit shall be determined as provided for in the definitions of Conversion Factor, Redemption Amount, Shares Amount, Cash Amount and Value. In the event that the merger, consolidation or sale giving rise to the application of this clause (v) occurs at a time when there shall be any Persons the consent of whom is required pursuant to the definition of "Consent of Certain Limited Partners", then the Required Cash Payment shall be increased by a cash payment to the extent required to provide such Limited Partner, upon the exercise of its Redemption Right with respect to a Partnership Unit, with an Internal Rate of Return on such Required Cash Payment for the period from the date of such merger, consolidation or sale to the date of the redemption of the Partnership Unit, when taken together with the Pro Rata Portion of all distributions received by such Limited Partner with respect to such Partnership Unit from and after the effective date of the merger, consolidation or sale equal to the Treasury Constant Yield. As used herein, the "Treasury Constant Yield" shall mean the arithmetic mean of the rates published as "Treasury Constant Maturities" as of 5:00 p.m., New York time, for the five business days preceding the effective date of the merger, consolidation or sale, as shown on the USD screen of the Telerate service (or if such service is not

available, under Section 504 in the weekly statistical release designated H.15(519) (or any successor publication) published by the Board of Governors of the Federal Reserve System, for "On the Run" U.S. Treasury obligations corresponding to the twentieth anniversary of the date hereof). If no such maturity shall so exactly correspond, yields for the two most closely corresponding published maturities shall be calculated pursuant to the foregoing sentence and the Treasury Constant Yield shall be interpolated or extrapolated (as applicable) from such yields on a straight-line basis (rounding, in the case of relevant periods, to the nearest month). As used herein, "Internal Rate of Return" shall mean, with respect to a rate of return of the Constant Treasury Yield, commencing on the effective date of the merger, consolidation or sale, compounded quarterly to the extent not paid on a current basis, taking into account the timing

and amounts of this Pro Rata Portion of all distributions by the Partnership to such Partner with respect to such Partnership Unit; for purposes of computing the Internal Rate of Return, distributions to a Partner at any time during a month shall be deemed to be made and received on the day actually made.

B. General Partner Assumption of Right. (i) If a Limited Partner has delivered a Notice of Redemption (other than a Notice of Redemption relating to a Class E Unit given prior to the first anniversary of the Effective Date), the General Partner may, in its sole and absolute discretion (subject to any limitations on ownership and transfer of Shares set forth in the Declaration of Trust), elect to assume directly and satisfy a Redemption Right by paying to the Redeeming Partner either the Cash Amount or the Shares Amount, as the General Partner determines in its sole and absolute discretion (provided that payment of the Redemption Amount in the form of Shares shall be in Shares registered under Section 12 of the Exchange Act and listed for trading on the exchange or national market on which the Shares are Publicly Traded, and provided, further, that in the event that the Shares are not Publicly Traded at the time a Redeeming Partner exercises its Redemption Right, the Redemption Amount shall be paid only in the form of the Cash Amount unless the Redeeming Partner, in its sole and absolute discretion, consents to payment of the Redemption Amount in the form of the Shares Amount), on the Specified Redemption Date, whereupon the General Partner shall acquire the Partnership Units offered for redemption by the Redeeming Partner and shall be treated for all purposes of this Agreement as the owner of such Partnership Units and such Partnership Units shall automatically convert to Class A Units upon acquisition by the General Partner. Unless the General Partner, in its sole and absolute discretion, shall exercise its right to assume directly and satisfy the Redemption Right, the General Partner shall not have any obligation to the Redeeming Partner or to the Partnership with respect to the Redeeming Partner's exercise of the Redemption Right. In the event the General Partner shall exercise its right to satisfy the Redemption Right in the manner described in the first sentence of this Section 8.6.B and shall fully perform its obligations in connection therewith, the Partnership shall have no right or obligation to pay any amount to the Redeeming Partner with respect to such Redeeming Partner's exercise of the Redemption Right, and each of the Redeeming Partner, the Partnership and the General Partner shall, for federal income tax purposes, treat the transaction between the General Partner and the Redeeming Partner as a sale of the Redeeming Partner's Partnership Units to the General Partner. Nothing contained in this Section 8.6.B shall imply any right of the General Partner to require any Limited Partner to exercise the Redemption Right afforded to such Limited Partner pursuant to Section 8.6.A above.

(ii) In the event that the General Partner determines to pay the Redeeming Partner the Redemption Amount in the form of Shares, the total number of Shares to be paid to the Redeeming Partner in exchange for the Redeeming Partner's Partnership Units shall be the applicable Shares Amount. In the event this amount is not a whole number of Shares, the Redeeming Partner shall be paid (i) that number of Shares which equals the nearest whole number less than such amount plus (ii) an amount of cash which the General Partner determines, in its reasonable discretion, to represent the fair value of the remaining fractional Share which would otherwise be payable to the Redeeming Partner.

(iii) Each Redeeming Partner agrees to execute such documents as the General Partner may reasonably require in connection with the issuance of Shares upon exercise of the Redemption Right.

C. Exceptions to Exercise of Redemption Right. Notwithstanding the provisions of Sections 8.6.A and 8.6.B above, a Partner shall not be entitled to exercise the Redemption Right pursuant to Section 8.6.A above if (but only as long as) the delivery of Shares to such Partner on the Specified Redemption Date (i) would be prohibited under the Declaration of Trust, or (ii) as long as the Shares are Publicly Traded, would be prohibited under applicable federal or state securities laws or regulations (assuming the General Partner would in fact assume and satisfy the Redemption Right).

D. No Liens on Partnership Units Delivered for Redemption. Each Limited Partner covenants and agrees with the General Partner that all Partnership Units delivered for redemption shall be delivered to the Partnership or the General Partner, as the case may be, free and clear of all liens, and, notwithstanding anything contained herein to the contrary, neither the General Partner nor the Partnership shall be under any obligation to

acquire Partnership Units which are or may be subject to any liens. Each Limited Partner further agrees that, in the event any state or local property transfer tax is payable as a result of the transfer of its Partnership Units to the Partnership or the General Partner, such Limited Partner shall assume and pay such transfer tax.

E. Additional Partnership Interests. In the event that the Partnership issues Partnership Interests to any Additional Limited Partner pursuant to Article IV hereof, the General Partner shall make such amendments to this Section 8.6 as it determines are necessary to reflect the issuance of such Partnership Interests (including setting forth any restrictions on the exercise of the Redemption Right with respect to such Partnership Interests).

F. Transfer Tax Limitations. Notwithstanding anything herein to the contrary, until the first business day following the second anniversary of the Effective Date, the Partnership and the General Partner shall have the right, in connection with a Limited Partner's exercise of its Redemption Right:

(1) to condition the payment of the redemption price under Section 8.6(A)(i) upon the General Partner's sole satisfaction that any New York Real Estate Transfer Tax and New York City Real Property Transfer Tax payable by reason of such Limited Partner's redemption prior to the expiration of two years following the Effective Date shall have been paid in full or that adequate provision has been made therefor (as determined by the General Partner in its sole discretion); and

(2) if the General Partner elects under Section 8.6.B to pay the Shares Amount, then such Limited Partner shall be obligated, as a condition to the effective exercise of the Redemption Right, to escrow with the General Partner an amount equal to the New York Real Estate Transfer Tax and New York City Real Property Transfer Tax that would have been payable as of the exercise of the Redemption Right, assuming such Limited Partner transferred the Share Amount received on such date prior to the expiration of two years following the Effective Date. Such escrow may be used by the General Partner or the Limited Partner who provided such escrow for the payment of the taxes described in this subparagraph (2) above, provided, in the latter event, the General Partner shall have determined, in its good faith discretion, that such tax will be paid. Such escrow shall be released to the Limited Partner, to the extent not used, after the expiration of the 2-year period if the General Partner shall determine in its sole discretion exercised in good faith that no such transfer tax shall have been due and payable.

Section 8.7 Right of Offset

The General Partner shall have the right to offset any amounts owed to the Partnership or the General Partner by any Limited Partner pursuant to (i) any written agreement between such Limited Partner and the Partnership, the General Partner or an Affiliate of either of them pursuant to which such Limited Partner acquired Partnership Units or (ii) the provisions of Section 5.2, Section 8.6.F or Section 11.7 of this Agreement, against any amounts owed to such Limited Partner by the Partnership or the General Partner hereunder, including the right to cancel or acquire, as applicable, the Units held by such Limited Partner, based on the Cash Amount that would be payable therefor, assuming a redemption as of the date of cancellation or acquisition, as applicable. In exercising the foregoing offset rights, the General partner shall be required to give a Limited Partner, in the case of an offset against a distribution, five (5) days prior written notice (provided, however, that if a distribution is to be made at any time during such five day period the General Partner may retain the distribution payable to any Limited Partner to whom such a written notice has been given to the extent of the amount owed by such limited Partner pending the passage of such period and upon the passage of such period without payment of all amounts owed by the applicable Limited Partner, the General Partner shall be entitled to the right of offset described above, it being understood that if the Limited Partner pays in full the amount owed the General Partner shall promptly release the retained distribution to

such Limited Partner) and, in the case of an offset against Partnership Units (through cancellation or acquisition), ten (10) days' prior written notice, in each case of the amount owed (determined as of a date reasonably close to the date of such notice) and the proposed offset and the Limited Partner has not paid the amount owed within such period.

ARTICLE IX
BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1 Records and Accounting

The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 9.3 below. Any records maintained by or on behalf of the Partnership in the regular course of its business may be kept on, or be in the form of, punch cards, magnetic tape, computer disk, photographs, micrographics or any other information storage device, provided that the records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles.

Section 9.2 Fiscal Year

The fiscal year of the Partnership shall be the calendar year.

Section 9.3 Reports

A. Annual Reports. As soon as practicable, but in no event later than the date on which the General Partner Entity mails its annual report to its shareholders, the General Partner shall cause to be mailed to each Limited Partner an annual report, as of the close of the most recently ended Partnership Year, containing financial statements of the Partnership, or of the General Partner Entity if such statements are prepared solely on a consolidated basis with the Partnership, for such Partnership Year, presented in accordance with generally accepted accounting principles, such statements to be audited by a nationally recognized firm of independent public accountants selected by the General Partner Entity.

B. Quarterly Reports. If and to the extent that the General Partner Entity mails quarterly reports to its shareholders, as soon as practicable, but in no event later than the date on which such reports are mailed, the General Partner shall cause to be mailed to each Limited Partner a report containing unaudited financial statements, as of the last day of such quarter, of the Partnership, or of the General Partner Entity if such statements are prepared solely on a consolidated basis with the Partnership, and such other information as may be required by applicable law or regulation, or as the General Partner determines to be appropriate.

ARTICLE X
TAX MATTERS

Section 10.1 Preparation of Tax Returns

The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety (90) days of the close of each taxable year, the tax information reasonably required by Limited Partners for federal and state income tax reporting purposes.

Section 10.2 Tax Elections

Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code; provided, that the General Partner shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder. The General Partner shall have the right to seek to revoke any such election (including, without limitation, the election under Section 754 of the Code) upon the General Partner's determination in its sole and absolute discretion that such revocation is in the best interests of the Partners.

Section 10.3 Tax Matters Partner

A. General. The General Partner shall be the "tax matters partner" of the Partnership for federal income tax purposes. Pursuant to Section 6223(c)(3) of the Code, upon receipt of notice from the IRS of the beginning of an administrative proceeding with respect to the Partnership, the tax matters partner shall furnish the IRS with the name, address, taxpayer identification number and profit interest of each of the Limited Partners and any Assignees; provided, that such information is provided to the Partnership by the Limited Partners.

B. Powers. The tax matters partner is authorized, but not required:

(1) to enter into any settlement with the IRS with respect to any administrative or judicial proceedings for the

adjustment of Partnership items required to be taken into account by a Partner for income tax purposes (such administrative proceedings being referred to as a "tax audit" and such judicial proceedings being referred to as "judicial review"), and in the settlement agreement the tax matters partner may expressly state that such agreement shall bind all Partners, except that such settlement agreement shall not bind any Partner (i) who (within the time prescribed pursuant to the Code and Regulations) files a statement with the IRS providing that the tax matters partner shall not have the authority to enter into a settlement agreement on behalf of such Partner or (ii) who is a "notice partner" (as defined in Section 6231(a)(8) of the Code) or a member of a "notice group" (as defined in Section 6223(b)(2) of the Code);

(2) in the event that a notice of a final administrative adjustment at the Partnership level of any item required to be taken into account by a Partner for tax purposes (a "final adjustment") is mailed to the tax matters partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the Tax Court or the filing of a complaint for refund with the United States Claims Court or the District Court of the United States for the district in which the Partnership's principal place of business is located;

(3) to intervene in any action brought by any other Partner for judicial review of a final adjustment;

(4) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file an appropriate pleading (petition or complaint) for judicial review with respect to such request;

(5) to enter into an agreement with the IRS to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Partner for tax purposes, or an item affected by such item; and

(6) to take any other action on behalf of the Partners of the Partnership in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law or regulations.

The taking of any action and the incurring of any expense by the tax matters partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the tax matters partner and the provisions relating to indemnification of the General Partner set forth in Section 7.7 hereof shall be fully applicable to the tax matters partner in its capacity as such.

C. Reimbursement. The tax matters partner shall receive no compensation for its services. All third party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees and expenses) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm or a law firm to assist the tax matters partner in discharging its duties hereunder, as long as the compensation paid by the Partnership for such services is reasonable.

Section 10.4 Organizational Expenses

The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a sixty (60) month period as provided in Section 709 of the Code.

Section 10.5 Withholding

Each Limited Partner hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Limited Partner any amount of federal, state, local, or foreign taxes that the General Partner determines that the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Limited Partner pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Section 1441, 1442, 1445, or 1446 of the Code. Any amount paid on behalf of or with respect to a Limited Partner shall constitute a recourse loan by the Partnership to such Limited Partner, which loan shall be repaid by such Limited Partner within fifteen (15) days after notice from the General Partner that such payment must be made unless (i) the Partnership withholds such payment from a distribution which would otherwise be made to the Limited Partner or (ii) the General Partner determines, in its sole and absolute

discretion, that such payment may be satisfied out of the available funds of the Partnership which would, but for such payment, be distributed to the Limited Partner. Any amounts withheld pursuant to the foregoing clauses (i) or (ii) shall be treated as having been distributed to such Limited Partner. Each Limited Partner hereby unconditionally and irrevocably grants to the Partnership a security interest in such Limited Partner's Partnership Interest to secure such Limited Partner's obligation to pay to the Partnership any amounts required to be paid pursuant to this Section 10.5. In the event that a Limited Partner fails to pay any amounts owed to the Partnership pursuant to this Section 10.5 when due, the General Partner may, in its sole and absolute discretion, elect to make the payment to the Partnership on behalf of such defaulting Limited Partner, and in such event shall be deemed to have loaned such amount to such defaulting Limited Partner and shall succeed to all rights and remedies of the Partnership as against such defaulting Limited Partner (including, without limitation, the right to receive distributions). Any amounts payable by a Limited Partner hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the Wall Street Journal, plus four (4) percentage points (but not higher than the maximum lawful rate) from the date such amount is due (i.e., fifteen (15) days after demand) until such amount is paid in full. Each Limited Partner shall take such actions as the Partnership or the General Partner shall request in order to perfect or enforce the security interest created hereunder.

ARTICLE XI
TRANSFERS AND WITHDRAWALS

Section 11.1 Transfer

A. Definition. The term "transfer," when used in this Article XI with respect to a Partnership Interest or a Partnership Unit, shall be deemed to refer to a transaction by which the General Partner purports to assign all or any part of its General Partnership Interest to another Person or by which a Limited Partner purports to assign all or any part of its Limited Partnership Interest to another Person, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise. The term "transfer" when used in this Article XI does not include any redemption or repurchase of Partnership Units by the Partnership from a Partner (including the General Partner) or acquisition of Partnership Units from a Limited Partner by the General Partner pursuant to Section 8.6 hereof or otherwise. No part of the interest of a Limited Partner shall be subject to the claims of any creditor, any spouse for alimony or support, or to legal process, and no part of the interest of a Limited Partner may be voluntarily or involuntarily alienated or encumbered except as may be specifically provided for in this Agreement.

B. General. No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article XI. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article XI shall be null and void.

Section 11.2 Transfers of Partnership Interests of General Partner

A. Except for transfers of Partnership Units to the Partnership as provided in Section 7.5 or Section 8.6 hereof, the General Partner may not transfer any of its Partnership Interest (including both its General Partnership Interest and its Limited Partnership Interest) except in connection with a transaction described in Section 11.2.B below or as otherwise expressly permitted under this Agreement), nor shall the General Partner withdraw as General Partner except in connection with a transaction described in Section 11.2.B below.

B. The General Partner shall not engage in any merger (including a triangular merger), consolidation or other combination with or into another person, sale of all or substantially all of its assets or any reclassification, recapitalization or change of the terms of any outstanding Common Shares (other than a change in par value, or from par value to no par value, or as a result of a subdivision or combination as described in the definition of "Conversion Factor") ("Termination Transaction"), unless , in connection therewith, all Limited Partners (other than the General Partner, the General Partner Entity and any entities controlled by either of them) will have the right to elect to receive, or, subject to Section 7.11.C., will receive, for each Partnership Unit an amount of cash, securities, or other property equal to the product of the Conversion Factor and the greatest amount of cash, securities or other property paid to a holder of Shares, if any, corresponding to such Partnership Unit in consideration of one such Share; provided, that if, in connection with the Termination Transaction, a purchase, tender or exchange offer shall have first been made to and accepted by the holders of more than fifty percent (50%) of the outstanding Shares and a holder of Partnership Units did not receive advance written notice (whether from the General Partner, the offeror or otherwise) of the offer and an opportunity to redeem its Partnership Units substantially in accordance with the provisions in Section 8.6, then such holder of Partnership Units shall receive, or shall have the right to elect to receive, the greatest amount of cash, securities, or other property which such holder would have received had it exercised the Redemption Right and received Shares in exchange for its Partnership Units immediately prior to such purchase, tender or exchange

offer and had thereupon accepted such purchase, tender or exchange offer and to the extent required by the terms thereof applicable to all other holders of Shares participating in the purchase, tender or exchange offer, participated in all other phases of such Termination Transaction as well.

Section 11.3 Limited Partners' Rights to Transfer

A. General. Subject to the provisions of Sections 11.3.C, 11.3.D, 11.3.E, 11.4 and 11.6 below, prior to the first anniversary (or, in the case of a Restricted Partner, the second anniversary or, in the case of Bernard H. Mendik or David R. Greenbaum only, such earlier date, if any, on which such individual's employment with the Partnership shall be terminated without Cause, due to a Disability or for Good Reason (as such terms are defined in the case of Mr. Mendik in Exhibit B to the Noncompetition Agreement dated as of April 15, 1997 by and among Vornado Realty Trust, The Mendik Company, L.P. and Bernard H. Mendik, and in the case of Mr. Greenbaum in Section 4(b), Section 4(c), and Section 4(d) of the Employment Agreement dated as of April 15, 1997 by and among Vornado Realty Trust, The Mendik Company, L.P. and David R. Greenbaum)) of the Effective Date, the Limited Partnership Interest of any Partner may not be transferred in whole or in part, directly, indirectly or beneficially, without the prior written consent of the General Partner, which consent the General Partner may withhold in its sole discretion; provided, however, that it is expressly understood that subject to the provisions of Sections 11.3.C, 11.3.D, 11.3.E, 11.4 and 11.6 below each Limited Partner will be permitted to make one or more transfers to any Affiliated Transferee of such Limited Partner. Commencing on the first anniversary after the Effective Date (or (x) in the case of a holder of Class E Units but only with respect to such Class E Units, the ninety-first (91st) day after the Effective Date, and (y) in the case of a Restricted Partner, the second anniversary after the Effective Date; provided, however, that the Partnership Units identified on Exhibit H hereto (which Partnership Units are beneficially owned, directly or indirectly, through a Restricted Partner by the Persons named opposite such Partnership Units on Exhibit H) shall not be deemed to be held by a Restricted Partner for purposes of Section 8.6.A and this Section 11.3.A), and subject to the provisions of Sections 11.3.C, 11.3.D, 11.3.E, 11.4 and 11.6 below, a Limited Partner (other than the General Partner or the General Partner Entity or any Subsidiary of either of them) may transfer all or any portion of its Limited Partnership Interest to any person, provided such Limited Partner obtains the prior written consent of the General Partner, which consent may be withheld only if the General Partner determines in its sole discretion exercised in good faith that such a transfer would cause the Partnership or any or all of the Partners other than the Limited Partner seeking to transfer its rights as a Limited Partner to be subject to tax liability as a result of such transfer. Any purported transfer attempted in violation of the foregoing sentence shall be deemed void ab initio and shall have no force or effect.

B. Incapacitated Limited Partners. If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Limited Partner's estate shall have all the rights of a Limited Partner, but not more rights than those enjoyed by other Limited Partners for the purpose of settling or managing the estate and such power as the Incapacitated Limited Partner possessed to transfer all or any part of its interest in the Partnership. The Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

C. No Transfers Violating Securities Laws. The General Partner may prohibit any transfer of Partnership Units by a Limited Partner if, in the opinion of legal counsel to the Partnership, such transfer would require filing of a registration statement under the Securities Act or would otherwise violate any federal, or state securities laws or regulations applicable to the Partnership or the Partnership Unit.

D. No Transfers Affecting Tax Status of Partnership. No transfer of Partnership Units by a Limited Partner (including a redemption or exchange pursuant to Section 8.6 hereof) may be made to any Person if (i) in the opinion of legal counsel for the Partnership, it would result in the Partnership being treated as an association taxable as a corporation for federal income tax purposes or would result in a termination of the Partnership for federal income tax purposes (except as a result of the redemption or exchange for Shares of all Partnership Units held by all Limited Partners other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity or pursuant to a transaction not prohibited under Section 11.2 hereof), (ii) in the opinion of legal counsel for the Partnership, it would adversely affect the ability of the General Partner Entity or the General Partner (as applicable) to continue to qualify as a REIT or would subject the General Partner Entity or the General Partner (as applicable) to any additional taxes under Section 857 or Section 4981 of the Code or (iii) such transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code.

E. No Transfers to Holders of Nonrecourse Liabilities. No pledge

or transfer of any Partnership Units may be made to a lender to the Partnership or any Person who is related (within the meaning of Section 1.752-4(b) of the Regulations) to any lender to the Partnership whose loan constitutes a Nonrecourse Liability without the consent of the General Partner, in its sole and absolute discretion; provided, that as a condition to such consent the lender will be required to enter into an arrangement with the Partnership and the General Partner to exchange or redeem for the Redemption Amount any Partnership Units in which a security interest is held simultaneously with the time at which such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Section 752 of the Code.

F. Certain Pledged Interests. Concurrently with the execution and delivery of this Agreement, (i) to secure its obligations under the Indemnification Agreement, dated as of April 15, 1997, among the Partnership, FW/Mendik REIT, L.L.C. and others, FW/Mendik, L.L.C., a Limited Partner, is pledging a portion of its limited partnership interest pursuant to a Pledge and Security Agreement, dated as of April 15, 1997, namely, 360,577 Class C Units represented by "Certificate Evidencing Partnership Interests in Vornado Realty L.P., Certificate No. R - C _______"; (ii) to secure its obligations under the letter agreement relating to certain management agreements, dated as of April 15, 1997, between FW/Mendik REIT, L.L.C. and the Partnership, FW/Mendik REIT, L.L.C. is pledging a portion of its limited partnership interest pursuant to a Pledge and Security Agreement, dated as of the date hereof, namely, 40,386 Class C Units represented by "Certificate Evidencing Partnership Interests in Vornado Realty L.P., Certificate No. R - C _____"; and (iii) to secure its obligations under the Agreement for Contribution of Interests in Eleven Penn Plaza Company, dated as of March 11, 1997, by and among The Mendik Company, L.P., Nicardo Corporation, N.V., Rcay, S.A. and Bernard H. Mendik, Nicardo Corporation, N.V. and Rcay, S.A. are pledging a portion of their limited partnership interests, namely 147,576 Class E Units represented by "Certificate Evidencing Partnership Interests in Vornado Realty L.P., Certificate Nos. R - E1 and R - E3."

Section 11.4 Substituted Limited Partners

A. Consent of General Partner. No Limited Partner shall have the right to substitute a transferee as a Limited Partner in its place without the consent of the General Partner to the admission of a transferee of the interest of a Limited Partner pursuant to this Section 11.4 as a Substituted Limited Partner, which consent may be given or withheld by the General Partner in its sole and absolute discretion. The General Partner's failure or refusal to permit a transferee of any such interests to become a Substituted Limited Partner shall not give rise to any cause of action against the Partnership or any Partner.

B. Rights of Substituted Limited Partner. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article XI shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement. The admission of any transferee as a Substituted Limited Partner shall be conditioned upon the transferee executing and delivering to the Partnership an acceptance of all the terms and conditions of this Agreement (including, without limitation, the provisions of Section 15.11 hereof and such other documents or instruments as may be required to effect the admission).

C. Amendment and Restatement of Exhibit A. Upon the admission of a Substituted Limited Partner, the General Partner shall amend and restate Exhibit A hereto to reflect the name, address, Capital Account, number of Partnership Units, and Percentage Interest of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address, Capital Account and Percentage Interest of the predecessor of such Substituted Limited Partner.

Section 11.5 Assignees

If the General Partner, in its sole and absolute discretion, does not consent to the admission of any permitted transferee under Section 11.3 above as a Substituted Limited Partner, as described in Section 11.4 above, such transferee shall be considered an Assignee for purposes of this Agreement, subject, however, to Section 11.7

hereof. An Assignee shall be entitled to all the rights of an assignee of a limited partnership interest under the Act, including the right to receive distributions from the Partnership and the share of Net Income, Net Losses, gain, loss and Recapture Income attributable to the Partnership Units assigned to such transferee, and shall have the rights granted to the Limited Partners under Section 8.6 hereof, but shall not be deemed to be a holder of Partnership Units for any other purpose under this Agreement, and shall not be entitled to vote such Partnership Units in any matter presented to the Limited Partners for a vote (such Partnership Units being deemed to have been voted on such matter in the same proportion as all other Partnership Units held by Limited Partners are voted). In the event any such transferee desires to make a further assignment of any such Partnership Units, such transferee shall be subject to all the provisions of this Article XI to the same extent and in the same manner as any Limited Partner desiring to make an assignment of Partnership Units.

Section 11.6 General Provisions

A. Withdrawal of Limited Partner. No Limited Partner may withdraw from the Partnership other than as a result of a permitted transfer of all of such Limited Partner's Partnership Units in accordance with this Article XI or pursuant to redemption of all of its Partnership Units under Section 8.6 hereof.

B. Termination of Status as Limited Partner. Any Limited Partner who shall transfer all of its Partnership Units in a transfer permitted pursuant to this Article XI or pursuant to redemption of all of its Partnership Units under Section 8.6 hereof shall cease to be a Limited Partner.

C. Timing of Transfers. Transfers pursuant to this Article XI may only be made on the first day of a fiscal quarter of the Partnership, unless the General Partner otherwise agrees.

D. Allocations. If any Partnership Interest is transferred during any quarterly segment of the Partnership's fiscal year in compliance with the provisions of this Article XI or redeemed or transferred pursuant to Section 8.6 hereof, Net Income, Net Losses, each item thereof and all other items attributable to such interest for such fiscal year shall be divided and allocated between the transferor Partner and the transferee Partner by taking into account their varying interests during the fiscal year in accordance with Section 706(d) of the Code, using the interim closing of the books method (unless the General Partner, in its sole and absolute discretion, elects to adopt a daily, weekly, or a monthly proration period, in which event Net Income, Net Losses, each item thereof and all other items attributable to such interest for such fiscal year shall be prorated based upon the applicable method selected by the General Partner). Solely for purposes of making such allocations, each of such items for the calendar month in which the transfer or redemption occurs shall be allocated to the Person who is a Partner as of midnight on the last day of said month. All distributions attributable to any Partnership Unit with respect to which the Partnership Record Date is before the date of such transfer, assignment or redemption shall be made to the transferor Partner or the Redeeming Partner, as the case may be, and, in the case of a transfer or assignment other than a redemption, all distributions thereafter attributable to such Partnership Unit shall be made to the transferee Partner.

E. Additional Restrictions. In addition to any other restrictions on transfer herein contained, including without limitation the provisions of this Article XI, in no event may any transfer or assignment of a Partnership Interest by any Partner (including pursuant to Section 8.6 hereof) be made without the express consent of the General Partner, in its sole and absolute discretion, (i) to any person or entity who lacks the legal right, power or capacity to own a Partnership Interest; (ii) in violation of applicable law; (iii) of any component portion of a Partnership Interest, such as the Capital Account, or rights to distributions, separate and apart from all other components of a Partnership Interest; (iv) if in the opinion of legal counsel to the Partnership such transfer would cause a termination of the Partnership for federal or state income tax purposes (except as a result of the redemption or exchange for Shares of all Partnership Units held by all Limited Partners or pursuant to a transaction not prohibited under Section 11.2 hereof); (v) if in the opinion of counsel to the Partnership, such transfer would cause the Partnership to cease to be classified as a partnership for federal income tax purposes (except as a result of the redemption or exchange for Shares of all Partnership Units held by all Limited Partners or pursuant to a transaction not prohibited

under Section 11.2 hereof); (vi) if such transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); (vii) if such transfer would, in the opinion of counsel to the Partnership, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.1-101; (viii) if such transfer requires the registration of such Partnership Interest pursuant to any applicable federal or state securities laws; (ix) if such transfer is effectuated through an "established securities market" or a "secondary market" (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code or such transfer causes the Partnership to become a "publicly traded partnership," as such term is defined in Section 469(k)(2) or Section 7704(b) of the Code; (x) if such transfer subjects the Partnership to regulation under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or the Employee Retirement Income Security Act of 1974, each as amended; (xi) if the transferee or assignee of such Partnership Interest is unable to make the representations set forth in Section 15.15 hereof or such transfer could otherwise adversely affect the ability of the General Partner Entity or the General Partner (as applicable) to remain qualified as a REIT; or (xii) if in the opinion of legal counsel for the Partnership, such transfer would adversely affect the ability of the General Partner Entity or the General Partner (as applicable) to continue to qualify as a REIT or subject the General Partner Entity or the General Partner (as applicable) to any additional taxes under Section 857 or Section 4981 of the Code.

F. Avoidance of "Publicly Traded Partnership" Status. The General Partner shall (a) use commercially reasonable efforts (as determined by it in

its sole discretion exercised in good faith) to monitor the transfers of interests in the Partnership to determine (i) if such interests are being traded on an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code and (ii) whether additional transfers of interests would result in the Partnership being unable to qualify for at least one of the "safe harbors" set forth in Regulations Section 1.7704-1 (or such other guidance subsequently published by the IRS setting forth safe harbors under which interests will not be treated as "readily tradable on a secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code) (the "Safe Harbors") and (b) take such steps as it believes are commercially reasonable and appropriate (as determined by it in its sole discretion exercised in good faith) to prevent any trading of interests or any recognition by the Partnership of transfers made on such markets and, except as otherwise provided herein, to insure that at least one of the Safe Harbors is met.

Section 11.7 Payment of Incremental Tax

Notwithstanding anything herein to the contrary, until the business day immediately following the second anniversary of the Effective Date, no Person shall be admitted as a Substitute Limited Partner and no person shall be considered an Assignee for purposes of this Agreement, and any transaction or other form of conveyance or disposition of any sort whatsoever purporting to transfer an interest in this Agreement or in the Partnership or substitute a limited partner shall be null and void and of no force and effect unless concurrently with such purported transfer the transferor shall establish to the sole satisfaction of the General Partner exercised in good faith that any New York State Transfer Tax and/or New York City Real Estate Transfer Tax payable in connection with the purported transfer by reason of the transferor's failure to hold for a two-year period the Partnership Units issued as of the Effective Date shall have been paid. A Limited Partner shall be obligated to pay the transfer taxes described above in this Section 11.7.

ARTICLE XII
ADMISSION OF PARTNERS

Section 12.1 Admission of Successor General Partner

A successor to all of the General Partner's General Partnership Interest pursuant to Section 11.2 hereof who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective upon such transfer. Any such transferee shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner's executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission.

Section 12.2 Admission of Additional Limited Partners

A. General. No Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent shall be given or withheld in the General Partner's sole and absolute discretion. A Person who makes a Capital Contribution to the Partnership in accordance with this Agreement, including, without limitation, pursuant to Section 4.1.C hereof, or who exercises an option to receive Partnership Units shall be admitted to the Partnership as an Additional Limited Partner only with the consent of the General Partner and only upon furnishing to the General Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 15.11 hereof and (ii) such other documents or instruments as may be required in the discretion of the General Partner in order to effect such Person's admission as an Additional Limited Partner. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the consent of the General Partner to such admission.

B. Allocations to Additional Limited Partners. If any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items allocable among Partners and Assignees for such Partnership Year shall be allocated among such Additional Limited Partner and all other Partners and Assignees by taking into account their varying interests during the Partnership Year in accordance with Section 706(d) of the Code, using the interim closing of the books method (unless the General Partner, in its sole and absolute discretion, elects to adopt a daily, weekly or monthly proration method, in which event Net Income, Net Losses, and each item thereof would be prorated based upon the applicable period selected by the General Partner). Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of any Additional Limited Partner occurs shall be allocated among all the Partners and Assignees including such Additional Limited Partner. All distributions with respect to which the Partnership Record Date is before the date of such admission shall be made solely to Partners and Assignees other than the Additional Limited Partner, and

all distributions thereafter shall be made to all the Partners and Assignees including such Additional Limited Partner.

Section 12.3 Amendment of Agreement and Certificate of Limited Partnership

For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership (including an amendment and restatement of Exhibit A hereto) and, if necessary, to prepare as soon as practical an amendment of this Agreement and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Section 15.11 hereof.

ARTICLE XIII
DISSOLUTION AND LIQUIDATION

Section 13.1 Dissolution

The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following (each a "Liquidating Event") :

(i) the expiration of its term as provided in Section 2.4 hereof;

(ii) an event of withdrawal of the General Partner, as defined in the Act (other than an event of Bankruptcy), unless, within ninety (90) days after the withdrawal a Majority in Interest of the remaining Partners Consent in writing to continue the business of the Partnership and to the appointment, effective as of the date of withdrawal, of a substitute General Partner;

(iii) an election to dissolve the Partnership made by the General Partner, in its sole and absolute discretion, after December 31, 2046;

(iv) entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act;

(v) the sale of all or substantially all of the assets and properties of the Partnership for cash or for marketable securities (subject to Section 7.11.C); or

(vi) a final and nonappealable judgment is entered by a court of competent jurisdiction ruling that the General Partner is bankrupt or insolvent, or a final and nonappealable order for relief is entered by a court with appropriate jurisdiction against the General Partner, in each case under any federal or state bankruptcy or insolvency laws as now or hereafter in effect, unless prior to or within ninety days after of the entry of such order or judgment a Majority in Interest of the remaining Partners Consent in writing to continue the business of the Partnership and to the appointment, effective as of a date prior to the date of such order or judgment, of a substitute General Partner.

Section 13.2 Winding Up

A. General. Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Partners. No Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner (or, in the event there is no remaining General Partner, any Person elected by a Majority in Interest of the Limited Partners (the "Liquidator")) shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and property and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the General Partner, include equity or other securities of the General Partner or any other entity) shall be applied and distributed in the following order:

(1) First, to the payment and discharge of all of the Partnership's debts and liabilities to creditors other than the Partners;

(2) Second, to the payment and discharge of all of the Partnership's debts and liabilities to the Partners; and

(3) The balance, if any, to the Partners in accordance with their Capital Accounts, after giving effect to all contributions, distributions, and allocations for all periods.

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article XIII.

B. Deferred Liquidation. Notwithstanding the provisions of Section 13.2.A above which require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Partners as creditors) or distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2.A above, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Partners, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

Section 13.3 Compliance with Timing Requirements of Regulations

Subject to Section 13.4 below, in the event the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article XIII to the General Partner and Limited Partners who have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2). If any Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), such Partner shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a debt owed to the Partnership or to any other Person for any purpose whatsoever. In the discretion of the General Partner, a pro rata portion of the distributions that would otherwise be made to the General Partner and Limited Partners pursuant to this Article XIII may be: (A) distributed to a trust established for the benefit of the General Partner and Limited Partners for the purposes of liquidating Partnership assets, collecting amounts owed to the Partnership and paying any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership (in which case the assets of any such trust shall be distributed to the General Partner and Limited Partners from time to time, in the reasonable discretion of the General Partner, in the same proportions as the amount distributed to such trust by the Partnership would otherwise have been distributed to the General Partner and Limited Partners pursuant to this Agreement); or (B) withheld to provide a reasonable reserve for Partnership liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership, provided, that such withheld amounts shall be distributed to the General Partner and Limited Partners as soon as practicable.

Section 13.4 Deemed Distribution and Recontribution

Notwithstanding any other provision of this Article XIII, in the event the Partnership is deemed liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Liquidating Event has occurred, the Partnership's property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged and the Partnership's affairs shall not be wound up. Instead, for federal income tax purposes and for purposes of maintaining Capital Accounts pursuant to Exhibit B hereto, the Partnership shall be deemed to have distributed its assets in kind

to the General Partner and Limited Partners, who shall be deemed to have assumed and taken such assets subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the General Partner and Limited Partners shall be deemed to have recontributed the Partnership assets in kind to the Partnership, which shall be deemed to have assumed and taken such assets subject to all such liabilities.

Section 13.5 Rights of Limited Partners

Except as otherwise provided in this Agreement, each Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contributions and shall have no right or power to demand or receive property other than cash from the Partnership. Except as otherwise expressly provided in this Agreement, no Limited Partner shall have priority over any other Limited Partner as to the return of its Capital Contributions, distributions, or allocations.

Section 13.6 Notice of Dissolution

In the event a Liquidating Event occurs or an event occurs that would, but for provisions of an election or objection by one or more Partners pursuant to Section 13.1 above, result in a dissolution of the Partnership, the General Partner shall, within thirty (30) days thereafter, provide written notice thereof to each of the Partners and to all other parties with whom the Partnership regularly conducts business (as determined in the discretion of the General Partner) and shall publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the discretion of the General Partner).

Section 13.7 Cancellation of Certificate of Limited Partnership

Upon the completion of the liquidation of the Partnership cash and property as provided in Section 13.2 above, the Partnership shall be terminated and the Certificate and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 13.8 Reasonable Time for Winding Up

A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2 above, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect among the Partners during the period of liquidation.

Section 13.9 Waiver of Partition

Each Partner hereby waives any right to partition of the Partnership property.

Section 13.10 Liability of Liquidator

The Liquidator shall be indemnified and held harmless by the Partnership in the same manner and to the same degree as an Indemnitee may be indemnified pursuant to Section 7.11 hereof.

ARTICLE XIV
AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS

Section 14.1 Amendments

A. General. Amendments to this Agreement may be proposed only by the General Partner. Following such proposal (except an amendment pursuant to Section 14.1.B below), the General Partner shall submit any proposed amendment to the Limited Partners and shall seek the written vote of the Partners on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that it may deem appropriate. For purposes of obtaining a written vote, the General Partner may require a response within a reasonable specified time, but not less than fifteen (15) days, and failure to respond in such time period shall constitute a vote which is consistent with the General Partner's recommendation with respect to the proposal; provided, however, that in the case of any Consent required under Section 7.11.C or 7.11.D, the General Partner shall be required to give the Limited Partners (other than Mr. Mendik, Mr. Greenbaum or any Mendik Owners with respect thereto) entitled to vote thereon two (2) written requests for a response and in determining the votes cast for or against such Consent the Partnership Units of Limited Partners (other than Mr. Mendik, Mr. Greenbaum or any Mendik Owners with respect thereto) entitled to vote thereon who do not respond in writing to either such request within the time period established by the General Partner shall be deemed to have been voted for or against the proposed Consent in the same proportion as the votes actually received.

B. Amendments Not Requiring Limited Partner Approval. Subject to Section 14.1.C and 14.1.D, the General Partner shall have the power, without the Consent of the Limited Partners, to amend this Agreement as may be required to reflect any changes to this Agreement that the General Partner deems necessary or appropriate in its sole discretion, provided that such change does not adversely affect or eliminate any right granted to a Limited Partner pursuant to any of the provisions of this Agreement specified in Section 14.1.C or Section 14.1.D as requiring a particular minimum vote. The General Partner shall notify the Limited Partners when any action under this Section 14.1.B is taken in the next regular communication to the Limited Partners.

C. Amendments Requiring Limited Partner Approval (Excluding General Partner). Without the Consent of the Outside Limited Partners, the General Partner shall not amend Section 4.2.A, Section 5.1.C, Section 7.5, Section 7.6, Section 7.8, Section 11.2, Section 13.1, this Section 14.1.C or Section 14.2.

D. Other Amendments Requiring Certain Limited Partner Approval. Notwithstanding anything in this Section 14.1 to the contrary, this Agreement shall not be amended with respect to any Partner adversely affected without the Consent of such Partner adversely affected if such amendment would (i) convert a Limited Partner's interest in the Partnership into a general partner's interest, (ii) modify the limited liability of a Limited Partner, (iii) amend Section 7.11.A, (iv) amend Article V, Article VI, or Section 13.2.A(3) (except as permitted pursuant to Sections 4.2, 5.1.C, 5.4 and 6.2, (v) amend Section 8.6 or any defined terms set forth in Article I that relate to the Redemption Right (except as permitted in Section 8.6.E), or (vi) amend this Section 14.1.D. In addition, any amendment to Section 7.11.C of this Agreement shall require the following consent:

(i) In the event that the amendment to Section 7.11.C affects the Two Penn Plaza Property or the rights of holders of Two Penn Plaza Units, such amendment shall require the Consent of Partners (other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) who hold seventy-five percent (75%) of the Two Penn Plaza Units;

(ii) In the event that the amendment to Section 7.11.C affects the Eleven Penn Plaza Property or the rights of holders of Eleven Penn Plaza Units, such amendment shall require the Consent of Partners (other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) who hold seventy-five percent (75%) of the Eleven Penn Plaza Units; and

(iii) In the event that the amendment to Section 7.11.C affects the 866 U.N. Plaza Property or the rights of holders of 866 U.N. Plaza Units, such amendment shall require the Consent of Partners (other than the General Partner or the General Partner Entity or any Subsidiary of either the General

Partner or the General Partner Entity) who hold seventy-five percent (75%) of the 866 U.N. Plaza Units.

E. Amendment and Restatement of Exhibit A Not An Amendment. Notwithstanding anything in this Article XIV or elsewhere in this Agreement to the contrary, any amendment and restatement of Exhibit A hereto by the General Partner to reflect events or changes otherwise authorized or permitted by this Agreement, whether pursuant to Section 7.1.A(20) hereof or otherwise, shall not be deemed an amendment of this Agreement and may be done at any time and from time to time, as necessary by the General Partner without the Consent of the Limited Partners.

F. Amendment by Merger. In the event that the Partnership participates in any merger (including a triangular merger), consolidation or combination with another entity in a transaction not otherwise prohibited by this Agreement and as a result of such merger, consolidation or combination this Agreement is to be amended (or a new agreement for a limited partnership or limited liability company, as applicable, is to be adopted for the surviving entity) and any of the Outside Limited Partners (as defined herein in "Consent of Outside Limited Partners") will hold equity interests in the continuing or surviving entity, then any such amendments to this Agreement (or changes from this Agreement reflected in the new agreement for the surviving entity) shall require the consents provided in Section 14.1.C and Section 14.1.D.

Section 14.2 Meetings of the Partners

A. General. Meetings of the Partners may be called only by the General Partner. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Partners not less than seven (7) days nor more than thirty (30) days prior to the date of such meeting; provided that a Partner's attendance at any meeting of Partners shall be deemed a waiver of the foregoing notice requirement with respect to such Partner. Partners may vote in person or by proxy at such meeting. Whenever the vote or Consent of Partners is permitted or required under this Agreement, such vote or Consent may be given at a meeting of Partners or may be given in accordance with the procedure prescribed in Section 14.1.A above. Except as otherwise expressly provided in this Agreement, the Consent of holders of a majority of the Percentage Interests held by Limited Partners (including Limited Partnership Interests held by the General Partner) shall control.

B. Actions Without a Meeting. Any action required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a written consent setting forth the action so taken is signed by a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement). Such consent may be in one instrument or in several instruments, and shall have the same force and effect as a vote of a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement). Such consent shall be filed with the General Partner. An action so taken shall be deemed to have been taken at a meeting held on the effective date so certified.

C. Proxy. Each Limited Partner may authorize any Person or Persons to act for such Limited Partner by proxy on all matters in which a Limited Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Limited Partner or its attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Limited Partner executing it, such revocation to be effective upon the Partnership's receipt of notice thereof in writing.

D. Conduct of Meeting. Each meeting of Partners shall be conducted by the General Partner or such other Person as the General Partner may appoint pursuant to such rules for the conduct of the meeting as the General Partner or such other Person deems appropriate.

ARTICLE XV
GENERAL PROVISIONS

Section 15.1 Addresses and Notice

Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the Partner or Assignee at the address set forth in Exhibit A hereto or such other address as the Partners shall notify the General Partner in writing.

Section 15.2 Titles and Captions

All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections " are to Articles and Sections of this Agreement.

Section 15.3 Pronouns and Plurals

Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 15.4 Further Action

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.5 Binding Effect

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.6 Creditors; Other Third Parties

Other than as expressly set forth herein with regard to any Indemnitee, none of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor or other third party having dealings with the Partnership.

Section 15.7 Waiver

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

Section 15.8 Counterparts

This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 15.9 Applicable Law

This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the

principles of conflicts of law.

Section 15.10 Invalidity of Provisions

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 15.11 Power of Attorney

A. General. Each Limited Partner and each Assignee who accepts Partnership Units (or any rights, benefits or privileges associated therewith) is deemed to irrevocably constitute and appoint the General Partner, any Liquidator and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(1) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments or restatements thereof) that the General Partner or any Liquidator deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property, (b) all instruments that the General Partner or any Liquidator deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms, (c) all conveyances and other instruments or documents that the General Partner or any Liquidator deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation, (d) all instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article XI, XII or XIII hereof or the Capital Contribution of any Partner and (e) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges of Partnership Interests; and

(2) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole and absolute discretion of the General Partner or any Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action which is made or given by the Partners hereunder or is consistent with the terms of this Agreement or appropriate or necessary, in the sole discretion of the General Partner or any Liquidator, to effectuate the terms or intent of this Agreement.

Nothing contained in this Section 15.11 shall be construed as authorizing the General Partner or any Liquidator to amend this Agreement except in accordance with Article XIV hereof or as may be otherwise expressly provided for in this Agreement.

B. Irrevocable Nature. The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, in recognition of the fact that each of the Partners will be relying upon the power of the General Partner or any Liquidator to act as contemplated by this Agreement in any filing or other action by it

on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of any Limited Partner or Assignee and the transfer of all or any portion of such Limited Partner's or Assignee's Partnership Units and shall extend to such Limited Partner's or Assignee's heirs, successors, assigns and personal representatives. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or any Liquidator, acting in good faith pursuant to such power of attorney; and each such Limited Partner or Assignee hereby waives any and all defenses which may be available to contest, negate or disaffirm the action of the General Partner or any Liquidator, taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within fifteen (15) days after receipt of the General Partner's or Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator, as the case may be,

deems necessary to effectuate this Agreement and the purposes of the Partnership.

Section 15.12 Entire Agreement

This Agreement and all Exhibits attached hereto (which Exhibits are incorporated herein by reference as if fully set forth herein) contains the entire understanding and agreement among the Partners with respect to the subject matter hereof and supersedes any prior written oral understandings or agreements among them with respect thereto.

Section 15.13 No Rights as Shareholders

Nothing contained in this Agreement shall be construed as conferring upon the holders of the Partnership Units any rights whatsoever as shareholders of the General Partner Entity or the General Partner (if different), including, without limitation, any right to receive dividends or other distributions made to shareholders of the General Partner Entity or the General Partner (if different) or to vote or to consent or receive notice as shareholders in respect to any meeting of shareholders for the election of directors of the General Partner Entity or the General Partner (if different) or any other matter.

Section 15.14 Limitation to Preserve REIT Status

To the extent that any amount paid or credited to the General Partner or its officers, directors, employees or agents pursuant to Section 7.4 or Section 7.7 hereof would constitute gross income to the General Partner Entity or the General Partner (if it is to be qualified as a REIT) for purposes of Section 856(c)(2) or 856(c)(3) of the Code (a "General Partner Payment") then, notwithstanding any other provision of this Agreement, the amount of such General Partner Payments for any fiscal year shall not exceed the lesser of:

(i) an amount equal to the excess, if any, of (a) 5% of the General Partner Entity's or the General Partner's (if it is to be qualified as a REIT) total gross income (but not including the amount of any General Partner Payments) for the fiscal year over (b) the amount of gross income (within the meaning of Section 856(c)(2) of the Code) derived by the General Partner Entity or the General Partner (if it is to be qualified as a REIT) from sources other than those described in subsections (A) through (H) of Section 856(c)(2) of the Code (but not including the amount of any General Partner Payments); or

(ii) an amount equal to the excess, if any of (a) 25% of the General Partner Entity's or the General Partner's (if it is to be qualified as a REIT) total gross income (but not including the amount of any General Partner Payments) for the fiscal year over (b) the amount of gross income (within the meaning of Section 856(c)(3) of the Code) derived by the General Partner Entity or the General Partner (if it is to be qualified as a REIT) from sources other than those described in subsections (A) through (I) of Section 856(c)(3) of the Code (but not including the amount of any General Partner Payments);

provided, however, that General Partner Payments in excess of the amounts set forth in subparagraphs (i) and (ii) above may be made if the General Partner Entity or the General Partner (if it is to be qualified as a REIT), as a condition

precedent, obtains an opinion of tax counsel that the receipt of such excess amounts would not adversely affect the General Partner Entity's or the General Partner's (if it is to be qualified as a REIT) ability to qualify as a REIT. To the extent General Partner Payments may not be made in a year due to the foregoing limitations, such General Partner Payments shall carry over and be treated as arising in the following year, provided, however, that such amounts shall not carry over for more than five years, and if not paid within such five year period, shall expire; provided, further, that (i) as General Partner Payments are made, such payments shall be applied first to carry over amounts outstanding, if any, and (ii) with respect to carry over amounts for more than one Partnership Year, such payments shall be applied to the earliest Partnership Year first.

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

GENERAL PARTNER:

VORNADO REALTY TRUST

By: /s/ Joseph Macnow

Name: Joseph Macnow
Title: Vice President

LIMITED PARTNERS:

THE MENDIK COMPANY, INC.

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: President

FW/MENDIK REIT, L.L.C.

By: Mendik Holdings LLC, member

By: Mendik Holdings, Inc., managing member

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: President

EACH OF THE PERSONS LISTED ON EXHIBIT A HERETO
(not set forth above)

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: Attorney-in-Fact

EXHIBIT A

VORNADO REALTY L.P.
PARTNERS AND PARTNERSHIP INTERESTS*
(as of 4/24/97)

	Class of Units							
	Series A Preferred Units	A	C	D	E	Total	Agreed Initial Capital Account	Percentage Interest
Vornado Realty Trust**	5,750,000	26,547,680				32,297,680	2,039,646,880	91.5821%
The Mendik Partnership, L.P.			1,274,891			1,274,891	84,142,806	3.7781%
F/W Mendik REIT, L.L.C.			400,963			400,963	26,463,558	1.1882%
Mendik RELP Corp.			423			423	27,918	0.0013%
2750 Associates				1,273		1,273	84,018	0.0038%
Abrams, Trust U/W/O Ralph				3,622		3,622	239,052	0.0107%
Adler, Robert				1,248		1,248	82,368	0.0037%
Alpert, Vicki				2,614		2,614	172,524	0.0077%
Ambassador Construction Company, Inc.				18,211		18,211	1,201,926	0.0540%
Aschendorf-Shasha, Ellen				855		855	56,430	0.0025%
Ash, Herbert				77		77	5,082	0.0002%
Aubert, Trust FBO Lysa (Schwartz)				2,267		2,267	149,622	0.0067%
Barr, Thomas				922		922	60,852	0.0027%
Barkin, Leonard				481		481	31,746	0.0014%
Batkin, Estate of Jean				4,474		4,474	295,284	0.0133%
Batkin, Jean Trust				931		931	61,446	0.0028%
Batkin, Nancy				466		466	30,756	0.0014%
Berenson, David				517		517	34,122	0.0015%
Berenson, Joan				691		691	45,606	0.0020%
Berenson, Richard				421		421	27,786	0.0012%
Berenson, Robert				881		881	58,146	0.0026%
Bianculli, Louis				5,604		5,604	369,864	0.0166%
Bierman, Jacquin				2,688		2,688	177,408	0.0080%
Blumenthal, Joel Marie				77		77	5,082	0.0002%
Braverman, Madlyn				17,516		17,516	1,156,056	0.0519%
Carb, Sally				1,052		1,052	69,432	0.0031%
Carney, Thomas				678		678	44,748	0.0020%
Chambers, Robert				3,709		3,709	244,794	0.0110%
CHO Enterprises				2,682		2,682	177,012	0.0079%

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* Address of Partners are maintained in the Partnership's records.

** Directly and through the following subsidiaries: Vornado Finance Corp., Vornado Lending Corp., Vornado Investments

Corporation, 40 East 14 Realty Associates General Partnership, Menands Holding Corporation, National Hydrant Corporation, 825 Seventh Avenue Holding Corporation and Two Guys from Harrison, N.Y. Inc.

VORNADO REALTY L.P.
PARTNERS AND PARTNERSHIP INTERESTS
(as of 4/24/97)

	Class of Units							
	Series A Preferred Units	A	C	D	E	Total	Agreed Initial Capital Account	Percentage Interest
Dembner, Shirley				39		39	2,574	0.0001%
Dembner, Shirley UGMA for Lindsey Dembner				1,731		1,731	114,246	0.0051%
Doner, Max				1,682		1,682	111,012	0.0050%
Downey, Michael			427			427	28,182	0.0013%
Dryfoos, Jacqueline				481		481	31,746	0.0014%
Dubrowski, Raymond				1,152		1,152	76,032	0.0034%
Evans, Ben				52		52	3,432	0.0002%
Field, Walter L.				840		840	55,440	0.0025%
Jesse Fierstein & Co.				1,786		1,786	117,876	0.0053%
Fischer, Alan A.				1,682		1,682	111,012	0.0050%
Freedman, Robert				2,885		2,885	190,410	0.0085%
Gershon, Estate of Murray				5,247		5,247	346,302	0.0155%
Getz, Howard				135		135	8,910	0.0004%
Getz, Sandra				3,522		3,522	232,452	0.0104%
Getz, Sandra & Howard				374		374	24,684	0.0011%
Gold, Frederica				207		207	13,662	0.0006%
Ginsberg, Benedict				466		466	30,756	0.0014%
Goldberg, Clarence				458		458	30,228	0.0014%
Goldring, Stanley				5,377		5,377	354,882	0.0159%
Goldschmidt, Beatrice				10,865		10,865	717,090	0.0322%
Goldschmidt, Charles				5,376		5,376	354,816	0.0159%
Goldschmidt, Edward				6,421		6,421	423,786	0.0190%
Goldschmidt, C. Trust U/A/D 7/11/90				4,037		4,037	266,442	0.0120%
Goldschmidt, Lawrence				60,361		60,361	3,983,826	0.1789%
Gorfinkle, Alaine				332		332	21,912	0.0010%
Gorfinkle, Lawrence				1,915		1,915	126,390	0.0057%
Green, Bernard				8,547		8,547	564,102	0.0253%
Greif, Goldie				3,362		3,362	221,892	0.0100%
Gutenberg, Bernice				328		328	21,648	0.0010%
H L Silbert trustee U/W of H A Goldman				8,097		8,097	534,402	0.0240%
Hagler, Philip				6,637		6,637	438,042	0.0197%
Harteveldt, Robert L.				2,564		2,564	169,224	0.0076%
Hirsch, Phillip J.				169		169	11,154	0.0005%
Hirsch, Judith				169		169	11,154	0.0005%

VORNADO REALTY L.P.
PARTNERS AND PARTNERSHIP INTERESTS
(as of 4/24/97)

	Class of Units							
	Series A Preferred Units	A	C	D	E	Total	Agreed Initial Capital Account	Percentage Interest
Hrusha, Alan				922		922	60,852	0.0027%
Hutner, Anne Trust F/B/O				2,305		2,305	152,130	0.0068%
Hutner, Estate of Irwin				5,667		5,667	374,022	0.0168%
INS Realty Associates				134,758		134,758	8,894,028	0.3994%
Fierstein Co.				13,735		13,735	906,510	0.0407%
Jaffe, Elizabeth				38		38	2,508	0.0001%
Jones, Hazel				1,248		1,248	82,368	0.0037%
Kaufman, Robert M.				169		169	11,154	0.0005%
Klein, Robin				1,682		1,682	111,012	0.0050%
Knatten Inc.				59,024		59,024	3,895,584	0.1749%
Knight, Laureine			5,121			5,121	337,986	0.0152%
Komaroff, Stanley				288		288	19,008	0.0009%
Kosloff, Andrea				39		39	2,574	0.0001%
Kosloff, Andrea UGMA for Adam Kosloff				1,058		1,058	69,828	0.0031%
Kosloff, Andrea UGMA for Justin Kosloff				1,058		1,058	69,828	0.0031%
Koven, Irving				5,604		5,604	369,864	0.0166%

	Series A Preferred Units	A	C	D	E	Total	Agreed Initial Capital Account	Percentage Interest
Kowal, Myron				374		374	24,684	0.0011%
Kramer, Saul				326		326	21,516	0.0010%
Kuhn, James D.			68,712			68,712	4,534,992	0.2036%
Kuhn, Leo				451		451	29,766	0.0013%
Kurshan, Herbert				1,248		1,248	82,368	0.0037%
Lauder, Leonard				2,330		2,330	153,780	0.0069%
Lauder, Ronald				2,330		2,330	153,780	0.0069%
Leff, Joseph				1,682		1,682	111,012	0.0050%
Leff, Valerie				1,682		1,682	111,012	0.0050%
Lefkowitz, Howard				207		207	13,662	0.0006%
LeRoy Partners				4,274		4,274	282,084	0.0127%
Liroff, Harriett				6,004		6,004	396,264	0.0178%
Liroff, Richard				766		766	50,556	0.0023%
Loewengart, Irene				832		832	54,912	0.0025%
Lovitz, David				1,122		1,122	74,052	0.0033%
Maayan Partners				4,808		4,808	317,328	0.0142%
Marvin, Morton				457		457	30,162	0.0014%
Marvin, Suzanne				38		38	2,508	0.0001%

VORNADO REALTY L.P.
PARTNERS AND PARTNERSHIP INTERESTS
(as of 4/24/97)

	Class of Units							
	Series A Preferred Units	A	C	D	E	Total	Agreed Initial Capital Account	Percentage Interest
Maynard, Jean				1,152		1,152	76,032	0.0034%
Mazer, David				3,362		3,362	221,892	0.0100%
Mazer, Richard				3,362		3,362	221,892	0.0100%
Mendik, Susan			488			488	32,208	0.0014%
Migdal, L. & Kalmus, E. Trustees u/w/o M Silberstein				5,128		5,128	338,448	0.0152%
Mil Equities				6,667		6,667	440,022	0.0198%
Nicardo Corporation					297,629	297,629	19,643,514	0.8820%
Novick, Lawrence				77		77	5,082	0.0002%
Oestreich, David A.				19,404		19,404	1,280,664	0.0575%
Oestreich, Joan E.				19,401		19,401	1,280,466	0.0575%
Oestreich, Sophy				2,305		2,305	152,130	0.0068%
Oppenheimer, Martin J.				169		169	11,154	0.0005%
Oppenheimer, Suzanne				169		169	11,154	0.0005%
Phillips, Family Trust UWO Edith				1,682		1,682	111,012	0.0050%
Phillips, Estate of John D.				1,682		1,682	111,012	0.0050%
Plum Partners L.P.				4,808		4,808	317,328	0.0142%
Prentice Revocable Trust, 12/12/75				1,261		1,261	83,226	0.0037%
RCAY S.A.					129,385	129,385	8,539,410	0.3834%
Reichler, Richard				2,700		2,700	178,200	0.0080%
Reingold, Suzy				2,444		2,444	161,304	0.0072%
Roberts, H. Richard				19,713		19,713	1,301,058	0.0584%
Roche, Sara				1,682		1,682	111,012	0.0050%
Rolfe, Ronald				922		922	60,852	0.0027%
Rosenberg, Ilse				288		288	19,008	0.0009%
Rosenheim Revocable Living Trust of Edna				562		562	37,092	0.0017%
Rosenzveig, Abraham				1,872		1,872	123,552	0.0055%
Rubashkin, Martin				230		230	15,180	0.0007%
Rubin, Murray M.				1,682		1,682	111,012	0.0050%
Sahid, Joseph				922		922	60,852	0.0027%
Saunders, Paul				922		922	60,852	0.0027%
Saul, Andrew				10,098		10,098	666,468	0.0299%
Schacht Estate of Natalie				38		38	2,508	0.0001%
Schacht, Ronald				456		456	30,096	0.0014%

VORNADO REALTY L.P.
PARTNERS AND PARTNERSHIP INTERESTS
(as of 4/24/97)

Class of Units							
Series A Preferred Units	A	C	D	E	Total	Agreed Initial Capital Account	Percentage Interest

Schwartz, Trust FBO Samuel				2,267		2,267	149,622	0.0067%
Schwartz, Trust FBO Carolynn				2,267		2,267	149,622	0.0067%
Shapiro, Howard				634		634	41,844	0.0019%
Shapiro, Robert I.				1,682		1,682	111,012	0.0050%
Shasha, Alfred				2,885		2,885	190,410	0.0085%
Shasha, Alfred A. & Hanina				3,742		3,742	246,972	0.0111%
Shasha, Alfred & Hanina Trustees				6,838		6,838	451,308	0.0203%
Shasha, Robert Y.				855		855	56,430	0.0025%
Shasha-Kupchick, Leslie				1,709		1,709	112,794	0.0051%
Sheridan Family Partners, L.P.				7,972		7,972	526,152	0.0236%
Shine, William				1,383		1,383	91,278	0.0041%
Silberstein, John J.			2,136			2,136	140,976	0.0063%
Sillbert, Harvey I.				8,097		8,097	534,402	0.0240%
Simons, Robert				1,682		1,682	111,012	0.0050%
Sims, David			427			427	28,182	0.0013%
Slaner, Estate of Alfred P.				17,479		17,479	1,153,614	0.0518%
Steiner, Phillip Harry				562		562	37,092	0.0017%
Steiner, Richard Harris				562		562	37,092	0.0017%
Tannenbaum, Bernard				494		494	32,604	0.0015%
Tartikoff Living Trust				1,682		1,682	111,012	0.0050%
Winik, Trust U/W/O Carolyn				1,682		1,682	111,012	0.0050%
Watt, Emily				666		666	43,956	0.0020%
Wang, Kevin			427			427	28,182	0.0013%
Weissman, Sheila				332		332	21,912	0.0010%
Williams, John				1,122		1,122	74,052	0.0033%
TOTAL	5,750,000	26,547,680	1,754,015	659,533	427,014	35,138,242	2,227,123,972	100.0000%

EXHIBIT B
CAPITAL ACCOUNT MAINTENANCE

1. Capital Accounts of the Partners

A. The Partnership shall maintain for each Partner a separate Capital Account in accordance with the rules of Regulations Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions and any other deemed contributions made by such Partner to the Partnership pursuant to this Agreement and (ii) all items of Partnership income and gain (including income and gain exempt from tax) computed in accordance with Section 1.B hereof and allocated to such Partner pursuant to Section 6.1 of the Agreement and Exhibit C hereof, and decreased by (x) the amount of cash or Agreed Value of all actual and deemed distributions of cash or property made to such Partner pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 1.B hereof and allocated to such Partner pursuant to Section 6.1 of the Agreement and Exhibit C hereof.

B. For purposes of computing the amount of any item of income, gain, deduction or loss to be reflected in the Partners' Capital Accounts, unless otherwise specified in this Agreement, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes determined in accordance with Section 703(a) of the Code (for this purpose all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(1) Except as otherwise provided in Regulations Section 1.704-1(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership, provided that the amounts of any adjustments to the adjusted bases of the assets of the Partnership made pursuant to Section 734 of the Code as a result of the distribution of property by the Partnership to a Partner (to the extent that such adjustments have not previously been reflected in the Partners' Capital Accounts) shall be reflected in the Capital Accounts of the Partners in the manner and subject to the limitations prescribed in Regulations Section 1.704-1(b)(2)(iv) (m)(4).

(2) The computation of all items of income, gain, and deduction shall be made without regard to the fact that items described in Sections 705(a)(1)(B) or 705(a)(2)(B) of the Code are not includable in gross

income or are neither currently deductible nor capitalized for federal income tax purposes.

(3) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(4) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year.

(5) In the event the Carrying Value of any Partnership Asset is adjusted pursuant to Section 1.D hereof, the amount of any such adjustment shall be taken into account as gain or loss from the disposition of such asset.

(6) Any items specially allocated under Section 2 of Exhibit C hereof shall not be taken into account.

C. Generally, a transferee (including any Assignee) of a Partnership Unit shall succeed to a pro rata portion of the Capital Account of the transferor. The Capital Accounts of such reconstituted Partnership shall be maintained in accordance with the principles of this Exhibit B.

D. (1) Consistent with the provisions of Regulations Section 1.704-1(b)(2)(iv)(f), and as provided in Section 1.D(2), the Carrying Values of all Partnership assets shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the times of the adjustments provided in Section 1.D(2) hereof, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property and allocated pursuant to Section 6.1 of the Agreement.

(2) Such adjustments shall be made as of the following times: (a) immediately prior to the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) immediately prior to the distribution by the Partnership to a Partner of more than a de minimis amount of property as consideration for an interest in the Partnership; and (c) immediately prior to the liquidation of the Partnership within the meaning of Regulations Section 1.704-l(b)(2)(ii)(g), provided, however, that adjustments pursuant to clauses (a) and (b) above shall be made only if the General Partner determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership.

(3) In accordance with Regulations Section 1.704-l(b)(2)(iv)(e), the Carrying Value of Partnership assets distributed in kind shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the time any such asset is distributed.

(4) In determining Unrealized Gain or Unrealized Loss for purposes of this Exhibit B, the aggregate cash amount and fair market value of all Partnership assets (including cash or cash equivalents) shall be determined by the General Partner using such reasonable method of valuation as it may adopt, or in the case of a liquidating distribution pursuant to Article XIII of the Agreement, shall be determined and allocated by the Liquidator using such reasonable methods of valuation as it may adopt. The General Partner, or the Liquidator, as the case may be, shall allocate such aggregate fair market value among the assets of the Partnership in such manner as it determines in its sole and absolute discretion to arrive at a fair market value for individual properties.

E. The provisions of the Agreement (including this

Exhibit B and the other Exhibits to the Agreement) relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Partnership, the General Partner, or the Limited Partners) are computed in order to comply with such Regulations, the General Partner may make such modification without regard to Article XIV of the Agreement, provided that it is not likely to have a material effect on the amounts distributable to any Person pursuant to Article XIII of the Agreement upon the dissolution of the Partnership. The General Partner also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

2. No Interest

No interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.

3. No Withdrawal

No Partner shall be entitled to withdraw any part of its Capital Contribution or Capital Account or to receive any distribution from the Partnership, except as provided in Articles IV, V, VII and XIII of the Agreement.

EXHIBIT C
SPECIAL ALLOCATION RULES

1. Special Allocation Rules.

Notwithstanding any other provision of the Agreement or this Exhibit C, the following special allocations shall be made in the following order:

A. Minimum Gain Chargeback. Notwithstanding the provisions of Section 6.1 of the Agreement or any other provisions of this Exhibit C, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f)(6). This Section 1.A is intended to comply with the minimum gain chargeback requirements in Regulations Section 1.704- 2(f) and for purposes of this Section 1.A only, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Section 6.1 of this Agreement with respect to such Partnership Year and without regard to any decrease in Partner Minimum Gain during such Partnership Year.

B. Partner Minimum Gain Chargeback. Notwithstanding any other provision of Section 6.1 of this Agreement or any other provisions of this Exhibit C (except Section 1.A hereof), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Year, each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i) (5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i) (5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each General Partner and Limited Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i) (4). This Section 1.B is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith. Solely for purposes of this Section 1.B, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Section 6.1 of the Agreement or this Exhibit with respect to such Partnership Year, other than allocations pursuant to Section 1.A hereof.

C. Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), and after giving effect to the allocations required under

Sections 1.A and 1.B hereof with respect to such Partnership Year, such Partner has an Adjusted Capital Account Deficit, items of Partnership income and gain (consisting of a pro rata portion of each item of Partnership income, including gross income and gain for the Partnership Year) shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, its Adjusted Capital Account Deficit created by such adjustments, allocations or distributions as quickly as possible. This Section 1.C is intended to constitute a "qualified income offset" under Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

D. Gross Income Allocation. In the event that any Partner has an Adjusted Capital Account Deficit at the end of any Partnership Year (after taking into account allocations to be made under the preceding paragraphs hereof with respect to such Partnership Year), each such Partner shall be specially allocated items of Partnership income and gain (consisting of a pro rata portion of each item of Partnership income, including gross income and gain for the Partnership Year) in an amount and manner sufficient to eliminate, to the extent required by the Regulations, its Adjusted Capital Account Deficit.

E. Nonrecourse Deductions. Nonrecourse Deductions for any Partnership Year shall be allocated to the Partners in accordance with their respective Percentage Interests. If the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Limited Partners, to revise the prescribed ratio for such Partnership Year to the numerically closest ratio which would satisfy such requirements.

F. Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Regulations Sections 1.704-2(b)(4) and 1.704-2(i).

G. Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

2. Allocations for Tax Purposes

A. Except as otherwise provided in this Section 2, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit C.

B. In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, and deduction shall be allocated for federal income tax purposes among the Partners as follows:

(1) (a) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners consistent with the principles of Section 704(c) of the Code to take into account the variation between the 704(c) Value of such property and its adjusted basis at the time of contribution (taking into account Section 2.C of this Exhibit C); and

(b) any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit C.

(2) (a) In the case of an Adjusted Property, such items shall

(i) first, be allocated among the Partners in a manner consistent with the principles of Section

704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Exhibit B;

(ii) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 2.B(1) of this Exhibit C; and

(b) any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner its correlative item of "book" gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit C.

C. To the extent Regulations promulgated pursuant to Section 704(c) of the Code permit a Partnership to utilize alternative methods to eliminate the disparities between the Carrying Value of property and its adjusted basis, the General Partner shall, subject to the following, have the authority to elect the method to be used by the Partnership and such election shall be binding on all Partners. With respect to the Contributed Properties transferred to the Partnership in connection with the Consolidation, the Partnership shall elect to use the "traditional method" set forth in Treasury Regulation Section 1.704-3(b).

EXHIBIT D
NOTICE OF REDEMPTION

The undersigned hereby irrevocably (i) elects to redeem _________ Partnership Units in Vornado Realty L.P. in accordance with the terms of the First Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., as amended (the "Partnership Agreement"), and the Redemption Right referred to therein, (ii) surrenders such Partnership Units and all right, title and interest therein and (iii) directs that promptly after the Specified Redemption Date the Cash Amount or Shares Amount (as determined by the General Partner) deliverable upon exercise of the Redemption Right be delivered to the address specified below, and if Shares are to be delivered, such Shares be registered or placed in the name(s) and at the address(es) specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has marketable and unencumbered title to such Partnership Units, free and clear of the rights of or interests of any other person or entity, (b) has the full right, power and authority to redeem and surrender such Partnership Units as provided herein and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consult or approve such redemption and surrender. Capitalized terms used herein have the meanings assigned to them in the Partnership Agreement.

Dated: _____________ Name of Limited Partner:_____________________________

____
(Signature of Limited Partner)

____
(Street Address)

____
(City) (State) (Zip Code)

Signature Guaranteed by:__________________________________

IF SHARES ARE TO BE ISSUED, ISSUE TO:

Name:

Please insert social security or identifying number:

EXHIBIT E

VALUE OF CONTRIBUTED PROPERTY

[OMITTED]

EXHIBIT F

RESTRICTED PARTNERS

FW/Mendik REIT, L.L.C.

Bernard H. Mendik

David R. Greenbaum

Any Mendik Owner

Mendik Realty Co., Inc.

The Mendik Partnership, L.P.

Mendik 1740 Corp.

Mendik RELP Corp.

20 Broad Street Company

Mendik 570 Corp.

EXHIBIT G

DESIGNATION OF THE PREFERENCES, CONVERSION AND OTHER RIGHTS, VOTING POWERS, RESTRICTIONS, LIMITATIONS AS TO DISTRIBUTIONS, QUALIFICATIONS AND TERMS AND CONDITIONS OF REDEMPTION

OF THE

SERIES A PREFERRED UNITS

1. Definitions.

In addition to those terms defined in the Agreement, the following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in the Agreement and this Exhibit G:

"Board of Trustees" shall mean the Board of Trustees of the General Partner or any committee authorized by such Board of Trustees to perform any of its responsibilities with respect to the Series A Preferred Shares.

"Unit Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"Common Shares" shall mean the common shares of beneficial interest of the General Partner, par value $.04 per share.

"Conversion Price" shall mean the conversion price per Common Share for which the Series A Preferred Shares are convertible, as such Conversion Price may be adjusted pursuant to the terms of the Series A Preferred Shares and the Declaration of Trust. The initial conversion price shall be

$72.75 (equivalent to a conversion rate of 0.68728 Common Shares for each Series A Preferred Share).

"Current Market Price" of publicly traded Common Shares or any other class of shares of beneficial interest or other security of the General Partner or any other issuer for any day shall mean the last reported sales price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange ("NYSE") or, if such security is not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted for trading or, if not listed or admitted for trading on any national securities exchange, on the NASDAQ National Market or, if such security is not quoted on such NASDAQ National Market, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for such security on such day shall not have been reported through NASDAQ, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Chief Executive Officer of the General Partner or the Board of Trustees.

"Distribution Payment Date" shall mean the first calendar day of January, April, July and October, in each year, commencing on July 1, 1997; provided, however, that if any Distribution Payment Date falls on any day other than a Unit Business Day, the dividend payment due on such Distribution Payment Date shall be paid on the first Unit Business Day immediately following such Distribution Payment Date.

"Distribution Periods" shall mean quarterly distribution periods commencing on January 1, April 1, July 1 and October 1 of each year and ending on and including the day preceding the first day of the next succeeding Distribution Period (other than the initial Distribution Period, which shall commence on April 9, 1997 and end on and include June 30, 1997).

"Dividend Payment Date" shall mean a dividend payment date with respect to the Series A Preferred Shares.

"Dividend Periods" shall mean the quarterly dividend periods with respect to the Series A Preferred Shares.

"Fair Market Value" shall mean the average of the daily Current Market Prices per Common Share during the five (5) consecutive Trading Days selected by the General Partner commencing not more than 20 Trading Days before, and ending not later than, the earlier of the day in question and the day before the "ex" date with respect to the issuance or distribution requiring such computation. The term "'ex' date," when used with respect to any issuance or distribution, means the first day on which the Common Shares trade regular way, without the right to receive such issuance or distribution, on the exchange or in the market, as the case may be, used to determine that day's Current Market Price.

"Series A Preferred Shares" means the $3.25 Series A Convertible Preferred Shares of Beneficial Interest (liquidation preference $50.00 per share), no par value, issued by the General Partner.

"Series A Preferred Unit" means a Partnership Unit issued by the Partnership to the General Partner in consideration of the contribution by the General Partner to the Partnership of the entire net proceeds received by the General Partner from the issuance of the Series A Preferred

Shares. The Series A Partnership Units shall constitute a series of Preference Units. The Series A Preferred Units shall have the preferences, conversion and other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption as are set forth in this Exhibit G. It is the intention of the General Partner, in establishing the Series A Preferred Units, that each Series A Preferred Unit shall be substantially the economic equivalent of a Series A Preferred Share.

"set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Partnership or the General Partner on behalf of the Partnership in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a distribution by the General Partner, the allocation of funds to be so paid on any series or class of Partnership Units; provided, however, that if any funds for any class or series of Junior Units or any class or series of Partnership Units ranking on a parity with the Series A Preferred Units as to the payment of distributions are placed in a separate account of the Partnership or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series A Preferred Units shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"Trading Day" shall mean any day on which the securities in

question are traded on the NYSE, or if such securities are not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading on any national securities exchange, on the NASDAQ National Market, or if such securities are not quoted on such NASDAQ National Market, in the applicable securities market in which the securities are traded.

2. Terms of the Series A Preferred Units.

A. Number. The maximum number of authorized Series A Preferred Units shall be 5,750,000.

B. Distributions. (i) The General Partner, in its capacity as the holder of the then outstanding Series A Preferred Units, shall be entitled to receive, when, as and if declared by the General Partner, distributions payable in cash at the rate per annum of $3.25 per Series A Preferred Unit (the "Annual Distribution Rate"). Such distributions shall be cumulative from the Effective Date and shall be payable quarterly, when, as and if authorized and declared by the General Partner, in arrears on Distribution Payment Dates, commencing on the first Distribution Payment Date after the Effective Date. Distributions are cumulative from the most recent Distribution Payment Date to which distributions have been paid. Accrued and unpaid distribution for any past Distribution Periods may be declared and paid at any time, without reference to any regular Distribution Payment Date.

(ii) The amount of dividends payable for each full Distribution Period for the Series A Preferred Units shall be computed by dividing the Annual Distribution Rate by four. The amount of distributions payable for the initial Distribution Period, or any other period shorter or longer than a full Distribution Period, on the Series A Preferred Units shall be computed on the basis of twelve 30-day months and a 360-day year. The General Partner, in its capacity as the holder of the then outstanding Series A Preferred Units, shall not be entitled to any distributions, whether payable in cash, property or securities, in excess of cumulative distributions, as herein provided, on the Series A Preferred Units. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series A Preferred Units that may be in arrears.

(iii) So long as any Series A Preferred Units are outstanding, no distributions, except as described in the immediately following sentence, shall be declared or paid or set apart for payment on any series or class or classes of Parity Units for any period unless full cumulative distributions have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series A Preferred Units for all Distribution Periods terminating on or prior to the distribution payment date on such class or series of Parity Units. When distributions are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all distributions declared upon Series A Preferred Units and all distributions declared upon any other series or class or classes of Parity Units shall be declared ratably in proportion to the respective amounts of distributions accumulated and unpaid on the Series A Preferred Units and such Parity Units.

(iv) So long as any Series A Preferred Units are outstanding, no distributions (other than distributions paid solely in Junior Units or options, warrants or rights to subscribe for or purchase Junior Units) shall be declared or paid or set apart for payment or other distribution declared or made upon Junior Units, nor shall any Junior Units be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Junior Units made in respect of a redemption, purchase or other acquisition of Common Shares made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the General Partner or any subsidiary, or as permitted under Article VI of the Declaration of Trust of the General Partner), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any such Junior Units) by the General Partner, directly or indirectly (except by conversion into or exchange for Junior Units), unless in each case (a) the full cumulative distributions on all outstanding Series A Preferred Units and any other Parity Units of the Partnership shall have been paid or set apart for payment for all past Distribution Periods with respect to the Series A Preferred Units and all past distribution periods with respect to such Parity Units and (b) sufficient funds shall have been paid or set apart for the payment of the distribution for the current Distribution Period with respect to the Series A Preferred Units and any Parity Units.

C. Liquidation Preference. (i) In the event of any liquidation, dissolution or winding up of the Partnership or the General Partner, whether voluntary or involuntary, before any payment or distribution of the assets of the Partnership shall be made to or set apart for the holders of Junior Units, the General Partner, in its capacity as the holder of the Series A Preferred Units shall be entitled to receive Fifty Dollars ($50.00) per Series A Preferred Unit (the "Liquidation Preference") plus an amount equal to all distributions (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to the General Partner, in its capacity as such holder; but the General Partner, in its capacity as the holder of Series A Preferred Units shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Partnership or the General Partner, the assets of the Partnership, or proceeds thereof, distributable to

the General Partner, in its capacity as the holder of Series A Preferred Units, shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Units, then such assets, or the proceeds thereof, shall be distributed among the General Partner, in its capacity as the holder of such Series A Preferred Units, and the holders of any such other Parity Units ratably in accordance with the respective amounts that would be payable on such Series A Preferred Units and any such other Parity Units if all amounts payable thereon were paid in full. For the purposes of this Section C, (i) a consolidation or merger of the Partnership or the General Partner with one or more entities, (ii) a statutory share exchange by [the Partnership or] the General Partner and (iii) a sale or transfer of all or substantially all of the

Partnership's or the General Partner's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the General Partner.

(ii) Subject to the rights of the holders of Partnership Units of any series or class or classes of shares ranking on a parity with or prior to the Series A Preferred Units upon any liquidation, dissolution or winding up of the General Partner or the Partnership, after payment shall have been made in full to the General Partner, in its capacity as the holder of the Series A Preferred Units, as provided in this Section, any series or class or classes of Junior Units shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the General Partner, in its capacity as the holder of the Series A Preferred Units, shall not be entitled to share therein.

D. Redemption of the Series A Preferred Units. (i) Except in connection with the redemption of the Series A Preferred Shares by the General Partner as permitted by Article VI of the Declaration of Trust, the Series A Preferred Units shall not be redeemable prior to April 1, 2001. On and after April 1, 2001, the General Partner may, at its option, cause the Partnership to redeem the Series A Preferred Units for Class A Units, in whole or in part, as set forth herein, subject to the provisions described below.

(ii) The Series A Preferred Units may be redeemed, in whole or in part, at the option of the General Partner, in its capacity as the holder of the Series A Preferred Units, at any time, provided that the General Partner shall redeem an equivalent number of Series A Preferred Shares. Such redemption of Series A Preferred Units shall occur substantially concurrently with the redemption by the General Partner of such Series A Preferred Shares (the "Redemption Date").

(iii) Upon redemption of Series A Preferred Units by the General Partner on the Redemption Date, each Series A Preferred Unit so redeemed shall be converted into a number of Class A Units equal to the aggregate Liquidation Preference of the Series A Preferred Units being redeemed divided by the Conversion Price as of the opening of business on the Redemption Date.

Upon any redemption of Series A Preferred Units, the Partnership shall pay any accrued and unpaid distributions in arrears for any Distribution Period ending on or prior to the Redemption Date. If the Redemption Date falls after a Dividend Payment Record Date and prior to the corresponding Dividend Payment Date, then the General Partner, in its capacity as the holder of Series A Preferred Units, shall be entitled to distributions payable on the equivalent number of Series A Preferred Units as the number of the Series A Preferred Shares with respect to which the General Partner shall be required, pursuant to the terms of the Declaration of Trust, to pay to the holders of Series A Preferred Shares at the close of business on such Dividend Payment Record Date for the Series A Preferred Shares who, pursuant to such Declaration of Trust, are entitled to the dividend payable on such Series A Preferred Shares on the corresponding Dividend Payment Date notwithstanding the redemption of such Series A Preferred Shares before such Dividend Payment Date. Except as provided above, the Partnership shall make no payment or allowance for unpaid distributions, whether or not in arrears, on Series A Preferred Units called for redemption or on the Class A Units issued upon such redemption.

(iv) If full cumulative distributions on the Series A Preferred Units and any other series or class or classes of Parity Units of the Partnership have not been paid or declared and set apart for payment, except in connection with a purchase, redemption or other acquisition of Series A Preferred Shares or shares of beneficial interest ranking on a parity with such Series A Preferred Shares as permitted under Article VI of the Declaration of Trust, the Series A Preferred Units may not be redeemed in part and the Partnership may not purchase, redeem or otherwise acquire Series A Preferred Units or any Parity Units other than in exchange for Junior Units.

As promptly as practicable after the surrender of the certificates for any such Series A Preferred Units so redeemed, such Series A Preferred Units shall be exchanged for certificates of Class A Units and any cash (without interest thereon) for which such Series A Preferred Units have been redeemed. If fewer than all the Series A Preferred Units represented by any

certificate are redeemed, then new certificates representing the unredeemed Series A Preferred Units shall be issued without cost to the holder thereof.

(vi) No fractional Partnership Unit shall be issued upon redemption of a Series A Preferred Unit. Instead of any fractional interest in a Class A Unit that would otherwise be deliverable upon the redemption of a Series A Preferred Unit, the Partnership shall pay to the General Partner, in its capacity as the holder of such Series A Preferred Units, an amount in cash (computed to the nearest cent) based upon the Current Market Price of Common Shares of the General Partner on the Trading Day immediately preceding the Redemption Date.

(vii) The Partnership covenants that any Class A Unit issued upon redemption of the Series A Preferred Units shall be validly issued, fully paid and non-assessable.

E. Conversion.

The General Partner, in its capacity as the holder of Series A Preferred Units, shall have the right to convert all or a portion of such Series A Preferred Units into Class A Units, provided that an equivalent number of Series A Preferred Shares are substantially concurrently therewith being converted into Common Shares, as follows:

(i) Subject to and upon compliance with the provisions of this Section E, the General Partner, in its capacity as the holder of Series A Preferred Units shall have the right, at its option, at any time to convert such shares into the number of fully paid and non-assessable Class A Units obtained by dividing the aggregate Liquidation Preference of such Series A Preferred Units by the Conversion Price (as in effect at the time and on the date provided for in the last paragraph of paragraph (ii) of this Section E) by surrendering such Series A Preferred Units to the Partnership to be converted, such surrender to be made in the manner provided in paragraph (ii) of this Section E; provided, however, that the right to convert Series A Preferred Units called for redemption pursuant to Section D hereof shall terminate at the close of business on the Redemption Date fixed for such redemption, unless the Partnership shall default in making payment of the Class A Units and any cash payable upon such redemption under Section D hereof.

(ii) In order to exercise the conversion right, the General Partner, in its capacity as the holder of each Series A Preferred Unit to be converted shall surrender the certificate representing such Series A Preferred Unit to the Partnership.

The General Partner, in its capacity as the holder of Series A Preferred Units, shall be entitled to receive the distribution payable on such Series A Preferred Units on a Distribution Payment Date notwithstanding the conversion thereof following such Dividend Payment Record Date and prior to such Dividend Payment Date. However, Series A Preferred Units surrendered for conversion during the period between the close of business on any Dividend Payment Record Date and the opening of business on the corresponding Dividend Payment Date (except Series A Preferred Units converted after the issuance of a notice of redemption of the Common Shares with respect to a Redemption Date during such period or coinciding with such Dividend Payment Date, such Series A Preferred Units being entitled to a distribution on the corresponding Distribution Payment Date) must be accompanied by payment of an amount equal to the distribution payable on such Series A Preferred Units on such Distribution Payment Date. No such amount need be included upon surrender of Seris A Preferred Units in respect of the equivalent number of Series A Preferred Shares as to which a holder of Series A Preferred Shares on a Dividend Payment Record Date who (or whose transferees) tenders any such Series A Preferred Shares to the General Partner for conversion into Common Shares on such Dividend Payment Date, but the distribution payable on such date on Series A Preferred Units will be made with respect to such Series A Preferred Units. Except as provided above, the Partnership shall make no payment or allowance for unpaid distributions, whether or not in arrears, on converted Series A Preferred Units or for distributions on the Class A Units issued upon such conversion.

As promptly as practicable after the surrender of certificates for Series A Preferred Units as aforesaid, the General Partner shall receive a certificate or certificates for the number of full Class A Units issuable upon the conversion of such Series A Preferred Units in accordance with the provisions of this Section E, and any fractional interest in respect of a Class A Unit arising upon such conversion shall be settled as provided in paragraph (iii) of this Section E.

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for Series A Preferred Units shall have been surrendered (and if applicable, payment of an amount equal to the distribution payable on such Series A Preferred Units) and received by the Partnership as aforesaid, and the General Partner shall be deemed to have become the holder or holders of record of the Class A Units represented thereby at such time on such date, and such conversion

shall be at the Conversion Price in effect at such time and on such date unless the stock transfer books of the Partnership shall be closed on that date, in which event such person or persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such partnership transfer books are open, but such conversion shall be at the Conversion Price in effect on the date on which such Series A Preferred Units shall have been surrendered and received by the General Partner.

(iii) No fractional Partnership Unit shall be issued upon conversion of the Series A Preferred Units. Instead of any fractional interest in a Class A Unit that would otherwise be deliverable upon the conversion of a Series A Preferred Unit, the Partnerships shall pay to the holder of such Series A Preferred Unit an amount in cash based upon the Current Market Price of Common Shares of the General Partner on the Trading Day immediately preceding the date of conversion.

(iv) The Conversion Price shall be adjusted from time to time at the same time and in a like manner as set forth in the Declaration of Trust.

F. Ranking. Any class or series of Partnership Units shall be deemed to rank:

(a) prior to the Series A Preferred Units, as to the payment of distributions and as to distribution of assets upon liquidation, dissolution or winding up of the General Partner or the Partnership, if the holders of such class or series of Preferred Units shall be entitled to the receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series A Preferred Units;

(b) on a parity with the Series A Preferred Units, as to the payment of distributions and as to the distribution of assets upon liquidation, dissolution or winding up of the General Partner or the Partnership, whether or not the distribution rates, distribution payment dates or redemption or liquidation prices per Partnership Unit be different from those of the Series A Preferred Units, if the holders of such Partnership Units of such class or series and the Series A Preferred Units shall be entitled to the receipt of distributions and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid distributions per Partnership Unit or liquidation preferences, without preference or priority one over the other ("Parity Units"); and

(c) junior to the Series A Preferred Units, as to the payment of distributions or as to the distribution of assets upon liquidation, dissolution or winding up of the General Partner or the Partnership, if such class or series of Partnership Units shall be Common Partnership Units or if the General Partner, in its capacity as the holder of Series A Preferred Units, shall be entitled to receipt of distribution or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Partnership Units of such class or series, and such class or series of Partnership Units shall not in either case rank prior to the Series A Preferred Units ("Junior Units").

G. Voting. Except as required by law, the General Partner, in its capacity as the holder of the Series A Preferred Units, shall not be entitled to vote at any meeting of the Partners or for any other purpose or otherwise to participate in any action taken by the Partnership or the Partners, or to receive notice of any meeting of the Partners.

So long as any Series A Preferred Units are outstanding, the General Partner shall not authorize the creation of Partnership Units of any class or series or any interest in the Partnership convertible into Partnership Units of any class or series ranking prior to the Series A Preferred Units in the distribution of assets on any liquidation, dissolution or winding up of the General Partner or the Partnership or in the payment of distributions unless such Partnership Units are issued to the General Partner and the distribution and redemption (but not voting) rights of such Partnership Units are substantially

similar to the terms of securities issued by the General Partner and the proceeds or other consideration from the issuance of such securities have been or are concurrently with such issuance contributed to the Partnership.

H. Restrictions on Ownership and Transfer. The Series A Preferred Units shall be owned and held solely by the General Partner.

I. General. (I) The rights of the General Partner, in its capacity as the holder of the Series A Preferred Units, are in addition to and not in limitation on any other rights or authority of the General Partner, in any other capacity, under the Agreement. In addition, nothing contained in this Exhibit G shall be deemed to limit or otherwise restrict any rights or authority of the General Partner under the Agreement, other than in its capacity as the holder of the Series A Preferred Units.

(ii) Anything herein contained to the contrary notwithstanding, the General Partner shall take all steps that it determines are necessary or appropriate (including modifying the foregoing terms of the Series A Preferred Units) to ensure that the Series A Preferred Units (including, without limitation the redemption and conversion terms thereof) permit the General Partner to satisfy its obligations (including, without limitation, its obligations to make dividends payments on, and to issue Common Shares upon redemption or conversion of, the Series A Preferred Shares) with respect to the Series A Preferred Shares, it being the intention that the terms of the Series A Preferred Units shall be substantially similar to the terms of the Series A Preferred Shares.

EXHIBIT H

EXCLUDED UNITS

[OMITTED]

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Section 12: EX-10.1 (CREDIT AGREEMENT)

Exhibit 10.1

CREDIT AGREEMENT

dated as of April 15, 1997

among

VORNADO REALTY L.P.
as Borrower,

VORNADO REALTY TRUST,
as General Partner,

UNION BANK OF SWITZERLAND
(New York Branch),
as Bank,

and

UNION BANK OF SWITZERLAND
(New York Branch),
as Administrative Agent

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EXHIBIT E - Assignment and Assumption Agreement

CREDIT AGREEMENT dated as of April 15, 1997 among VORNADO REALTY L.P., a limited partnership organized and existing under the laws of the State of Delaware ("Borrower"), VORNADO REALTY TRUST, a real estate investment trust organized and existing under the laws of the State of Maryland and the sole general partner of Borrower ("General Partner"), UNION BANK OF SWITZERLAND (New York Branch), as agent for the Banks (in such capacity, together with its successors in such capacity, "Administrative Agent"), and UNION BANK OF SWITZERLAND (New York Branch) (in its individual capacity and not as Administrative Agent, "UBS"; UBS and the lenders who from time to time become Banks pursuant to Section 3.07 or 12.05, each a "Bank" and collectively, the "Banks").

Borrower desires that the Banks extend credit as provided herein, and the Banks are prepared to extend such credit. General Partner is fully liable for the obligations of Borrower hereunder by virtue of its status as the sole

general partner of Borrower. Accordingly, Borrower, General Partner, each Bank and Administrative Agent agree as follows:

ARTICLE I. DEFINITIONS; ETC.

Section 1.01 Definitions. As used in this Agreement the following terms have the following meanings (except as otherwise provided, terms defined in the singular to have a correlative meaning when used in the plural and vice versa):

"Additional Costs" has the meaning specified in Section 3.01.

"Administrative Agent" has the meaning specified in the preamble.

"Administrative Agent's Office" means Administrative Agent's address located at 299 Park Avenue, New York, NY 10171, or such other address in the United States as Administrative Agent may designate by written notice to Borrower and the Banks.

"Affiliate" means, with respect to any Person (the "first Person"), any other Person: (1) which directly or indirectly controls, or is controlled by, or is under common control with the first Person; or (2) ten percent (10%) or more of the beneficial interest in which is directly or indirectly owned or held by the first Person. The term "control" means the possession, directly or indirectly, of the power, alone, to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

"Agreement" means this Credit Agreement.

"Applicable Lending Office" means, for each Bank and for its LIBOR Loan or Base Rate Loan, as applicable, the lending office of such Bank (or of an Affiliate of such Bank) designated as such on its signature page hereof or in the applicable Assignment and Assumption Agreement, or such other office of such Bank (or of an Affiliate of such Bank) as such Bank may from time to time specify to Administrative Agent and Borrower as the office by which its LIBOR Loan or Base Rate Loan, as applicable, is to be made and maintained.

"Applicable Margin" means: (1) with respect to the Base Rate and Base Rate Loans, 0%, and (2) with respect to the LIBOR Interest Rate and LIBOR Loans, .625%.

"Assignee" has the meaning specified in Section 12.05.

"Assignment and Assumption Agreement" means an Assignment and Assumption Agreement, substantially in the form of EXHIBIT E hereto, pursuant to which a Bank assigns and an Assignee assumes rights and obligations in accordance with Section 12.05.

"Authorization Letter" means a letter agreement executed by Borrower in the form of EXHIBIT A hereto.

"Bank" and "Banks" have the respective meanings specified in the preamble.

"Bank Parties" means Administrative Agent and the Banks.

"Banking Day" means (1) any day on which commercial banks are not authorized or required to close in New York City and (2) whenever such day relates to a LIBOR Loan, an Interest Period with respect to a LIBOR Loan, or notice with respect to any LIBOR Loan, a day on which dealings in Dollar deposits are also carried out in the London interbank market and banks are open for business in London.

"Base Rate" means, for any day, the higher of (1) the Federal Funds Rate for such day plus one-half percent (.50%), or (2) the Prime Rate for such day.

"Base Rate Loan" means all or any portion (as the context requires) of a Bank's Loan which shall accrue interest at a rate determined in relation to the Base Rate.

"Borrower" has the meaning specified in the preamble; except that, in the financial definitions and the definition of Consolidated Businesses, "Borrower" shall mean General Partner and the Mendik Properties (as defined in the current report on Form 8-K of General Partner filed with the Securities and

Exchange Commission on March 26, 1997 (the "Form 8-K")) and certain management and leasing assets held by the Mendik Group (as defined in the Form 8-K) as contemplated by the Form 8-K (collectively, the "Mendik Assets") collectively with respect to periods of time prior to the Closing Date and shall mean Borrower with respect to periods after the Closing Date.

"Borrower's Accountants" means Deloitte & Touche, or such other

accounting firm(s) selected by Borrower and reasonably acceptable to the Required Banks.

"Capitalization Value" means, at any time, the sum of (1) Combined EBITDA, for the twelve (12) month period then ended (except that for purposes of this definition, the aggregate contribution to Combined EBITDA from leasing commissions and management and development fees shall not exceed 5% of Combined EBITDA), capitalized at a rate of 9% per annum, (2) Borrower's beneficial share of unrestricted cash and marketable securities of Borrower and its Consolidated Businesses and UJVs, at such time, as reflected in VRT's Consolidated Financial Statements, and (3) without duplication, the cost basis of properties of Borrower under construction as certified by Borrower, such certificate to be accompanied by all appropriate documentation supporting such figure.

"Capital Lease" means any lease which has been or should be capitalized on the books of the lessee in accordance with GAAP.

"Closing Date" means the date this Agreement has been executed by all parties.

"Code" means the Internal Revenue Code of 1986.

"Combined EBITDA" means, for any period of time, (1) revenues less operating costs before Interest Expense, income taxes, gains or losses on the sale of real estate and/or marketable securities, depreciation and amortization and extraordinary items (including without limitation non-recurring items such as gains or losses from asset sales) for Borrower and its Consolidated Businesses, plus (2) Borrower's beneficial interest in revenues less operating costs before Interest Expense, income taxes, gains or losses on the sale of real estate and/or marketable securities, depreciation and amortization and extraordinary items (after eliminating appropriate intercompany amounts) applicable to each of the UJVs, in all cases as reflected in the VRT Consolidated Financial Statements.

"Consolidated Businesses" means, collectively each Affiliate of Borrower who is included in the VRT Consolidated Statements in accordance with GAAP.

"Consolidated Outstanding Indebtedness" means, as of any time, all indebtedness and liability for borrowed money, secured or unsecured, of Borrower and its Consolidated Businesses, including mortgage and other notes payable but excluding any indebtedness which is margin indebtedness on cash and cash equivalent securities, all as reflected in the VRT Consolidated Financial Statements.

"Contingent Liabilities" means the sum of (1) those liabilities, as determined in accordance with GAAP, set forth and quantified as contingent liabilities in the notes to the VRT Consolidated Financial Statements and (2) contingent liabilities, other than those described in the foregoing clause (1), which represent direct payment guaranties of Borrower; provided, however, that Contingent Liabilities shall exclude contingent liabilities which represent the "Other Party's Share" of "Duplicated Obligations" (as such quoted terms are hereinafter defined). "Duplicated Obligations" means, collectively, all those payment guaranties in respect of Debt of UJVs for which Borrower and another party are jointly and severally liable, where the other party is, in the sole judgment of the Required Banks, capable of satisfying the Other Party's Share of such obligation. "Other Party's Share" means such other party's fractional share of the obligation under the UJV in question.

"Continue", "Continuation" and "Continued" refer to the continuation pursuant to Section 2.09 of a LIBOR Loan as a LIBOR Loan from one Interest Period to the next Interest Period.

"Convert", "Conversion" and "Converted" refer to a conversion pursuant to Section 2.09 of a Base Rate Loan into a LIBOR Loan or a LIBOR Loan into a Base Rate Loan, each of which may be accompanied by the transfer by a Bank (at its sole discretion) of all or a portion of its Loan from one Applicable Lending Office to another.

"Debt" means: (1) indebtedness or liability for borrowed money, or for the deferred purchase price of property or services (including trade obligations); (2) obligations as lessee under Capital Leases; (3) current liabilities in respect of unfunded vested benefits under any Plan; (4) obligations under letters of credit issued for the account of any Person; (5) all obligations arising under bankers' or trade acceptance facilities; (6) all guarantees, endorsements (other than for collection or deposit in the ordinary course of business), and other contingent obligations to purchase any of the items included in this definition, to provide funds for payment, to supply funds to invest in any Person, or otherwise to assure a creditor against loss; (7) all obligations secured by any Lien on property owned by the Person whose Debt is being measured, whether or not the obligations have been assumed; and (8) all obligations under any agreement providing for contingent

participation or other hedging mechanisms with respect to interest payable on any of the items described above in this definition.

"Default" means any event which with the giving of notice or lapse of time, or both, would become an Event of Default.

"Default Rate" means a rate per annum equal to: (1) with respect to Base Rate Loans, a variable rate three percent (3%) above the rate of interest then in effect thereon (including the Applicable Margin); and (2) with respect to LIBOR Loans, a fixed rate three percent (3%) above the rate(s) of interest in effect thereon (including the Applicable Margin) at the time of Default until the end of the then current Interest Period therefor and, thereafter, a variable rate three percent (3%) above the rate of interest for a Base Rate Loan (including the Applicable Margin).

"Disposition" means a sale (whether by assignment, transfer or Capital Lease) of an asset.

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

"Environmental Discharge" means any discharge or release of any Hazardous Materials in violation of any applicable Environmental Law.

"Environmental Law" means any applicable Law relating to pollution or the environment, including Laws relating to noise or to emissions, discharges, releases or threatened releases of Hazardous Materials into the work place, the community or the environment, or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

"Environmental Notice" means any written complaint, order, citation, letter, inquiry, notice or other written communication from any Person (1) affecting or relating to Borrower's compliance with any Environmental Law in connection with any activity or operations at any time conducted by Borrower, (2) relating to the occurrence or presence of or exposure to or possible or threatened or alleged occurrence or presence of or exposure to Environmental Discharges or Hazardous Materials at any of Borrower's locations or facilities, including, without limitation: (a) the existence of any contamination or possible or threatened contamination at any such location or facility and (b) remediation of any Environmental Discharge or Hazardous Materials at any such location or facility or any part thereof; and (3) any violation or alleged violation of any relevant Environmental Law.

"Equity Value" means, at any time, Capitalization Value less the Total Outstanding Indebtedness.

"ERISA" means the Employee Retirement Income Security Act of 1974 including the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any corporation or trade or business which is a member of the same controlled group of organizations (within the meaning of Section 414(b) of the Code) as Borrower or General Partner or is under common control (within the meaning of Section 414(c) of the Code) with Borrower or General Partner or is required to be treated as a single employer with Borrower or General Partner under Section 414(m) or 414(o) of the Code.

"Event of Default" has the meaning specified in Section 9.01.

"Federal Funds Rate" means, for any day, the rate per annum (expressed on a 360-day basis of calculation) equal to the weighted average of the rates on overnight federal funds transactions as published by the Federal Reserve Bank of New York for such day provided that (1) if such day is not a Banking Day, the Federal Funds Rate for such day shall be such rate on such transactions on the immediately preceding Banking Day as so published on the next succeeding Banking Day, and (2) if no such rate is so published on such next succeeding Banking Day, the Federal Funds Rate for such day shall be the average of the rates quoted by three Federal Funds brokers to Administrative Agent on such day on such transactions.

"Fiscal Year" means each period from January 1 to December 31.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time, applied on a basis consistent with those used in the preparation of the financial statements referred to in Section 5.15 (except for changes concurred in by Borrower's Accountants).

"General Partner" has the meaning specified in the preamble.

"Good Faith Contest" means the contest of an item if: (1) the item is diligently contested in good faith, and, if appropriate, by proceedings timely instituted; (2) adequate reserves are established with respect to the contested item; (3) during the period of such contest, the enforcement of any contested

item is effectively stayed; and (4) the failure to pay or comply with the contested item during the period of the contest is not likely to result in a Material Adverse Change.

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

"Guaranty" means the guaranty(ies) of all or part of Borrower's obligations to be executed by General Partner.

"Hazardous Materials" means any pollutant, effluents, emissions, contaminants, toxic or hazardous wastes or substances, as any of those terms are defined from time to time in or for the purposes of any relevant Environmental Law, including asbestos fibers and friable asbestos, polychlorinated biphenyls, and any petroleum or hydrocarbon-based products or derivatives.

"Interest Expense" means, for any period of time, the consolidated interest expense (without deduction of consolidated interest income) of Borrower and its Consolidated Businesses, including, without limitation or duplication (or, to the extent not so included, with the addition of), (1) the portion of any rental obligation in respect of any Capital Lease obligation allocable to interest expense in accordance with GAAP; (2) the amortization of Debt discounts; (3) any payments or fees (other than up-front fees) with respect to interest rate swap or similar agreements; and (4) the interest expense and items listed in clauses (1) through (3) above applicable to each of the UJVs multiplied by Borrower's respective beneficial interests in the UJVs, in all cases as reflected in the applicable VRT Consolidated Financial Statements.

"Interest Period" means, with respect to any LIBOR Loan, the period commencing on the date the same is advanced, converted from a Base Rate Loan or Continued, as the case may be, and ending, as Borrower may select pursuant to Section 2.04, on the numerically corresponding day in the first, second or third calendar month thereafter, provided that each such Interest Period which commences on the last Banking Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Banking Day of the appropriate calendar month.

"Law" means any federal, state or local statute, law, rule, regulation, ordinance, order, code, or rule of common law, now or hereafter in effect, and in each case as amended, and any judicial or administrative interpretation thereof by a Governmental Authority or otherwise, including any judicial or administrative order, consent decree or judgment.

"LIBOR Base Rate" means, with respect to any Interest Period therefor, the rate per annum (rounded upwards if necessary to the nearest 1/16 of 1%) quoted at approximately 11:00 a.m.,

New York time, by the principal New York branch of UBS two (2) Banking Days prior to the first day of such Interest Period for the offering to leading banks in the London interbank market of Dollar deposits in immediately available funds, for a period, and in an amount, comparable to such Interest Period and principal amount of the LIBOR Loan in question outstanding during such Interest Period.

"LIBOR Interest Rate" means, for any LIBOR Loan, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by Administrative Agent to be equal to the quotient of (1) the LIBOR Base Rate for such LIBOR Loan for the Interest Period therefor divided by (2) one minus the LIBOR Reserve Requirement for such LIBOR Loan for such Interest Period.

"LIBOR Loan" means all or any portion (as the context requires) of any Bank's Loan which shall accrue interest at rate(s) determined in relation to LIBOR Interest Rate(s).

"LIBOR Reserve Requirement" means, for any LIBOR Loan, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained during the Interest Period for such LIBOR Loan under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding One Billion Dollars ($1,000,000,000) against "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the LIBOR Reserve Requirement shall also reflect any other reserves required to be maintained by such member banks by reason of any Regulatory Change against (1) any category of liabilities which includes deposits by reference to which the LIBOR Base Rate is to be determined as provided in the definition of "LIBOR Base Rate" in this Section 1.01 or (2) any category of extensions of credit or other assets which include loans the interest rate on which is determined on the basis of rates referred to in said definition of "LIBOR Base Rate".

"Lien" means any mortgage, deed of trust, pledge, security interest,

hypothecation, assignment for collateral purposes, deposit arrangement, lien (statutory or other), or other security agreement or charge of any kind or nature whatsoever of any third party (excluding any right of setoff but including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction to evidence any of the foregoing).

"Loan" and "Loans" have the respective meanings specified in Section 2.01.

"Loan Commitment" means, with respect to each Bank, the obligation to make a Loan in the principal amount set forth below:

Bank	Loan Commitment
UBS	$400,000,000
Total	$400,000,000

"Loan Documents" means this Agreement, the Notes, the Guaranty, the Authorization Letter and the Solvency Certificate.

"Material Adverse Change" means either (1) a material adverse change in the status of the business, results of operations, financial condition or property of Borrower or General Partner or (2) any event or occurrence of whatever nature which is likely to have a material adverse effect on the ability of Borrower or General Partner to perform their obligations under the Loan Documents.

"Material Affiliates" means the Affiliates listed on EXHIBIT C hereto.

"Maturity Date" means July 15, 1997, as the same may be extended pursuant to Section 2.13.

"Multiemployer Plan" means a Plan defined as such in Section 3(37) of ERISA to which contributions have been made by Borrower or any ERISA Affiliate and which is covered by Title IV of ERISA.

"Note" and "Notes" have the respective meanings specified in Section 2.06.

"Obligations" means each and every obligation, covenant and agreement of Borrower, now or hereafter existing, contained in this Agreement, and any of the other Loan Documents, whether for principal, reimbursement obligations, interest, fees, expenses, indemnities or otherwise, and any amendments or supplements thereto, extensions or renewals thereof or replacements therefor, including but not limited to all indebtedness, obligations and liabilities of Borrower to Administrative Agent and any Bank now existing or hereafter incurred under or arising out of or in connection with the Notes, this Agreement, the other Loan Documents, and any documents or instruments executed in connection therewith; in each case whether direct or indirect, joint or several, absolute or contingent, liquidated or unliquidated, now or hereafter existing, renewed or restructured, whether or not from time to time decreased or extinguished and later increased, created or incurred, and including all indebtedness of Borrower, under any

instrument now or hereafter evidencing or securing any of the foregoing.

"Parent" means, with respect to any Bank, any Person controlling such Bank.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, limited liability company, Governmental Authority or other entity of whatever nature.

"Plan" means any employee benefit or other plan established or maintained, or to which contributions have been made, by Borrower or General Partner or any ERISA Affiliate and which is covered by Title IV of ERISA or to

which Section 412 of the Code applies.

"presence", when used in connection with any Environmental Discharge or Hazardous Materials, means and includes presence, generation, manufacture, installation, treatment, use, storage, handling, repair, encapsulation, disposal, transportation, spill, discharge and release.

"Prime Rate" means that rate of interest from time to time announced by UBS at its Principal Office as its prime commercial lending rate.

"Principal Office" means the principal office of UBS in the United States, presently located at 299 Park Avenue, New York, New York 10171.

"Pro Rata Share" means, for purposes of this Agreement and with respect to each Bank, a fraction, the numerator of which is the amount of such Bank's Loan Commitment and the denominator of which is the Total Loan Commitment.

"Prohibited Transaction" means any transaction set forth in Section 406 of ERISA or Section 4975 of the Code.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System, as the same may be amended or supplemented from time to time, or any similar Law from time to time in effect.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as the same may be

amended or supplemented from time to time, or any similar Law from time to time in effect.

"Regulatory Change" means, with respect to any Bank, any change after the date of this Agreement in United States federal, state, municipal or foreign laws or regulations (including Regulation D) or the adoption or making after such date of any interpretations, directives or requests applying to a class of banks including such Bank of or under any United States, federal, state, municipal or foreign laws or regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"Reportable Event" means any of the events set forth in Section 4043(b) of ERISA, other than those events as to which the thirty (30) day notice period is waived under subsections .13, .14, .16, .18, .19 or .20 of PBGC Reg. Section 2615.

"Required Banks" means at any time the Banks holding at least sixty-six and sixty six hundredths percent (66.66%) of the then aggregate unpaid principal amount of the Loans.

"SEC Reports" means the reports required to be delivered to the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

"Secured Indebtedness" means that portion of Total Outstanding Indebtedness that is secured.

"Solvency Certificate" means a certificate in substantially the form of EXHIBIT D hereto, to be delivered by Borrower pursuant to the terms of this Agreement.

"Solvent" means, when used with respect to any Person, that (1) the fair value of the property of such Person, on a going concern basis, is greater than the total amount of liabilities (including, without limitation, contingent liabilities) of such Person; (2) the present fair saleable value of the assets of such Person, on a going concern basis, is not less than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured; (3) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; (4) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged; and (5) such Person has sufficient resources, provided that such resources are prudently utilized, to satisfy all of such Person's obligations.

Contingent liabilities will be computed at the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Total Loan Commitment" means an amount equal to the aggregate amount of all Loan Commitments.

"Total Outstanding Indebtedness" means the sum, without duplication, of (1) Consolidated Outstanding Indebtedness, (2) VRT's Share of UJV Combined Outstanding Indebtedness and (3) Contingent Liabilities.

"UJV Combined Outstanding Indebtedness" means, as of any time, all indebtedness and liability for borrowed money, secured or unsecured, of the UJV's, on a combined basis, including mortgage and other notes payable but excluding any indebtedness which is margin indebtedness on cash and cash equivalent securities, all as reflected in the balance sheets of each of the UJVs, prepared in accordance with GAAP.

"UJVs" means the unconsolidated joint ventures in which Borrower owns a beneficial interest and which are accounted for under the equity method in the VRT Consolidated Financial Statements.

"Unencumbered Combined EBITDA" means that portion of Combined EBITDA attributable to Unencumbered Assets.

"Unfunded Current Liability" of any Plan means the amount, if any, by which the actuarial present value of accumulated plan benefits as of the close of its most recent plan year, based upon the actuarial assumptions used by the Plan's actuary in the most recent annual valuation of the Plan, exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 412 of the Code.

"Unencumbered Assets" means collectively, assets, reflected on the VRT Consolidated Financial Statements, wholly owned, directly or indirectly, by Borrower and not subject to any Lien to secure all or any portion of Secured Indebtedness and assets of UJVs which are not subject to any Lien to secure all or any portion of Secured Indebtedness.

"Unsecured Debt Yield" means, for any prior twelve-month period, the ratio, expressed as a percentage, of (1) Unencumbered Combined EBITDA for such period to (2) Unsecured Indebtedness less Borrower's unrestricted cash and cash equivalent securities as of the end of such period.

"Unsecured Indebtedness" means that portion of Total Outstanding Indebtedness that is unsecured.

"VRT Consolidated Financial Statements" means collectively the consolidated balance sheet and related consolidated statement of operations, accumulated deficiency in assets and cash flows, and footnotes thereto, of each of General Partner and the Mendik Assets prior to the date hereof and of Borrower after the date hereof, in each case prepared in accordance with GAAP.

"VRT Principals" means the trustees, officers and directors of General Partner at any applicable time.

"VRT's Share of UJV Combined Outstanding Indebtedness" means the sum of the indebtedness of each of the UJVs contributing to UJV Combined Outstanding Indebtedness multiplied by Borrower's respective beneficial fractional interests in each such UJV.

Section 1.02 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP, and all financial data required to be delivered hereunder shall be prepared in accordance with GAAP.

Section 1.03 Computation of Time Periods. Except as otherwise provided herein, in this Agreement, in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and words "to" and "until" each means "to but excluding".

Section 1.04 Rules of Construction. When used in this Agreement: (1) "or" is not exclusive; (2) a reference to a law includes any amendment or modification to such law; (3) a reference to a Person includes its permitted successors and permitted assigns; (4) except as provided otherwise, all references to the singular shall include the plural and vice versa; (5) except as provided in this Agreement, a reference to an agreement, instrument or document shall include such agreement, instrument or document as the same may be amended, modified or supplemented from time to time in accordance with its terms and as permitted by the Loan Documents; (6) all references to Articles or Sections shall be to Articles and Sections of this Agreement unless otherwise indicated; and (7) all Exhibits to this Agreement shall be incorporated into this Agreement.

ARTICLE II. THE LOANS

Section 2.01 The Loans. Subject to the terms and conditions of this Agreement, each of the Banks severally agrees to make a loan to Borrower (each such loan by a Bank, a "Loan"; such loans, collectively, the "Loans") pursuant to which each Bank shall advance to Borrower on the Closing Date an amount equal to its Loan Commitment. The Loans may be outstanding as:

(1) Base Rate Loans; (2) LIBOR Loans; or (3) a combination of the foregoing, as Borrower shall elect and notify Administrative Agent in accordance with Section 2.03. The LIBOR Loan and Base Rate Loan of each Bank shall be maintained at such Bank's Applicable Lending Office for its LIBOR Loan and Base Rate Loan, respectively.

Section 2.02 Purpose. The Loan shall be made for the business purpose of acquiring assets and providing adequate reserves. Borrower covenants and agrees that in no event shall proceeds of the Loans, or any part thereof, be used for any illegal purpose or for the purpose, whether immediate, incidental or ultimate, of buying or carrying "margin stock" within the meaning of Regulation U, or in connection with any hostile acquisition.

Section 2.03 Notice and Manner of Borrowing. The Banks' obligation to disburse the proceeds of the Loans shall be subject to Borrower's submission to Administrative Agent of a request for disbursement of the proceeds of the Loans, which request contains the following: (1) the portion of the Loans that will be Base Rate Loans and LIBOR Loans, and (2) in the case all or a portion of such Loans is a LIBOR Loan, the duration of the Interest Period applicable thereto. Not later than 10:00 a.m. (New York time) on the date such disbursement is to be made, each Bank shall, through its Applicable Lending Office and subject to the conditions of this Agreement, make the amount to be disbursed by it available to Administrative Agent, at Administrative Agent's Office and in immediately available funds for the account of Borrower. The amount so received by Administrative Agent shall, subject to the conditions of this Agreement, be made available to Borrower, in immediately available funds, by Administrative Agent's wiring said funds to General Partner's account number 231313517 at Fleet Bank, N.A., ABA number 021200339.

Section 2.04 Interest Periods; Renewals. In the case of the LIBOR Loans, Borrower shall select an Interest Period of any duration in accordance with the definition of Interest Period in Section 1.01, subject to the following limitations: (1) no Interest Period may extend beyond the Maturity Date; (2) if an Interest Period would end on a day which is not a Banking Day, such Interest Period shall be extended to the next Banking Day, unless such Banking Day would fall in the next calendar month, in which event such Interest Period shall end on the immediately preceding Banking Day; and (3) only three (3) discrete segments of a Bank's Loan bearing interest at a LIBOR Interest Rate for a designated Interest Period may be outstanding at any one time (each such segment of each Bank's Loan corresponding to a proportionate segment of each of the other Banks' Loans).

Upon notice to Administrative Agent as provided in Section 2.11, Borrower may Continue any LIBOR Loan on the last day of the Interest Period of the same or different duration in accordance with the limitations provided above.

Section 2.05 Interest. Borrower shall pay interest to Administrative Agent for the account of the applicable Bank on the outstanding and unpaid principal amount of the Loans, at a rate per annum as follows: (1) for Base Rate Loans at a rate equal to the Base Rate plus the Applicable Margin; and (2) for LIBOR Loans at a rate equal to the applicable LIBOR Interest Rate plus the Applicable Margin. Any principal amount not paid when due (when scheduled, at acceleration or otherwise) shall bear interest thereafter, payable on demand, at the Default Rate.

The interest rate on Base Rate Loans shall change when the Base Rate changes. Interest on Base Rate Loans and LIBOR Loans shall not exceed the maximum amount permitted under applicable law. Interest shall be calculated for the actual number of days elapsed on the basis of, in the case of both Base Rate Loans and LIBOR Loans, three hundred sixty (360) days.

Accrued interest shall be due and payable in arrears upon and with respect to any payment or prepayment of principal and on the first Banking Day of each calendar month; provided, however, that interest accruing at the Default Rate shall be due and payable on demand.

Section 2.06 Notes. The Loan made by each Bank under this Agreement shall be evidenced by, and repaid with interest in accordance with, a single promissory note of Borrower in the form of EXHIBIT B hereto duly completed and executed by Borrower, representing the amount of such Bank's Loan Commitment, or if less, the aggregate unpaid principal amount of the Loans by such Bank to Borrower, payable to such Bank for the account of the Applicable Lending Office (each, a "Note" and collectively, the "Notes"). Each Note shall mature, and all outstanding principal and other sums thereunder shall be paid in full, on the Maturity Date.

Each Bank is hereby authorized by Borrower to endorse on the schedule attached to the Note held by it, the amount of each payment of principal received by such Bank for the account of its Applicable Lending Office(s) on account of its Loan, which endorsement shall, in the absence of manifest error,

be conclusive as to the outstanding balance of the Loan made by such Bank; provided, however, that the failure to make any such notation shall not limit or otherwise affect the obligations of Borrower under this Agreement or the Note held by such Bank. Each Bank agrees that prior to any assignment of the Note it will endorse the schedule attached to its Note.

Section 2.07 Prepayments. Without prepayment premium or penalty but subject to Section 3.05, Borrower may, upon at least one (1) Banking Day's notice to Administrative Agent in the case of the Base Rate Loans, and at least three (3) Banking Days' notice to Administrative Agent in the case of LIBOR Loans, prepay the Loans in whole or, with respect to Base Rate Loans only, in part, provided that (1) any partial prepayment under this Section shall be in integral multiples of One Million Dollars ($1,000,000); and (2) each prepayment under this Section shall include all interest accrued on the amount of principal prepaid to (but excluding) the date of prepayment.

Section 2.08 Method of Payment. Borrower shall make each payment under this Agreement and under the Notes not later than 11:00 A.M. (New York time) on the date when due in Dollars to Administrative Agent at Administrative Agent's Office in immediately available funds. Administrative Agent will thereafter, on the day of its receipt of each such payment, cause to be distributed to each Bank (1) such Bank's ratable share (based upon the respective outstanding principal amounts and interest due under the Notes of the Banks) of the payments of principal and interest in like funds for the account of such Bank's Applicable Lending Office; and (2) fees payable to such Bank in accordance with the terms of this Agreement. Borrower hereby authorizes Administrative Agent and the Banks, if and to the extent payment by Borrower is not made when due under this Agreement or under the Notes, to charge from time to time against any account Borrower maintains with Administrative Agent or any Bank any amount so due to Administrative Agent and/or the Banks.

Except to the extent provided in this Agreement, whenever any payment to be made under this Agreement or under the Notes is due on any day other than a Banking Day, such payment shall be made on the next succeeding Banking Day, and such extension of time shall in such case be included in the computation of the payment of interest and other fees, as the case may be.

Section 2.09 Conversions or Continuation of Loans. Subject to the provisions of Article III and Sections 2.04 and 2.10, Borrower shall have the right to Convert Base Rate Loans into LIBOR Loans, to Convert LIBOR Loans into Base Rate Loans, or to Continue LIBOR Loans as LIBOR Loans, at any time or from time to time, provided that: (1) Borrower shall give Administrative Agent notice of each such Conversion or Continuation as provided in Section 2.11; and (2) a LIBOR Loan may be Continued only on the last day of the applicable Interest Period for such LIBOR Loan. Except as otherwise provided in this Agreement, each Continuation and Conversion shall be applicable to each Bank's Loan in accordance with its Pro Rata Share.

Section 2.10 Minimum Amounts. With respect to the Loans as a whole, each Conversion shall be in an amount at least equal to Three Million Dollars ($3,000,000) and in integral multiples of One Hundred Thousand Dollars ($100,000).

Section 2.11 Certain Notices Regarding Conversions and Continuations of Loans. Notices by Borrower to Administrative Agent of Conversions and Continuations of LIBOR Loans shall be irrevocable and shall be effective only if received by Administrative Agent not later than 10:00 a.m. (New York time) on the number of Banking Days prior to the date of the relevant Conversion or Continuation specified below:

Notice	Number of Banking Days Prior
Conversions into Base Rate Loans	one (1)
Conversions into or Continuations as, LIBOR Loans	three (3)

Promptly following its receipt of any such notice, Administrative Agent shall so advise the Banks. Each such notice of Conversion shall specify the LIBOR Loans or Base Rate Loans to be Converted; and each such notice of Conversion or Continuation shall specify the date of Conversion or Continuation (which shall be a Banking Day), the amount thereof (subject to Section 2.10) and the duration of the Interest Period applicable thereto (subject to Section 2.04). In the

event that Borrower fails to Continue LIBOR Loans within the time period and as otherwise provided in this Section , such LIBOR Loans will be automatically Converted into Base Rate Loans on the last day of the then current applicable Interest Period for such LIBOR Loans.

Section 2.12 Late Payment Premium. Borrower shall pay to Administrative Agent for the account of the Banks a late payment premium in the amount of 4% of any payments of principal or interest under the Loans made more than ten (10) days after the due date thereof, which shall be due with any such late payment.

Section 2.13 Extension of Maturity. Borrower shall have an option to extend the Maturity Date for a period of three (3) months. If Borrower exercises that option, it shall have a second option to extend the Maturity Date for a period of six (6) months (but in no event to a date later than April 14, 1998). Each option is subject to Administrative Agent's receipt of a written request from Borrower for such extension not later than thirty (30) days prior to the then applicable Maturity Date and is subject to there existing no Default.

ARTICLE III. YIELD PROTECTION;
ILLEGALITY; ETC.

Section 3.01 Additional Costs. Borrower shall pay directly to each Bank from time to time on demand such amounts as such Bank may reasonably determine to be necessary to compensate it for any increased costs which such Bank determines are attributable to its making or maintaining a LIBOR Loan, or its obligation to make or maintain a LIBOR Loan, or its obligation to Convert a Base Rate Loan to a LIBOR Loan hereunder, or any reduction in any amount receivable by such Bank hereunder in respect of its LIBOR Loan or such obligations (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), in each case resulting from any Regulatory Change which:

(1) changes the basis of taxation of any amounts payable to such Bank under this Agreement or the Notes in respect of any such LIBOR Loan (other than (i) changes in the rate of general corporate, franchise, branch profit, net income or other income tax imposed on such Bank or its Applicable Lending Office or (ii) a tax described in Section 10.13); or

(2) (other than to the extent the LIBOR Reserve Requirement is taken into account in determining the LIBOR Rate at the commencement of the applicable Interest Period) imposes or modifies any reserve, special deposit, deposit insurance or assessment, minimum capital, capital ratio or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Bank (including any LIBOR Loan or any deposits referred to in the definition of "LIBOR Interest Rate" in Section 1.01), or any commitment of such Bank (including such Bank's Loan Commitment hereunder); or

(3) imposes any other condition (unrelated to the basis of taxation referred to in paragraph (1) above) affecting this Agreement or the Notes (or any of such extensions of credit or liabilities).

Without limiting the effect of the provisions of the first paragraph of this Section , in the event that, by reason of any Regulatory Change, any Bank either (1) incurs Additional Costs based on or measured by the excess above a specified level of the amount of a category of deposits of other liabilities of such Bank which includes deposits by reference to which the LIBOR Interest Rate is determined as provided in this Agreement or a category of extensions of credit or other assets of such Bank which includes loans based on the LIBOR Interest Rate or (2) becomes subject to restrictions on the amount of such a category

of liabilities or assets which it may hold, then, if such Bank so elects by notice to Borrower (with a copy to Administrative Agent), the obligation of such Bank to Continue, or to Convert Base Rate Loans into, LIBOR Loans shall be suspended (in which case the provisions of Section 3.04 shall be applicable) until such Regulatory Change ceases to be in effect.

Determinations and allocations by a Bank for purposes of this Section of the effect of any Regulatory Change pursuant to the first or second paragraph of this Section , on its costs or rate of return of making or maintaining its Loan or portions thereof or on amounts receivable by it in respect of its Loan or portions thereof, and the amounts required to compensate such Bank under this Section, shall be included in a calculation of such amounts given to Borrower and shall be conclusive absent manifest error.

Section 3.02 Limitation on Types of Loans. Anything herein to the contrary notwithstanding, if, on or prior to the determination of the LIBOR Interest Rate for any Interest Period:

(1) Administrative Agent reasonably determines (which determination shall be conclusive) that quotations of interest rates for the relevant deposits referred to in the definition of "LIBOR Interest Rate" in Section 1.01 are not being provided in the relevant amounts or for the relevant maturities for purposes of determining rates of interest for the LIBOR Loans as provided in this Agreement; or

(2) a Bank reasonably determines (which determination shall be conclusive) and promptly notifies Administrative Agent that the relevant rates of interest referred to in the definition of "LIBOR Interest Rate" in Section 1.01 upon the basis of which the rate of interest for LIBOR Loans for such Interest Period is to be determined do not adequately cover the cost to such Bank of making or maintaining such LIBOR Loan for such Interest Period;

then Administrative Agent shall give Borrower prompt notice thereof, and so long as such condition remains in effect, the Banks (or, in the case of the circumstances described in clause (2) above, the affected Bank) shall be under no obligation to Convert Base Rate Loans into LIBOR Loans or to Continue LIBOR Loans and Borrower shall, on the last day(s) of the then current Interest Period(s) for the affected outstanding LIBOR Loans, either prepay the affected LIBOR Loans or Convert the affected LIBOR Loans into Base Rate Loans in accordance with Section 2.09.

Section 3.03 Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Bank or its Applicable Lending Office to honor its obligation to make or maintain a LIBOR Loan hereunder or to

Convert a Base Rate Loan into a LIBOR Loan, then such Bank shall promptly notify Administrative Agent and Borrower thereof and such Bank's obligation to make or maintain, to Continue, or to Convert its Base Rate Loan into, a LIBOR Loan shall be suspended (in which case the provisions of Section 3.04 shall be applicable) until such time as such Bank may again make and maintain a LIBOR Loan.

Section 3.04 Treatment of Affected Loans. If the obligations of any Bank to Continue its LIBOR Loan, or to Convert its Base Rate Loan into a LIBOR Loan, are suspended pursuant to Sections 3.01 or 3.03 (each LIBOR Loan so affected being herein called an "Affected Loan"), such Bank's Affected Loan shall be automatically Converted into a Base Rate Loan on the last day of the then current Interest Period for the Affected Loan (or, in the case of a Conversion required by Sections 3.01 or 3.03, on such earlier date as such Bank may specify to Borrower).

To the extent that such Bank's Affected Loan has been so Converted, all payments and prepayments of principal which would otherwise be applied to such Bank's Affected Loan shall be applied instead to its Base Rate Loan and such Bank shall have no obligation to Convert its Base Rate Loan into a LIBOR Loan.

Section 3.05 Certain Compensation. Other than in connection with a Conversion of an Affected Loan, Borrower shall pay to Administrative Agent for the account of the applicable Bank, upon the request of such Bank through Administrative Agent which request includes a calculation of the amount(s) due, such amount or amounts as shall be sufficient (in the reasonable opinion of such Bank) to compensate it for any loss, cost or expense which such Bank reasonably determines is attributable to:

(1) any payment, prepayment, Conversion or Continuation of a LIBOR Loan made by such Bank on a date other than the last day of an applicable Interest Period for such LIBOR Loan whether by reason of acceleration or otherwise; or

(2) any failure by Borrower for any reason to Convert or Continue a LIBOR Loan to be Converted or Continued by such Bank on the date specified therefor in the relevant notice under Section 2.11.

Without limiting the foregoing, such compensation shall include an amount equal to the present value (using as the discount rate an interest rate equal to the rate determined under (2) below) of the excess, if any, of (1) the amount of interest (less the Applicable Margin) which otherwise would have accrued on the principal amount so paid, prepaid, Converted or Continued (or not Converted or Continued) for the period from the date of such payment, prepayment, Conversion or Continuation (or failure

to Convert or Continue) to the last day of the then current applicable Interest Period for the LIBOR Loan (or, in the case of a failure to Convert or Continue, to the last day of the applicable Interest Period for the LIBOR Loan which would have commenced on the date specified therefor in the relevant notice) at the applicable rate of interest for the LIBOR Loan provided for herein, over (2) the amount of interest (as reasonably determined by such Bank) based upon the interest rate which such Bank would have bid in the London interbank market for

Dollar deposits, for amounts comparable to such principal amount and maturities comparable to such period. A determination of any Bank as to the amounts payable pursuant to this Section shall be conclusive absent manifest error.

Section 3.06 Capital Adequacy. If any Bank shall have determined that, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of such Bank (or its Parent) as a consequence of such Bank's obligations hereunder to a level below that which such Bank (or its Parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within fifteen (15) days after demand by such Bank (with a copy to Administrative Agent), Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank (or its Parent) for such reduction. A certificate of any Bank claiming compensation under this Section , setting forth in reasonable detail the basis therefor, shall be conclusive absent manifest error.

Section 3.07 Substitution of Banks. If any Bank (an "Affected Bank") (i) makes demand upon Borrower for (or if Borrower is otherwise required to pay) Additional Costs pursuant to Section 3.01 or (ii) is unable to make or maintain its Loan or any portion thereof at the LIBOR Based Rate as a result of a condition described in Section 3.03 or clause (2) of Section 3.02, Borrower may, within ninety (90) days of receipt of such demand or notice (or the occurrence of such other event causing Borrower to be required to pay Additional Costs or causing said Section 3.03 or clause (2) of Section 3.02 to be applicable), as the case may be, give written notice (a "Replacement Notice") to Administrative Agent and to each Bank of Borrower's intention either (x) to prepay in full the Affected Bank's Note and to terminate the Affected Bank's entire Loan Commitment or (y) to

replace the Affected Bank with another financial institution (the "Replacement Bank") designated in such Replacement Notice.

In the event Borrower opts to give the notice provided for in clause (x) above, and if the Affected Bank shall not agree within thirty (30) days of its receipt thereof to waive the payment of the Additional Costs in question or the effect of the circumstances described in Section 3.03 or clause (2) of Section 3.02, then, so long as no Default or Event of Default shall exist, Borrower may terminate the Affected Bank's entire Loan Commitment, provided that in connection therewith it pays to the Affected Bank all outstanding principal and accrued and unpaid interest under the Affected Bank's Note, together with all other amounts, if any, due from Borrower to the Affected Bank, including all amounts properly demanded and unreimbursed under Section 3.01.

In the event Borrower opts to give the notice provided for in clause (y) above, and if (i) Administrative Agent shall, within thirty (30) days of its receipt of the Replacement Notice, notify Borrower and each Bank in writing that the Replacement Bank is reasonably satisfactory to Administrative Agent and (ii) the Affected Bank shall not, prior to the end of such thirty (30)-day period, agree to waive the payment of the Additional Costs in question or the effect of the circumstances described in Section 3.03 or clause (2) of Section 3.02, then the Affected Bank shall, so long as no Default or Event of Default shall exist, assign its Note and all of its rights and obligations under this Agreement to the Replacement Bank, and the Replacement Bank shall assume all of the Affected Bank's rights and obligations, pursuant to an agreement, substantially in the form of an Assignment and Assumption Agreement, executed by the Affected Bank and the Replacement Bank. In connection with such assignment and assumption, the Replacement Bank shall pay to the Affected Bank an amount equal to the outstanding principal amount under the Affected Bank's Note plus all interest accrued thereon, plus all other amounts, if any (other than the Additional Costs in question), then due and payable to the Affected Bank; provided, however, that prior to or simultaneously with any such assignment and assumption, Borrower shall have paid to such Affected Bank all amounts properly demanded and unreimbursed under Section 3.01. Upon the effective date of such assignment and assumption, the Replacement Bank shall become a Bank Party to this Agreement and shall have all the rights and obligations of a Bank as set forth in such Assignment and Assumption Agreement, and the Affected Bank shall be released from its obligations hereunder, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this Section , a substitute note shall be issued to the Replacement Bank by Borrower, in exchange for the return of the Affected Bank's Note. Such substitute note shall constitute a "Note" and the obligations evidenced by such substitute note

shall constitute "Obligations" for all purposes of this Agreement and the other

Loan Documents. If the Replacement Bank is not incorporated under the laws of the United States of America or a state thereof, it shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to Borrower and Administrative Agent certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 10.13. Each Replacement Bank shall be deemed to have made the representations contained in, and shall be bound by the provisions of, Section 10.13.

Borrower, Administrative Agent and the Banks shall execute such modifications to the Loan Documents as shall be reasonably required in connection with and to effectuate the foregoing.

ARTICLE IV. CONDITIONS PRECEDENT

Section 4.01 Conditions Precedent to the Loans. The obligations of the Banks hereunder to advance the proceeds of the Loans are subject to the condition precedent that Administrative Agent shall have received on or before the Closing Date each of the following documents, and each of the following requirements shall have been fulfilled:

(1) Fees and Expenses. The payment of all fees and expenses incurred by Administrative Agent (including, without limitation, the reasonable fees and expenses of legal counsel);

(2) Note. The Note for UBS, duly executed by Borrower;

(3) Financial Statements. Audited VRT Consolidated Financial Statements as of and for the year ended December 31, 1996, acceptable to the Banks;

(4) Certificates of Limited Partnership/Incorporation. A copy of the Certificate of Limited Partnership for Borrower and a copy of the articles of incorporation of General Partner, each certified by the appropriate Secretary of State or equivalent state official;

(5) Agreements of Limited Partnership/Bylaws. A copy of the Agreement of Limited Partnership for Borrower and a copy of the bylaws of General Partner, including all amendments thereto, each certified by the Secretary or an Assistant Secretary of General Partner as being in full force and effect on the Closing Date;

(6) Good Standing Certificates. A certified copy of a certificate from the Secretary of State or equivalent state official of the states where Borrower and General Partner are organized, dated as of the most recent practicable date, showing the good standing or partnership qualification of (i) Borrower and (ii) General Partner;

(7) Foreign Qualification Certificates. A certified copy of a certificate from the Secretary of State or equivalent state official of the state where Borrower and General Partner maintain their principal place of business, dated as of the most recent practicable date, showing the qualification to transact business in such state as a foreign limited partnership or foreign corporation, as the case may be, for (i) Borrower and (ii) General Partner;

(8) Resolutions. A copy of a resolution or resolutions adopted by the Board of Directors of General Partner, certified by the Secretary or an Assistant Secretary of General Partner as being in full force and effect on the Closing Date, authorizing the Loans provided for herein and the execution, delivery and performance of the Loan Documents to be executed and delivered by General Partner hereunder on behalf of itself and Borrower;

(9) Incumbency Certificate. A certificate, signed by the Secretary or an Assistant Secretary of General Partner and dated the Closing Date, as to the incumbency, and containing the specimen signature or signatures, of the Persons authorized to execute and deliver the Loan Documents to be executed and delivered by it and Borrower hereunder;

(10) Solvency Certificate. A Solvency Certificate, duly executed, from Borrower;

(11) Opinion of Counsel for Borrower. Favorable opinions, dated the Closing Date, from counsels for Borrower and General Partner, as to such matters as Administrative Agent may reasonably request;

(12) Authorization Letter. The Authorization Letter, duly executed by Borrower;

(13) Guaranty. The Guaranty duly executed by General Partner;

(14) Certificate. The following statements shall be true and Administrative Agent shall have received a certificate dated the Closing Date signed by a duly authorized signatory of Borrower stating, to the best of the certifying party's knowledge, the following:

(a) All representations and warranties contained in this Agreement and in each of the other Loan Documents are true and correct on and as of the Closing Date as though made on and as of such date, and

(b) No Default or Event of Default has occurred and is continuing, or could result from the transactions contemplated by this Agreement and the other Loan Documents;

(15) Compliance Certificate. A certificate of the sort required by paragraph (3) of Section 6.09; and

(16) Evidence. Evidence of Borrower's acquisition of the Mendik Assets and the transfer of the assets of General Partner and Alexander's, Inc. to Borrower.

ARTICLE V. REPRESENTATIONS AND WARRANTIES

Borrower (and General Partner, if expressly included in Sections contained in this Article) represents and warrants to Administrative Agent and each Bank as follows:

Section 5.01 Existence. Borrower is a limited partnership duly organized and existing under the laws of the State of Delaware, with its principal place of business in the State of New Jersey, and is duly qualified as a foreign limited partnership, properly licensed, in good standing and has all requisite authority to conduct its business in each jurisdiction in which it owns properties or conducts business except where the failure to be so qualified or to obtain such authority would not have a material adverse effect. Each of its Consolidated Businesses is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has all requisite authority to conduct its business in each jurisdiction in which it owns property or conducts business, except where the failure to be so qualified or to obtain such authority would not have a material adverse effect. General Partner is a real estate investment trust duly organized and existing under the laws of the State of Maryland, with its principal place of business in the State of New Jersey, is duly qualified as a foreign corporation and properly licensed and in good standing in each jurisdiction where the failure to qualify or be licensed would constitute a Material Adverse Change with respect to General Partner or have a material adverse effect on the business or properties of General Partner. The stock of General Partner is listed on the New York Stock Exchange.

Section 5.02 Corporate/Partnership Powers. The execution, delivery and performance of the Loan Documents required to be delivered by Borrower hereunder are within its partnership authority and the corporate power of General Partner, have been duly authorized by all requisite action, and are not in conflict with the terms of any organizational instruments of such entity, or any instrument or agreement to which Borrower or General Partner is a party or by which Borrower, General Partner or any of their respective assets may be bound or affected.

Section 5.03 Power of Officers. The officers of General Partner executing the Loan Documents required to be delivered by it on its own behalf or that of Borrower hereunder have been duly elected or appointed and were fully authorized to execute the same at the time each such Loan Document was executed.

Section 5.04 Power and Authority; No Conflicts; Compliance With Laws. The execution, delivery and performance of the obligations required to be performed by Borrower and General Partner of the Loan Documents does not and will not (a) violate any provision of, or require any filing, registration, consent or approval under, any Law (including, without limitation, Regulation U), order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to either of them, (b) result in a breach of or constitute a default under or require any consent under any indenture or loan or credit agreement or any other agreement, lease or instrument to which either of them may be a party or by which either of them or their properties may be bound or affected except for consents which have been obtained, (c) result in, or require, the creation or imposition of any Lien, upon or with respect to any of its properties now owned or hereafter acquired, or (d) cause either of them to be in default under any such Law, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument; to the best of their knowledge, Borrower and General Partner are in compliance with all Laws applicable to them and their properties where the failure to be in

compliance would cause a Material Adverse Change to occur.

Section 5.05 Legally Enforceable Agreements. Each Loan Document is a legal, valid and binding obligation of Borrower and/or General Partner, as the case may be, enforceable in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally.

Section 5.06 Litigation. Except as disclosed in General Partner's SEC Reports existing as of the date hereof, there are no actions, suits or proceedings pending or, to its knowledge, threatened against Borrower, General Partner or any of

their Affiliates before any court or arbitrator or any Governmental Authority reasonably likely to have a material effect on Borrower's ability to repay the Loans.

Section 5.07 Good Title to Properties. Borrower and each of its Affiliates have good, marketable and legal title to all of the properties and assets each of them purports to own (including, without limitation, those reflected in the December 31, 1996 financial statements referred to in Section 5.15) and only with exceptions which do not materially detract from the value of such property or assets or the use thereof in Borrower's and such Affiliate's business, and except to the extent that any such properties and assets have been encumbered or disposed of since the date of such financial statements without violating any of the covenants contained in Article VII or elsewhere in this Agreement. Borrower and its Material Affiliates enjoy peaceful and undisturbed possession of all leased property necessary in any material respect in the conduct of their respective businesses. All such leases are valid and subsisting and are in full force and effect.

Section 5.08 Taxes. Borrower and General Partner have filed all tax returns (federal, state and local) required to be filed and have paid all taxes, assessments and governmental charges and levies due and payable without the imposition of a penalty, including interest and penalties, except to the extent they are the subject of a Good Faith Contest.

Section 5.09 ERISA. Borrower and General Partner are in compliance in all material respects with all applicable provisions of ERISA. Neither a Reportable Event nor a Prohibited Transaction has occurred with respect to any Plan; no notice of intent to terminate a Plan has been filed nor has any Plan been terminated within the past five (5) years; no circumstance exists which constitutes grounds under Section 4042 of ERISA entitling the PBGC to institute proceedings to terminate, or appoint a trustee to administer, a Plan, nor has the PBGC instituted any such proceedings; Borrower, General Partner and the ERISA Affiliates have not completely or partially withdrawn under Sections 4201 or 4204 of ERISA from a Multiemployer Plan; Borrower, General Partner and the ERISA Affiliates have met the minimum funding requirements of Section 412 of the Code and Section 302 of ERISA of each with respect to the Plans of each and there is no Unfunded Current Liability with respect to any Plan established or maintained by each; and Borrower, General Partner and the ERISA Affiliates have not incurred any liability to the PBGC under ERISA (other than for the payment of premiums under Section 4007 of ERISA). No part of the funds to be used by Borrower in satisfaction of its obligations under this Agreement constitute "plan assets" of any "employee benefit plan" within the meaning of ERISA or of any "plan" within the meaning of Section 4975(e)(1) of the Code, as interpreted by the Internal

Revenue Service and the U.S. Department of Labor in rules, regulations, releases, bulletins or as interpreted under applicable case law.

Section 5.10 No Default on Outstanding Judgments or Orders. Borrower and General Partner have satisfied all judgments which are not being appealed and are not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court, arbitrator or federal, state, municipal or other Governmental Authority, commission, board, bureau, agency or instrumentality, domestic or foreign.

Section 5.11 No Defaults on Other Agreements. Except as disclosed to the Bank Parties in writing or as disclosed in General Partner's SEC Reports, Borrower or General Partner, to the best of their knowledge, are not a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any partnership, trust or other restriction which is likely to result in a Material Adverse Change. To the best of their knowledge, neither Borrower nor General Partner is in default in any respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument which is likely to result in a Material Adverse Change.

Section 5.12 Government Regulation. Neither Borrower nor General Partner is subject to regulation under the Investment Company Act of 1940 or any

statute or regulation limiting any such Person's ability to incur indebtedness for money borrowed as contemplated hereby.

Section 5.13 Environmental Protection. To Borrower's knowledge, except as disclosed in General Partner's SEC Reports existing as of the date hereof, none of Borrower's or its Affiliates' properties contains any Hazardous Materials that, under any Environmental Law currently in effect, (1) would impose liability on Borrower or General Partner that is likely to result in a Material Adverse Change, or (2) is likely to result in the imposition of a Lien on any assets of Borrower, General Partner or any Material Affiliates that is likely to result in a Material Adverse Change. To Borrower's knowledge, neither it, General Partner nor any Material Affiliates are in violation of, or subject to any existing, pending or threatened investigation or proceeding by any Governmental Authority under any Environmental Law that is likely to result in a Material Adverse Change.

Section 5.14 Solvency. Borrower and General Partner are, and upon consummation of the transactions contemplated by this Agreement, the other Loan Documents and any other documents, instruments or agreements relating thereto, will be, Solvent.

Section 5.15 Financial Statements. The VRT Consolidated Financial Statements most recently delivered to the Banks pursuant to the terms of this Agreement are in all material respects complete and correct and fairly present the financial condition of the subjects thereof as of the dates of and for the periods covered by such statements, all in accordance with GAAP. There has been no Material Adverse Change since the date of such most recently delivered VRT Consolidated Financial Statements.

Section 5.16 Valid Existence of Affiliates. Each Material Affiliate is an entity duly organized and existing in good standing under the laws of the jurisdiction of its formation. As to each Material Affiliate, its correct name, the jurisdiction of its formation, Borrower's direct or indirect percentage of beneficial interest therein, and the type of business in which it is primarily engaged, are set forth on said EXHIBIT C. Borrower and each of its Material Affiliates have the power to own their respective properties and to carry on their respective businesses now being conducted. Each Material Affiliate is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the respective businesses conducted by it or its respective properties, owned or held under lease, make such qualification necessary and where the failure to be so qualified would have the effect of a Material Adverse Change on Borrower and its Consolidated Businesses taken as a whole.

Section 5.17 Insurance. Borrower and each of its Affiliates has in force paid insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated.

Section 5.18 Accuracy of Information; Full Disclosure. Neither this Agreement nor any documents, financial statements, reports, notices, schedules, certificates, statements or other writings furnished by or on behalf of Borrower to Administrative Agent or any Bank in connection with the negotiation of this Agreement or the consummation of the transactions contemplated hereby, or required herein to be furnished by or on behalf of Borrower (other than projections which are made by Borrower in good faith), contains any untrue or misleading statement of a material fact or omits a material fact necessary to make the statements herein or therein not misleading. There is no fact which Borrower has not disclosed to Administrative Agent and the Banks in writing or which is not included in General Partner's SEC Reports which materially affects adversely nor, so far as Borrower can now foresee, will materially affect adversely the business or financial condition of Borrower or the ability of Borrower to perform this Agreement and the other Loan Documents.

Section 5.19 Status. General Partner agrees that all of its representations and warranties set forth in this Article V and elsewhere in this Agreement are true on the Closing Date.

ARTICLE VI. AFFIRMATIVE COVENANTS

So long as any of the Notes shall remain unpaid or the Loan Commitments remain in effect, or any other amount is owing by Borrower to any Bank hereunder or under any other Loan Document, Borrower and General Partner shall each:

Section 6.01 Maintenance of Existence. Preserve and maintain its legal existence and, if applicable, good standing in the jurisdiction of organization and, if applicable, qualify and remain qualified as a foreign entity in each jurisdiction in which such qualification is required, except to the extent that failure to so qualify is not likely to result in a Material Adverse Change.

Section 6.02 Maintenance of Records. Keep adequate records and books of account, in which complete entries will be made in accordance with GAAP, reflecting all of its financial transactions.

Section 6.03 Maintenance of Insurance. At all times, maintain and keep in force, and cause each of its Material Affiliates to maintain and keep in force, insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibility from coverage thereof.

Section 6.04 Compliance with Laws; Payment of Taxes. Comply in all material respects with all Laws applicable to it or to any of its properties or any part thereof, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it, General Partner or upon any of their property, except to the extent they are the subject of a Good Faith Contest.

Section 6.05 Right of Inspection. At any reasonable time and from time to time upon reasonable notice, permit Administrative Agent or any Bank or any agent or representative thereof (provided that, at Borrower's request, Administrative Agent or such Bank, agent or representative must be accompanied by a representative of Borrower), to examine and make copies and abstracts from the records and books of account of, and visit the properties of, Borrower and to discuss the affairs, finances and

accounts of Borrower with the independent accountants of Borrower.

Section 6.06 Compliance With Environmental Laws. Comply in all material respects with all applicable Environmental Laws and immediately pay or cause to be paid all costs and expenses incurred in connection with such compliance, except to the extent there is a Good Faith Contest.

Section 6.07 Payment of Costs. Pay all costs and expenses required for the satisfaction of the conditions of this Agreement.

Section 6.08 Maintenance of Properties. Do all things reasonably necessary to maintain, preserve, protect and keep its and its Affiliates' properties in good repair, working order and condition.

Section 6.09 Reporting and Miscellaneous Document Requirements. Furnish directly to each of the Banks:

(1) Annual Financial Statements. As soon as available and in any event within ninety (90) days after the end of each Fiscal Year, the VRT Consolidated Financial Statements as of the end of and for such Fiscal Year, in reasonable detail and stating in comparative form the respective figures for the corresponding date and period in the prior Fiscal Year and audited by Borrower's Accountants;

(2) Quarterly Financial Statements. As soon as available and in any event within forty-five (45) days after the end of each calendar quarter (other than the last quarter of the Fiscal Year), the unaudited VRT Consolidated Financial Statements as of the end of and for such calendar quarter, in reasonable detail and stating in comparative form the respective figures for the corresponding date and period in the prior Fiscal Year;

(3) Certificate of No Default and Financial Compliance. Within fifty (50) days after the end of each of the first three quarters of each Fiscal Year and within ninety-five (95) days after the end of each Fiscal Year, a certificate of the chief financial officer or treasurer of General Partner (a) stating that, to the best of his or her knowledge, no Default or Event of Default has occurred and is continuing, or if a Default or Event of Default has occurred and is continuing, specifying the nature thereof and the action which is proposed to be taken with respect thereto; (b) stating that the covenants contained in Section 6.10, Sections 7.02, 7.03 and 7.04 and in Article VIII have been complied with (or specifying those that have not been complied with) and including computations demonstrating such compliance (or non-compliance); (c) setting forth the details of all items comprising Total Outstanding Indebtedness (including

amount, maturity, interest rate and amortization requirements), Secured Indebtedness, Unencumbered Combined EBITDA, Interest Expense and Unsecured Indebtedness; and (d) only at the end of each Fiscal Year stating Borrower's taxable income;

(4) Certificate of Borrower's Accountants. Simultaneously with the delivery of the annual financial statements required by paragraph (1) of this Section , (a) a statement of Borrower's Accountants who audited such financial statements comparing the computations set forth in the financial compliance certificate required by paragraphs (3)(b) and (d) of this Section to the audited

financial statements required by paragraph (1) of this Section and (b) when the audited financial statements required by paragraph (1) of this Section have a qualified auditor's opinion, a statement of Borrower's Accountants who audited such financial statements of whether any Default or Event of Default has occurred and is continuing;

(5) Notice of Litigation. Promptly after the commencement and knowledge thereof, notice of all actions, suits, and proceedings before any court or arbitrator, affecting Borrower or General Partner which, if determined adversely to Borrower or General Partner is likely to result in a Material Adverse Change and which would be required to be reported in Borrower's or General Partner's SEC Reports;

(6) Notices of Defaults and Events of Default. As soon as possible and in any event within ten (10) days after Borrower becomes aware of the occurrence of a material Default or any Event of Default a written notice setting forth the details of such Default or Event of Default and the action which is proposed to be taken with respect thereto;

(7) Sales or Acquisitions of Assets. Promptly after the occurrence thereof, written notice of any Disposition or acquisition of assets (other than acquisitions or Dispositions of investments such as certificates of deposit, Treasury securities and money market deposits in the ordinary course of Borrower's cash management) in excess of Twenty Five Million Dollars ($25,000,000) together with, in the case of any acquisition of such an asset, copies of the agreements governing the acquisition and historical financial information and Borrower's projections with respect to the property acquired;

(8) Material Adverse Change. As soon as is practicable and in any event within five (5) days after knowledge of the occurrence of any event or circumstance which is likely to result in or has resulted in a Material Adverse Change and which would be required to be reported in General Partner's SEC Reports, written notice thereof;

(9) Bankruptcy of Tenants. Promptly after becoming aware of the same, written notice of the bankruptcy, insolvency or cessation of operations of any tenant in any property of Borrower or in which Borrower has an interest to which four percent (4%) or more of aggregate minimum rent payable to Borrower directly or through its Consolidated Businesses or UJVs is attributable;

(10) Offices. Thirty (30) days' prior written notice of any change in the chief executive office or principal place of business of Borrower;

(11) Environmental and Other Notices. As soon as possible and in any event within thirty (30) days after receipt, copies of all Environmental Notices received by Borrower which are not received in the ordinary course of business and which relate to a previously undisclosed situation which is likely to result in a Material Adverse Change;

(12) Insurance Coverage. Promptly, such information concerning Borrower's insurance coverage as Administrative Agent may reasonably request;

(13) Proxy Statements, Etc. Promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports which Borrower or its Material Affiliates sends to its shareholders, and copies of all regular, periodic and special reports, and all registration statements which Borrower or its Material Affiliates files with the Securities and Exchange Commission or any Governmental Authority which may be substituted therefor, or with any national securities exchange;

(14) Rent Rolls. As soon as available and in any event within ninety (90) days after the end of each Fiscal Year, a rent roll, tenant sales report and operating statement for each property directly or indirectly owned in whole or in part by Borrower;

(15) Capital Expenditures. As soon as available and in any event within ninety (90) days after the end of each Fiscal Year, a schedule of such Fiscal Year's capital expenditures and a budget for the next Fiscal Year's planned capital expenditures for each property directly or indirectly owned in whole or in part by Borrower; and

(16) General Information. Promptly, such other information respecting the condition or operations, financial or otherwise, of Borrower or any properties of Borrower as Administrative Agent may from time to time reasonably request.

Section 6.10 Mandatory Prepayments. Immediately upon receipt of the same, cause any proceeds, net of necessary and proper expenses, received by Borrower or General Partner from any financing, equity offering, public or private debt offering, Disposition of any of its now owned or hereafter acquired assets or any other capital event to be applied to the repayment of the Loans.

Section 6.11 Management. At all times, cause Borrower or its Affiliates to provide property management and leasing services for at least eighty percent (80%) of the properties then owned, directly or indirectly, in whole or in part by Borrower.

ARTICLE VII. NEGATIVE COVENANTS

So long as any of the Notes shall remain unpaid, or the Loan Commitments remain in effect, or any other amount is owing by Borrower to Administrative Agent or any Bank hereunder or under any other Loan Document, Borrower shall not do any or all of the following:

Section 7.01 Mergers Etc. Merge or consolidate with (except where Borrower is the surviving entity), or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) (or enter into any agreement to do any of the foregoing).

Section 7.02 Investments. Make any loan or advance to any Person or purchase or otherwise acquire any capital stock, assets, obligations or other securities of, make any capital contribution to, or otherwise invest in, or acquire any interest in, any Person (any such transaction, an "Investment") if such Investment constitutes the acquisition of a minority interest in a Person (a "Minority Interest") and the amount of such Investment, together with the value of all other Minority Interests acquired after the Closing Date contributing to Equity Value, would exceed fifteen percent (15%) of Capitalization Value. A fifty percent (50%) beneficial interest in a Person, in connection with which the holder thereof exercises joint control over such Person with the holder(s) of the other fifty percent (50%) beneficial interest, shall not constitute a "Minority Interest" for purposes of this Section .

Section 7.03 Sale of Assets. Effect a Disposition of any of its now owned or hereafter acquired assets (other than "margin stock" as defined in Regulation U), including assets in which Borrower owns a beneficial interest through its ownership of interests in joint ventures, aggregating more than twenty five percent (25%) of Capitalization Value.

Section 7.04 Encumbrance of Certain Assets. At any time, mortgage, hypothecate or otherwise encumber to secure a Debt (it being understood that, for purposes of this Section, an asset shall be deemed "encumbered" if it is the subject of a pledge not to encumber) any of its properties or any properties of any UJV which are currently unencumbered, create any additional mortgage, hypothecation or other encumbrance on any such properties which are currently encumbered or create any mortgage, hypothecation or other encumbrance on any such properties which are hereafter acquired.

ARTICLE VIII. FINANCIAL COVENANTS

So long as any of the Notes shall remain unpaid, or the Loan Commitments remain in effect, or any other amount is owing by Borrower to Administrative Agent or any Bank under this Agreement or under any other Loan Document, Borrower shall not permit or suffer:

Section 8.01 Equity Value. At any time, Equity Value to be less than Six Hundred Million Dollars ($600,000,000); or

Section 8.02 Relationship of Total Outstanding Indebtedness to Equity Value. At any time, Total Outstanding Indebtedness to exceed fifty five percent (55%) of Capitalization Value; or

Section 8.03 Relationship of Secured Indebtedness to Equity Value. At any time, Secured Indebtedness to exceed thirty five percent (35%) of Capitalization Value; or

Section 8.04 Relationship of Combined EBITDA to Interest Expense. For any prior twelve-month period, the ratio of (1) Combined EBITDA to (2) Interest Expense, each for such period, to be less than 2.25 to 1.00; or

Section 8.05 Relationship of Combined EBITDA to Total Outstanding Indebtedness. For any prior twelve-month period, the ratio (expressed as a percentage) of (1) Combined EBITDA for such period, to (2) Total Outstanding Indebtedness less Borrower's unrestricted cash and cash equivalent securities as of the end of such period to be less than sixteen percent (16%); or

Section 8.06 Unsecured Debt Yield. Unsecured Debt Yield to be less than sixteen percent (16%).

ARTICLE IX. EVENTS OF DEFAULT

Section 9.01 Events of Default. Any of the following events shall be an "Event of Default":

(1) If Borrower shall: fail to pay the principal of any Notes (including any payment required under Section 6.10) as and when due; or fail to pay interest accruing on any Notes as and when due and such failure to pay shall continue unremedied for five (5) days after the due date of such amount; or fail to pay any fee or any other amount due under this Agreement or any other Loan Document as and when due and such failure to pay shall continue unremedied for two (2) days after notice by Administrative Agent of such failure to pay; or

(2) If any representation or warranty made by Borrower or General Partner in this Agreement or in any other Loan Document or which is contained in any certificate, document, opinion, financial or other statement furnished at any time under or in connection with a Loan Document shall prove to have been incorrect in any material respect on or as of the date made; or

(3) If Borrower shall fail (a) to perform or observe any term, covenant or agreement contained in Section 6.11, Article VII or Article VIII; or (b) to perform or observe any term, covenant or agreement contained in this Agreement (other than obligations specifically referred to elsewhere in this Section 9.01) and such failure shall remain unremedied for thirty (30) consecutive calendar days after notice thereof; provided, however, that if any such default under clause (b) above cannot by its nature be cured within such thirty (30) day grace period and so long as Borrower shall have commenced cure within such thirty (30) day grace period and shall, at all times thereafter, diligently prosecute the same to completion, Borrower shall have an additional period to cure such default; in no event, however, is the foregoing intended to effect an extension of the Maturity Date; or

(4) If Borrower or General Partner shall fail (a) to pay any Debt (other than the payment obligations described in paragraph (1) of this Section) in an amount equal to or greater than Ten Million Dollars ($10,000,000) when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) after the expiration of any applicable grace period, or (b) to perform or observe any material term, covenant, or condition under any agreement or instrument relating to any such Debt, when required to be performed or observed, if the effect of such failure to perform or observe is to accelerate, or to permit the acceleration of, after the giving of notice or the lapse of time, or both (other than in cases where, in the judgment of the Required Banks, meaningful discussions likely to result in (i) a waiver or cure of the failure to perform or observe, or (ii)

otherwise averting such acceleration are in progress between Borrower and the obligee of such Debt), the maturity of such Debt, or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled or otherwise required prepayment), prior to the stated maturity thereof; or

(5) If any of Borrower, General Partner or any Affiliate of Borrower to which One Hundred Million Dollars ($100,000,000) or more of Capitalization Value is attributable, shall: (a) generally not, or be unable to, or shall admit in writing its inability to, pay its debts as such debts become due; or (b) make an assignment for the benefit of creditors, petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for it or a substantial part of its assets; or (c) commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or (d) have had any such petition or application filed or any such proceeding shall have been commenced, against it, in which an adjudication or appointment is made or order for relief is entered, or which petition, application or proceeding remains undismissed or unstayed for a period of sixty (60) days or more; or (e) be the subject of any proceeding under which all or a substantial part of its assets may be subject to seizure, forfeiture or divestiture; or (f) by any act or omission indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or trustee for all or any substantial part of its property; or (g) suffer any such custodianship, receivership or trusteeship for all or any substantial part of its property, to continue undischarged for a period of sixty (60) days or more; or

(6) If one or more judgments, decrees or orders for the payment of money in excess of Ten Million Dollars ($10,000,000) in the aggregate shall be rendered against Borrower or General Partner, and any such judgments, decrees or orders shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or stayed or bonded pending appeal; or

(7) If any of the following events shall occur or exist with respect to Borrower, General Partner, or any ERISA Affiliate: (a) any Prohibited Transaction involving any Plan; (b) any Reportable Event with respect to any Plan: (c) the filing under Section 4041 of ERISA of a notice of intent to terminate any Plan or the termination of any Plan; (d) any event or circumstance which might constitute grounds entitling the PBGC to institute proceedings under Section 4042 of ERISA for the termination of, or for the appointment of a

trustee to administer, any Plan, or the institution by the PBGC of any such

proceedings; or (e) complete or partial withdrawal under Section 4201 or 4204 of ERISA from a Multiemployer Plan or the reorganization, insolvency, or termination of any Multiemployer Plan; and in each case above, if such event or conditions, if any, could in the opinion of any Bank subject Borrower, General Partner or any ERISA Affiliate to any tax, penalty, or other liability to a Plan, Multiemployer Plan, the PBGC or otherwise (or any combination thereof) which in the aggregate exceeds or may exceed Fifty Thousand Dollars ($50,000); or

(8) If at any time General Partner is not a qualified real estate investment trust under Sections 856 through 860 of the Code or is not listed on the New York Stock Exchange; or

(9) If at any time Borrower or General Partner constitutes plan assets for ERISA purposes (within the meaning of C.F.R. Section 2510.3-101).

Section 9.02 Remedies. If any Event of Default shall occur and be continuing, Administrative Agent shall, upon request of the Required Banks, by notice to Borrower, (1) declare the unpaid balance of the Notes, all interest thereon, and all other amounts payable under this Agreement to be forthwith due and payable, whereupon such balance, all such interest, and all such amounts due under this Agreement shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Borrower; and/or (2) exercise any remedies provided in any of the Loan Documents or by law.

ARTICLE X. ADMINISTRATIVE AGENT; RELATIONS AMONG BANKS

Section 10.01 Appointment, Powers and Immunities of Administrative Agent. Each Bank hereby irrevocably appoints and authorizes Administrative Agent to act as its agent hereunder and under any other Loan Document with such powers as are specifically delegated to Administrative Agent by the terms of this Agreement and any other Loan Document, together with such other powers as are reasonably incidental thereto. Administrative Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and any other Loan Document or required by law, and shall not by reason of this Agreement be a fiduciary or trustee for any Bank except to the extent that Administrative Agent acts as an agent with respect to the receipt or payment of funds. Administrative Agent shall not be responsible to the Banks for any recitals, statements, representations or warranties made by Borrower or any officer, partner or official of Borrower or any other Person contained in this Agreement or any other Loan Document, or in any certificate or other document or instrument referred to or provided for in, or received by any of them under, this Agreement or any other

Loan Document, or for the value, legality, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or any other document or instrument referred to or provided for herein or therein, for the perfection or priority of any Lien securing the Obligations or for any failure by Borrower to perform any of its obligations hereunder or thereunder. Administrative Agent may employ agents and attorneys-in-fact and shall not be responsible, except as to money or securities received by it or its authorized agents, for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Neither Administrative Agent nor any of its directors, officers, employees or agents shall be liable or responsible for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith, except for its or their own gross negligence or willful misconduct. Borrower shall pay any fee agreed to by Borrower and Administrative Agent with respect to Administrative Agent's services hereunder.

Section 10.02 Reliance by Administrative Agent. Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telex, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Administrative Agent. Administrative Agent may deem and treat each Bank as the holder of the Loan made by it for all purposes hereof and shall not be required to deal with any Person who has acquired a participation in any Loan or participation from a Bank. As to any matters not expressly provided for by this Agreement or any other Loan Document, Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed by the Required Banks, and such instructions of the Required Banks and any action taken or failure to act pursuant thereto shall be binding on all of the Banks and any other holder of all or any portion of any Loan or participation.

Section 10.03 Defaults. Administrative Agent shall not be deemed to have knowledge of the occurrence of a Default or Event of Default unless

Administrative Agent has received notice from a Bank or Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default." In the event that Administrative Agent receives such a notice of the occurrence of a Default or Event of Default, Administrative Agent shall give prompt notice thereof to the Banks. Administrative Agent, following consultation with the Banks, shall (subject to Section 10.07) take such action with respect to such Default or Event of Default which is continuing as shall be directed by the Required Banks; provided that, unless and until

Administrative Agent shall have received such directions, Administrative Agent may take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of the Banks; and provided further that Administrative Agent shall not send a Notice of Default or acceleration to Borrower without the approval of the Required Banks. In no event shall Administrative Agent be required to take any such action which it determines to be contrary to law.

Section 10.04 Rights of Administrative Agent as a Bank. With respect to its Loan Commitment and the Loan provided by it, Administrative Agent in its capacity as a Bank hereunder shall have the same rights and powers hereunder as any other Bank and may exercise the same as though it were not acting as Administrative Agent, and the term "Bank" or "Banks" shall, unless the context otherwise indicates, include Administrative Agent in its capacity as a Bank. Administrative Agent and its Affiliates may (without having to account therefor to any Bank) accept deposits from, lend money to (on a secured or unsecured basis), and generally engage in any kind of banking, trust or other business with Borrower (and any Affiliates of Borrower) as if it were not acting as Administrative Agent.

Section 10.05 Indemnification of Administrative Agent. Each Bank agrees to indemnify Administrative Agent (to the extent not reimbursed under Section 12.04 or under the applicable provisions of any other Loan Document, but without limiting the obligations of Borrower under Section 12.04 or such provisions), for its Pro Rata Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against Administrative Agent in any way relating to or arising out of this Agreement, any other Loan Document or any other documents contemplated by or referred to herein or the transactions contemplated hereby or thereby (including, without limitation, the costs and expenses which Borrower is obligated to pay under Section 12.04) or under the applicable provisions of any other Loan Document or the enforcement of any of the terms hereof or thereof or of any such other documents or instruments; provided that no Bank shall be liable for (1) any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified, (2) any loss of principal or interest with respect to Administrative Agent's Loan or (3) any loss suffered by Administrative Agent in connection with a swap or other interest rate hedging arrangement entered into with Borrower.

Section 10.06 Non-Reliance on Administrative Agent and Other Banks. Each Bank agrees that it has, independently and without reliance on Administrative Agent or any other Bank, and based on such documents and information as it has deemed

appropriate, made its own credit analysis of Borrower and the decision to enter into this Agreement and that it will, independently and without reliance upon Administrative Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement or any other Loan Document. Administrative Agent shall not be required to keep itself informed as to the performance or observance by Borrower of this Agreement or any other Loan Document or any other document referred to or provided for herein or therein or to inspect the properties or books of Borrower. Except for notices, reports and other documents and information expressly required to be furnished to the Banks by Administrative Agent hereunder, Administrative Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the affairs, financial condition or business of Borrower (or any Affiliate of Borrower) which may come into the possession of Administrative Agent or any of its Affiliates. Administrative Agent shall not be required to file this Agreement, any other Loan Document or any document or instrument referred to herein or therein, for record or give notice of this Agreement, any other Loan Document or any document or instrument referred to herein or therein, to anyone.

Section 10.07 Failure of Administrative Agent to Act. Except for action expressly required of Administrative Agent hereunder, Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall have received further assurances (which may include cash collateral) of the indemnification obligations of the Banks under Section 10.05 in respect of any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

Section 10.08 Resignation or Removal of Administrative Agent. Administrative Agent shall have the right to resign at any time. Administrative Agent may be removed at any time with cause by the Required Banks, provided that Borrower and the other Banks shall be promptly notified thereof. Upon any such removal or resignation, the Required Banks shall have the right to appoint a successor Administrative Agent which successor Administrative Agent, so long as it is reasonably acceptable to the Required Banks, shall be that Bank then having the greatest Loan Commitment. If no successor Administrative Agent shall have been so appointed by the Required Banks and shall have accepted such appointment within thirty (30) days after the Required Banks' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Banks, appoint a successor Administrative Agent, which shall be one of the Banks. The Required Banks or the retiring Administrative Agent, as the case may be, shall upon the appointment of a successor Administrative Agent promptly so notify Borrower and

the other Banks. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's removal hereunder as Administrative Agent, the provisions of this Article X shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

Section 10.09 Amendments Concerning Agency Function. Notwithstanding anything to the contrary contained in this Agreement, Administrative Agent shall not be bound by any waiver, amendment, supplement or modification of this Agreement or any other Loan Document which affects its duties, rights, and/or function hereunder or thereunder unless it shall have given its prior written consent thereto.

Section 10.10 Liability of Administrative Agent. Administrative Agent shall not have any liabilities or responsibilities to Borrower on account of the failure of any Bank to perform its obligations hereunder or to any Bank on account of the failure of Borrower to perform its obligations hereunder or under any other Loan Document.

Section 10.11 Transfer of Agency Function. Without the consent of Borrower or any Bank, Administrative Agent may at any time or from time to time transfer its functions as Administrative Agent hereunder to any of its offices wherever located in the United States, provided that Administrative Agent shall promptly notify Borrower and the Banks thereof.

Section 10.12 Non-Receipt of Funds by Administrative Agent. Unless Administrative Agent shall have received notice from a Bank or Borrower (either one as appropriate being the "Payor") prior to the date on which such Bank is to make payment hereunder to Administrative Agent of the proceeds of a Loan or Borrower is to make payment to Administrative Agent, as the case may be (either such payment being a "Required Payment"), which notice shall be effective upon receipt, that the Payor will not make the Required Payment in full to Administrative Agent, Administrative Agent may assume that the Required Payment has been made in full to Administrative Agent on such date, and Administrative Agent in its sole discretion may, but shall not be obligated to, in reliance upon such assumption, make the amount thereof available to the intended recipient on such date. If and to the extent the Payor shall not have in fact so made the Required Payment in full to Administrative Agent, the recipient of such payment shall repay to Administrative Agent forthwith on demand such amount made available to it together with interest

thereon, for each day from the date such amount was so made available by Administrative Agent until the date Administrative Agent recovers such amount, at the customary rate set by Administrative Agent for the correction of errors among Banks for three (3) Banking Days and thereafter at the Base Rate.

Section 10.13 Withholding Taxes. Each Bank represents at all times during the term of this Agreement that it is entitled to receive any payments to be made to it hereunder without the withholding of any tax and will furnish to Administrative Agent and Borrower such forms, certifications, statements and other documents as Administrative Agent or Borrower may request from time to time to evidence such Bank's exemption from the withholding of any tax imposed by any jurisdiction or to enable Administrative Agent or Borrower to comply with any applicable Laws or regulations relating thereto. Without limiting the effect of the foregoing, if any Bank is not created or organized under the laws of the United States of America or any state thereof, such Bank will furnish to Administrative Agent and Borrower a United States Internal Revenue Service Form 4224 in respect of all payments to be made to such Bank by Borrower or Administrative Agent under this Agreement or any other Loan Document or a United States Internal Revenue Service Form 1001 establishing such Bank's complete exemption from United States withholding tax in respect of payments to be made to such Bank by Borrower or Administrative Agent under this Agreement or any

other Loan Document, or such other forms, certifications, statements or documents, duly executed and completed by such Bank as evidence of such Bank's exemption from the withholding of U.S. tax with respect thereto. Administrative Agent shall not be obligated to make any payments hereunder to such Bank in respect of any Loan or participation or such Bank's Loan Commitment or obligation to purchase participations until such Bank shall have furnished to Administrative Agent and Borrower the requested form, certification, statement or document.

Section 10.14 Minimum Commitment by UBS. Subsequent to the Closing Date, UBS hereby agrees to maintain a Loan Commitment in an amount no less than $25,000,000 for so long as no Event of Default exists under this Agreement, as the same may be decreased from time to time in accordance with the provisions of this Agreement, and further agrees to hold and not to participate or assign any of such amount other than an assignment to a Federal Reserve Bank or to the Parent or a majority-owned subsidiary of UBS.

Section 10.15 Pro Rata Treatment. Except to the extent otherwise provided, the advance of proceeds of the Loans shall be made by the Banks ratably according to the amounts of their respective Loan Commitments.

Section 10.16 Sharing of Payments Among Banks. If a Bank shall obtain payment of any principal of or interest on any Loan made by it through the exercise of any right of setoff, banker's lien, counterclaim, or by any other means (including direct payment), and such payment results in such Bank receiving a greater payment than it would have been entitled to had such payment been paid directly to Administrative Agent for disbursement to the Banks, then such Bank shall promptly purchase for cash from the other Banks participations in the Loans made by the other Banks in such amounts, and make such other adjustments from time to time as shall be equitable to the end that all the Banks shall share ratably the benefit of such payment. To such end the Banks shall make appropriate adjustments among themselves (by the resale of participations sold or otherwise) if such payment is rescinded or must otherwise be restored. Borrower agrees that any Bank so purchasing a participation in the Loans made by other Banks may exercise all rights of setoff, banker's lien, counterclaim or similar rights with respect to such participation. Nothing contained herein shall require any Bank to exercise any such right or shall affect the right of any Bank to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness of Borrower.

Section 10.17 Possession of Documents. Each Bank shall keep possession of its own Note. Administrative Agent shall hold all the other Loan Documents and related documents in its possession and maintain separate records and accounts with respect thereto, and shall permit the Banks and their representatives access at all reasonable times to inspect such Loan Documents, related documents, records and accounts.

ARTICLE XI. NATURE OF OBLIGATIONS

Section 11.01 Absolute and Unconditional Obligations. Borrower and General Partner acknowledge and agree that their obligations and liabilities under this Agreement and under the other Loan Documents shall be absolute and unconditional irrespective of: (1) any lack of validity or enforceability of any of the Obligations, any Loan Documents, or any agreement or instrument relating thereto; (2) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to any departure from any Loan Documents or any other documents or instruments executed in connection with or related to the Obligations; (3) any exchange or release of any collateral, if any, or of any other Person from all or any of the Obligations; or (4) any other circumstances which might otherwise constitute a defense available to, or a discharge of, Borrower, General Partner or any other Person in respect of the Obligations.

The obligations and liabilities of Borrower and General Partner under this Agreement and other Loan Documents shall not be conditioned or contingent upon the pursuit by any Bank or any other Person at any time of any right or remedy against Borrower, General Partner or any other Person which may be or become liable in respect of all or any part of the Obligations or against any collateral or security or guarantee therefor or right of setoff with respect thereto.

Section 11.02 Non-Recourse to VRT Principals. This Agreement and the obligations hereunder and under the Loan Documents are fully recourse to Borrower and General Partner. Notwithstanding anything to the contrary contained in this Agreement, in any of the other Loan Documents, or in any other instruments, certificates, documents or agreements executed in connection with the Loans (all of the foregoing, for purposes of this Section , hereinafter referred to, individually and collectively, as the "Relevant Documents"), no recourse under or upon any Obligation, representation, warranty, promise or

other matter whatsoever shall be had against any of the VRT Principals and each Bank expressly waives and releases, on behalf of itself and its successors and assigns, all right to assert any liability whatsoever under or with respect to the Relevant Documents against, or to satisfy any claim or obligation arising thereunder against, any of the VRT Principals or out of any assets of the VRT Principals, provided, however, that nothing in this Section shall be deemed to: (1) release Borrower or General Partner from any personal liability pursuant to, or from any of its respective obligations under, the Relevant Documents, or from personal liability for its fraudulent actions or fraudulent omissions; (2) release any VRT Principals from personal liability for its or his own fraudulent actions or fraudulent omissions; (3) constitute a waiver of any obligation evidenced or secured by, or contained in, the Relevant Documents or affect in any way the validity or enforceability of the Relevant Documents; or (4) limit the right of Administrative Agent and/or the Banks to proceed against or realize upon any collateral hereafter given for the Loans or any and all of the assets of Borrower or General Partner (notwithstanding the fact that the VRT Principals have an ownership interest in Borrower or General Partner and, thereby, an interest in the assets of Borrower or General Partner) or to name Borrower or General Partner (or, to the extent that the same are required by applicable law or are determined by a court to be necessary parties in connection with an action or suit against Borrower, General Partner or any collateral hereafter given for the Loans, any of the VRT Principals) as a party defendant in, and to enforce against any collateral hereafter given for the Loans and/or assets of Borrower or General Partner any judgment obtained by Administrative Agent and/or the Banks with respect to, any action or suit under the Relevant Documents so long as no judgment shall be taken (except to the extent taking a judgment is required by applicable law or determined by a court to be

necessary to preserve Administrative Agent's and/or Banks' rights against any collateral hereafter given for the Loans or Borrower or General Partner, but not otherwise) or shall be enforced against the VRT Principals or their assets.

ARTICLE XII. MISCELLANEOUS

Section 12.01 Binding Effect of Request for Advance. Borrower agrees that, by its acceptance of the advance of proceeds of the Loans under this Agreement, it shall be bound in all respects by any request for advance submitted on its behalf in connection therewith with the same force and effect as if Borrower had itself executed and submitted the request for advance and whether or not the request for advance is executed and/or submitted by an authorized person.

Section 12.02 Amendments and Waivers. No amendment or material waiver of any provision of this Agreement or any other Loan Document nor consent to any material departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Banks and, solely for purposes of its acknowledgment thereof, Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Banks do any of the following: (1) reduce the principal of, or interest on, the Notes or any fees due hereunder or any other amount due hereunder or under any Loan Document; (2) postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees due hereunder or under any Loan Document, or waive any default in the payment of principal, interest or any other amount due hereunder or under any Loan Documents; (3) change the definition of Required Banks; (4) amend this Section or any other provision requiring the consent of all the Banks; or (5) waive any default under paragraph (5) of Section 9.01. No failure on the part of Administrative Agent or any Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof or preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. All communications from Administrative Agent to the Banks requesting the Banks' determination, consent, approval or disapproval (i) shall be given in the form of a written notice to each Bank, (ii) shall be accompanied by a description of the matter or thing as to which such determination, approval, consent or disapproval is requested and (iii) shall include Administrative Agent's recommended course of action or determination in respect thereof. Each Bank shall reply promptly, but in any event within fifteen (15) Banking Days (or five (5) Banking Days with respect to any decision to accelerate or stop acceleration of the Loan) after

receipt of the request therefor by Administrative Agent (the "Bank Reply Period"). Unless a Bank shall give written notice to Administrative Agent that it objects to the recommendation or determination of Administrative Agent (together with a written explanation of the reasons behind such objection) within the Bank Reply Period, such Bank shall be deemed to have approved or consented to such recommendation or determination.

Section 12.03 Usury. Anything herein to the contrary notwithstanding, the obligations of Borrower under this Agreement and the Notes shall be subject

to the limitation that payments of interest shall not be required to the extent that receipt thereof would be contrary to provisions of law applicable to a Bank limiting rates of interest which may be charged or collected by such Bank.

Section 12.04 Expenses; Indemnification. Borrower agrees to reimburse Administrative Agent on demand for all costs, expenses, and charges (including, without limitation, all reasonable fees and charges of engineers, appraisers and external legal counsel) incurred by Administrative Agent in connection with the Loans and to reimburse each of the Banks for reasonable legal costs, expenses and charges incurred by each of the Banks in connection with the performance or enforcement of this Agreement, the Notes, or any other Loan Documents; provided, however, that Borrower is not responsible for costs, expenses and charges incurred by the Bank Parties in connection with the administration or syndication of the Loans. Borrower agrees to indemnify Administrative Agent and each Bank and their respective directors, officers, employees and agents from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them arising out of or by reason of (x) any claims by brokers due to acts or omissions by Borrower, or (y) any investigation or litigation or other proceedings (including any threatened investigation or litigation or other proceedings) relating to any actual or proposed use by Borrower of the proceeds of the Loans, including without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation or litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified).

The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loans.

Section 12.05 Assignment; Participation. This Agreement shall be binding upon, and shall inure to the benefit of, Borrower, Administrative Agent, the Banks and their

respective successors and permitted assigns. Borrower may not assign or transfer its rights or obligations hereunder.

Any Bank may at any time grant to one or more banks or other institutions (each a "Participant") participating interests in its Loan (the "Participations") with the consent of Administrative Agent, which consent shall not be unreasonably withheld or delayed. In the event of any such grant by a Bank of a participating interest to a Participant, whether or not Borrower or Administrative Agent was given notice, such Bank shall remain responsible for the performance of its obligations hereunder, and Borrower and Administrative Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations hereunder. Any agreement pursuant to which any Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of Borrower hereunder and under any other Loan Document including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement described in Section 12.02 without the consent of the Participant.

Subject to the provisions of Section 10.14, any Bank having a Loan Commitment in an amount of Thirty Million Dollars ($30,000,000) or more may at any time assign to any bank or other institution with the acknowledgment of Administrative Agent and the consent of Borrower and UBS, which consent shall not be unreasonably withheld or delayed (such assignee, a "Consented Assignee"), or to one or more banks or other institutions which are majority owned subsidiaries of a Bank or to the Parent of a Bank (each Consented Assignee or subsidiary bank or institution, an "Assignee") all, or a proportionate part of all, of its rights and obligations under this Agreement and its Note, and such Assignee shall assume rights and obligations, pursuant to an Assignment and Assumption Agreement executed by such Assignee and the Bank, provided that, in each case, after giving effect to such assignment each Bank's and each Assignee's portion of the Loan will be equal to or greater than Fifteen Million Dollars ($15,000,000). Upon execution and delivery of such instrument and payment by such Assignee to the Bank of an amount equal to the purchase price agreed between the Bank and such Assignee, such Assignee shall be a Bank Party to this Agreement and shall have all the rights and obligations of a Bank as set forth in such Assignment and Assumption Agreement, and the Bank shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this paragraph, substitute notes shall be issued to the assigning Bank and Assignee by Borrower, in exchange for the return of the

original Note. All such substitute notes shall constitute "Notes" and the obligations evidenced by such substitute notes shall constitute "Obligations"

for all purposes of this Agreement and the other Loan Documents. If the Assignee is not incorporated under the laws of the United States of America or a state thereof, it shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to Borrower and Administrative Agent certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 10.13. Each Assignee shall be deemed to have made the representations contained in, and shall be bound by the provisions of, Section 10.13.

Any Bank may at any time assign all or any portion of its rights under this Agreement and its Note to a Federal Reserve Bank. No such assignment shall release the transferor Bank from its obligations hereunder.

Borrower recognizes that in connection with a Bank's selling of Participations or making of assignments, any or all documentation, financial statements, appraisals and other data, or copies thereof, relevant to Borrower or the Loans may be exhibited to and retained by any such Participant or assignee or prospective Participant or assignee. In connection with a Bank's delivery of any financial statements and appraisals to any such Participant or assignee or prospective Participant or assignee, such Bank shall also indicate that the same are delivered on a confidential basis. Borrower agrees to provide all assistance reasonably requested by a Bank to enable such Bank to sell Participations or make assignments of its Loan as permitted by this Section . Each Bank agrees to provide Borrower with notice of all Participations sold by such Bank.

Section 12.06 Documentation Satisfactory. All documentation required from or to be submitted on behalf of Borrower in connection with this Agreement and the documents relating hereto shall be subject to the prior approval of, and be satisfactory in form and substance to, Administrative Agent, its counsel and, where specifically provided herein, the Banks. In addition, the persons or parties responsible for the execution and delivery of, and signatories to, all of such documentation, shall be acceptable to, and subject to the approval of, Administrative Agent and its counsel and the Banks.

Section 12.07 Notices. Unless the party to be notified otherwise notifies the other parties in writing as provided in this Section, and except as otherwise provided in this Agreement, notices shall be given to Administrative Agent by telephone, confirmed by writing, and to the Banks and to Borrower and General Partner by ordinary mail or overnight courier or telecopy, receipt confirmed, addressed to such party at its

address on the signature page of this Agreement. Notices shall be effective: (1) if by telephone, at the time of such telephone conversation, (2) if given by mail, three (3) days after mailing; (3) if given by overnight courier, upon receipt; and (4) if given by telecopy, upon receipt.

Section 12.08 Setoff. To the extent permitted or not expressly prohibited by applicable law, Borrower and General Partner agree that, in addition to (and without limitation of) any right of setoff, bankers' lien or counterclaim a Bank may otherwise have, each Bank shall be entitled, at its option, to offset balances (general or special, time or demand, provisional or final) held by it for the account of Borrower or General Partner at any of such Bank's offices, in Dollars or in any other currency, against any amount payable by Borrower or General Partner to such Bank under this Agreement or such Bank's Note, or any other Loan Document which is not paid when due (regardless of whether such balances are then due to Borrower or General Partner), in which case it shall promptly notify Borrower, General Partner and Administrative Agent thereof; provided that such Bank's failure to give such notice shall not affect the validity thereof. Payments by Borrower or General Partner hereunder or under the other Loan Documents shall be made without setoff or counterclaim.

Section 12.09 Table of Contents; Headings. Any table of contents and the headings and captions hereunder are for convenience only and shall not affect the interpretation or construction of this Agreement.

Section 12.10 Severability. The provisions of this Agreement are intended to be severable. If for any reason any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 12.11 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing any such counterpart.

Section 12.12 Integration. The Loan Documents set forth the entire agreement among the parties hereto relating to the transactions contemplated thereby and supersede any prior oral or written statements or agreements with respect to such transactions.

Section 12.13 Governing Law. This Agreement shall be governed by, and interpreted and construed in accordance with, the laws of the State of New York.

Section 12.14 Waivers. To the extent permitted or not expressly prohibited by applicable law, in connection with the obligations and liabilities as aforesaid, Borrower and General Partner hereby waive: (1) promptness and diligence; (2) notice of any actions taken by any Bank Party under this Agreement, any other Loan Document or any other agreement or instrument relating thereto except to the extent otherwise provided herein; (3) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section , might constitute grounds for relieving Borrower or General Partner of their obligations hereunder; (4) any requirement that any Bank Party protect, secure, perfect or insure any Lien on any collateral or exhaust any right or take any action against Borrower, General Partner or any other Person or any collateral; (5) any right or claim of right to cause a marshalling of the assets of Borrower or General Partner; and (6) all rights of subrogation or contribution, whether arising by contract or operation of law (including, without limitation, any such right arising under the Federal Bankruptcy Code) or otherwise by reason of payment by Borrower or General Partner, either jointly or severally, pursuant to this Agreement or other Loan Documents.

Section 12.15 Jurisdiction; Immunities. Borrower, General Partner, Administrative Agent and each Bank hereby irrevocably submit to the jurisdiction of any New York State or United States Federal court sitting in New York City over any action or proceeding arising out of or relating to this Agreement, the Notes or any other Loan Document. Borrower, General Partner, Administrative Agent, and each Bank irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such New York State or United States Federal court. Borrower, General Partner, Administrative Agent, and each Bank irrevocably consent to the service of any and all process in any such action or proceeding by the mailing of copies of such process to Borrower, General Partner, Administrative Agent or each Bank, as the case may be, at the addresses specified herein. Borrower, General Partner, Administrative Agent and each Bank agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Borrower, General Partner, Administrative Agent and each Bank further waive any objection to venue in the State of New York and any objection to an action or proceeding in the State of New York on the basis of forum non conveniens. Borrower, General Partner, Administrative Agent and each Bank agree that any action or proceeding brought against

Borrower, General Partner, Administrative Agent or any Bank, as the case may be, shall be brought only in a New York State court sitting in New York City or a United States Federal court sitting in New York City, to the extent permitted or not expressly prohibited by applicable law.

Nothing in this Section shall affect the right of Borrower, General Partner, Administrative Agent or any Bank to serve legal process in any other manner permitted by law.

To the extent that Borrower, General Partner, Administrative Agent or any Bank have or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether from service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, Borrower, General Partner, Administrative Agent and each Bank hereby irrevocably waive such immunity in respect of its obligations under this Agreement, the Notes and any other Loan Document.

BORROWER, GENERAL PARTNER, ADMINISTRATIVE AGENT AND EACH BANK WAIVE ANY RIGHT EACH SUCH PARTY MAY HAVE TO JURY TRIAL IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT WITH RESPECT TO THIS AGREEMENT, THE NOTES OR THE LOAN. IN ADDITION, BORROWER AND GENERAL PARTNER HEREBY WAIVE, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY ADMINISTRATIVE AGENT OR THE BANKS WITH RESPECT TO THE NOTES, ANY RIGHT BORROWER OR GENERAL PARTNER MAY HAVE TO (1) TO THE EXTENT PERMITTED OR NOT EXPRESSLY PROHIBITED BY APPLICABLE LAW, INTERPOSE ANY COUNTERCLAIM THEREIN (OTHER THAN A COUNTERCLAIM THAT IF NOT BROUGHT IN THE SUIT, ACTION OR PROCEEDING BROUGHT BY ADMINISTRATIVE AGENT OR THE BANKS COULD NOT BE BROUGHT IN A SEPARATE SUIT, ACTION OR PROCEEDING OR WOULD BE SUBJECT TO DISMISSAL OR SIMILAR DISPOSITION FOR FAILURE TO HAVE BEEN ASSERTED IN SUCH SUIT, ACTION OR PROCEEDING BROUGHT BY ADMINISTRATIVE AGENT OR THE BANKS) OR (2) TO THE EXTENT PERMITTED OR NOT EXPRESSLY PROHIBITED BY APPLICABLE LAW, HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING. NOTHING HEREIN CONTAINED SHALL PREVENT OR PROHIBIT BORROWER OR GENERAL PARTNER FROM INSTITUTING OR MAINTAINING A SEPARATE ACTION AGAINST ADMINISTRATIVE AGENT OR THE BANKS WITH RESPECT TO ANY ASSERTED CLAIM.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be

duly executed as of the day and year first above written.

VORNADO REALTY L.P., a
Delaware limited partnership

By: Vornado Realty Trust, a
Maryland real estate
investment trust, general
partner

By /s/ Joseph Macnow

Name: Joseph Macnow
Title: Vice President

VORNADO REALTY TRUST, a Maryland
real estate investment trust

By /s/ Joseph Macnow

Name: Joseph Macnow
Title: Vice President

Address for Notices for both:

Park 80 West
Plaza II
Saddle Brook, New Jersey 07663

Attention: Steven Roth, Chairman
and
Joseph Macnow, Vice
President and Chief
Financial Officer

Telephone: (201) 587-1000
Telecopy: (201) 587-0600

with copies to:

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

Attention: Patricia A. Ceruzzi
and
Janet Geldzahler

Telephone: (212) 558-4000
Telecopy: (212) 558-3588

UNION BANK OF SWITZERLAND
(New York Branch)
(as Bank and Administrative Agent)

By /s/ Joseph Bassil

Name: Joseph Bassil
Title: Vice President

By /s/ Albert Rabil, III

Name: Albert Rabil, III
Title: Managing Director

Address for Notices and Applicable
Lending Office for Base Rate Loan
and LIBOR Loan:

299 Park Avenue
38th Floor
New York, New York 10171-0026

Attention: Albert Rabil, III
and Mara Martez

Telephone: (212) 821-3872
Telecopy: (212) 821-3943

with copies to:

Dewey Ballantine
1301 Avenue of the Americas
New York, New York 10019

Attention: George C. Weiss

Telephone: (212) 259-7320
Telecopy: (212) 259-6333

EXHIBIT A

AUTHORIZATION LETTER

April 15, 1997

Union Bank of Switzerland
(New York Branch)
299 Park Avenue
New York, New York 10171

Re: Credit Agreement dated as of April 15, 1997 (the "Loan Agreement"; capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement) among us, as Borrower, the Banks named therein, and you, as Administrative Agent for said Banks

Gentlemen:

In connection with the captioned Loan Agreement, we hereby designate any of the following persons to give to you instructions, including notices required pursuant to the Agreement, orally, by telephone or teleprocess, or in writing:

Steven Roth
Michael Fascitelli
Joseph Macnow
Clifford Broser
Ross Morrison

Instructions may be honored on the oral, telephonic, teleprocess or written instructions of anyone purporting to be any one of the above designated persons even if the instructions are for the benefit of the person delivering them. We will furnish you with confirmation of each such instruction either by telex (whether tested or untested) or in writing signed by any person designated above (including any telecopy which appears to bear the signature of any person designated above) on the same day that the instruction is provided to you but your responsibility with respect to any instruction shall not be affected by your failure to receive such confirmation or by its contents.

Without limiting the foregoing, we hereby unconditionally authorize any one of the above-designated persons to execute and submit the request for the advance of proceeds of the Loans and notices of Conversions and Continuations to you under the Loan Agreement with the identical force and effect in all respects as if executed and submitted by us.

You shall be fully protected in, and shall incur no liability to us for, acting upon any instructions which you in good faith believe to have been given by any person designated above, and in no event shall you be liable for special, consequential or punitive damages. In addition, we agree to hold you and your agents harmless from any and all liability, loss and expense arising directly or indirectly out of instructions that we provide to you in connection with the Loan Agreement except for liability, loss or expense occasioned by the gross negligence or willful misconduct of you or your agents.

Upon notice to us, you may, at your option, refuse to execute any instruction, or part thereof, without incurring any responsibility for any loss, liability or expense arising out of such refusal if you in good faith believe that the person delivering the instruction is not one of the persons designated above or if the instruction is not accompanied by an authentication method that we have agreed to in writing.

We will promptly notify you in writing of any change in the persons designated above and, until you have actually received such written notice and have had a reasonable opportunity to act upon it, you are authorized to act upon

instructions, even though the person delivering them may no longer be authorized.

Very truly yours,

VORNADO REALTY L.P., a
Delaware limited partnership

By: Vornado Realty Trust, a
Maryland real estate
investment trust, general
partner

By

Name:
Title:

EXHIBIT B

NOTE

$___________ New York, New York
__________, 199_

For value received, Vornado Realty L.P., a Delaware limited partnership ("Borrower"), hereby promises to pay to the order of ___________ or its successors or assigns (collectively, the "Bank"), at the principal office of Union Bank of Switzerland (New York Branch) located at 299 Park Avenue, New York, New York 10171 (the "Administrative Agent") for the account of the Applicable Lending Office at the Bank, the principal sum of ________ Dollars ($____________), or if less, the amount loaned by the Bank to Borrower pursuant to the Loan Agreement (as defined below) and actually outstanding, in lawful money of the United States and in immediately available funds, in accordance with the terms set forth in the Loan Agreement. Borrower also promises to pay interest on the unpaid principal balance hereof, for the period such balance is outstanding, in like money, at said office for the account of said Applicable Lending Office, at the time and at a rate per annum as provided in the Loan Agreement. Any amount of principal hereof which is not paid when due, whether at stated maturity, by acceleration, or otherwise, shall bear interest from the date when due until said principal amount is paid in full, payable on demand, at the rate set forth in the Loan Agreement.

The date and amount of each payment of the Loan, shall be recorded by the Bank on its books and, prior to any transfer of this Note (or, at the discretion of the Bank, at any other time), endorsed by the Bank on the schedule attached hereto and any continuation thereof.

This Note is one of the Notes referred to in the Credit Agreement dated as of April 15, 1997 (as the same may be amended from time to time, the "Loan Agreement") among Borrower, Vornado Realty Trust, the Banks named therein (including the Bank) and Administrative Agent, as administrative agent for the Banks. All of the terms, conditions and provisions of the Loan Agreement are hereby incorporated by reference. All capitalized terms used herein and not defined herein shall have the meanings given to them in the Loan Agreement.

The Loan Agreement contains, among other things, provisions for the prepayment of and acceleration of this Note upon the happening of certain stated events.

No recourse shall be had under this Note against the VRT Principals except as and to the extent set forth in Section 11.02 of the Loan Agreement.

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest and notice of dishonor.

This Note shall be governed by the laws of the State of New York, provided that, as to the maximum lawful rate of interest which may be charged or collected, if the laws applicable to the Bank permit it to charge or collect a higher rate than the laws of the State of New York, then such law applicable to the Bank shall apply to the Bank under this Note.

IN WITNESS WHEREOF, Borrower has executed and delivered this Note on the day and year first above written.

Very truly yours,

VORNADO REALTY L.P., a
Delaware limited partnership

By: Vornado Realty Trust, a Maryland real estate investment trust, general partner

By

Name:
Title:

This is to certify that this Note was executed in my presence on the date hereof by the party whose signature appears above in the capacity indicated.

Notary Public

My commission expires:

Date	Amount of Payment	Balance Outstanding	Notation By

EXHIBIT C

LIST OF MATERIAL AFFILIATES

EXHIBIT C

NAME OF SUBSIDIARY	STATE OF ORGANIZATION	PERCENTAGE OF OWNERSHIP
14th Street Acquisition Corporation	New York	100%
Amherst Holding Corporation	New York	100%
Amherst Industries, Inc.	New York	100%
Atlantic City Holding Corporation	New Jersey	100%
Bensalem Holding Company	Pennsylvania	100%
Bethlehem Holding Company	Pennsylvania	100%
Bordertown Holding Corporation	New Jersey	100%
Brentwood Development Corp.	New York	100%
Bridgeland Warehouses, Inc.	New Jersey	100%
Camden Holding Corporation	New Jersey	100%
Chicopee Holding Corporation	Massachusetts	100%
Clementon Holding Corporation	New Jersey	100%
Cross Avenue Broadway Corporation	New York	100%
Cumberland Holding Corporation	New Jersey	100%
Dallas Skillman Abrams Crossing Corporation	Texas	100%
Delran Holding Corporation	New Jersey	100%
Dover Holding Corporation	New Jersey	100%
Dundalk Stores Corporation	Maryland	100%
Durham Leasing Corp.	New Jersey	100%
Eudowood Holding Corporation	Maryland	100%
Evesham Holding Corporation	New Jersey	100%
Gallery Market Holding Company	Pennsylvania	100%
Glen Burnie Shopping Plaza, Inc.	Maryland	100%
Greenwich Holding Corporation	New York	100%
Hackbridge Corporation	New Jersey	100%
Hagerstown Holding Corporation	Maryland	100%
Hanover Holding Corporation	New Jersey	100%
Hanover Industries, Inc.	New Jersey	100%
Hanover Leasing Corporation	New Jersey	100%
Hanover Public Warehousing, Inc.	New Jersey	100%
Henrietta Holding Corp.	New York	100%
HEP Acquisition Corporation	Delaware	100%
Jersey City Leasing Corporation	New Jersey	100%
Kearny Holding Corp.	New Jersey	100%
Kearny Leasing Corporation	New Jersey	100%
Lancaster Holding Company	Pennsylvania	100%

Landthorp Enterprises, Inc.	Delaware	100%
Lawnside Holding Corporation	New Jersey	100%
Lawnwhite Leasing Corporation	New Jersey	100%
Lawnwhite Holding Corporation	New Jersey	100%
Lewisville Town Centre Corporation	Texas	100%
Littleton Holding Corporation	New Jersey	100%
Lodi Industries Corp.	New Jersey	100%
Lodi Leasing Corporation	New Jersey	100%
Manalapan Industries, Inc.	New Jersey	100%
Marple Holding Company	Pennsylvania	100%

The assets held by the entities listed above have been transferred (by contribution, merger or otherwise) to partnerships or limited liability companies who are the successors to such entities and constitute the Material Affiliates

NAME OF SUBSIDIARY	STATE OF ORGANIZATION	PERCENTAGE OF OWNERSHIP
Menands Holding Corporation	New York	100%
Mesquite Crossing Corporation	Texas	100%
Middletown Holding Corporation	New Jersey	100%
Montclair Holding Corporation	New Jersey	100%
Morris Plains Leasing Corp.	New Jersey	100%
National Hydrant Corporation	New York	100%
New Hanover, Inc.	New Jersey	100%
Newington Holding Corporation	Connecticut	100%
New Woodbridge, Inc.	New Jersey	100%
North Bergen Stores, Inc.	New Jersey	100%
North Plainfield Holding Corporation	New Jersey	100%
Oak Trading Company	New Jersey	100%
Philadelphia Holding Company	Pennsylvania	100%
Phillipsburg Holding Corporation	New Jersey	100%
Pike Holding Company	Pennsylvania	100%
Princeton Corridor Holding Corporation	New Jersey	100%
Princeton Windsor Holding Corporation	New Jersey	100%
Rahway Leasing Corporation	New Jersey	100%
RMJ Company, Inc.	New Jersey	100%
Rochester Holding Corporation	New York	100%
Silver Lane Properties	Connecticut	100%
Springfield Holding Corporation	Massachusetts	100%
Star Universal Corporation	New Jersey	100%
T.G. Hanover, Inc.	New Jersey	100%
T.G. Stores, Inc.	Maryland	100%
The Second Lawnside Corporation	New Jersey	100%
The Second Rochester Corporation	New York	100%
Turnersville Holding Corporation	New Jersey	100%
Two Guys - Conn., Inc.	Connecticut	100%
Two Guys - Mass., Inc.	Massachusetts	100%
Two Guys from Harrison, Inc.	New Jersey	100%
Two Guys from Harrison Company	Pennsylvania	100%
Two Guys from Harrison - N.Y., Inc.	New York	100%
Unado Corp.	New Jersey	100%
Upper Moreland Holding Company	Pennsylvania	100%
Vornado, Inc.	New York	100%
Vornado Acquisition Corporation	Delaware	100%
Vornado Finance Corp.	Delaware	100%
Vornado Holding Corporation	Delaware	100%
Vornado Investments Corporation	Delaware	100%
Watchung Holding Corporation	New Jersey	100%
White Horse Lawnside Corporation	New Jersey	100%
West Windsor Holding Corporation	New Jersey	100%
York Holding Company	Pennsylvania	100%

The assets held by the entities listed above have been transferred (by contribution, merger or otherwise) to partnerships or limited liability companies who are the successors to such entities and constitute the Material Affiliates.

EXHIBIT D

SOLVENCY CERTIFICATE

The __________ executing this certificate is the _______________ of Vornado Realty Trust, a Maryland real estate investment trust ("General Partner"), a general partner of Vornado Realty L.P., a Delaware limited partnership ("Borrower"), and is familiar with its properties, assets and businesses, and is duly authorized to execute this certificate on behalf of Borrower pursuant to Section 4.01(10) of the Credit Agreement dated April 15, 1997 (the "Loan Agreement") among Borrower, General Partner, the banks party thereto (each a "Bank" and collectively, the "Banks") and Union Bank of

Switzerland (New York Branch), as agent for the Banks (in such capacity, together with its successors in such capacity, the "Agent"). In executing this Certificate, such individual is acting solely in [his] [her] capacity as the _________ of General Partner, and not in [his] [her] individual capacity. Unless otherwise defined herein, terms defined in the Loan Agreement are used herein as therein defined.

The undersigned further certifies that [he] [she] has carefully reviewed the Loan Agreement and the other Loan Documents and the contents of this Certificate and, in connection herewith, has made such investigation and inquiries as [he] [she] deems necessary and prudent therefor. The undersigned further certifies that the financial information and assumptions which underlie and form the basis for the representations made in this Certificate were reasonable when made and were made in good faith and continue to be reasonable as of the date hereof.

The undersigned understands that the Agent is relying on the truth and accuracy of this Certificate in connection with the transactions contemplated by the Loan Agreement.

The undersigned certifies that Borrower is Solvent.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on April 15, 1997.

EXHIBIT E

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT dated as of __________, 199_, among [insert name of assigning Bank] ("Assignor"), [insert name of Assignee] ("Assignee"), Vornado Realty L.P., a Delaware limited partnership ("Borrower") and Union Bank of Switzerland (New York Branch), as administrative agent for the Banks referred to below (in such capacity, together with its successors in such capacity, the "Administrative Agent").

Preliminary Statement

1. This Assignment and Assumption Agreement (this "Agreement") relates to the Credit Agreement (as the same may be amended from time to time, the "Loan Agreement") dated April 15, 1997 among Borrower, Vornado Realty Trust, the banks party thereto (each a "Bank" and, collectively, the "Banks") and the Administrative Agent. All capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Loan Agreement.

2. Subject to the terms and conditions set forth in the Loan Agreement, Assignor has made a Loan Commitment to Borrower in an aggregate principal amount of ___________ Dollars ($____________) ("Assignor's Loan Commitment").

3. The aggregate outstanding principal amount of Assignor's Loan made pursuant to Assignor's Loan Commitment at commencement of business on the date hereof is __________ Dollars ($__________).

4. Assignor desires to assign to Assignee (a) all of the rights of Assignor under the Loan Agreement in respect of a portion of its Loan and Loan Commitment thereunder in an amount equal to __________ ($__________) (the "Assigned Loan and Commitment"); and Assignee desires to accept assignment of such rights and assume the corresponding obligations from Assignor on such terms.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. Assignment. Assignor hereby assigns and sells to Assignee all of the rights of Assignor under the Loan Agreement in and to the Assigned Loan and Commitment, and

Assignee hereby accepts such assignment from Assignor and assumes all of the obligations of Assignor under the Loan Agreement with respect to the Assigned Loan and Commitment. Upon the execution and delivery hereof by Assignor, Assignee, Borrower and the Administrative Agent and the payment of the amount specified in Section 2 hereof required to be paid on the date hereof, (1) Assignee shall, as of the commencement of business on the date hereof, succeed to the rights and obligations of a Bank under the Loan Agreement with a Loan and a Loan Commitment in an amount equal to the Assigned Loan and Commitment, and (2) the Loan and Loan Commitment of Assignor shall, as of the commencement of

business on the date hereof, be reduced correspondingly and Assignor released from its obligations under the Loan Agreement to the extent such obligations have been assumed by Assignee. The assignment provided for herein shall be without recourse to Assignor.

SECTION 2. Payments. As consideration for the assignment and sale contemplated in Section 1 hereof, Assignee shall pay to Assignor on the date hereof in immediately available funds an amount equal to __________ ($___________) [insert the amount of that portion of Assignor's Loan being assigned]. It is understood that any fees paid to Assignor under the Loan Agreement are for the account of Assignor. Each of Assignor and Assignee hereby agrees that if it receives any amount under the Loan Agreement which is for the account of the other party hereto, it shall receive the same for the account of such other party to the extent of such other party's interest therein and shall promptly pay the same to such other party.

SECTION 3. [CONSENT OF BORROWER AND UBS AND ACKNOWLEDGMENT BY THE ADMINISTRATIVE AGENT;] Execution and Delivery of Note. [THIS AGREEMENT IS CONDITIONED UPON THE CONSENT OF BORROWER AND UBS AND ACKNOWLEDGMENT BY THE ADMINISTRATIVE AGENT PURSUANT TO SECTION 12.05 OF THE LOAN AGREEMENT. THE EXECUTION OF THIS AGREEMENT BY BORROWER AND UBS AND THE ADMINISTRATIVE AGENT IS EVIDENCE OF THIS CONSENT AND ACKNOWLEDGMENT, RESPECTIVELY. ONLY NECESSARY IF ASSIGNEE IS NOT A MAJORITY OWNED SUBSIDIARY OF A BANK OR OF THE PARENT OF A BANK] Pursuant to Section 12.05 of the Loan Agreement, Borrower has agreed to execute and deliver Notes payable to the respective orders of Assignee and Assignor to evidence the assignment and assumption provided for herein.

SECTION 4. Non-Reliance on Assignor. Assignor makes no representation or warranty in connection with, and shall have no responsibility with respect to, the solvency, financial condition, or statements of Borrower or any other party to any Loan Document, or the validity and enforceability of the obligations of Borrower or any other party to a Loan Document in respect of the Loan Agreement or any other Loan Document. Assignee acknowledges that it has, independently and without

reliance on Assignor, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and will continue to be responsible for making its own independent appraisal of the business, affairs and financial condition of Borrower and the other parties to the Loan Documents.

SECTION 5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 6. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 7. Certain Representations and Agreements by Assignee. Reference is made to Section 10.13 of the Loan Agreement. Assignee hereby represents that it is entitled to receive any payments to be made to it under the Loan Agreement or hereunder without the withholding of any tax and agrees to furnish the evidence of such exemption as specified therein and otherwise to comply with the provisions of said Section 10.13.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

[NAME OF ASSIGNOR]

By

Name:
Title:

[NAME OF ASSIGNEE]

By

Name:
Title:

Applicable Lending Office:

Address for Notices:

[Assignee]
[Address]
Attention: ---------------
Telephone: (   ) --- --------
Telecopy: (   ) --- --------

VORNADO REALTY L.P., a
Delaware limited partnership

By: Vornado Realty Trust, a
Maryland real estate
investment trust, general
partner

By ----------------------------------
Name:
Title:

UNION BANK OF SWITZERLAND
(New York Branch)
(as Bank and Administrative Agent)

By ----------------------------------
Name:
Title:

By ----------------------------------
Name:
Title:

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Section 13: EX-10.2 (REGISTRATION RIGHTS AGREEMENT)

EXHIBIT 10.2

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of April 15, 1997 by and between VORNADO REALTY TRUST, a Maryland real estate investment trust (the "Company"), and the holders of Units listed on Schedule A hereto (individually, a "Holder").

WHEREAS, each Holder is receiving on the date hereof Class C, Class D or Class E units of limited partnership interest ("Units", which term shall include any Class A units of limited partnership interest into which such Class C, Class D or Class E units may be converted pursuant to section 4.2.D of the Partnership Agreement as defined in Section 1 hereof) in Vornado Realty L.P., a Delaware limited partnership (the "Partnership");

WHEREAS, in connection therewith, the Company has agreed to grant to each Holder the Registration Rights (as defined in Section 1 hereof);

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

SECTION 1. REGISTRATION RIGHTS

If Holder receives common shares of beneficial interest of the Company ("Common Shares") upon redemption of Units (the "Redemption Shares") pursuant to

the terms of the First Amended and Restated Agreement of Limited Partnership of the Partnership, as the same may be amended from time to time (the "Partnership Agreement"), then, unless such Redemption Shares are issued to such Holder pursuant to an Issuer Registration Statement as provided in Section 2 below, Holder shall be entitled to offer for sale pursuant to a shelf registration statement the Redemption Shares, subject to the terms and conditions set forth in Section 3 hereof (the "Registration Rights").

SECTION 2. ISSUER REGISTRATION STATEMENT

Anything contained herein to the contrary notwithstanding, in the event that the Redemption Shares are issued by the Company to Holder pursuant to an effective registration statement (an "Issuer Registration Statement") filed with the Securities and Exchange Commission (the "Commission"), the Company shall be deemed to have satisfied all of its registration obligations under this Agreement.

SECTION 3. DEMAND REGISTRATION RIGHTS

3.1 (a) Registration Procedure. Unless such Redemption Shares are issued pursuant to an Issuer Registration Statement as provided in Section 2 hereof, then subject to Sections 3.1(c) and 3.2 hereof, if any Holder desires to exercise its Registration Rights with respect to the Redemption Shares, the Holder shall deliver to the Company a written notice (a "Redemption Notice") informing the Company of such exercise and specifying the number of shares to be offered by such Holder (such shares to be offered being referred to herein as the "Registrable Securities"). Such notice may be given at any time on or after the date a notice of redemption is delivered by the Holder to the Partnership pursuant to the Partnership Agreement, but must be given at least fifteen (15) Business Days prior to the consummation of the sale of Registrable Securities. As used in this Agreement, a "Business Day" is any Monday, Tuesday, Wednesday, Thursday or Friday other than a day on which banks and other financial institutions are authorized or required to be closed for business in the State of New York or Maryland. Upon receipt of the Registration Notice, the Company, if it has not already caused the Registrable Securities to be included as part of an existing shelf registration statement and related prospectus that the Company then has on file with the Commission (the "Shelf Registration Statement") (in which event the Company shall be deemed to have satisfied its registration obligation under this Section 3), will cause to be filed with the Commission as soon as reasonably practicable after receiving the Registration Notice a new registration statement and related prospectus (a "New Registration Statement") that complies as to form in all material respects with applicable Commission rules providing for the sale by the Holder of the Registrable Securities, and agrees (subject to Section 3.2 hereof) to use its best efforts to cause such New Registration Statement to be declared effective by the Commission as soon as practicable. (As used herein, "Registration Statement" and "Prospectus" refer to the Shelf Registration Statement and related prospectus (including any preliminary prospectus) or the New Registration Statement and related prospectus (including any preliminary prospectus), whichever is utilized by the Company to satisfy Holder's Registration Rights pursuant to this Section 3, including in each case any documents incorporated therein by reference. Each Holder agrees to provide in a timely manner information regarding the proposed distribution by such Holder of the Registrable Securities and such other information reasonably requested by the Company in connection with the preparation of and for inclusion in the Registration Statement. The Company agrees (subject to Section 3.2 hereof) to use its best efforts to keep the Registration Statement effective (including the preparation and filing of any amendments and supplements necessary for that purpose) until the earlier of (i) the date on which Holder consummates the sale of all of the Registrable Securities registered under the Registration Statement, or (ii) the date on which all of the Registrable Securities are eligible for sale pursuant to Rule 144(k) (or any successor provision) or in a single transaction pursuant to Rule 144(e) (or any successor provision) under the Securities Act of 1933, as amended (the "Act"). The Company agrees to provide to Holder a reasonable number of copies of the final Prospectus and any amendments or supplements thereto. Notwithstanding the foregoing, the Company may at any time, in its sole discretion and prior to receiving any Redemption Notice from any Holder, include all of Holder's Redemption Shares or any portion thereof in any Shelf Registration Statement. In connection with any Registration Statement utilized by the Company to satisfy Holder's Registration Rights pursuant to this Section 3, Holder agrees that it will respond within five (5) Business Days to any request by the Company to provide or

verify information regarding Holder or Holder's Registrable Securities as may be required to be included in such Registration Statement pursuant to the rules and regulations of the Commission.

(b) Offers and Sales. All offers and sales by a Holder under the Registration Statement referred to in this Section 3 shall be completed within the period during which the Registration Statement is required to remain effective pursuant to Section 3.1(a) of this Section 3, and upon expiration of such period Holder will not offer or sell any Registrable Securities under the Registration Statement. If directed by the Company, the Holder will return all undistributed copies of the Prospectus in its possession upon the expiration of

such period.

(c) Limitations on Registration Rights. Each exercise of a Registration Right shall be with respect to a minimum of the lesser of (i) fifty thousand (50,000) Common Shares or (ii) the total number of Redemption Shares held by the exercising Holder at such time plus the number of Redemption Shares that may be issued upon redemption of Units by Holder. The right of any Holder to deliver a Registration Notice commences upon the first date the Holder is permitted to redeem Units pursuant to the Partnership Agreement. The right of any Holder to deliver a Registration Notice shall expire on the date on which all of the Redemption Shares held by the Holder or issuable upon redemption of Units held by the Holder are eligible for sale pursuant to Rule 144(k) (or any successor provision) or in a single transaction pursuant to Rule 144(e) (or any successor provision) under the Act. The Registration Rights granted pursuant to this Section 3.1 may not be exercised in connection with any underwritten public offering by the Company or by Holder without the prior written consent of the Company.

3.2 Suspension of Offering. Upon any notice by the Company, either before or after a Holder has delivered a Registration Notice, that a negotiation or consummation of a transaction by the Company or any of its subsidiaries is pending or an event has occurred, which negotiation, consummation or event would require additional disclosure by the Company in the Registration Statement of material information which the Company has a bona fide business purpose for keeping confidential and the nondisclosure of which in the Registration Statement might cause the Registration Statement to fail to comply with applicable disclosure requirements (a "Materiality Notice"), Holder agrees that it will immediately discontinue offers and sales of the Registrable Securities under the Registration Statement until Holder receives copies of a supplemented or amended Prospectus that corrects the misstatement(s) or omission(s) referred to above and receives notice that any post-effective amendment has become effective; provided, that the Company may delay, suspend or withdraw the Registration Statement for such reason for no more than sixty (60) days after delivery of the Materiality Notice at any one time. If so directed by the Company, Holder will deliver to the Company all copies of the Prospectus covering the Registrable Securities current at the time of receipt of any Materiality Notice.

3.3 Qualification. The Company agrees to use its best efforts to register or qualify the Registrable Securities by the time the applicable Registration Statement is declared effective by the Commission under all applicable state securities or "blue sky" laws of such jurisdictions as Holder shall reasonably request in writing, to keep each such registration or qualification effective during the period such Registration Statement is required to be kept

effective or during the period offers or sales are being made by Holder after delivery of a Registration Notice to the Company, whichever is shorter, and to do any and all other acts and things which may be reasonably necessary or advisable to enable Holder to consummate the disposition in each such jurisdiction of the Registrable Securities owned by Holder; provided, however, that the Company shall not be required to (x) qualify generally to do business in any jurisdiction or to register as a broker or dealer in such jurisdiction where it would not otherwise be required to qualify but for this Section 3.3, (y) subject itself to taxation in any such jurisdiction, or (z) submit to the general service of process in any such jurisdiction.

3.4 Indemnification by the Company. The Company agrees to indemnify and hold harmless each Holder and each person, if any, who controls any Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto) pursuant to which the Registrable Securities were registered under the Securities Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto), including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including reasonable fees and disbursements of counsel), reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, in each case whether or not a party, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that the indemnity provided pursuant to this Section 3.4 does not apply to any Holder with respect to any loss, liability, claim, damage or expense to the extent arising out of (A) any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by such Holder expressly for use in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto), or (B) such Holder's failure to deliver an amended or supplemented Prospectus if such loss, liability, claim, damage or expense would not have arisen had such delivery occurred.

3.5 Indemnification by Holder. Each Holder (and each permitted assignee of such Holder, on a several basis) agrees to indemnify and hold harmless the Company, and each of its trustees/directors and officers (including each trustee/director and officer of the Company who signed a Registration Statement), and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto) pursuant to which the Registrable Securities were registered under the Securities Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto), including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of Holder; and

(iii) against any and all expense whatsoever, as incurred (including reasonable fees and disbursements of counsel), reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, in each case whether or not a party, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that the indemnity provided pursuant to this Section 3.5 shall only apply with respect to any loss, liability, claim, damage or expense to the extent arising out of (A) any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by such Holder expressly for use in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto), or (B) such Holder's failure to deliver an amended or supplemental Prospectus if such loss, liability, claim, damage or expense would not have arisen had such delivery occurred. Notwithstanding the provisions of this Section 3.5, a Holder and any permitted assignee shall not be required to indemnify the Company, its officers, trustees/directors or control persons with respect to any amount in excess of the amount of the total proceeds to such Holder or such permitted assignee, as the case may be, from sales of the Registrable Securities of such Holder under the Registration Statement, and no Holder shall be liable under Section 3.5 for any statements or omissions of any other Holder.

3.6 Conduct of Indemnification Proceedings. An indemnified party

hereunder shall give reasonably prompt notice to the indemnifying party of any action or proceeding commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify the indemnifying party (i) shall not relieve it from any liability which it may have under the indemnity agreement provided in Section 3.4 or 3.5 above, unless and to the extent it did not otherwise learn of such action and the lack of notice by the indemnified party results in the forfeiture by the indemnifying party of substantial rights and defenses, and (ii) shall not, in any event, relieve the indemnifying party from any obligations to the indemnified party other than the indemnification obligation provided under Section 3.4 or 3.5 above. If the indemnifying party so elects within a reasonable time after receipt of such notice, the indemnifying party may assume the defense of such action or proceeding at such indemnifying party's own expense with counsel chosen by the indemnifying party and approved by the indemnified party, which approval shall not be unreasonably withheld; provided, however, that the indemnifying party will not settle any such action or proceeding without the written consent of the indemnified party unless, as a condition to such settlement, the indemnifying party secures the unconditional release of the indemnified party; and provided further, that if the indemnified party reasonably determines that a conflict of interest exists where it is advisable for the indemnified party to be represented by separate counsel or that, upon advice of counsel, there may be legal defenses available to it which are different from or in addition to those available to the indemnifying party, then the indemnifying party shall not be entitled to assume such defense and the indemnified party shall be entitled to separate counsel at the indemnifying party's expense. If the indemnifying party is not entitled to assume the defense of such action or proceeding as a result of the second proviso to the preceding sentence, the indemnifying party's counsel shall be entitled to conduct the indemnifying party's defense and counsel for the indemnified party shall be entitled to conduct the defense of the indemnified party, it being understood that both such counsel will cooperate with each other to conduct the defense of such action or proceeding as efficiently as possible. If the indemnifying party is not so entitled to assume the defense of such action or does not assume such defense, after having received the notice referred to in the first sentence of this paragraph, the indemnifying party will pay the reasonable fees and expenses of counsel for the indemnified party. In such event, however, the indemnifying party will not be liable for any settlement effected without the written consent of the indemnifying party. If an indemnifying party is entitled to assume, and assumes, the defense of such action or

proceeding in accordance with this paragraph, the indemnifying party shall not be liable for any fees and expenses of counsel for the indemnified party incurred thereafter in connection with such action or proceeding.

3.7 Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Sections 3.4 and 3.5 above is for any reason held to be unenforceable by the indemnified party although applicable in accordance with its terms, the Company and the relevant Holder shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity agreement incurred by the Company and the Holder, (i) in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and the Holder on the other, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative fault of but also the relative benefits to the Company on the one hand and the Holder on the other, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits to the indemnifying party and indemnified party shall be determined by reference to, among other things, the total proceeds received by the indemnifying party and indemnified party in connection with the offering to which such losses, claims, damages, liabilities or expenses relate. The relative fault of the indemnifying party and indemnified party shall be determined by reference to, among other things, whether the action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, the indemnifying party or the indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action.

The parties hereto agree that it would not be just or equitable if contribution pursuant to this Section 3.7 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 3.7, a Holder shall not be required to contribute any amount in excess of the amount of the total proceeds to the Holder from sales of the Registrable Securities of such Holder under the Registration Statement.

Notwithstanding the foregoing, no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 3.7, each person, if any, who controls a Holder within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as the Holder, and each trustee/director of

the Company, each officer of the Company who signed a Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as the Company.

SECTION 4. EXPENSES

The Company shall pay all expenses incident to the performance by it of its registration obligations under Sections 2 and 3, including (i) all stock exchange, Commission and state securities registration, listing and filing fees, (ii) all expenses incurred in connection with the preparation, printing and distributing of any Issuer Registration Statement or Registration Statement and Prospectus, and (iii) fees and disbursements of counsel for the Company and of the independent public accountants of the Company. Each Holder shall be responsible for the payment of any brokerage and sales commissions, fees and disbursements of the Holder's counsel, accountants and other advisors, and any transfer taxes relating to the sale or disposition of the Registrable Securities by such Holder pursuant to Section 3 or otherwise.

SECTION 5. RULE 144 COMPLIANCE

The Company covenants that it will use its best efforts to timely file the reports required to be filed by the Company under the Securities Act and the Exchange Act so as to enable each Holder to sell Registrable Securities pursuant to Rule 144 under the Securities Act. In connection with any sale, transfer or other disposition by any Holder of any Registrable Securities pursuant to Rule 144 under the Securities Act, the Company shall cooperate with the Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any Securities Act legend, and enable certificates for such Registrable Securities to be for such number of shares and registered in such names as Holder may reasonably request at least ten (10) Business Days prior to any sale of Registrable Securities hereunder.

SECTION 6. MISCELLANEOUS

6.1 Integration; Amendment. This Agreement constitutes the entire agreement among the parties hereto with respect to the matters set forth herein and supersedes and renders of no force and effect all prior oral or written agreements, commitments and understandings among the parties with respect to the matters set forth herein. Except as otherwise expressly provided in this Agreement, no amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by the Company and each Holder against whom such amendment, modification or discharge is sought to be enforced.

6.2 Waivers. No waiver by a party hereto shall be effective unless made in a written instrument duly executed by the party against whom such waiver is sought to be enforced, and only to the extent set forth in such instrument. Neither the waiver by any of the parties hereto of a breach or a default under any of the provisions of this Agreement, nor the failure of any of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights or privileges hereunder.

6.3 Assignment; Successors and Assigns. This Agreement and the rights granted hereunder may not be assigned by any Holder without the written consent of the

Company; provided, however, that a Holder may assign its rights and obligations hereunder, following at least ten (10) days' prior written notice to the Company, (i) to the direct equity owners (e.g., partners or members) or beneficiaries in connection with a distribution of such Holder's Units to its equity owners or beneficiaries and (ii) to a permitted transferee in connection with a transfer of such Holder's Units in accordance with the terms of the Partnership Agreement, if, in the case of (i) and (ii) above, such persons agree in writing to be bound by all of the provisions hereof. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of all of the parties hereto.

6.4 Burden and Benefit. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, personal and legal representatives, successors and, subject to Section 6.3 above, assigns.

6.5 Notices. All notices called for under this Agreement shall be in writing and shall be deemed given upon receipt if delivered personally or by facsimile transmission and followed promptly by mail, or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the addresses set forth opposite their names in Schedule A hereto, or to any other address or addressee as any party entitled to receive notice under this Agreement shall designate, from time to time, to others in the manner provided in this Section 6.5 for the service of notices; provided, however, that notices of a change of address shall be effective only upon receipt thereof. Any notice delivered to the party hereto to whom it is addressed shall be deemed to have

been given and received on the day it was received; provided, however, that if such day is not a Business Day then the notice shall be deemed to have been given and received on the Business Day next following such day and if any party rejects delivery of any notice attempted to be given hereunder, delivery shall be deemed given on the date of such rejection. Any notice sent by facsimile transmission shall be deemed to have been given and received on the Business Day next following the transmission.

6.6 Specific Performance. The parties hereto acknowledge that the obligations undertaken by them hereunder are unique and that there would be no adequate remedy at law if any party fails to perform any of its obligations hereunder, and accordingly agree that each party, in addition to any other remedy to which it may be entitled at law or in equity, shall be entitled to (i) compel specific performance of the obligations, covenants and agreements of any other party under this Agreement in accordance with the terms and conditions of this Agreement and (ii) obtain preliminary injunctive relief to secure specific performance and to prevent a breach or contemplated breach of this Agreement in any court of the United States or any State thereof having jurisdiction.

6.7 Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Maryland, but not including the choice of law rules thereof.

6.8 Headings. Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this

Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

6.9 Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or entity may require.

6.10 Execution in Counterparts. To facilitate execution, this Agreement may be executed in as many counterparts as may be required. It shall not be necessary that the signature of or on behalf of each party appears on each counterpart, but it shall be sufficient that the signature of or on behalf of each party appears on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in any proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of or on behalf of all of the parties.

6.11 Severability. If fulfillment of any provision of this Agreement, at the time such fulfillment shall be due, shall transcend the limit of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision contained in this Agreement operates or would operate to invalidate this Agreement, in whole or in part, then such clause or provision only shall be held ineffective, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed on its behalf as of the date first hereinabove set forth.

VORNADO REALTY TRUST

By: /s/ Joseph Macnow

Name: Joseph Macnow
Title: Vice President

EACH OF THE HOLDERS OF
UNITS LISTED ON SCHEDULE A
HERETO

By: /s/ David R. Greenbaum

Name: David R. Greenbaum
Title: As Attorney-in-Fact

SCHEDULE A
REGISTRATION RIGHTS AGREEMENTS

The Mendik Partnership, L.P.
FW/Mendik REIT, L.L.C.
Mendik RELP Corp.
2750 Associates
Abrams, Trust U/W/O Ralph
Adler, Robert
Alpert, Vicki
Ambassador Construction Company, Inc.
Aschendorf-Shasha, Ellen
Ash, Herbert
Aubert, Trust FBO Lysa (Schwartz)
Barr, Thomas
Barkin, Leonard
Batkin, Estate of Jean
Batkin, Jean Trust
Batkin, Nancy
Berenson, David
Berenson, Joan
Berenson, Richard
Berenson, Robert
Bianculli, Louis
Bierman, Jacquin
Blumenthal, Joel Marie
Braverman, Madlyn
Carb, Sally
Carney, Thomas
Chambers, Robert
CHO Enterprises
Dembner, Shirley
Dembner, Shirley UGMA for Lindsey Dembner
Doner, Max
Downey, Michael
Dryfoos, Jacqueline
Dubrowski, Raymond
Evans, Ben
Field, Walter L.
Jesse Fierstein & Co.
Fischer, Alan A.
Freedman, Robert
Gershon, Estate of Murray
Getz, Howard
Getz, Sandra
Getz, Sandra & Howard

Gold, Frederica
Ginsberg, Benedict
Goldberg, Clarence
Goldring, Stanley
Goldschmidt, Beatrice
Goldschmidt, Charles
Goldschmidt, Edward
Goldschmidt, C. Trust U/A/D 7/11/90
Goldschmidt, Lawrence
Gorfinkle, Alaine
Gorfinkle, Lawrence
Green, Bernard
Greif, Goldie
Gutenberg, Bernice
H L Silbert trustee U/W of H A Goldman
Hagler, Philip
Harteveldt, Robert L.
Hirsch, Phillip J.
Hirsch, Judith
Hrusha, Alan
Hutner, Anne Trust F/B/O
Hutner, Estate of Irwin
INS Realty Associates
Fierstein Co.
Jaffe, Elizabeth
Jones, Hazel
Kaufman, Robert M.
Klein, Robin
Knatten Inc.
Knight, Laureine
Komaroff, Stanley
Kosloff, Andrea
Kosloff, Andrea UGMA for Adam Kosloff
Kosloff, Andrea UGMA for Justin Kosloff
Koven, Irving
Kowal, Myron
Kramer, Saul
Kuhn, James D.

Kuhn, Leo
Kurshan, Herbert
Lauder, Leonard
Lauder, Ronald
Leff, Joseph

Leff, Valerie
Lefkowitz, Howard
LeRoy, Partners
Liroff, Harriett
Liroff, Richard
Loewengart, Irene
Lovitz, David
Maayan Partners
Marvin, Morton
Marvin, Suzanne
Maynard, Jean
Mazer, David
Mazer, Richard
Mendik, Susan
Migdal, L. & Kalmus, E. Trustees u/w/o M Silberst
Mil Equities
Nicardo Corporation
Novick, Lawrence
Oestreich, David A.
Oestreich, Joan E.
Oestreich, Sophy
Oppenheimer, Martin J.
Oppenheimer, Suzanne
Phillips, Family Trust UWO Edith
Phillips, Estate of John D.
Plum Partners L.P.
Prentice Revocable Trust, 12/12/75
RCAY S.A.
Reichler, Richard
Reingold, Suzy
Roberts, H. Richard
Roche, Sara
Rolfe, Ronald
Rosenberg, Ilse
Rosenheim, Revocable Living Trust of Edna
Rosenzveig, Abraham
Rubashkin, Martin
Rubin, Murray M.
Sahid, Joseph
Saunders, Paul
Saul, Andrew
Schacht, Estate of Natalie
Schacht, Ronald

Schwartz, Trust FBO Samuel
Schwartz, Trust FBO Carolynn
Shapiro, Howard
Shapiro, Robert I.
Shasha, Alfred
Shasha, Alfred A. & Hanina
Shasha, Alfred & Hanina Trustees
Shasha, Robert Y.
Shasha-Kupchick, Leslie
Sheridan Family Partners, L.P.
Shine, William
Silberstein, John J.
Silbert, Harvey I.
Simons, Robert
Sims, David
Slaner, Estate of Alfred P.
Steiner, Phillip Harry
Steiner, Richard Harris
Tannenbaum, Bernard
Tartikoff Living Trust
Winik, Trust U/W/O Carolyn
Watt, Emily
Wang, Kevin
Weissman, Sheila
Williams, John

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Section 14: EX-10.3 (NONCOMPETITION AGREEMENT)

EXHIBIT 10.3

NONCOMPETITION AGREEMENT

THIS NONCOMPETITION AGREEMENT (this "Agreement") is made and entered into as of the 15th day of April, 1997, by and among Vornado Realty Trust, a Maryland real estate investment trust (the "Company"), The Mendik Company, L.P., a Delaware limited partnership (which intends to change its name to Vornado Realty L.P.) (the "Operating Partnership"), and Bernard H. Mendik (the "Executive").

WHEREAS, the Company serves as general partner of the Operating Partnership and, through the Operating Partnership, is engaged in, among other things, the acquisition, ownership, management, leasing, renovation and redevelopment of commercial real estate in the United States;

WHEREAS, the Company, within the Company and through the Operating Partnership, has formed the Mendik Division, which is engaged in the acquisition, ownership, management, leasing, renovation and redevelopment of the Company's office properties in Manhattan;

WHEREAS, the Company acknowledges that it will benefit from the application of Executive's particular and unique skill, experience, and background to the management and operation of the Company, and will employ Executive as Co-Chair of the Company and as Chairman of the Mendik Division and Chief Executive Officer of the Mendik Division of the Company ("CEO") and, as Chairman and

CEO, Executive will manage the Mendik Division of the Operating Partnership on behalf of the Company (collectively the "Mendik Division" unless otherwise specifically indicated);

WHEREAS, Executive has received stock options in the Company pursuant to a share option agreement and will be entering into an indemnification agreement with the Company in the form of Exhibit A hereto (the "Indemnification Agreement"); and

WHEREAS, the Executive acknowledges that he will be employed by the Company in a capacity in which his employment by the Company creates a relationship of confidence and trust and he will obtain confidential information with regard to the business of the Company and its affiliates and their clients;

WHEREAS, the Executive acknowledges that, as a result of his obtaining confidential information as to the Company and its affiliates, the Company and its affiliates will suffer substantial damage, which would be difficult to ascertain, if the Executive enters into competition with the Company or any affiliate and that it is necessary for the Company to be protected by the prohibition against competition and the confidentiality restrictions set forth herein;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein set forth, and for other good and valuable consideration, the Company, the Operating Partnership and Executive agree as follows:

1. Noncompetition.

1(a) Noncompetition. Executive agrees that while Executive is employed by the Company or is a director of the Company and for a period of one (1) year following the later of the date Executive ceases to be an employee or director of the Company (other than if the Executive's employment ends as a result of a termination pursuant to a termination by the Company without Cause (as defined on Exhibit B hereto), a termination due to Disability (as defined on Exhibit B hereto) or a termination for Good Reason (as defined on Exhibit B hereto), Executive shall not engage in any way, directly or indirectly, in the acquisition, operation, development, management, leasing or disposition of any primarily commercial office real estate property (mixed properties being determined primarily commercial office real estate property or other by the relative square footage of each) or any improvements thereof located in the Restricted Area (as defined below), other than in his capacity as an employee, director, trustee, officer or equity owner of the Company; provided, however, that this Section 1(a) shall not apply to (i) Executive's activities with respect to any property or entity listed in Exhibit C attached hereto, provided that such activities are reasonably necessary to avoid a breach of Executive's or the general partner's fiduciary or other duty to the owner or other owners of such property (Executive agrees that the activities prohibited by Section 1(c) are not reasonably necessary to avoid a breach of such duties), (ii) the

acquisition, operation, development, management, leasing or disposition of any property by any entity in which Executive owns or acquires an equity interest as a minority passive investor (including, but not limited to as a limited partner or a non-operating member of a limited liability company, but not including as a general partner) having no managerial or similar role with respect to such property, (iii) Executive's or his spouse's or issue's acquisition of any property or any interest in any property by inheritance, (iv) Executive providing advice or financial assistance to any of his children with regard to projects initiated by such child, provided that (x) the financial assistance shall not exceed $10,000,000 unless Executive holds no more than a minority interest in such project, (y) at the time such child initially approaches Executive, Executive has no knowledge (following appropriate due diligence) that the Company is involved in or considering such a project and (z) if Executive thereafter obtains knowledge that the Company is considering such project, Executive shall promptly inform the Company of his involvement with his child and excuse himself from any involvement with such project on behalf of the Company or (v) Executive's performance of management company services for other entities while employed by the Company which performance by Executive is authorized by an agreement between the Company and such other entity or between the Company and Executive. For purposes of this Agreement, the "Restricted Area" is any location within fifty (50) miles of any commercial office building managed by the Mendik Management Company, Inc. at the time of any action

by Executive during his employment or directorship or at the later of the dates of the Executive's termination of employment or directorship in the event of any action by Executive following his termination of employment and directorship.

1(b) Reasonable and Necessary Restrictions. Executive acknowledges that the restrictions, prohibitions and other provisions of this Section 1 are reasonable, fair and equitable in scope, terms and duration, are necessary to protect the legitimate business interests of the Company, and are a material inducement to the Company's employment of Executive.

1(c) Non-Solicitation. Executive agrees that while Executive is employed by the Company or is a director of the Company (i) and for a period of two (2) years following the later of the date Executive ceases to be an employee or a director of the Company, Executive will not solicit any of the Company's or its affiliate's (within the meaning of Rule 12(b)-2 of the Securities Exchange Act of 1934, but only if in addition such entity would be classified as a parent or subsidiary of the Company or a parent, all within the meaning of Section 424(e) or Section 424(f) of the Internal Revenue Code of 1986, as amended, if twenty-five percent (25%) were substituted for fifty percent (50%) therein) (an "Affiliate") non-clerical employees, agents or independent contractors to end their relationship with the Company, its Subsidiaries or its Affiliates provided that the provision of this Section 1(c) shall not apply to the giving of references (ii) and for a period of one (1) year following the

later of the date of termination of Executive's employment or directorship, pursue or attempt to develop or to direct to any other entity any project known to Executive which the Company is or was pursuing, developing or attempting to develop during the period of his employment or directorship or interfere or otherwise compete (other than in connection with performing services for the Company or its Subsidiaries with regard to other properties managed by the Company or its Subsidiaries or for other management companies where Executive is performing services with the consent of the Company) with any active lease negotiations of the Mendik Division which the Executive is or was actively involved in conducting or strategizing on behalf of the Company or its Subsidiaries (in each case, a "Project"), unless such Project has been inactive for over nine (9) months. Notwithstanding the foregoing, in the event of a Change in Control and the Executive's employment terminating within one hundred twenty (120) days thereafter, the determination of projects being "pursued, developed or attempted to be developed" shall be limited to projects the Company was pursuing, developing or attempting to develop prior to the Change in Control plus any project that Executive becomes materially involved in on behalf of the Company after the Change in Control.

1(d) Confidential Information. Executive shall hold in a fiduciary capacity for the benefit of the Company all trade secrets and confidential information, knowledge or data relating to the Company and its business and investments, which shall have

been obtained by Executive during Executive's employment by the Company and which is not generally available public knowledge (other than by acts by Executive in violation of this Agreement). Except as the Executive in good faith believes may be required, appropriate or desirable in connection with his carrying out his duties as CEO of the Mendik Division of the Company, Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or any legal process, or as is necessary in connection with any adversarial proceeding against the Company (in which case Executive shall cooperate with the Company, at the Company's expense, in the Company seeking to obtain a protective order against disclosure by a court of competent jurisdiction), communicate or divulge any such trade secrets, information, knowledge or data to anyone other than the Company and those designated by the Company or on behalf of the Company in furtherance of its business or to perform duties hereunder.

1(e) Removal of Documents. All records, files, drawings, documents, models, equipment, and the like relating to the Company's business, which Executive has control over shall not be removed from the Company's premises without its written consent, unless such removal is in the furtherance of the Company's business or is in connection with Executive's carrying out his duties as CEO of the Mendik Division of the Company and, if so removed, shall be returned to the Company promptly after termination of Executive's employment, or otherwise promptly

after removal if such removal occurs following termination of employment. Executive's rolodex, telephone directory and similar type items, and furniture, art work and property owned by Executive or otherwise not owned by the Company shall not be deemed Company property and shall not be covered by this Section 1(e). The Company shall be the owner of all trade secrets and other products relating to the Company's business developed by Executive alone or in conjunction with others as part of his employment with the Company.

1(f) Specific Performance. Executive acknowledges that the Company likely will have no adequate remedy at law if Executive shall fail to perform any of his obligations hereunder, and the Executive therefore confirms that the right of the Company to specific performance of the terms of this Section 1 is essential to protect the rights and interests of the Company. Accordingly, in addition to any other remedies that the Company may have at law or in equity, the Company shall have the right to have all obligations, agreements and other provisions of this Section 1 specifically performed by Executive, and the Company shall have the right to obtain preliminary injunctive relief to secure specific performance and to prevent a breach of this Section 1 by Executive.

2. Miscellaneous.

2(a) Integration; Amendment. This Agreement supersedes and renders of no force and effect all prior understandings and agreements with respect to the matters set forth herein. No amendments or additions to this Agreement shall be binding unless in writing and signed by all of the parties.

2(b) Assignment. No rights or obligations of the Company under this Agreement may be assigned or transferred, except in connection with a merger, consolidation or sale of all or substantially all of the assets of the Company or the Mendik Division where the Company's successor expressly assumes and agrees to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided that the foregoing shall not serve as a release of the Company. As used in this Agreement, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets or the Mendik Division's business and/or assets, as the case may be, which executes and delivers the agreement provided for in this Section 2(b) or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law and any assignment in accordance with the first sentence of this Section 2(b) shall not be deemed a termination without Cause by the Company. Executive may not assign this Agreement or any right or interest therein, whether by operation of law or otherwise, without the prior written consent of the Company.

2(c) Severability. If any provision of this Agreement shall be deemed invalid or unenforceable in any respect, such invalidity or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed and enforced as if it had never contained such invalid or unenforceable provision. In addition, in place of such invalid or unenforceable provision, there shall automatically be added hereto a provision as similar to such invalid or unenforceable provision as may be possible and still be valid and enforceable.

2(d) Waivers. The failure or delay of any party at any time to require performance by any other party of any provision of this Agreement, even if known, shall not affect the right of such party to require performance of that provision or to exercise any right, power, or remedy hereunder, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right, power, or remedy under this Agreement. No notice to or demand on any party in any case shall, of itself, entitle such party to other or further notice or demand in similar or other circumstances.

2(e) Power and Authority. The Company represents and warrants to Executive that it has the requisite corporate power to enter into this Agreement and its obligations hereunder; that the execution, delivery and performance of this Agreement by it has been duly authorized by all appropriate partnership or

corporate action, as applicable; and that this Agreement represents a valid and legally binding obligation with respect to it and its enforceable against it in accordance with its terms.

2(f) Burden and Benefit. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, personal and legal representatives, successors and, subject to Section 2(b) above, assigns.

2(g) Legal Fees and Expenses. If any contest or dispute shall arise between the Company and Executive regarding any provision of this Agreement, the Indemnification Agreement or any equity grant or other agreement or compensation arrangement related to his employment, the Company shall reimburse Executive for all legal fees and expenses reasonably incurred by Executive in connection with such contest or dispute, but only if Executive is successful in respect of substantially all of Executive's claims brought and pursued in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed) to the extent the Company receives reasonable written evidence of such fees and expenses.

2(h) Governing Law; Headings. This Agreement and its construction, performance, and enforceability shall be governed by, and construed in accordance with, the laws of the State of New York without regard to provisions of conflict of

laws. Headings and titles herein are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

2(i) Notices. All notices called for under this Agreement shall be in writing and shall be deemed to be sufficient if contained in a written instrument delivered (i) in person, (ii) by first class registered or certified mail, postage prepaid and return receipt requested, (iii) by overnight delivery by a recognized courier service providing a receipt, or (iv) by facsimile transmission confirmed by transmission report, addressed to the intended recipient at the address set forth on the signature page hereof (or at such other address for a party as shall be specified by like notice). Any notice delivered to the party hereto to whom it is addressed shall be deemed to have been given on the day it was received; provided, however, that if such day is not a business day, then the notice shall be deemed to have been given and received on the business day next following such day. If the other party is aware that the intended recipient is not at the notice location, either permanently or temporarily, notice also shall be sent to such location as the notifying party becomes aware (after reasonable inquiry) that the intended recipient is then located.

2(j) Counterparts. This Agreement may be executed in one or more counterparts, each of which counterparts shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

2(k) Type of Termination. The classification of a type of termination of employment with the Company shall apply for purposes of classifying the type of termination of employment with a subsidiary of the Company and a termination of employment with the Company shall automatically cause a termination of employment with all subsidiaries of the Company.

IN WITNESS WHEREOF, the parties have duly executed this Agreement, or caused this Agreement to be duly executed on their behalf, as of the date first above written.

VORNADO REALTY TRUST

By: /s/ Joseph Macnow

Name: Joseph Macnow
Title: Vice President
Vornado Realty Trust
Park 80 West, Plaza II
Saddle Brook, New Jersey 07663

THE MENDIK COMPANY, L.P.

By: Vornado Realty Trust,
a general partner

By: /s/ Joseph Macnow

Name: Joseph Macnow
Title: Vice President
Vornado Realty Trust
Park 80 West, Plaza II
Saddle Brook, New Jersey 07663

EXECUTIVE:

/s/ Bernard H. Mendik

Bernard H. Mendik
330 Madison Avenue
New York, New York 10017

EXHIBIT A

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "Agreement") is made and entered into as of the day of , 1997, by and between Vornado Realty Trust, a Maryland real estate investment trust (the "Company") and Bernard H. Mendik (the "Executive").

WHEREAS, Executive has agreed to serve, at the request of the Company as an executive and officer of the Company and, if elected, a director of the Company; and

WHEREAS, Executive is willing to serve on behalf of the Company on the condition that he be indemnified as set forth herein.

NOW, THEREFORE, in consideration of Executive's agreement to serve the Company as set forth above, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. General. The Company agrees that if Executive is made a party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that Executive is or was a trustee, director, officer or employee of the Company or any subsidiary or division of the Company or is or was serving at the request of the Company or any subsidiary or division of the Company as a trustee, fiduciary, director,

officer, member, employee or agent of another corporation or a partnership, joint venture, trust or other enterprise, including, without limitation, service with respect to employee benefit plans, whether or not the basis of such Proceeding is alleged action in an official capacity as a trustee, fiduciary, director, officer, member, employee or agent while serving as a trustee, fiduciary, director, officer, member, employee or agent, Executive shall be indemnified and held harmless by the Company to the fullest extent authorized by the law of the State of Maryland, as the same exists or may hereafter be amended, against all Expenses incurred or suffered by Executive in connection therewith, and such indemnification shall continue as to Executive even if Executive has ceased to be an officer, director, trustee, fiduciary or agent, or is no longer employed by the Company and shall inure to the benefit of his heirs, executors and administrators. The indemnification hereunder shall not extend to cover any Expenses arising out of (i) Executive's activities prior to

the date hereof or (ii) Executive's actions after the date hereof to the extent such actions are with respect to matters that are covered by the indemnification obligations of FW/Mendik REIT, L.L.C. and certain of its affiliates under the indemnification agreement attached to the Merger Agreement as Exhibit R.

2. Expenses. As used in this Agreement, the term "Expenses" shall include, without limitation, damages, losses, judgments, liabilities, fines, penalties, excise taxes,

settlements, and costs, attorneys' fees, accountants' fees, and disbursements and costs of attachment or similar bonds, investigations and any expenses of establishing a right to indemnification under this Agreement.

3. Enforcement. If a claim or request under this Agreement is not paid by the Company or on its behalf, within thirty (30) days after a written claim or request has been received by the Company, Executive may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim or request and if successful in whole or in part, Executive shall be entitled to be paid also the expenses of prosecuting such suit. All obligations for indemnification hereunder shall be subject to, and paid in accordance with, the laws of the State of Maryland.

4. Partial Indemnification. If Executive is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses, but not however, for the total amount thereof, the Company shall nevertheless indemnify Executive for the portion of such Expenses to which Executive is entitled.

5. Advances of Expenses. Expenses incurred by Executive in connection with any Proceeding shall be paid by the Company in advance upon request of Executive that the Company pay such Expenses; but, only in the event that Executive shall have delivered in writing to the Company (i) an undertaking to

reimburse the Company for Expenses with respect to which Executive is not entitled to indemnification and (ii) an affirmation of his good faith belief that the standard of conduct necessary for indemnification by the Company has been met.

6. Notice of Claim. Executive shall give to the Company notice of any claim against him for which indemnification will or could be sought under this Agreement at the address set forth on the signature page of this Agreement (or such other address as provided by notice given as aforesaid). In addition, Executive shall give the Company such information and cooperation as it may reasonably require and as shall be within Executive's power and at such times and places as are convenient for Executive.

7. Defense of Claim. With respect to any Proceeding as to which Executive notifies the Company of the commencement thereof:

(a) The Company will be entitled to participate at its own expense; and

(b) Except as otherwise provided below, to the extent that it may wish, the Company will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Executive, which the Company's sole discretion may be regular counsel to the Company and may be counsel to other officers and directors of the Company or any subsidiary. Executive also shall have the right to employ his own counsel in such action, suit or proceeding if

he reasonably concludes that failure to do so would involve a conflict of interest between the Company and Executive, and under such circumstances the fees and expenses of such counsel shall be at the expense of the Company.

(c) The Company shall not be liable to indemnify Executive under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent. The Company shall not settle any action or claim in any manner which would impose any penalty or limitation on Executive without Executive's written consent. Neither the Company nor Executive will unreasonably withhold or delay their consent to any proposed settlement.

8. Non-exclusivity. The right to indemnification and the payment of expenses incurred in defending a Proceeding in advance of its final disposition conferred in this Agreement shall not be exclusive of any other

right which Executive may have or hereafter may acquire under any statute, provision of the declaration of trust or certificate of incorporation or by-laws of the Company or any subsidiary or any agreement, vote of shareholder or disinterested directors or trustees or otherwise. In particular, Executive shall be a third party beneficiary of the indemnity provided in Section 7.7 of the Partnership Agreement creating The Mendik Company, L.P., a Delaware limited partnership.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the

parties hereto and their respective successors, assigns (including any direct or indirect successor by merger or consolidation), heirs, executors and administrators.

10. Governing Law. This Agreement shall be deemed to be made in, and in all respects shall be interpreted, construed, and governed by and in accordance with the laws of the State of Maryland, except for the last sentence of Section 8 which shall be construed under the law that applies to the Partnership Agreement forming The Mendik Company, L.P., a Delaware limited partnership.

11. Amendment. No Amendments or additions to that Agreement shall be binding unless in writing and signed by all of the parties.

12. Waiver of Breach. The failure or delay of either party at any time to require performance by the other party of any provision of this Agreement, even if known, shall not affect the right of such party to require performance of that provision or to exercise any right, power, or remedy hereunder, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right, power, or remedy under this Agreement. No notice to or demand on any party in any case shall, of itself, entitle such party to other or further notice or demand in similar or other circumstances.

13. Severability. The Company and Executive agree that the agreements and provisions contained in this Agreement are severable and divisible, that each such agreement and provision does not depend upon any other provision or agreement for its enforceability, and that each such agreement and provision set forth herein constitutes an enforceable obligation between the Company and Executive. Consequently, the parties hereto agree that neither the invalidity nor the unenforceability of any provision of this Agreement shall affect the other provisions hereof, and this Agreement shall remain in full force and effect and be construed in all respects as if such invalid or unenforceable provision were omitted.

IN WITNESS WHEREOF, the parties hereto have entered into this agreement as of the date first above written.

EXECUTIVE:

/s/ Bernard H. Mendik

Bernard H. Mendik

[CORPORATE SEAL]

VORNADO REALTY TRUST

By: /s/ Joseph Macnow

Name: Joseph Macnow
Title: Vice President

Agreed as to the last sentence of Section 8:

The Mendik Company, L.P., a Delaware limited partnership, which will change its name to Vornado Realty L.P.

By: Vornado Realty Trust, a general partner

By: /s/ Joseph Macnow

Name: Joseph Macnow
Title: Vice President

EXHIBIT B

DEFINITIONS

Part I - Cause.

For purposes of this Agreement, a termination for Cause shall only mean a termination as a result of (i) Executive's willful misconduct with regard to the Company or its Subsidiaries that is materially economically injurious to the Company or to the Mendik Division, provided that in no event will willful misconduct include the exceptions to noncompetition set forth in Section 1(a) hereof (but the foregoing proviso does not permit Executive's willful misconduct that is beyond the scope of what is reasonably necessary to satisfy or perform the Section 1(a) exceptions), (ii) Executive's conviction of, or pleading guilty or nolo contendere to, a felony (other than a traffic violation), (iii) Executive's willful and continued failure to use reasonable business efforts to attempt to substantially perform his duties as Co-Chair of the Company and Chairman and Chief Executive Officer ("CEO") of the Mendik Division of the Company (other than such failure resulting from Executive's incapacity due to a physical or mental illness or subsequent to the issuance of a notice of termination by Executive for Good Reason) after demand for substantial performance is delivered by the Company in writing that specifically identifies the manner in which the Company believes Executive has not used reasonable business efforts to attempt to substantially perform his duties or (iv) Executive's willful breach of Section 1 hereof that is materially

economically injurious either to the Company or the Mendik Division. Executive's absence from the office shall not solely by itself be a basis for asserting a violation of (iii) if he continues to use reasonable business efforts to substantially perform his duties.

For purposes of this Agreement, in addition to the other legal requirements to be "willful," no act, or failure to act, by Executive shall be considered "willful" unless committed in bad faith and without a reasonable belief that the act or omission was in the best interests of the Company. In addition, no action or inaction shall give rise to a right of the Company to terminate Executive's employment for Cause for purposes of the meaning of the preceding paragraph unless and until the Company has delivered to Executive a copy of a resolution duly adopted by a majority of the Board of Trustees of the Company (the "Board") at a meeting of the Board called and held for such purpose (after reasonable (but in no event less than thirty (30) days) notice to Executive and an opportunity for Executive, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board, Executive was guilty of any conduct set forth in the preceding paragraph and specifying the particulars thereof in detail. This Agreement shall not prevent Executive from challenging in any court of competent jurisdiction the Board's determination that Cause exists or that Executive has failed to cure any act (or failure to act) that purportedly formed the basis for the Board's determination.

Part II - Good Reason.

For purposes of this Agreement, a termination for Good Reason shall mean a termination by the Executive as a result of (unless otherwise consented to in writing by Executive) (i) the failure to appoint Executive as CEO and Chairman of the Mendik Division of the Company or Co-Chair of the Company or elect Executive as a director of the Company, the assignment to Executive, without his consent, of more than incidental duties outside of the Mendik Division, the alteration of the duties, responsibilities and authority of Executive as CEO and Chairman of the Mendik Division of the Company in a manner that is materially and adversely inconsistent with such duties, responsibilities or authority or a change in Executive's positions or titles (provided that the foregoing shall not apply to removal of, or failure to reelect, Executive as Co-Chair after April 30, 2000 or as a director after April 30, 2003, or in either case, upon his (A) consent to such action, (B) termination of employment for Disability or Cause, (C) total and permanent disability in a manner that would prevent him from functioning as a director, (D) death or (E) voluntary retirement); (ii) the initial base salary is less than $200,000, or the Company reduces the Executive's base salary to below $200,000 or fails to pay Executive's base salary or other earned compensation when due or to substantially provide the benefits, fringes, perquisites, payroll practices or equity or incentive opportunities in effect with respect to senior executive officers of the Company (other than the Chief Executive Officer of the Company, the President of

the Company, any other officer of the Company on an individual basis because of special circumstances, any individual(s) who become employed by the Company

pursuant to an acquisition (with regard to levels of programs or arrangement committed to at such time), or to any individual(s) pursuant to an agreement for new hire (with regard to levels of programs or arrangements committed to at such time)) at a level commensurate with his position (provided that in making such determination as to future equity grants, the equity grants given initially in connection with the hiring of Executive shall be disregarded); (iii) the relocation of the Mendik Division's principal executive offices to a location other than Manhattan, New York City or relocation of Executive's own office location from that of the principal offices; (iv) any purported termination of Executive's employment for Cause which is not effected pursuant to the procedures of Part I of Exhibit B (and for purposes of this Agreement, no such purported termination shall be effective); (v) the Company's material breach of any material term contained in this Agreement or the grant set forth in Exhibit C or to provide, in all material respects, the indemnification set forth in the Indemnification Agreement; (vi) the performance, directly or indirectly, of management, leasing, redevelopment or similar services with respect to any commercial office property in Manhattan in which the Company has a direct or indirect interest, other than through the Mendik Division (except that the foregoing shall not apply to properties currently owned or hereafter acquired by the Company where there is a preexisting management

or leasing agreement in place, provided that the Mendik Division shall have general oversight over such management or leasing operations on behalf of the Operating Partnership); (vii) a Change in Control (as defined below); (viii) a material breach by the Company or its subsidiaries of the Master Property Services Agreement (wholly owned properties) dated as of the same date hereof or the Master Property Services Agreement (partially owned properties) dated as of the same date hereof or any of the service agreements contemplated by either such agreement (the "Cleaning Agreements") or the licensing agreement with regard to Executive's last name, or (ix) any requirement that Executive report to anyone other than the Board or the Chief Executive Officer of the Company. Executive's right to terminate his employment hereunder for Good Reason shall not be affected by his incapacity due to physical or mental illness.

For purposes of this Agreement, no action or inaction shall give rise to the right of Executive to terminate his employment with the Company for Good Reason unless a written notice is given by Executive to the Company within one hundred twenty (120) days after Executive has actual knowledge of the occurrence of the event giving rise to Executive's right to terminate pursuant to this Agreement, and such event has not been cured within thirty (30) days after such notice. Executive's continued employment during the one hundred and twenty (120) day period referred to above in this Agreement shall not constitute

consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

For purposes of this Agreement, a "Change in Control" shall mean the occurrence of any one of the following:

(i) individuals who, on the Commencement Date, constitute the Board (the "Incumbent Trustees") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a trustee subsequent to the Commencement Date whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Trustees then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for trustee, without objection to such nomination) shall be an Incumbent Trustee, provided, however, that no individual initially elected or nominated as a trustee of the Company as a result of an actual or threatened election contest with respect to trustees or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Trustee;

(ii) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes, after the execution of this Agreement, a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the

Company representing 30% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board (the "Company Voting Securities"), provided, however, that an event described in this paragraph (ii) shall not be deemed to be a Change in Control if any of the following becomes such a beneficial owner: (A) the Company or any majority-owned subsidiary (provided, that this exclusion applies solely to the ownership levels of the Company or the majority-owned subsidiary), (B) any tax-qualified, broad-based employee benefit plan sponsored or maintained by the Company or any majority-owned subsidiary, (C) any underwriter temporarily holding securities pursuant to an offering of such securities, (D) any person pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii)), (E) Executive or any

group of persons including Executive (or any entity controlled by Executive or any group of persons including Executive); or (F)(i) any of the partners (as of the Commencement Date) in Interstate Properties ("Interstate") including immediate family members and family trusts or family-only partnerships and any charitable foundation of such partners (the "Interstate Partners"), (ii) any entities the majority of the voting interests of which are beneficially owned by the Interstate Partners, or (iii) any "group" (as described in Rule 13d-5(b)(i) under the Exchange Act) including the Interstate Partners, provided, that the Interstate Partners beneficially own a majority of the Company Voting Securities beneficially owned by such group (the person in (i), (ii) and (iii) shall be

individually and collectively referred to herein as, "Interstate Holders");

(iii) the consummation of a merger, consolidation, share exchange or similar form of transaction involving the Company or any of its subsidiaries, or the sale or other disposition of all or substantially all of the Company's assets or the assets of the Mendik Division of the Operating Partnership (a "Business Transaction"), unless immediately following such Business Transaction (y) more than fifty percent (50%) of the total voting power of the entity resulting from such Business Transaction or the entity acquiring the Company's assets in such Business Transaction (the "Surviving Corporation") is beneficially owned, directly or indirectly, by the Interstate Holders or the Company's shareholders immediately prior to any such Business Transaction, and (z) no person (other than the persons set forth in clauses (A), (B), (C), or (F) of paragraph (ii) above or any tax-qualified, broad-based employee benefit plan of the Surviving Corporation or its Affiliates) beneficially owns, directly or indirectly, 30% or more of the total voting power of the Surviving Corporation (a "Non-Qualifying Transaction"); or

(iv) Board approval of a liquidation or dissolution of the Company, unless the voting common equity interests of an ongoing entity (other than a liquidating trust) are beneficially owned, directly or indirectly, by the Company's shareholders in substantially the same proportions as such

shareholders owned the Company's outstanding voting common equity interests immediately prior to such liquidation and such ongoing entity assumes all existing obligations of the Company to Executive under this Agreement, any Cleaning Agreement, the Share Option Agreement, the Indemnification Agreement and any other equity grants.

Part III - Disability.

For purposes of this Agreement, a termination due to Disability shall mean a termination of Executive's employment by the Company, upon at least thirty (30) days' prior written notice, to Executive if Executive is substantially unable to perform Executive's duties as CEO of the Mendik Division of the Company for a period of one hundred eighty (180) consecutive days due to illness, physical or mental disability or other incapacity, provided that Executive does not return to the substantial performance of his duties on a full-time basis within thirty (30) days after receiving notice of termination from the Company.

EXHIBIT C

Arden-Esquire Realty Company
(689 Fifth Avenue and 1320-20 Merrick Blvd, Springfield Gardens, Queens)
Eleven Penn Plaza Company
E-M New York Properties L.P.
(100 Church Street)
Mendik Real Estate Limited Partnership
Mendik RELP Corp.
Two Park Company
909 Third Company
330 Madison Company
20 Broad Street Company
Broad 20 L.P.
Westport Office Company (55 Greens Farms Road, Westport, CT)
BMS Vail Limited Partnerships I and II
Silver Towers Associates
Great Neck Terrace Associates
M Newtown Associates
Mendik Realty Company, Inc.
Building Maintenance Service LLC
BMDG, Inc.
The Mendik Partnership, L.P.
Mendik Facilities Group, LLC
Guard Management Services Corp.
Building Maintenance Services Corp.
Chatby Associates

Jayby Associates
Melby Associates
Sonby Associates
11 West 42nd Street Associates
Wyby Associates
Stamford Ridgeway Associates
570 Seventh Avenue
521 Fifth Avenue

References to partnerships and other entities are also deemed to include constituent partners or entities.

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Section 15: EX-10.4 (EMPLOYMENT AGREEMENT)

EXHIBIT 10.4

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 15th day of April, 1997, by and among Vornado Realty Trust, a Maryland real estate investment trust (the "Company"), The Mendik Company, L.P., a Delaware limited partnership (which intends to change its name to Vornado Realty L.P.) (the "Operating Partnership"), and David R. Greenbaum (the "Executive").

WHEREAS, the Company serves as general partner of the Operating Partnership and, through the Operating Partnership, is engaged in, among other things, the acquisition, ownership, management, leasing, renovation and redevelopment of commercial real estate in the United States;

WHEREAS, the Company, within the Company and through the Operating Partnership, has formed the Mendik Division, which is engaged in the acquisition, ownership, management, leasing, renovation and redevelopment of the Company's office properties in Manhattan;

WHEREAS, the Company believes that it would benefit from the application of Executive's particular and unique skill, experience, and background to the management and operation of the Company, and wishes to employ Executive as President of the Mendik Division of the Company and, as such, manage the Mendik Division of the Operating Partnership on behalf of the Company

(collectively the "Mendik Division" unless otherwise specifically indicated); and

WHEREAS, the parties desire by this Agreement to set forth the terms and conditions of the employment relationship between the Company and Executive.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein set forth, and for other good and valuable consideration, the Company, the Operating Partnership and Executive agree as follows:

1. Employment and Duties. The Company hereby hires Executive, and Executive hereby agrees to be employed, as President of the Mendik Division of the Company on the terms and conditions provided in this Agreement. If reasonably requested by the Board of Trustees of the Company (the "Board"), Executive shall also serve on the Board of Directors of subsidiaries of the Company which are treated as part of the Mendik Division or as a senior officer of such subsidiaries without additional compensation. Executive shall perform the duties and responsibilities and have the authority commensurate with the position of President in entities similar to the Mendik Division and shall perform such other duties and responsibilities and have such additional authority with regard to the Mendik Division, and incidental thereto with regard to the Company, as may be prescribed by the Chief Executive Officer of the Mendik Division, the Chief Executive Officer of the Company or the President of

the Company, provided that such other duties and responsibilities, and such additional authority shall be consistent with his position as President of the Mendik Division and further provided that any additional duties, responsibilities and authority outside of the Mendik Division, or more than incidental thereto with regard to the Company, shall be mutually agreed upon. The duties and responsibilities of the Executive shall include, and Executive (together with, in coordination with and subject to, the Chief Executive Officer of the Mendik Division of the Company) shall have, full authority to conduct, operate, and manage the business of the Mendik Division in a manner promoting

the best interests of the Company and its shareholders and the Mendik Division of the Operating Company on behalf of the Company as general partner, in accordance with the partnership agreement forming the Operating Partnership, including the authority to execute contracts, hire, determine the compensation of and discharge employees, and run all of the business affairs of the Mendik Division within the scope of the business plan approved by the Board and/or the Chief Executive Officer or President of the Company, but subject to the right of the Company to require the specific approval of the Board, the Chief Executive Officer of the Company or President of the Company with respect to entering into material financing or property transactions. Executive shall cause to be established reasonable operating procedures within the Mendik Division, reasonably acceptable to the President of the Company, that will result in the Executive being notified by the employees of the

Mendik Division of potentially conflicting lease negotiations among buildings (i.e., buildings owned by the entities listed in Exhibit A and office buildings in which the Company has an ownership or management interest, which may include buildings owned by the entities listed in Exhibit A). Executive shall notify the President of the Company of material potentially conflicting negotiations and the President shall have the right to assume responsibility (directly or through his designee) for negotiations of buildings owned by the Company in such situations. Executive shall report to the Board, the Chief Executive Officer of the Mendik Division and the Chief Executive Officer and President of the Company. Executive shall devote substantially all of his working time and attention during normal business hours (other than absence due to illness or vacation) to the performance of his duties for the Company, subject to the other provisions of this Section 1. Notwithstanding the foregoing, Executive shall be permitted, to the extent such activities do not substantially interfere with the performance by Executive of his duties and responsibilities hereunder or violate Section 5 hereof, to (a) serve as an officer, employee, trustee, director and/or general partner of any entity (or any successor thereto) that currently owns, directly or indirectly, any property or entity listed in Exhibit A attached hereto, provided that, for each such entity, Executive's activities are primarily related to such properties, (b) conduct any activity permitted by Section 5(a) hereof, (c) participate in any other business activities approved in advance by the Board, (d) engage in

charitable, civic, fraternal, or trade group activities, or (e) otherwise manage his and his family's personal, financial or legal affairs, including but not limited to Building Maintenance Service LLC and interests of MIL Equities LLC and similar family interests. Executive's duties shall include the delivery of periodic certifications to the Company with respect to the effect of the Mendik Division's activities on the Company's status as a real estate investment trust for Federal income tax purposes. As a condition to Executive's entering into this Agreement, the Company, the Operating Company and Executive are entering into, or have previously entered into, an indemnification agreement hereof in the form attached hereto as Exhibit B (the "Indemnification Agreement").

2. Compensation and Benefits. As compensation for performing the services required by this Agreement, Executive shall be entitled to receive the following compensation and benefits during the Employment Term:

2(a) Base Compensation. The Company shall pay to Executive an aggregate annual salary ("Base Compensation") at a rate of $300,000 per annum, payable in accordance with the Company's general policies and procedures for payment of salaries to their executive personnel, but in no event less frequently than monthly. Increases in Base Compensation, if any, shall be determined by the compensation committee of the Board based on periodic reviews of Executive's performance conducted no less frequently than annually. If Executive's Base Compensation is

increased by the Company, such increased compensation shall then constitute the Base Compensation for all purposes of this Agreement. Executive's Base Compensation shall not be reduced during the term of this Agreement.

2(b) Incentive Compensation. In addition to Base Compensation, Executive shall be entitled to participate, at a level commensurate with his position, in any equity and/or incentive compensation programs in effect with respect to senior executive officers of the Company (other than any plans or arrangements provided solely for the Chief Executive Officer of the Company, the President of the Company, any other officer of the Company on an individual basis because of special circumstances, any individual(s) who become employed by the Company pursuant to an acquisition (with regard to levels of programs or arrangements committed to at such time), or to any individual(s) pursuant to an agreement for a new hire (with regard to levels of programs or arrangements committed to at such time)). In determining whether the amount of any future

share options or restricted share grants are in compliance with the prior sentence, any share option grant made by the Company to Executive prior to or on the date hereof, including those covered by the grants reflected in Exhibit C hereto shall not be considered. Exhibit C hereto contain the grants of stock options heretofore made to Executive.

2(c) Executive Benefits. During the term of this Agreement, Executive shall have the right to participate in any

retirement, pension, insurance, health, or other benefit plan or program, fringe benefit or other perquisite that generally is provided by the Company for other senior executive officers of the Company (which shall not include plans, programs, benefits or perquisites provided specifically for the benefit of the Chief Executive Officer of the Company, the President of the Company, any other officer of the Company on an individual basis because of special circumstances, any individual(s) who become employed by the Company pursuant to an acquisition (with regard to levels of programs or arrangements committed to at such time), or to any individual(s) pursuant to an agreement for a new hire (with regard to levels of programs or arrangements committed to at such time)). Without limiting the foregoing, Executive shall be entitled to tax preparation and financial planning assistance up to a maximum of $15,000 per calendar year, upon approval by an insurance carrier, a $ 3 million five-year renewable term life insurance policy and a long-term disability insurance coverage with benefits at a rate of 60% of Base Salary through age 65 and a criteria of comparable position and no longer than a 180-day waiting period, which disability benefits would be inclusive of any disability benefits paid under any group long-term disability plan of the Company and noncontributory wrap-around medical and dental coverage substantially similar to that which he now has.

2(d) Vacation and Leaves of Absence. Executive shall be entitled to the normal and customary amount of paid vacation provided to the Company's senior executives, but in no

event less than four (4) weeks annually, beginning on the date hereof. In addition, Executive shall be entitled to the same sick leave and holidays provided to other executive employees of the Company.

2(e) Expenses. Executive shall be entitled to receive reimbursement for all reasonable and necessary travel and other expenses incurred by him in connection with the performance of business-related duties for the Company, upon the presentation of reasonably itemized statements of such expenses in accordance with the Company's policies and procedures.

2(f) Services. The Company shall furnish Executive with office space, stenographic and secretarial assistance and such other facilities and services comparable to those which he now has. The Executive shall be initially located at his current offices, which shall be the corporate offices of the Mendik Division.

2(g) Company Loans. During the Employment Term, upon the written request of Executive, the Company shall disburse to Executive (i) at any time, one or more loans in an aggregate principal amount of up to $5,000,000, (ii) following April 30, 1998, one or more loans in an aggregate principal amount of up to $2,500,000 and (iii) following April 30, 1999, one or more loans in an aggregate principal amount of up to $2,500,000, for a potential aggregate loan amount of up to $10,000,000, which at the time any loan is taken shall not individually, or in the

aggregate with then outstanding loans, exceed one-third (1/3) of the value of the Units (based on the value of the Common Shares of the Company). Each of such loans shall be on a revolving principal basis subject to the following terms and conditions: (i) each loan must be in an amount of at least $500,000; (ii) each loan shall be fully recourse to Executive and shall be fully secured by a pledge of all or a portion of his units of partnership interest in the Operating Partnership ("Units"); (iii) each loan shall be subject to interest at the applicable Federal rate under Section 1274(d) of the Internal Revenue Code of 1986, as amended (the "Code"), on the date the loan is made; (iv) the interest on each loan shall be paid quarterly as set forth in the agreements evidencing such loans (the intent of which will be to approximate the timing of the quarterly distributions on the Units) and the quarterly distributions made pursuant to the Units shall be applied by the Company to the extent necessary to satisfy the next following quarterly interest payment as of the date of such quarterly distribution, and Executive shall pay any remaining interest owed on the loan, if any, after such application of the distributions; and (v) the principal amount of each loan will be due and payable upon the first to occur of (A) thirty (30) days after a termination of employment by the Company or by the

Executive for any reason (other than for Cause), (B) a termination of employment for Cause, (C) the end of the Employment Term upon a failure to extend the Employment Term, or (D) the fifth anniversary of the date the loan is made; provided, that if the aggregate principal

amount of outstanding loans ever exceeds fifty percent (50%) of the value of the Units (based on the value of Common Shares of the Company), such excess shall be due and payable within sixty (60) days thereafter. Executive shall not be required to pledge or otherwise hypothecate or encumber any of Executive's personal assets in connection with any loan other than the Units as described above. The payment of the value of the Units upon redemption shall be offset by any due and payable loan amounts under this Section 2(g), and the Company may require in the loan documents that, if a loan becomes due and payable (other than as a result of exceeding the fifty percent (50%) limit) and is not paid within ninety (90) days of such due date, Executive agrees, if requested by the Company, to promptly redeem adequate Units to repay such loan and to promptly provide proceeds of such redemption to the Company in repayment of such loan. The agreements evidencing each loan shall contain such additional terms and conditions as are reasonably acceptable to the Executive in good faith.

3. Term. The term of employment under this Agreement (the "Employment Term") shall commence on the date hereof (the "Commencement Date") and shall continue through April 30, 2000; provided, that, the Employment Term shall automatically be extended commencing on April 30, 2000 for successive additional one (1) year periods unless either party gives written notice not to extend the Employment Term not less than ninety (90) days prior to the then next upcoming expiration date. The Employment

Term may be sooner terminated by either party in accordance with Section 4 of this Agreement.

4. Termination and Termination Benefits. The termination of Executive's employment during the Employment Term by Executive or the Company shall not be treated as a breach of this Agreement.

4(a) Termination by the Company Without Cause. The Company may terminate the Employment Term and Executive's employment hereunder without "Cause" upon written notice to Executive. For purposes of this Section 4(a), a termination of the Employment Term by the Company without Cause shall include any termination or nonextension by the Company pursuant to a written notice under Section 3 above (other than a termination for Cause as defined in Section 4(b) below).

4(b) Termination by the Company for Cause. Subject to the following paragraph, the Company may terminate the Employment Term and Executive's employment hereunder for "Cause" upon written notice to Executive. For purposes of this Section 4(b), a termination for Cause shall only mean a termination as a result of (i) Executive's willful misconduct with regard to the Company or its subsidiaries (within the meaning of Section 424(f) of the Code (a "Subsidiary") that is materially economically injurious to the Company or to the Mendik Division, provided that in no event will willful misconduct include the exceptions to noncompetition set forth in Section 5(a) hereof (but, the

foregoing proviso does not permit Executive's willful misconduct that is beyond the scope of what is reasonably necessary to satisfy or perform the Section 5(a) exceptions), (ii) Executive's conviction of, or plea of guilty or nolo contendere to, a felony (other than a traffic violation), (iii) Executive's willful and continued failure to use reasonable business efforts to attempt to substantially perform his duties hereunder (other than such failure resulting from Executive's incapacity due to a physical or mental illness or subsequent to the issuance of a notice of termination by Executive for Good Reason) after demand for substantial performance is delivered by the Company in writing that specifically identifies the manner in which the Company believes Executive has not used reasonable business efforts to attempt to substantially perform his duties or (iv) Executive's willful breach of Section 5 hereof that is materially economically injurious either to the Company or the Mendik Division.

For purposes of this Section 4(b), in addition to the other legal requirements to be "willful," no act, or failure to act, by Executive shall be considered "willful" unless committed in bad faith and without a reasonable belief that the act or omission was in the best interests of the Company. In addition, no action or inaction shall give rise to a right of the Company to terminate this Agreement and Executive's employment hereunder for Cause pursuant to the preceding paragraph unless and until the Company has delivered to Executive a copy of a

resolution duly adopted by a majority of the Board (excluding Executive, if he is a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable (but in no event less than thirty (30) days) notice to Executive and an opportunity for Executive, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board, Executive was guilty of any conduct set forth in the preceding paragraph and specifying the particulars thereof in detail. This Section 4(b) shall not prevent Executive from challenging in any court of competent jurisdiction the Board's determination that Cause exists or that Executive has failed to cure any act (or failure to act) that purportedly formed the basis for the Board's determination.

4(c) Termination by the Company Due to Disability. If, due to illness, physical or mental disability, or other incapacity, Executive is substantially unable, for one hundred and eighty (180) consecutive days, to perform his duties hereunder, the Company may terminate the Employment Term and his Employment hereunder upon at least thirty (30) days' prior written notice to Executive given after the one hundred eighty (180) days, and provided the Executive does not return to the substantial performance of his duties on a full-time basis within such thirty (30) day period.

4(d) Termination by Executive With Good Reason. Subject to the following paragraph, Executive may terminate the Employment Term and his employment hereunder for "Good Reason"

upon written notice to the Company. For purposes of this Section 4(d), a termination for Good Reason shall mean a termination as a result of (unless otherwise consented to in writing by Executive) (i) the failure to appoint Executive to the positions set forth in Section 1, the assignment to Executive, without his consent, of more than incidental duties outside of the Mendik Division, the alteration of the duties, responsibilities and authority of Executive as set forth in Section 1 in a manner that is materially and adversely inconsistent with such duties, responsibilities or authority or a change to Executive's position or title; (ii) a failure by the Company to pay when due any amounts due under Section 2 hereof or any other earned and due compensation to Executive or to substantially provide any benefit set forth in Section 2; (iii) the relocation of the Mendik Division's principal executive offices to a location other than Manhattan, New York City or relocation of Executive's own office location from that of the principal offices; (iv) any purported termination of Executive's employment for Cause which is not effected pursuant to the procedures of Section 4(b) (and for purposes of this Agreement, no such purported termination shall be effective); (v) the Company's material breach of any material term contained in this Agreement or the grant set forth in Exhibit C or to provide, in all material respects, the indemnification set forth in the Indemnification Agreement; (vi) the performance, directly or indirectly, of management, leasing, redevelopment or similar services with respect to any commercial office property in Manhattan in which the Company has a direct or

indirect interest, other than through the Mendik Division (except that the foregoing shall not apply to properties currently owned or hereafter acquired by the Company where there is a preexisting management or leasing agreement in place, provided that the Mendik Division shall have general oversight over such management or leasing operations on behalf of the Operating Partnership); (vii) a Change in Control (as defined below); (viii) a material breach by the Company or its Subsidiaries of the Master Property Services Agreement (wholly owned properties) dated as of the same date hereof or the Master Property Services Agreement (partially owned properties) dated as of the same date hereof or any of the service agreements contemplated by either such agreement (the "Cleaning Agreements"); (ix) if Bernard H. Mendik ("Mr. Mendik") is not the Chief Executive Officer or Chairman of the Mendik Division of the Company, the appointment of an individual other than Executive as either Chief Executive Officer or Chairman of the Mendik Division of the Company, as the case may be, other than an appointment for the period which Executive is unable to perform due to physical or mental illness or Executive's termination for Cause; (x) any requirement that Executive report to anyone other than the Board, the President of the Company, the Chief Executive Officer of the Company or the Chief Executive Officer of the Mendik Division; or (xi) the removal or failure to elect Mr. Mendik as a director of the Company at any time prior to April 30, 2003, other than as a result of Mr. Mendik's (A) consent to such action, (B) termination that would be a termination for Disability or for Cause within the meaning of Mr.

Mendik's Noncompetition Agreement with the Company, (C) total and permanent disability in a manner that would prevent him from functioning as a director, (D) death or (E) voluntary retirement; provided that if simultaneously with such removal, Executive is elected to the Board, a Good Reason event shall not be deemed to have occurred unless Executive is subsequently removed as a director of the Company at any time prior to April 30, 2003, other than as a result of Executive's (A) consent to such action, (B) physical or mental illness, (C) action or inaction which would constitute Cause within the meaning of Section 4(b) hereof, (D) death or (E) voluntary retirement. Executive's right to terminate his employment hereunder for Good Reason shall not be affected by his incapacity due to physical or mental illness.

For purposes of this Section 4(d), no action or inaction shall give rise to the right of Executive to terminate the Employment Term and Executive's employment hereunder for Good Reason unless a written notice is given by Executive to the Company within one hundred twenty (120) days after Executive has actual knowledge of the occurrence of the event giving rise to Executive's right to terminate pursuant to this Section 4(d), and such event has not been cured within thirty (30) days after such notice. Executive's continued employment during the one hundred and twenty (120) day period referred to above in this Section 4(d) shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

For purposes of this Section 4(d), "Change in Control" shall mean the occurrence of any one of the following:

(i) individuals who, on the Commencement Date, constitute the Board (the "Incumbent Trustees") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a trustee subsequent to the Commencement Date whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Trustees then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for trustee, without objection to such nomination) shall be an Incumbent Trustee, provided, however, that no individual initially elected or nominated as a trustee of the Company as a result of an actual or threatened election contest with respect to trustees or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Trustee.

(ii) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes, after the Commencement Date, a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board (the "Company Voting Securities"),

provided, however, that an event described in this paragraph (ii) shall not be deemed to be a Change in Control if any of the following becomes such a beneficial owner: (A) the Company or any majority-owned subsidiary (provided, that this exclusion applies solely to the ownership levels of the Company or the majority-owned subsidiary), (B) any tax-qualified, broad-based employee benefit plan sponsored or maintained by the Company or any majority-owned subsidiary, (C) any underwriter temporarily holding securities pursuant to an offering of such securities, (D) any person pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii)), (E) Executive or any group of persons including Executive (or any entity controlled by Executive or any group of persons including Executive) or (F)(i) any of the partners (as of the Commencement Date) in Interstate Properties ("Interstate") including immediate family members and family trusts or family-only partnerships and any charitable foundations of such partners (the "Interstate Partners"), (ii) any entities the majority of the voting interests of which are beneficially owned by the Interstate Partners, or (iii) any "group" (as described in Rule 13d-5(b)(i) under the Exchange Act) including the Interstate Partners, provided, that the Interstate Partners beneficially owns a majority of the Company Voting Securities beneficially owned by such group (the persons in (i), (ii) and (iii) shall be individually and collectively referred to herein as, "Interstate Holders");

(iii) the consummation of a merger, consolidation, share exchange or similar form of transaction involving the Company or any of its Subsidiaries, or the sale or other disposition of all or substantially all of the Company's assets or the assets of the Mendik Division of the Operating Partnership (a "Business Transaction"), unless immediately following such Business Transaction (y) more than fifty percent (50%) of the total voting power of the entity resulting from such Business Transaction or the entity acquiring the Company's assets or the assets of the Mendik Division of the Operating

Partnership in such Business Transaction (the "Surviving Corporation") is beneficially owned, directly or indirectly, by the Interstate Holders or the Company's shareholders immediately prior to any such Business Transaction, and (z) no person (other than the persons set forth in clauses (A), (B), (C), or (F) of paragraph (ii) above or any tax-qualified, broad-based employee benefit plan of the Surviving Corporation or its Affiliates) beneficially owns, directly or indirectly, 30% or more of the total voting power of the Surviving Corporation (a "Non-Qualifying Transaction"); or

(iv) Board approval of a liquidation or dissolution of the Company, unless the voting common equity interests of an ongoing entity (other than a liquidating trust) are beneficially owned, directly or indirectly, by the Company's shareholders in substantially the same proportions as such shareholders owned the Company's outstanding voting common equity

interests immediately prior to such liquidation and such ongoing entity assumes all existing obligations of the Company under this Agreement, any Cleaning Agreement, the Indemnification Agreement and any equity grant.

4(e) Termination by Executive Other Than Pursuant to Section 4(d). Executive may terminate this Agreement and Executive's employment hereunder at any time for any reason upon ninety (90) days' prior written notice to the Company.

4(f) Death Benefit. Notwithstanding any other provision of this Agreement, the Employment Term shall terminate on the date of Executive's death. In such event, (i) Executive's estate shall be paid the amount specified in Section 4(g)(i) below and one (1) times Executive's annual rate of Base Salary and (ii) the Company shall provide Executive's spouse and dependents with welfare benefits as provided in Section 4(g)(ii) for one (1) year from the date of death.

4(g) Termination Compensation. Upon the termination of the Employment Term and Executive's employment hereunder (including any nonextension of the Employment Term), the Company shall provide Executive with the payments and benefits set forth below. Executive acknowledges and agrees that the payments and benefits set forth in this Section and elsewhere herein and in other written grants and agreements constitute liquidated damages for termination of his employment hereunder (including any nonextension of the Employment Term).

(i) Upon a termination of the Employment Term and Executive's employment hereunder, Executive shall be entitled to promptly receive (A) his Base Compensation through the effective date of termination, (B) if such termination is other than pursuant to Section 4(b) hereof, any annual earned bonus for any completed fiscal year, (C) if such termination is pursuant to Sections 4(a), 4(c) or 4(d) hereof, a pro rata share of Executive's annual target bonus for the fiscal year of termination, (D) the benefits, fringes and perquisites, including without limitation accrued vacation (provided that if the termination is pursuant to Section 4(b) or 4(e) hereof, only such payment of accrued vacation as is required by law or the Company's vacation policy), provided pursuant to Section 2 hereof up to the effective date of such termination and (E) any other amount due to Executive under any other program or plan of the Company.

(ii) In the event of a termination of the Employment Term and Executive's employment pursuant to Section 4(a) (such reference shall include, without limitation, a nonextension by the Company pursuant to the terms of Section 3 hereof) or 4(d) hereof, Executive shall also be entitled to receive an amount (the "Severance Amount") equal to the sum of (x) three times Executive's annualized Base Compensation (as in effect on the date of such termination or, if greater, immediately prior to the Good Reason event, if any, based on which the termination of employment occurs) and (y) three times

Executive's Bonus Severance Amount (as defined herein). The "Bonus Severance Amount" shall mean an amount equal to the average of all annual bonuses earned by the Executive from the Company in the two (2) fiscal years ending immediately prior to Executive's termination; provided, however, that if Executive's termination occurs prior to the end of fiscal 1997, the "Bonus Severance Amount" shall mean an amount equal to Executive's annual target bonus for 1997 and if it occurs during fiscal 1998, the "Bonus Severance Amount" shall be the higher of Executive's annual bonus amount for the 1997 fiscal year or Executive's annual target bonus for 1998. The Severance Amount shall be payable in a lump sum within thirty (30) days of such termination. In the event of a termination pursuant to Section 4(a), 4(c) or 4(d) hereof, Executive (his spouse and his dependents, if applicable) shall also be entitled to continue to participate in

the medical, dental, hospitalization and life insurance programs existing on the date of termination (or any replacement plans for any such plans) with regard to senior executive officers of a similar level and in the noncontributory wrap-around medical and dental plan referred to in Section 2(c) (or their cash equivalents, and, if the Company provides a cash payment in lieu of such benefits, it shall be calculated on a grossed-up tax basis as if Executive had remained an employee) for three (3) years from the date of termination; provided, that Executive shall be obligated to make all employee contributions required to receive such benefits under the Company's programs (other than the noncontributory wrap-around medical and dental

arrangements) and that such continued benefits shall terminate on the date or dates Executive receives equivalent coverage and benefits, without waiting period or pre-existing conditions limitations, under the plans and programs of a subsequent employer (such coverage and benefits to be determined on a coverage-by-coverage or benefit-by-benefit, basis). Executive shall not be entitled to any compensation or benefits pursuant to this Section 4(g)(ii) if his employment hereunder is terminated pursuant to Section 4(b) or as a result of Executive's voluntary termination pursuant to Section 4(e).

(iii) Executive shall have such rights under the Company's Omnibus Share Plan or any other benefit plan, and any agreements entered into in connection therewith, in accordance with the terms of such plans, grants thereunder and agreements.

4(h) No Mitigation. All amounts due hereunder shall be paid without any obligation to mitigate and such amounts shall not be reduced by or offset by any other amounts earned by Executive or any claims of the Company other than that the Company may set off any principal and interest then due and payable with regard to the loan grants pursuant to Section 2(g).

5. Noncompetition.

5(a) Noncompetition. During the Employment Term and for a period of one (1) year thereafter (other than if the Employment Term ends as a result of a termination pursuant to

Section 4(a), 4(c), or 4(d) hereof), Executive shall not engage in any way, directly or indirectly, in the acquisition, operation, development, management, leasing or disposition of any primarily commercial office real estate property (mixed properties being determined primarily commercial office real estate property or other by the relative square footage of each) or any improvements thereof located in the Restricted Area (as defined below), other than in his capacity as an employee, director, trustee, officer or equity owner of the Company; provided, however, that this Section 5(a) shall not apply to (i) Executive's activities with respect to any property listed in Exhibit A attached hereto, provided that such activities are reasonably necessary to avoid a breach of Executive's or the general partner's fiduciary or other duty to the owner or other owners of such property (Executive agrees that the activities prohibited by Section 5(c) are not reasonably necessary to avoid a breach of such duties), (ii) the acquisition, operation, development, management, leasing or disposition of any property by any entity in which Executive owns or acquires an equity interest as a minority passive investor (including, but not limited to as a limited partner or a non-operating member of a limited liability company, but not including as a general partner) having no managerial or similar role with respect to such property, (iii) Executive's or his spouse's or issue's acquisition of any property or any interest in any property by inheritance, (iv) advice and other limited assistance with regard to his spouse's and her family's effectively passive interests in

real estate investments (including but not limited to MIL Equities) or his spouse's effectively passive interests in real estate investments managed, directly or indirectly, by her brother-in-law and his partners or (v) Executive's performance of management company services for other entities while employed by the Company which performance by Executive is authorized by an agreement between the Company and such other entity or between the Company and Executive. For purposes of this Agreement, the "Restricted Area" is any location within fifty (50) miles of any commercial office building managed by the Mendik Management Company, Inc. at the time of any action by Executive during the Employment Term or at the date of Executive's termination of employment in the event of any action by Executive following his termination of employment.

5(b) Reasonable and Necessary Restrictions. Executive acknowledges that the restrictions, prohibitions and other provisions of this Section 5 are reasonable, fair and equitable in scope, terms and duration, are necessary to protect the legitimate business interests of the Company, and are a

material inducement to the Company to enter into this Agreement.

5(c) Non-Solicitation. Executive agrees that during the Employment Term (i) and for a period of two (2) years following the date of termination of Executive's employment hereunder, Executive will not solicit any of the Company's or its affiliate's (within the meaning of Rule 12(b)-2 of the Securities Exchange Act of 1934, but only if in addition such entity would

be classified as a parent or subsidiary of the Company or of a parent, all within the meaning of Section 424(e) or Section 424(f) of the Code, if twenty five percent (25%) were substituted for fifty percent (50%) therein) (an "Affiliate") non-clerical employees, agents or independent contractors to end their relationship with the Company or its Affiliates, provided that the provision of this Section 5(c) shall not apply to the giving of references (ii) and for a period of one (1) year following the termination of Executive's employment hereunder, Executive will not pursue or attempt to develop or to direct to any other entity any project known to Executive which the Company is or was pursuing, developing or attempting to develop during the Employment Term or interfere or otherwise compete (other than in connection with performing services for the Company or its Subsidiaries with regard to other properties managed by the Company or its Subsidiaries or for other management companies where Executive is performing services with the consent of the Company) with active lease negotiations of the Mendik Division which the Executive is or was actively involved in conducting or strategizing on behalf of the Company or its Subsidiaries (in each case, a "Project"), unless such Project has been inactive for over nine (9) months. Notwithstanding the foregoing, in the event of a Change in Control and the Executive's employment terminating within one hundred twenty (120) days thereafter, the determination of projects being "pursued, developed or attempted to be developed" shall be limited to projects the Company was pursuing, developing or attempting to develop prior to the Change

in Control plus any project that Executive becomes materially involved in on behalf of the Company after the Change in Control.

5(d) Confidential Information. Executive shall hold in a fiduciary capacity for the benefit of the Company all trade secrets and confidential information, knowledge or data relating to the Company and its business and investments, which shall have been obtained by Executive during Executive's employment by the Company and which is not generally available public knowledge (other than by acts by Executive in violation of this Agreement). Except as the Executive in good faith believes may be required, appropriate or desirable in connection with his carrying out his duties under this Agreement, Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or any legal process, or as is necessary in connection with any adversarial proceeding against the Company (in which case Executive shall cooperate with the Company, at the Company's expense, in the Company seeking to obtain a protective order against disclosure by a court of competent jurisdiction), communicate or divulge any such trade secrets, information, knowledge or data to anyone other than the Company and those designated by the Company or on behalf of the Company in furtherance of its business or to perform duties hereunder.

5(e) Removal of Documents. All records, files, drawings, documents, models, equipment, and the like relating to the Company's business, which Executive has control over shall

not be removed from the Company's premises without its written consent, unless such removal is in the furtherance of the Company's business or is in connection with Executive's carrying out his duties under this Agreement and, if so removed, shall be returned to the Company promptly after termination of Executive's employment hereunder, or otherwise promptly after removal if such removal occurs following termination of employment. Executive's rolodex, telephone directory and similar type items, and furniture, art work and property owned by Executive or otherwise not owned by the Company shall not be deemed Company property and shall not be covered by this Section 5(e). The Company shall be the owner of all trade secrets and other products relating to the Company's business developed by Executive alone or in conjunction with others as part of his employment with the Company.

5(f) Specific Performance. Executive acknowledges that the Company likely will have no adequate remedy at law if Executive shall fail to perform any of his obligations hereunder, and the Executive therefore confirms that the right of the Company to specific performance of the terms of this Section 5 is essential to protect the rights and interests of the Company. Accordingly, in addition to any other remedies that the Company may have at law or in equity, the Company shall have the right to have all obligations,

agreements and other provisions of this Section 5 specifically performed by Executive, and the Company shall have the right to obtain preliminary injunctive relief to

secure specific performance and to prevent a breach of this Section 5 by Executive.

6. Miscellaneous.

6(a) Integration; Amendment. This Agreement supersedes and renders of no force and effect all prior understandings and agreements with respect to the matters set forth herein. No amendments or additions to this Agreement shall be binding unless in writing and signed by all of the parties.

6(b) Assignment. No rights or obligations of the Company under this Agreement may be assigned or transferred, except in connection with a merger, consolidation or sale of all or substantially all of the assets of the Company or the Mendik Division, where the Company's successor expressly assumes and agrees to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, provided that the foregoing assignment shall not serve as a release of the Company. As used in this Agreement, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets or the Mendik Division's business and/or assets, as the case may be, which executes and delivers the agreement provided for in this Section 6(b) or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law, and any assignment in accordance with the first sentence of this Section 6(b) shall not be deemed a termination without Cause by the

Company. Executive may not assign this Agreement or any right or interest therein, whether by operation of law or otherwise, without the prior written consent of the Company, provided that Executive may name a beneficiary in the event of his death of any amounts due to him hereunder.

6(c) Severability. If any provision of this Agreement shall be deemed invalid or unenforceable in any respect, such invalidity or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed and enforced as if it had never contained such invalid or unenforceable provision. In addition, in place of such invalid or unenforceable provision, there shall automatically be added hereto a provision as similar to such invalid or unenforceable provision as may be possible and still be valid and enforceable.

6(d) Waivers. The failure or delay of any party at any time to require performance by any other party of any provision of this Agreement, even if known, shall not affect the right of such party to require performance of that provision or to exercise any right, power, or remedy hereunder, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right, power, or remedy under this Agreement. No notice to or demand on any party in any case shall, of itself, entitle such party to other or further notice or demand in similar or other circumstances.

6(e) Power and Authority. The Company represents and warrants to Executive that it has the requisite corporate power to enter into this Agreement and its obligations hereunder; that the execution, delivery and performance of this Agreement by it has been duly authorized by all appropriate partnership or corporate action, as applicable; and that this Agreement represents a valid and legally binding obligation with respect to it and its enforceable against it in accordance with its terms.

6(f) Burden and Benefit. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, personal and legal representatives, successors and, subject to Section 6(b) above, assigns. In the event of the death of Executive at or after his termination, any amounts due hereunder shall be paid to his Estate unless he has designated a beneficiary.

6(g) Legal Fees and Expenses. If any contest or dispute shall arise between the Company and Executive regarding any provision of this Agreement, the Indemnification Agreement or any equity grant or other agreement or compensation arrangement specifically set forth or provided for herein, the Company shall reimburse Executive for all legal fees and expenses reasonably incurred by Executive in connection with such contest or dispute, but only if Executive is successful in respect of substantially all of Executive's claims

brought and pursued in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or

dispute (whether or not appealed) to the extent the Company receives reasonable written evidence of such fees and expenses.

6(h) Governing Law; Headings. This Agreement and its construction, performance, and enforceability shall be governed by, and construed in accordance with, the laws of the State of New York without regard to provisions of conflict of laws. Headings and titles herein are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

6(i) Notices. All notices called for under this Agreement shall be in writing and shall be deemed to be sufficient if contained in a written instrument delivered (i) in person, (ii) by first class registered or certified mail, postage prepaid and return receipt requested, (iii) by overnight delivery by a recognized courier service providing a receipt, or (iv) by facsimile transmission confirmed by transmission report, addressed to the intended recipient at the address set forth on the signature page hereof (or at such other address for a party as shall be specified by like notice). Any notice delivered to the party hereto to whom it is addressed shall be deemed to have been given on the day it was received; provided, however, that if such day is not a business day, then the notice shall be deemed to have been given and received on the business day next following such day. If the other party is aware that the intended recipient is not at the notice location, either permanently or temporarily, notice also shall be sent to such

location as the notifying party becomes aware (after reasonable inquiry) that the intended recipient is then located.

6(j) Counterparts. This Agreement may be executed in one or more counterparts, each of which counterparts shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

6(k) Joint and Several. The Company and the Operating Partnership shall be jointly and severally liable for all liabilities and obligations of each other hereunder or in connection herewith.

IN WITNESS WHEREOF, the parties have duly executed this Agreement, or caused this Agreement to be duly executed on their behalf, as of the date first above written.

VORNADO REALTY TRUST

By: /s/ Joseph Macnow

Name: Joseph Macnow
Title: Vice President
Vornado Realty Trust
Park 80 West, Plaza II
Saddle Brook, New Jersey 07663

THE MENDIK COMPANY, L.P.

By: Vornado Realty Trust,
a general partner

By: /s/ Joseph Macnow

Name: Joseph Macnow
Title: Vice President
Vornado Realty Trust
Park 80 West, Plaza II
Saddle Brook, New Jersey 07663

EXECUTIVE:

/s/ David R. Greenbaum

David R. Greenbaum
330 Madison Avenue
New York, New York 10017

EXHIBIT A

Arden-Esquire Realty Company
(689 Fifth Avenue and 1320-20 Merrick Blvd, Springfield Gardens, Queens)
Eleven Penn Plaza Company
E-M New York Properties L.P.
(100 Church Street)
Mendik Real Estate Limited Partnership
Mendik RELP Corp.
Two Park Company
909 Third Company
330 Madison Company
20 Broad Street Company
Broad 20 L.P.
Westport Office Company (55 Greens Farms Road,Westport, CT)
BMS Vail Limited Partnerships I and II
Silver Towers Associates
Great Neck Terrace Associates
M Newtown Associates
Mendik Realty Company, Inc.
Building Maintenance Service LLC
BMDG, Inc.
The Mendik Partnership, L.P.
Mendik Facilities Group, LLP
Guard Management Services Corp.
Building Maintenance Service Corp.
Chatby Associates
Jayby Associates
Melby Associates
Sonby Associates
11 West 42nd Street Associates
Wyby Associates
Stamford Ridgeway Associates
570 Seventh Avenue
521 Fifth Avenue

References to partnerships and other entities are also deemed to include constituent partners or entities.

EXHIBIT B

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "Agreement") is made and entered into as of the day of 1997, by and between Vornado Realty Trust, a Maryland real estate investment trust (the "Company") and David R. Greenbaum (the "Executive").

WHEREAS, Executive has agreed to serve, at the request of the Company as an executive and officer of the Company and, if elected, a director of the Company; and

WHEREAS, Executive is willing to serve on behalf of the Company on the condition that he be indemnified as set forth herein.

NOW, THEREFORE, in consideration of Executive's agreement to serve the Company as set forth above, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. General. The Company agrees that if Executive is made a party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that Executive is or was a trustee, director, officer or employee of the Company or any subsidiary or division of the Company or is or was serving at the request of the Company or any subsidiary or

division of the Company as a trustee, fiduciary, director, officer, member, employee or agent of another corporation or a partnership, joint venture, trust or other enterprise, including, without limitation, service with respect to employee benefit plans, whether or not the basis of such Proceeding is alleged action in an official capacity as a trustee, fiduciary, director, officer, member, employee or agent while serving as a trustee, fiduciary, director, officer, member, employee or agent, Executive shall be indemnified and held harmless by the Company to the fullest extent authorized by the law of the State of Maryland, as the same exists or may hereafter be amended, against all

Expenses incurred or suffered by Executive in connection therewith, and such indemnification shall continue as to Executive even if Executive has ceased to be an officer, director, trustee, fiduciary or agent, or is no longer employed by the Company and shall inure to the benefit of his heirs, executors and administrators. The indemnification hereunder shall not extend to cover any Expenses arising out of (i) Executive's activities prior to the date hereof or (ii) Executive's actions after the date hereof to the extent such actions are with respect to matters that are covered by the indemnification obligations of FW/Mendik REIT, L.L.C. and certain of its affiliates under the indemnification agreement attached to the Merger Agreement as Exhibit R.

2. Expenses. As used in this Agreement, the term "Expenses" shall include, without limitation, damages, losses,

judgments, liabilities, fines, penalties, excise taxes, settlements, and costs, attorneys' fees, accountants' fees, and disbursements and costs of attachment or similar bonds, investigations and any expenses of establishing a right to indemnification under this Agreement.

3. Enforcement. If a claim or request under this Agreement is not paid by the Company or on its behalf, within thirty (30) days after a written claim or request has been received by the Company, Executive may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim or request and if successful in whole or in part, Executive shall be entitled to be paid also the expenses of prosecuting such suit. All obligations for indemnification hereunder shall be subject to, and paid in accordance with, the laws of the State of Maryland.

4. Partial Indemnification. If Executive is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses, but not however, for the total amount thereof, the Company shall nevertheless indemnify Executive for the portion of such Expenses to which Executive is entitled.

5. Advances of Expenses. Expenses incurred by Executive in connection with any Proceeding shall be paid by the Company in advance upon request of Executive that the Company pay such Expenses; but, only in the event that Executive shall have

delivered in writing to the Company (i) an undertaking to reimburse the Company for Expenses with respect to which Executive is not entitled to indemnification and (ii) an affirmation of his good faith belief that the standard of conduct necessary for indemnification by the Company has been met.

6. Notice of Claim. Executive shall give to the Company notice of any claim against him for which indemnification will or could be sought under this Agreement at the address set forth on the signature page of this Agreement (or such other address as provided by notice given as aforesaid). In addition, Executive shall give the Company such information and cooperation as it may reasonably require and as shall be within Executive's power and at such times and places as are convenient for Executive.

7. Defense of Claim. With respect to any Proceeding as to which Executive notifies the Company of the commencement thereof:

(a) The Company will be entitled to participate at its own expense; and

(b) Except as otherwise provided below, to the extent that it may wish, the Company will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Executive, which the Company's sole discretion may be regular counsel to the Company and may be counsel to other officers and directors of the Company or any subsidiary. Executive also shall have the right to

employ his own counsel in such action, suit or proceeding if he reasonably concludes that failure to do so would involve a conflict of interest between the Company and Executive, and under such circumstances the fees and expenses of such counsel shall be at the expense of the Company.

(c) The Company shall not be liable to indemnify Executive under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent. The Company shall not settle any action or claim in any manner which would impose any penalty or limitation on Executive without Executive's written consent. Neither

the Company nor Executive will unreasonably withhold or delay their consent to any proposed settlement.

8. Non-exclusivity. The right to indemnification and the payment of expenses incurred in defending a Proceeding in advance of its final disposition conferred in this Agreement shall not be exclusive of any other right which Executive may have or hereafter may acquire under any statute, provision of the declaration of trust or certificate of incorporation or by-laws of the Company or any subsidiary or any agreement, vote of shareholder or disinterested directors or trustees or otherwise. In particular, Executive shall be a third party beneficiary of the indemnity provided in Section 7.7 of the Partnership Agreement creating The Mendik Company, L.P., a Delaware limited partnership (the "Mendik Company").

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns (including any direct or indirect successor by merger or consolidation), heirs, executors and administrators.

10. Governing Law. This Agreement shall be deemed to be made in, and in all respects shall be interpreted, construed, and governed by and in accordance with the laws of the State of Maryland, except for the last sentence of Section 8 which shall be construed under the law that applies to the Partnership Agreement forming The Mendik Company.

11. Amendment. No Amendments or additions to that Agreement shall be binding unless in writing and signed by all of the parties.

12. Waiver of Breach. The failure or delay of either party at any time to require performance by the other party of any provision of this Agreement, even if known, shall not affect the right of such party to require performance of that provision or to exercise any right, power, or remedy hereunder, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right, power, or remedy under this Agreement. No notice to or demand on any party in any case

shall, of itself, entitle such party to other or further notice or demand in similar or other circumstances.

13. Severability. The Company and Executive agree that the agreements and provisions contained in this Agreement are severable and divisible, that each such agreement and provision does not depend upon any other provision or agreement for its enforceability, and that each such agreement and provision set forth herein constitutes an enforceable obligation between the Company and Executive. Consequently, the parties hereto agree that neither the invalidity nor the unenforceability of any provision of this Agreement shall affect the other provisions hereof, and this Agreement shall remain in full force and effect and be construed in all respects as if such invalid or unenforceable provision were omitted.

IN WITNESS WHEREOF, the parties hereto have entered into this agreement as of the date first above written.

EXECUTIVE:

David R. Greenbaum

[CORPORATE SEAL]

VORNADO REALTY TRUST

By: -------------------------

Name: Joseph Macnow
Title: Vice President

Agreed as to the last
sentence of Section 8:

The Mendik Company, L.P., a Delaware limited partnership, which intends to change its name to Vornado Realty L.P.

By: Vornado Realty Trust, a general partner

By:

Name: Joseph Macnow
Title: Vice President

EXHIBIT C

SHARE OPTION GRANTS MADE TO EXECUTIVE

1. A nonqualified stock option granted to Executive, as of March 12, 1997, to purchase an aggregate of 285,000 common shares, par value $.04 per share, of the beneficial interest in the Company, pursuant to a certain Share Option Agreement, dated as of March 12, 1997, by and between the Company and the Executive, and the provisions of the Company's 1993 Omnibus Share Plan.

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Section 16: EX-99.1 (PRESS RELEASE DATED APRIL 15, 1997)

Exhibit 99.1

CONTACT: JOSEPH MACNOW
(201) 587-1000

VORNADO
Realty Trust
Park 80 West, Plaza II
Saddle Brook, NJ 07663

FOR IMMEDIATE RELEASE -- April 15, 1997

SADDLE BROOK, NEW JERSEY -- VORNADO REALTY TRUST (NYSE:VNO) announced today that it completed its previously announced combination with the Mendik Company and certain of its affiliates. The Mendik Company owns and manages a portfolio of commercial office properties in Manhattan. The consideration for this combination is approximately $656 million, including $264 million in cash, $177 million in privately placed Vornado UPREIT limited partnership units and $215 million in indebtedness.

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Section 17: EX-99.2 (PRESS RELEASE DATED APRIL 18, 1997)

Exhibit 99.2

CONTACT: JOSEPH MACNOW
(201) 587-1000

[VORNADO REALTY TRUST LETTERHEAD]

FOR IMMEDIATE RELEASE - April 18, 1997

SADDLE BROOK, NEW JERSEY ... VORNADO REALTY TRUST (NYSE:VNO) announced today that it has acquired The Montehiedra Town Center located in San Juan, Puerto Rico from Kmart for $74 million of which $63 million is newly issued 10 year financing. The Montehiedra shopping center, which opened in 1994, contains 525,000 square feet, including a 135,000 square foot Kmart.

In addition, Vornado has agreed to acquire Kmart's 50% interest in the Caguas Centrum Shopping Center (currently under construction) located in Caguas, Puerto Rico (adjacent to San Juan). The Caguas shopping center will

contain 485,000 square feet including a 123,000 square foot Kmart and a 146,000 square foot Sears. This acquisition is expected to close in early 1998.

These purchases mark Vornado's first acquisitions in Puerto Rico. Vornado Realty Trust is a fully-integrated equity real estate investment trust.

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Section 18: EX-99.3 (PRESS RELEASE DATED APRIL 21, 1997)

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Exhibit 99.3

CONTACT: JOSEPH MACNOW
(201) 587-1000

[VORNADO REALTY TRUST LETTERHEAD]

FOR IMMEDIATE RELEASE - April 21, 1997

SADDLE BROOK, NEW JERSEY ... VORNADO REALTY TRUST (NYSE:VNO) announced today that it has signed an agreement to acquire a mortgage note for $185 million. The mortgage note is secured by 90 Park Avenue, a midtown Manhattan office building containing approximately 875,000 square feet. The mortgage, which is in default, has a face value of $193 million. The acquisition is subject to approval by the loan participants and is expected to be completed during the second quarter of 1997.

Vornado Realty Trust is a fully-integrated equity real estate investment trust.

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