

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: MARCH 31, 2000  
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or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
-----

Commission File Number: 1-6064

ALEXANDER'S, INC.

-----  
(Exact name of registrant as specified in its charter)

DELAWARE

51-0100517

-----  
(State or other jurisdiction of incorporation  
or organization)

(I.R.S. Employer  
Identification Number)

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

07663

-----  
(Address of principal executive offices)

(Zip Code)

(201)587-8541

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

-----  
(Former name, former address and former fiscal year, if changed since last  
report)

Indicate by check mark whether the registrant (1) has filed all  
reports required to be filed by Section 13 or 15(d) of the Securities Exchange  
Act of 1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days.

Yes     No

As of May 1, 2000 there were 5,000,850 common shares  
outstanding.

ALEXANDER'S, INC.  
AND SUBSIDIARIES  
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PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

ALEXANDER'S, INC.  
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(amounts in thousands except share amounts)

	MARCH 31, 2000	DECEMBER 31, 1999
	-----	-----
ASSETS:		
Real estate, at cost:		
Land . . . . .	\$ 83,957	\$ 83,957
Buildings, leaseholds and improvements . . . . .	161,779	155,899
Capitalized expenses and predevelopment costs . . . . .	102,566	87,148
Total . . . . .	348,302	327,004
Less accumulated depreciation and amortization . . . . .	(56,105)	(55,199)
Real estate, net . . . . .	292,197	271,805
Cash and cash equivalents . . . . .	14,886	26,053
Restricted cash . . . . .	15,037	20,685
Accounts receivable, net of allowance for doubtful accounts of \$290 in 2000 and \$314 in 1999 . . . . .	1,945	3,353
Receivable arising from the straight-lining of rents, net . . . . .	12,442	11,575
Deferred lease and other property costs . . . . .	24,363	24,788
Deferred debt expense . . . . .	3,859	4,206
Other assets . . . . .	4,917	4,031
TOTAL ASSETS	\$ 369,646	\$ 366,496
	=====	=====
	MARCH 31, 2000	DECEMBER 31, 1999
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Debt (including \$95,000 due to Vornado) . . . . .	\$339,325	\$ 329,161
Amounts due to Vornado Realty Trust and its affiliate . . . . .	2,267	3,821
Accounts payable and accrued liabilities . . . . .	9,973	10,804
Other liabilities . . . . .	4,156	10,212
	355,721	353,998
	-----	-----
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock; no par value; authorized 3,000,000 shares issued, none		
Common stock; \$1.00 par value per share; authorized, 10,000,000 shares; issued 5,173,450 . . . . .	5,174	5,174
Additional capital . . . . .	24,843	24,843
Deficit . . . . .	(15,132)	(16,559)
	-----	-----
		13,458
Less treasury shares, 172,600 shares at cost . . . . .	(960)	(960)
Total stockholders' equity . . . . .	13,925	12,498
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY . . . . .	\$369,646	\$ 366,496
	=====	=====

See notes to consolidated financial statements.

ALEXANDER'S, INC.  
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands except per share amounts)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2000	1999
Revenues:		
Property rentals . . . . .	\$ 10,512	\$ 11,388
Expense reimbursements . . . . .	4,574	5,235
Total revenues . . . . .	15,086	16,623
Expenses:		
Operating (including management fee to Vornado of \$335 and \$327 in 2000 and 1999) . . . . .	6,614	8,996
General and administrative (including management fee to Vornado of \$540 in each three month period) . . . . .	851	979
Depreciation and amortization . . . . .	1,353	1,338
Total expenses . . . . .	8,818	11,313
Operating income . . . . .	6,268	5,310
Interest and debt expense (including interest on loan from Vornado) . . . . .	(5,233)	(3,761)
Interest and other income (expense), net . . . . .	392	(74)
Net income . . . . .	\$ 1,427	\$ 1,475
Net income per share - basic . . . . .	\$ .29	\$ .29
Net income per share - diluted . . . . .	\$ .28	\$ .29

See notes to consolidated financial statements.

ALEXANDER'S, INC.  
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income . . . . .	\$ 1,427	\$ 1,475
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization (including debt issuance costs).	1,805	1,749
Straight-lining of rental income . . . . .	(913)	(1,024)
Write-off of the asset arising from the straight-lining of rents . . . . .	--	3,000
Change in assets and liabilities:		
Accounts receivable . . . . .	1,408	(762)
Amounts due to Vornado Realty Trust and its affiliate . . . . .	(1,554)	(427)
Accounts payable and accrued liabilities . . . . .	(831)	241
Other liabilities . . . . .	(184)	(50)
Other . . . . .	(861)	(340)
Net cash (used in) provided by operating activities . . . . .	297	3,862
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to real estate . . . . .	(21,298)	(4,096)
Cash restricted for construction and development . . . . .	5,861	469
Cash restricted for operating liabilities . . . . .	(213)	(79)
Net cash used in investing activities . . . . .	(15,650)	(3,706)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Issuance of debt . . . . .	10,329	--
Debt repayments . . . . .	(166)	(151)
Deferred debt expense . . . . .	(105)	(292)
Payment of acquisition obligation . . . . .	(5,872)	--
Net cash provided by (used in) financing activities . . . . .	4,186	(443)
Net decrease in cash and cash equivalents . . . . .	(11,167)	(287)
Cash and cash equivalents at beginning of period . . . . .	26,053	15,363
Cash and cash equivalents at end of period . . . . .	\$ 14,886	\$ 15,076
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash payments for interest (including capitalized interest of \$3,338 and \$2,245) . . . . .	\$ 8,118	\$ 5,595

See notes to consolidated financial statements.

ALEXANDER'S, INC.  
AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Balance Sheet as of March 31, 2000, the Consolidated Statements of Income for the three months ended March 31, 2000 and March 31, 1999, and the Consolidated Statements of Cash Flows for the three months ended March 31, 2000 and March 31, 1999 are unaudited. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements 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, 1999 as filed with the Securities and Exchange Commission. The results of operations for the three months ended March 31, 2000 are not necessarily indicative of the operating results for the full year.

Management has made estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation.

## 2. RELATIONSHIP WITH VORNADO REALTY TRUST ("VORNADO")

Vornado owns 32.9% of the Company's Common Stock at March 31, 2000, of which 41,500 shares were acquired on March 31, 2000. Additionally, on April 11, 2000, Vornado acquired 10,400 shares of the Company's stock increasing its ownership from 32.9% to 33.1%.

The Company is managed by and its properties are redeveloped and leased by Vornado, pursuant to agreements with a one-year term expiring in March of each year which are automatically renewable. Under these agreements, the Company incurred fees of \$1,687,000 and \$1,679,000 in the three month periods ended March 31, 2000 and March 31, 1999. In addition, Vornado is due \$1,166,000 at March 31, 2000 under the leasing agreement, subject to the payment of rents by tenants.

At March 31, 2000 the Company is indebted to Vornado in the amount of \$95,000,000, the subordinated tranche of a \$115,000,000 secured financing. The Company incurred interest on its loan from Vornado of \$3,474,000 and \$1,561,000 in the three months ended March 31, 2000 and March 31, 1999.

## 3. LEASES

In the first quarter of 1999, Caldor closed all of its stores. Caldor previously sub-leased its Flushing store from the Company. Caldor rejected the Flushing lease effective March 29, 1999. In connection therewith the Company wrote-off the \$3,000,000 asset arising from the straight-lining of Caldor's rent.

## 4. COMMITMENTS AND CONTINGENCIES

During 1999, the Company let a contract for \$20,000,000 to undertake the excavation and laying the foundation for its Lexington Avenue property as part of the proposed development of a large multi-use building. As of March 31, 2000, \$11,107,000 has been paid.

In June 1997, the Kings Plaza Regional Shopping Center (the "Center"), commissioned an Environmental Study and Contamination Assessment Site Investigation (the Phase II "Study") to evaluate and delineate environmental conditions disclosed in a Phase I study. The results of the Study indicate the presence of petroleum and bis (2-ethylhexyl) phthalate contamination in the soil and groundwater. The Company has delineated the contamination and has developed a remediation approach. The New York State Department of Environmental Conservation ("NYDEC") has not yet approved the finalization of the approach. In 1997, the Center accrued \$1,500,000 for its estimated obligation with respect to the clean up of the site, which includes costs of (i) remedial investigation, (ii) feasibility study, (iii) remedial design, (iv) remedial action and (v) professional fees. Based upon revised estimates the Company accrued an additional \$500,000 in the second quarter of 1999 (\$822,000 has been paid as of March 31, 2000). If the NYDEC insists on a more extensive remediation approach, the Company could incur additional obligations.

The majority of the contamination may have resulted from activities of third parties; however, the sources of the contamination have not been fully identified. Although the Company intends to pursue all available remedies against any potentially responsible third parties, there can be no assurance that such parties will be identified, or if identified, whether these potentially responsible third parties will be solvent. In addition, the costs associated with pursuing any potentially responsible parties may be cost prohibitive. The Company has not recorded an asset as of March 31, 2000 for potential recoveries of environmental remediation costs from other parties.

#### Letters of Credit

Approximately \$900,000 in standby letters of credit were issued at March 31, 2000.

#### 5. INCOME PER SHARE

The following table sets for the computation of basic and diluted income per share:

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2000	1999
(amounts in thousands except per share amounts)		
Numerator:		
Net income . . . . .	\$ 1,427	\$ 1,475
Denominator:		
Denominator for basic income per share - weighted average shares . . . . .	5,001	5,001
Effect of dilutive securities:		
Employee stock options . . . . .	58	1
Denominator for diluted income per share - adjusted weighted average shares and assumed conversions . . . . .	5,059	5,002
Net Income per share - basic . . . . .	\$ .29	\$ .29
Net Income per share - diluted . . . . .	\$ .28	\$ .29

#### 6. SUBSEQUENT EVENT

The outstanding mortgage loan of \$21,263,000, an obligation of a wholly-owned subsidiary of the Company, is collateralized by a mortgage on its Fordham Road property. This loan, which was scheduled to mature on February 24, 2000, has been extended for an additional three-years to April 17, 2003. Under the terms of the extension, interest accrues at LIBOR plus 1.50% in the first two years and LIBOR plus 1.75% in year three which is a reduction of the original terms of LIBOR plus 4.25%. Interest is payable at LIBOR for the entire term. The spread over LIBOR accrues during the extended term and increases the principal balance.



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

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

## RESULTS OF OPERATIONS

The Company had net income of \$1,427,000 in the quarter ended March 31, 2000, compared to \$1,475,000 in the quarter ended March 31, 1999, a decrease of \$48,000.

Property rentals were \$10,512,000 in quarter ended March 31, 2000, compared to \$11,388,000 in the quarter ended March 31, 1999, a decrease of \$876,000. This decrease is primarily from Caldor's rejection of its Flushing lease effective March 29, 1999.

Tenant expense reimbursements were \$4,574,000 in the quarter ended March 31, 2000, compared to \$5,235,000 in the prior year's quarter, a decrease of \$661,000. This decrease results primarily from a change in the method of allocating an anchor tenant's share of parking lot expenses at a shopping center and covered a number of years.

Operating expenses were \$6,614,000 in the quarter ended March 31, 2000, compared to \$8,996,000 in the prior year's quarter, a decrease of \$2,382,000. Operating expenses for the three months ended March 31, 1999 included \$3,000,000 resulting from the write-off of the asset arising from the straight-lining of rents due to Caldor's rejection of its Flushing lease. This amount is partially offset by an increase in expenses of the utility plant at the Company's Kings Plaza Regional Shopping Center resulting primarily from an increase in fuel costs.

General and administrative expenses were \$851,000 in the quarter ended March 31, 2000, compared to \$979,000 in the prior year's quarter, a decrease of \$128,000. This decrease resulted primarily from lower professional fees.

Interest and debt expense was \$5,233,000 in the quarter ended March 31, 2000, compared to \$3,761,000 in the prior year's quarter, an increase of \$1,472,000. This increase resulted from (i) an increase in average debt outstanding of \$62,400,000, and (ii) an increase in average interest rates from 8.03% to 9.61% partially offset by (iii) an increase in capitalized interest relating to the Company's development properties.

Interest and other income (expense) was \$392,000 in the quarter ended March 31, 2000, compared to an expense of \$74,000 in the prior year's quarter, an increase of \$466,000. Results for the prior year's quarter included the write-off of certain deferred costs.

## LIQUIDITY AND CAPITAL RESOURCES

In the aggregate, Alexander's operating properties do not generate sufficient cash flow to pay all of its expenses. The Company's three non-operating properties (Lexington Avenue, Paramus, and Rego Park II) are in various stages of development. As rents commence from portions of the development property(s) and from the vacant property(s) the Company expects that cash flow will become positive.

The Company estimates that capital expenditure requirements for the development of its Paramus property, will approximate \$100,000,000.

The Company is currently undertaking the excavation and laying the foundation for its Lexington Avenue property as part of the proposed development of a large multi-use building. The capital required for the proposed building will be in excess of \$400,000,000.

The outstanding mortgage loan of \$21,263,000 an obligation of a wholly-owned subsidiary of the Company, is collateralized by a mortgage on its Fordham Road property. This loan, which was scheduled to mature on February 24, 2000, has been extended for an additional three-years to April 17, 2003. Under the terms of the extension, interest accrues at LIBOR plus 1.50% in the first two years and LIBOR plus 1.75% in year three which is a reduction of the original terms of LIBOR plus 4.25%. Interest is payable at LIBOR for the entire term. The spread over LIBOR accrues during the extended term and increases the principal balance.

The Company estimates that the fair market values of its assets are substantially in excess of their historical cost and that it has additional borrowing capacity. Alexander's continues to evaluate its needs for capital which may be raised through (a) property specific or corporate borrowing, (b) the sale of securities and (c) asset sales. Although there can be no assurance, the Company believes that these cash sources will be adequate to fund cash requirements until its operations generate adequate cash flow.

#### CASH FLOWS

##### Three Months Ended March 31, 2000

Cash provided by operating activities of \$297,000 was comprised of (i) net income of \$1,427,000, (ii) non-cash items of \$892,000, offset by (iii) the net change in operating assets and liabilities of \$2,022,000. The adjustments for non-cash items are comprised of (i) depreciation and amortization of \$1,805,000, offset by (ii) the effect of straight-lining of rental income of \$913,000.

Net cash used in investing activities of \$15,650,000 was comprised of capital expenditures of \$21,298,000 partially offset by the release of restricted cash of \$5,648,000.

Net cash provided by financing activities of \$4,186,000 resulted primarily from an increase in debt of \$10,329,000 partially offset by the payment of acquisition debt of \$5,872,000.

##### Three Months Ended March 31, 1999

Cash provided by operating activities of \$3,862,000 was comprised of (i) net income of \$1,475,000, (ii) non-cash items of \$3,725,000, offset by (iii) the net change in operating assets and liabilities of \$1,338,000. The adjustments for non-cash items are comprised of (i) the write-off of the asset arising from the straight-lining of rents of \$3,000,000 and (ii) depreciation and amortization of \$1,749,000, offset by (iii) the effect of straight-lining of rental income of \$1,024,000.

Net cash used in investing activities of \$3,706,000 was primarily comprised of capital expenditures.

Net cash used in financing activities of \$443,000 was comprised primarily of (i) debt issuance costs of \$292,000 and (ii) repayments of debt of \$151,000.

Funds from Operations for the Three Months Ended March 31, 2000 and March 31, 1999

Funds from operations were \$1,297,000 in the quarter ended March 31, 2000, compared to \$4,679,000 in the prior year's quarter, a decrease of \$3,382,000. The following table reconciles net income to funds from operations:

	For The Three Months Ended March 31,	
	2000	1999
Net income . . . . .	\$ 1,427,000	\$ 1,475,000
Depreciation and amortization of real property . . . . .	1,353,000	1,338,000
Straight-lining of property rentals for rent escalations . . . . .	(893,000)	(1,024,000)
Leasing fees paid in excess of expense recognized . . . . .	(590,000)	(110,000)
Write-off of asset arising from the straight-lining of rents . . . . .	--	3,000,000
	-----	-----
	\$ 1,297,000	\$ 4,679,000
	=====	=====

Funds from operations does not represent cash generated from operating activities in accordance with generally accepted accounting principles and is not necessarily indicative of cash available to fund cash needs, which is disclosed in the Consolidated Statements of Cash Flows for the applicable periods. There are no material legal or functional restrictions on the use of funds from operations. Funds from operations should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity. Management considers funds from operations a relevant supplemental measure of operating performance because it provides a basis for comparison among REITs; however, funds from operations may not be comparable to similarly titled measures reported by other REITs since the Company's method of calculating funds from operations is different from that used by NAREIT. Funds from operations, as defined by NAREIT, represents net income before depreciation and amortization, extraordinary items and gains or losses on sales of real estate. Funds from operations as disclosed above has been modified to adjust for the effect of straight-lining of property rentals for rent escalations and leasing fee expenses. Below are the cash flows provided by (used in) operating, investing and financing activities:

	For The Three Months Ended March 31,	
	2000	1999
Operating activities . . . . .	\$ 297,000	\$ 3,862,000
Investing activities . . . . .	\$ (15,650,000)	\$ (3,706,000)
Financing activities . . . . .	\$ 4,186,000	\$ (443,000)
	=====	=====

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At March 31, 2000, the Company had \$162,325,000 of variable rate of debt at a weighted average interest rate of 7.93% and \$177,000,000 of fixed rate of debt bearing interest at a weighted average interest rate of 11.80%. A one percent increase in the base used to determine the interest rate of the variable rate debt would result in a \$1,623,000 decrease in the Company's annual net income (\$.32 per basic and diluted share).

## PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

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

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits required by Item 601 of Regulation of S-K are filed herewith and are listed in the attached Exhibit Index.

(b) Reports on Form 8-K:

None

SIGNATURES

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

ALEXANDER'S, INC.

-----  
(Registrant)

Date: May 4, 2000

/s/ Joseph Macnow

-----  
Joseph Macnow, Vice President,  
Chief Financial Officer

## EXHIBIT INDEX

EXHIBIT NO. -----	PAGE -----
3(i) --	Certificate of Incorporation, as amended. Incorporated herein by reference from Exhibit 3.0 to the Registrant's Current Report on Form 8-K dated September 21, 1993 ..... *
3(ii) --	Amended and Restated By-laws ..... *
10(i)(A)(1) --	Agreement, dated as of December 4, 1985, among Seven Thirty One Limited Partnership ("731 Limited Partnership"), Alexander's Department Stores of Lexington Avenue, Inc., the Company, Emanuel Gruss, Riane Gruss and Elizabeth Goldberg (collectively, the "Partners"). Incorporated herein by reference from Exhibit 10(i)(F)(1) to the Registrant's Form 10-K for the fiscal year ended July 26, 1986 ..... *
10(i)(A)(2) --	Amended and Restated Agreement of Limited Partnership in the 731 Limited Partnership, dated as of August 21, 1986, among the Partners. Incorporated herein by reference from Exhibit 1 to the Registrant's Current Report on Form 8-K, dated August 21, 1986 ..... *
10(i)(A)(3) --	Third Amendment to Amended and Restated Agreement of Limited Partnership dated December 30, 1994, among the Partners. Incorporated herein by reference from Exhibit 10(i)(A)(3) to the Registrant's Form 10-K for the fiscal year ended December 31, 1994 ..... *
10(i)(B)(1) --	Promissory Note Modification Agreement, dated October 4, 1993, between Alexander's Department Stores of New Jersey, Inc. and New York Life Insurance Company ("New York Life"). Incorporated herein by reference from Exhibit 10(i)(3)(a) to the Registrant's Form 10-K for the Transition Period August 1, 1993 to December 31, 1993 ..... *
10(i)(B)(2) --	Mortgage Modification Agreement, dated October 4, 1993, by Alexander's Department Stores of New Jersey, Inc. and New York Life Incorporated herein by reference from Exhibit 10(i)(E)(3)(a) to the Registrant's Form 10-K for the Transition Period August 1, 1993 to December 31, 1993 ..... *
10(i)(C) --	Credit Agreement, dated March 15, 1995, among the Company and Vornado Lending Corp. Incorporated herein by reference from Exhibit 10(i)(C) to the Registrant's Form 10-K for the fiscal year ended December 31, 1994 ..... *
10(i)(D) --	Credit Agreement, dated March 15, 1995, among the Company and First Union Bank, National Association. Incorporated herein by reference from Exhibit 10(i)(D) to the Registrant's Form 10-K for the fiscal year ended December 31, 1994 ..... *
10(i)(D)(1) --	Modification and Extension of Credit Agreement, dated as of April 14, 2000, between First Union National Bank, as lender, and Alexander's Inc., as borrower ..... *
10(i)(D)(2) --	Pledge and Security Agreement for Transferable Development Rights, dated as of April 14, 2000, between First Union National Bank, as secured party, 731 Limited Partnership, as assignor, and Alexander's, Inc. as borrower ..... *

-----  
\* Incorporated by reference

EXHIBIT  
NO.

-----	-----
EXHIBIT NO.	PAGE
10(i)(E) -- Building Loan Agreement, dated as of March 29, 1995, among the Company, Union Bank of Switzerland ("UBS") (New York Branch), as Lender, and UBS (New York Branch), as Agent. Incorporated by reference from Exhibit 10(i)(E) to the Registrant's Form 10-K for the fiscal year ended December 31, 1994 .....	*
10(i)(F) -- Project Loan Agreement, dated as of March 29, 1995, among the Company, UBS (New York Branch), as Lender, and UBS (New York Branch), as Agent. Incorporated herein by reference from Exhibit 10(i)(F) to the Registrant's Form 10-K for the fiscal year ended December 31, 1994 .....	*
10(i)(G)(1) -- Real Estate Retention Agreement dated as of July 20, 1992, between Vornado Realty Trust and Keen Realty Consultants, Inc., each as special real estate consultants, and the Company. Incorporated herein by reference from Exhibit 10(i)(G) to the Registrant's Form 10-K for the fiscal year ended July 25, 1992 .....	*
10(i)(G)(2) -- Extension Agreement to the Real Estate Retention Agreement, dated as of February 6, 1995, between the Company and Vornado Realty Trust. Incorporated herein by reference from Exhibit 10(i)(G)(2) to the Registrant's Form 10-K for the fiscal year ended December 31, 1994 .....	*
10(i)(H) -- Management and Development Agreement, dated as of February 6, 1995, between Vornado Realty Trust and the Company, on behalf of itself and each subsidiary listed therein. Incorporated herein by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated February 6, 1995 .....	*
10(i)(I) -- Commitment letter, dated as of February 6, 1995, between Vornado Realty Trust and the Company. Incorporated herein by reference from Exhibit 10.3 to the Registrant's Current Report on Form 8-K dated February 6, 1995 .....	*
10(i)(J)(1) -- First Amendment to Mortgage and Security Agreement, dated as of February 24, 2000, between Banc of America Commercial Finance Corporation, as mortgagee, and Alexander's of Fordham Road, Inc., as mortgagor .....	
10(i)(J)(2) -- Amended and Restated Promissory Note (Secured), dated as of February 24, 2000, between Banc of America Commercial Finance Corporation, as lender, and Alexander's of Fordham Road, Inc., as borrower .....	
10(i)(J)(3) -- Trigger Agreement, dated as of February 24, 2000, between Banc of America Commercial Finance Corporation, as lender, and Alexander's, Inc., as guarantor .....	
10(i)(K) -- Term Loan Agreement dated as of June 18, 1998 among Alexander's Kings Plaza Center, Inc., Kings Plaza Corp., and Alexander's Department Stores of Brooklyn, Inc., as Borrower, Union Bank of Switzerland as Lender. Incorporated herein by reference from Exhibit 10 to the Registrant's Form 10-Q for the quarter ended June 30, 1998 .....	*

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\* Incorporated by reference



EXHIBIT  
NO.

PAGE

EXHIBIT NO.	DESCRIPTION	PAGE
10(ii)(A)(3)	-- Agreement of Lease for Rego Park, Queens, New York, between Alexander's, Inc. and Sears Roebuck & Co. Incorporated herein by reference from Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1994 .....	*
10(ii)(A)(4)(a)	-- Lease for Roosevelt Avenue, Flushing, New York, dated as of December 1, 1992, between the Company, as landlord, and Caldor, as tenant. Incorporated herein by reference from Exhibit (ii)(E)(7) to the Registrant's Form 10-K for the fiscal year ended July 25, 1992 .....	*
10(ii)(A)(4)(b)	-- First Amendment to Sublease for Roosevelt Avenue, Flushing, New York, dated as of February 22, 1995 between the Company, as sublandlord, and Caldor, as tenant. Incorporated herein by reference from Exhibit 10(ii)(A)(8)(b) to the Registrant's Form 10-K for the fiscal year ended December 31, 1994 .....	*
10(ii)(A)(5)	-- Lease Agreement, dated March 1, 1993 by and between the Company and Alex Third Avenue Acquisition Associates. Incorporated by reference from Exhibit 10(ii)(F) to the Registrant's Form 10-K for the fiscal year ended July 31, 1993 .....	*
10(ii)(A)(6)	-- Agreement of Lease for Rego Park, Queens, New York, between the Company and Marshalls of Richfield, MN., Inc., dated as of March 1, 1995. Incorporated herein by reference from Exhibit 10(ii)(A)(12)(a) to the Registrant's Form 10-K for the fiscal year ended December 31, 1994 .....	*
10(ii)(A)(7)	-- Guaranty, dated March 1, 1995, of the Lease described in Exhibit 10(ii)(A)(6) above by the Company. Incorporated herein by reference from Exhibit 10(ii)(A)(12)(b) to the Registrant's Form 10-K for the fiscal year ended December 31, 1994 .....	*
10(iii)(B)	-- Employment Agreement, dated February 9, 1995, between the Company and Stephen Mann. Incorporated herein by reference from Exhibit 10(iii)(B) to the Registrant's Form 10-K for the fiscal year ended December 31, 1994 .....	*
10(iv)(A)	-- Registrant's Omnibus Stock Plan, as amended, dated May 28, 1997. Incorporated herein by reference from Exhibit 10 to the Registrant's Form 10-Q for the fiscal quarter ended June 30, 1997.....	*
27	-- Financial Data Schedule	

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\* Incorporated by reference

## AMENDED AND RESTATED

## BY-LAWS OF

## ALEXANDER'S, INC.

(As Amended on March 2, 2000)

## ARTICLE I

## Meetings of Stockholders.

Section 1.1 Annual Meetings. The annual meeting of the stockholders for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held on such date, and at such time and place within or without the State of Delaware as may be designated by the Board of Directors.

Section 1.2 Special Meetings. Special meetings of the stockholders for any proper purpose or purposes may be called at any time by the Board of Directors, the Chairman of the Board or any Vice Chairman of the Board to be held on such date, and at such time and place within or without the State of Delaware as the Board of Directors, the Chairman of the Board or any Vice Chairman of the Board, whichever has called the meeting, shall direct. A special meeting of the stockholders shall be called by the Chairman of the Board or any Vice Chairman of the Board whenever stockholders owning not less than a majority of the shares of the Corporation then issued and outstanding and entitled to vote on matters to be submitted to stockholders of the Corporation shall make application therefor in writing. Any such written request shall state a proper purpose or purposes of the meeting and shall be delivered to the Chairman of the Board or any Vice Chairman of the Board.

Section 1.3 Notice of Meeting. Written notice, signed by the Chairman of the Board or any Vice Chairman of the Board, and the Secretary or an Assistant Secretary, of every meeting of stockholders stating the purpose or purposes for which the meeting is called, and the date and time when, and the place where, it is to be held shall be delivered either personally or by mail, to each stockholder entitled to vote at such voting meeting not less than ten or more than fifty days before the meeting, except as otherwise provided by statute. If mailed, such notice shall be directed to a stockholder at his address as it shall appear on the stock books of the Corporation, unless he shall have filed with the Secretary a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request.

Section 1.4 Quorum. The presence at any meeting, in person or by proxy, of the holders of record of a majority of the shares then issued and outstanding and entitled to vote shall be necessary and sufficient to constitute a quorum for the transaction of business, except where provided otherwise by statute.

Section 1.5 Adjournments. In the absence of a quorum, a majority in interest of the stockholders entitled to vote, present in person or by proxy, or, if no stockholder entitled to vote is present in person or by proxy, any officer entitled to preside or act as secretary of such meeting, may adjourn the meeting from time to time until a quorum shall be present.

Section 1.6 Voting. Directors shall be chosen by a plurality of the votes cast at the election, and, except where otherwise provided by statute, all other questions shall be determined by a majority of the votes cast on such question.

Section 1.7 Proxies. Any stockholder entitled to vote may vote by proxy, provided that the instrument authorizing such proxy to act shall have been executed in writing (which shall include telegraphing or cabling) by the stockholder himself or by his duly authorized attorney.

Section 1.8 Judges of Election. The Board of Directors may appoint judges of election to serve at any election of directors and at balloting on any other matter that may properly come before a meeting of stockholders. If no such appointment shall be made, or if any of the judges so appointed shall fail to attend, or refuse to or be unable to serve, then such appointment may be made by the presiding officer at the meeting.

Section 1.9 Written Consent in Lieu of Meeting. Whenever under the laws of the State of Delaware action required to be approved or consented to by stockholders may be so proved or consented to by unanimous or other written consent or approval without a meeting then such consent or approval shall be as effective as if made by the stockholders at a meeting.

Section 1.10 Advance Notice of Stockholder Proposals. The matters to be considered and brought before an annual or special meeting of stockholders of the Corporation shall be limited to only such matters, including the nomination and election of directors, as

shall be brought properly before such meeting in compliance with the procedures set forth in this Section 1.10.

For any matter to be properly before any annual meeting of stockholders, the matter must be (i) specified in the notice of annual meeting given by or at the direction of the Board of Directors, (ii) otherwise brought before the annual meeting by or at the direction of the Board of Directors or (iii) brought before the annual meeting in the manner specified in this Section 1.10 by any stockholder of the Corporation who was a stockholder of record at the time of giving the applicable Stockholder Notice referred to below, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 1.10.

In addition to any other requirements under applicable law and the certificate of incorporation and by-laws of the Corporation, no nomination by any stockholder or stockholders of a person or persons for election as directors of the Corporation, and no other proposal by any stockholder or stockholders, shall be considered properly brought before the meeting unless notice of any such nomination or proposal (the "Stockholder Notice") shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation not less than 120 nor more than 150 days prior to the first anniversary of the annual meeting for the preceding year; provided, however, that if the date of the meeting is advanced or delayed by more than 30 days from such anniversary date, such Stockholder Notice shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the tenth day

following the day on which the date of such meeting is first publicly announced or disclosed. Any stockholder desiring to nominate any person or persons (as the case may be) for election as a director or directors of the Corporation shall deliver, as part of such Stockholder Notice, a statement in writing setting forth the name of the person or persons to be nominated, the number and class of all shares of each class of stock of the Corporation owned of record and beneficially by each such person, as reported to such stockholder by such nominee(s), the information regarding each such person required by paragraphs (a), (e) and (f) of Item 401 of Regulation S-K adopted by the Securities and Exchange Commission (or the corresponding provisions of any regulation subsequently adopted by the Securities and Exchange Commission applicable to the Corporation), each such person's signed consent to serve as a director of the Corporation if elected, such stockholder's name and address, the number and class of all shares of each class of stock of the Corporation owned of record and beneficially by such stockholder and whether any such person or such stockholder has received any financial assistance, funding or other consideration from any other person in respect of the nomination (and the details thereof).

Any stockholder who gives a Stockholder Notice of any matter (not involving nominees for director) proposed to be brought before a meeting of stockholders shall deliver, as part of such Stockholder Notice, the text of the proposal to be presented and a brief written statement of the reasons why such stockholder favors the proposal and setting forth such stockholder's name and address, the number and class of all shares of each class of stock of the Corporation owned of record and beneficially by such stockholder, if applicable, any material

interest of such stockholder in the matter proposed (other than as a stockholder generally) and whether such stockholder has received any financial assistance, funding or other consideration from any other person in respect of the proposal (and the details thereof). As used herein, shares "beneficially owned" shall mean all shares which such person, or any of such person's affiliates and associates (as defined in Rule 12b-2 under the Securities Exchange Act of 1934 (the "Exchange Act")), is deemed to beneficially own pursuant to Rules 13d-3 and 13d-5 under the Exchange Act, as well as all shares of which such person, or any of such person's affiliates and associates, has the right to become the beneficial owner pursuant to any agreement or understanding, or upon the exercise of warrants, options or rights to convert or exchange (whether such rights are exercisable immediately or only after the passage of time or the occurrence of conditions).

Notwithstanding anything in this Section 1.10 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and either all of the nominees for director or the size of the increased Board of Directors is not publicly announced or disclosed by the Corporation not less than 130 days prior to the first anniversary date of the annual meeting for the preceding year, a Stockholder Notice shall also be considered timely hereunder, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation not later than the close of business on the tenth day following the first date all of such nominees or the size of the increased Board of Directors shall have been publicly announced or disclosed.

Only such matters shall be properly brought before a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the Stockholder Notice required by this Section 1.10 shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation not later than the close of business on the tenth day following the day on which the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting is publicly announced or disclosed.

For purposes of this Section 1.10, a matter shall be deemed to have been "publicly announced or disclosed" if such matter is disclosed in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission.

In no event shall the adjournment of an annual or special meeting, or any announcement thereof, commence a new period for the giving of notice as provided in this Section 1.10. Notwithstanding the foregoing provisions of this Section 1.10, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder and of the laws of the State of Delaware with respect to the matters set forth in this Section 1.10. Nothing in this Section 1.10 shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant



to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock of the Corporation, if any, to elect directors under specified circumstances.

The person presiding at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall have the power and duty to determine whether notice of nominees and other matters proposed to be considered and brought before a meeting has been duly given in the manner provided in this Section 1.10 and, if no so given, shall direct and declare at the meeting that such nominees and other matters shall not be considered.

## ARTICLE II

### Board of Directors

Section 2.1 Number. The number of directors which shall constitute the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors or stockholders (any such resolution of either the Board of Directors or stockholders being subject to any later resolution of either of them) but in no event shall such number be less than three or more than the maximum number permitted by the Amended and Restated Certificate of Incorporation.

Section 2.2 Classification of Directors; Election and Term of Office. Directors shall be elected at the annual meeting of the stockholders, as provided in the Amended and Restated Certificate of Incorporation of the Corporation and herein. Commencing with the election of directors taking place at the 1975 meeting of the stockholders, the Board of

Directors shall be divided into three classes, designated Classes, I, II and III, respectively. The Board of Directors shall by resolution fix such classes as nearly equal in number as possible, and any increase or decrease in the number of directors from time to time shall be made in such a way as to preserve such equality as nearly as possible; provided, however, that with respect to the class of directors nominated for election for a term expiring in 1984, such class shall consist of only four persons. The term of office of one of the classes of directors shall expire each year. At the annual meeting of the stockholders held in 1975, Class I directors shall be elected with terms expiring at the 1976 annual meeting, Class II directors shall be elected with the terms expiring at the 1977 annual meeting and Class III directors shall be elected with terms expiring at the 1978 annual meeting. Upon expiration of the term of any class of directors, their successors shall be elected to hold office until the third succeeding annual meeting of stockholders. Each director (whether elected at an annual meeting or to fill a vacancy or otherwise) shall continue in office until his successor shall have been elected or until his earlier death, resignation or removal in the manner hereinafter provided.

Section 2.3 Nomination of Directors and Advance Notice

Thereof. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Amended and Restated Certificate of Incorporation with respect to the right of holders of preferred stock or any other class of capital stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board may be made at any annual meeting of the stockholders, or at any special meeting of the stockholders

called for the purpose of electing directors, (a) by or at the direction of the Board (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2.3 and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who complies with the notice procedures set forth in this Section 2.3. In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (a) in the case of an annual meeting, not less than 60 days nor more than 90 days prior to the anniversary date of the immediately preceding annual meeting of the stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or 60 days after such anniversary date, notice by the stockholder in order to be timely must be so received not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of (i) the 60th day prior to such annual meeting or (ii) the tenth day following the day on which (A) such notice of the date of the annual meeting is mailed or (B) such public disclosure of the date of the annual meeting is made, whichever first occurs, or (b) in the case of a special meeting of stockholders called for the purpose of electing directors, not earlier than the 90th day prior to such special meeting and not later than the close of business on the later of (i) the 60th day prior to such special meeting or (ii) the tenth day following the

day on which (A) notice of the date of the special meeting is mailed or (B) public disclosure of the date of the special meeting is made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice, (i) the name and record address of such stockholder, and the beneficial owner, if any, on whose behalf such notice is made (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder and the beneficial owner, if any, together with evidence reasonably satisfactory to the Secretary of such beneficial ownership, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the person(s) named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings

required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2.3. If the presiding officer of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the presiding officer of the meeting shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Notwithstanding anything in this Section 2.3 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public disclosure naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 2.3 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public disclosure is first made by the Corporation.

Section 2.4 Vacancies and Additional Directorships. If any vacancy shall occur among the directors by reason of death, resignation or removal, or as the result of the increase in the number of directorships, the directors then in office shall continue to act and may fill any such vacancy by a vote of the directors then in office, though less than a quorum. Any director so chosen shall hold office until the next election of the class of directors for which such director shall have been chosen and until his successor shall have been elected or until his earlier death, resignation or removal in the manner hereinafter provided. If the whole Board shall resign, said Board, prior to their resignations, may elect their successors, who will take office upon such resignations.

Section 2.5 Meetings. A meeting of the Board of Directors shall be held for organization, for the election of officers and for the transaction of such other business as may properly come before the meeting, within thirty days after each annual election of directors. The Board of Directors by resolution may provide for the holding of regular meetings and may fix the times and places at which such meetings shall be held. Notice of regular meetings shall not be required to be given, provided that whenever the time or place or place or regular meetings shall be fixed or changed, notice of such action shall be mailed promptly to each director who shall not have been present at the meeting at which such action was taken, addressed to him at his residence or usual place of business. Special meetings of the Board of Directors may be called by the Chairman of the Board, any Vice Chairman of the Board, or any three directors. Except as otherwise required by statute, notice of each special meeting shall be mailed to each director addressed to him at his residence or usual place of business, or

shall be sent to him at such place by telegram, radio or cable, or telephoned or delivered to him personally, not later than two days before the day on which the meeting is to be held. Such notice shall state the time and place of such meeting but, unless otherwise required by statute, the Amended and Restated Certificate of Incorporation of the Corporation or these By-Laws, need not state the purposes thereof. Notice of any meeting need not be given to any director who shall attend such meeting in person or who shall waive notice thereof, before or after such meeting, in writing or by telegram, radio or cable. Whenever the laws of the State of Delaware authorize or permit directors to act other than at a meeting, including, but not limited to, acting through unanimous or other written consents, then such action shall be as effective as if taken by the directors at a meeting.

Section 2.6 Quorum. A majority of the total number of members of the Board of Directors as constituted from time to time shall be necessary and sufficient to constitute a quorum for the transaction of business. In the absence of a quorum, a majority of those present at the time and place of any meeting may adjourn the meeting from time to time until a quorum shall be present and the meeting may be held as adjourned without further notice or waiver. A majority of those present at any meeting at which a quorum is present may decide any question brought before such meeting, except as otherwise provided by law, the Amended and Restated Certificate of Incorporation or by these By-Laws.

Section 2.7 Resignation of Directors. Any director may resign at any time by giving written notice of such resignation to the Board of Directors, the Chairman of the Board or any Vice Chairman of the Board. Any such resignation shall take effect at the time

specified therein or, if no time be specified, upon receipt thereof by the Board of Directors or one of the above named officers; and, unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 2.8 Removal of Directors. At any special meeting of the stockholders, duly called as provided in these By-Laws, any director or directors may, by the affirmative vote of the holders of a majority of all the shares of stock outstanding and entitled to vote for the election of directors, be removed from office, either with or without cause. At such meeting a successor or successors may be elected by a plurality of the votes cast, or if any such vacancy is not so filled, it may be filled by the directors as provided in Section 2.4.

Section 2.9 Compensation of Directors. Directors shall receive such reasonable compensation for their services as such, whether in the form of salary or a fixed fee for attendance at meetings, with expenses, if any, as the Board of Directors may from time to time determine. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

### ARTICLE III

#### Committees of the Board

Section 3.1 Designation, Power, Alternate Members and Term of Office. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. Any such committee, to the extent provided in such resolution, shall have and



may exercise the power of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. The Board may designate one or more directors as alternate members of any committee, who, in the order specified by the Board, may replace any absent or disqualified member at any meeting of the committee. If at a meeting of any committee one or more of the members thereof should be absent or disqualified, and if either the Board of Directors has not so designated any alternate member or members, or the number of absent or disqualified members exceeds the number of alternate members who are present at such meeting, then the member or members of such committee (including alternates) present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member. The term of office of the members of each committee shall be as fixed from time to time by the Board, subject to these By-Laws; provided, however, that any committee member who ceases to be a member of the Board shall ipso facto cease to be a committee member. Each committee shall appoint a secretary, who may be the Secretary of the Corporation or any Assistant Secretary thereof.

Section 3.2 Meetings, Notices and Records. Each committee may provide for the holding of regular meetings, with or without notice, and may fix the time and place at which such meetings shall be held. Special meetings of each committee shall be held upon call by or at the direction of its chairman or, if there be no chairman, by or at the direction of any two of its members, at the time and place specified in the respective notices or waivers of

notice thereof. Notice of each special meeting of a committee shall be mailed to each member of such committee, addressed to him at his residence or usual place of business, at least two days before the day on which the meeting is to be held, or shall be sent by telegram, radio or cable, addressed to him at such place, or telephoned or delivered to him personally, not later than the day before the day on which the meeting is to be held. Notice of any meeting of a committee need not be given to any member thereof who shall attend the meeting in person or who shall waive notice thereof by telegram, radio, cable or other writing. Notice of any adjourned meeting need not be given. Each committee shall keep a record of its proceedings, and report the same to the Board of Directors when required.

Section 3.3 Quorum and Manner of Acting. At each meeting of any committee the presence of a majority but not less than two of its members then in office shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee; in the absence of a quorum, a majority of the members present at the time and place of any meeting may adjourn the meeting from time to time and until a quorum shall be present. Subject to the foregoing and other provisions of these By-Laws and except as otherwise determined by the Board of Directors, each committee may make rules for the conduct of its business. Any determination made in writing and signed by all the members of such committee shall be as effective as if made by such committee at a meeting.

Section 3.4 Resignations. Any member of a committee may resign at any time by giving written notice of such resignation to the Board of Directors, the Chairman of the

Board or any Vice Chairman of the Board. Unless otherwise specified in such notice, such resignation shall take effect upon receipt thereof by the Board or any such officer.

Section 3.5 Removal. Any member of any committee may be removed at any time by the Board of Directors with or without cause.

Section 3.6 Vacancies. If any vacancy shall occur in any committee by reason of death, resignation, disqualification, removal or otherwise, the remaining members of such committee, though less than a quorum, shall continue to act until such vacancy is filled by the Board of Directors.

Section 3.7 Compensation. Committee member shall receive such reasonable compensation for their services as such, whether in the form of salary or a fixed fee for attendance at meetings, with expenses, if any, as the Board of Directors may from time to time determine. Nothing herein contained shall be construed to preclude any committee member from serving the Corporation in any other capacity when receiving compensation therefor.

Section 3.8 Committees to Advise the Board of Directors. The Board of Directors may create, in addition to Committees of the Board as hereinbefore provided in this Article, one or more committees the sole function and responsibility of which shall be to make recommendations to the Board of Directors with respect to the management and operations of the Corporation. Such committees may be given such titles as may be deemed appropriate by the Board of Directors. Each such committee shall consist of two or more persons appointed by the Board of Directors, which persons shall be directors or officers of the Corporation. The Board of Directors may designate from among the members of each such committee a

Chairman, a Vice Chairman and a Secretary. Such committees shall continue in existence at the pleasure of the Board of Directors, and the members of each such committee shall continue to serve as such at the pleasure of the Board of Directors.

#### ARTICLE IV

##### Officers

Section 4.1 Number. The officers of the Corporation shall be a Chairman of the Board, one or more Vice Chairman of the Board, a Chief Executive Officer, a Vice President, a Secretary, a Treasurer, and such other officers as may be elected or appointed in accordance with the provisions of Sections 4.2 or 4.4.

Section 4.2 Vice Presidents and General Counsel. The officers of the Corporation may include one or more vice presidents who shall have such further titles and designations (including, without limitation, executive vice president, senior vice president, vice president--[with description of particular function or responsibility], and any combination of the foregoing) as the Board of Directors may from time to time determine. The Board of Directors may from time to time determine the seniority as amongst the vice presidents, in terms of either titles and designations or individuals at the time serving, or both. The officers of the Corporation may also include a General Counsel.

Section 4.3 Election, Term of Office and Qualifications. Each officer (except such officers as may be appointed in accordance with the provisions of Section 4.4) shall be elected by the Board of Directors. Each such officer (whether elected at the first meeting of

the Board of Directors after the annual meeting of stockholders or to fill a vacancy or otherwise) shall hold his office until the first meeting of the Board of Directors after the next annual meeting of stockholders and until his successor shall have been elected, or until his death, or until he shall have resigned in the manner provided in Section 4.5 or shall have been removed in the manner provided in Section 4.6.

Section 4.4 Subordinate Officers and Agents. The Board of Directors from time to time may appoint other officers or agents (including one or more Assistant Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers) to hold office for such period, have such authority and perform such duties as are provided in these By-Laws or as may be provided in the resolutions appointing them. The Board of Directors may delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective terms of office, authorities and duties.

Section 4.5 Resignations. Any officer may resign at any time by giving written notice of such resignation to the Board of Directors, the Chairman of the Board, any Vice Chairman of the Board, the Chief Executive Officer or other officer in the Office of the Chief Executive Officer. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or any such officer.

Section 4.6 Removal. Any officer specifically designated in Section 4.1 or 4.2 may be removed at any time, either with or without cause, at any meeting of the Board of Directors by the vote of a majority of all the directors then in office. Any officer or agent appointed in accordance with the provisions of Section 4.4 may be removed, either with or

without cause, by the Board of Directors at any meeting, by the vote of a majority of the directors present at such meeting, or by superior officer or agent upon whom such power of removal shall have been conferred by the Board of Directors.

Section 4.7 Vacancies. A vacancy in any office by reason of death, resignation, removal, disqualification or any other cause shall be filled for the unexpired portion of the term in the manner prescribed by these By-Laws for regular election or appointment to such office.

Section 4.8 The Chairman of the Board. The Chairman of the Board shall be elected from among the members of the Board of Directors. If present, he shall preside at all meetings of stockholders and he shall see that all orders and resolutions of the Board of Directors are carried into effect. He may sign, with any other officer thereunto duly authorized, certificates of stock of the Corporation the issuance of which shall have been duly authorized (the signature to which may be a facsimile signature), and may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts, agreements or other instruments duly authorized by the Board of Directors except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent. From time to time, he shall report to the Board of Directors all matters within his knowledge which the interests of the Corporation may require to be brought to their attention. He shall also perform such other duties as are given to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors.

Section 4.9 The Vice Chairman of the Board. The Vice Chairman of the Board or, if there shall be more than one, the Vice Chairmen, shall be elected from among the members of the Board of Directors. He or they, as the case may be, shall assist the Chairman of the Board. He or they, as the case may be, may sign with any other officer thereunto duly authorized, certificates of stock of the Corporation the issuance of which shall have been duly authorized (the signature to which may be a facsimile signature), and may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts, agreements or other instruments duly authorized by the Board of Directors except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent. From time to time, he or they, as the case may be, shall report to the Board of Directors all matters within his or their, as the case may be, knowledge which the interests of the Corporation may require to be brought to their attention. He or they, as the case may be, shall also perform such other duties as are given to him or them, as the case may be, by these By-Laws or as from time to time may be assigned to him or them, as the case may be, by the Board of Directors.

Section 4.10 The Chief Executive Officer. The Chief Executive Officer shall perform such duties as are given to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors. Subject to the overall authority of the Board of Directors, the Chief Executive Officer shall be the chief executive officer and the chief operating officer of the Corporation and shall have supervision of the day-to-day operations and administration of the Corporation. The Chief Executive Officer may sign and execute in

the name of the Corporation, deeds, mortgages, bonds, contracts, agreements or other instruments duly authorized by the Board of Directors except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent. From time to time, the Chief Executive Officer shall report to the Board of Directors all matters within their knowledge which the interests of the Corporation may require to be brought to their attention.

Section 4.11 The Vice Presidents. The Vice Presidents shall perform such duties as are given to them by these By-Laws or as from time to time may be assigned to them by the Board of Directors, the Chairman of the Board, any Vice Chairman of the Board, or the Chief Executive Officer and, in the order of their seniority, or in any other order as the Board of Directors may from time to time determine, shall, in the absence of the Chief Executive Officer, have all the powers of and be subject to all restrictions upon the Chief Executive Officer; and may sign, if so authorized, in the name of the Corporation, deeds, mortgages, bonds and other instruments.

Section 4.12 General Counsel. If there is a General Counsel, he shall be the chief legal officer of the Corporation. He shall perform such duties as are given to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors, the Chairman of the Board, any Vice Chairman of the Board, the Chief Executive Officer or other officers occupying the Office of the Chief Executive Officer.



Section 4.13 The Secretary. The Secretary shall:

(a) Record all the proceedings of the meetings of the stockholders, the Board of Directors, and any committees in a book or books to be kept for that purpose;

(b) Cause all notices to be duly given in accordance with the provisions of these By-Laws and as required by statute;

(c) Whenever any committee shall be appointed in pursuance of a resolution of the Board of Directors, furnish the chairman of such committee with a copy of such resolution;

(d) Be custodian of the records and of the seal of the Corporation, and cause such seal to be affixed to all certificates representing stock of the Corporation prior to the issuance thereof and to all instruments the execution of which on behalf of the Corporation under its seal shall have been duly authorized;

(e) See that the lists, books, reports, statements, certificates and other documents and records required by statute are properly kept and filed;

(f) Have charge of the stock and transfer books of the Corporation, and exhibit such stock book at all reasonable times to such persons as are entitled by statute to have access thereto;

(g) Sign (unless the Treasurer or an Assistant Secretary or an Assistant Treasurer shall sign) certificates representing stock of the Corporation the issuance of which shall have been duly authorized (the signature to which may be a facsimile signature); and

(h) In general, perform all duties incident to the office of the Secretary and such other duties as are given to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors, the Chairman of the Board, any Vice Chairman of the Board, the Chief Executive Officer or other officer occupying the Office of the Chief Executive Officer.

Section 4.14 Assistant Secretaries. At the request of the Secretary or in his absence or disability, the Assistant Secretary designated by him (or in the absence of such

designation, the Assistant Secretary designated by the Board of Directors, the Chairman of the Board, any Vice Chairman of the Board, the Chief Executive Officer or other officer occupying the Office of the Chief Executive Officer) shall perform all the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all restrictions upon the Secretary. The Assistant Secretaries shall perform such other duties as from time to time may be assigned to them respectively by the Board of Directors, the Chairman of the Board or any Vice Chairman of the Board, the Chief Executive Officer or other officer occupying the Office of the Chief Executive Officer.

Section 4.15 The Treasurer. The Treasurer shall:

(a) Have charge of and supervision over and be responsible for the funds, securities, receipts and disbursements of the Corporation;

(b) Cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such other banks or trust companies or with such bankers or other depositories as shall be selected in accordance with Section 5.3 of these By-Laws or to be otherwise dealt with in such manner as the Board of Directors may direct;

(c) Cause the funds of the Corporation to be disbursed by checks or drafts upon the authorized depositories of the Corporation, and cause to be taken and preserved proper vouchers for all moneys disbursed;

(d) Render to the Board of Directors or the Chairman of the Board, any Vice Chairman of the Board, the Chief Executive Officer or other officer occupying the Office of the Chief Executive Officer, whenever requested, a statement of the financial condition of the Corporation and of all of his transactions as Treasurer;

(e) Cause to be kept at the Corporation's principal office correct books of account of all its business and transactions and such duplicate books of account as he shall determine and upon application cause such books or duplicates thereof to be exhibited to any director;

(f) Be empowered, from time to time, to require from the officers or agents of the Corporation, reports or statements giving such information as he may desire with respect to any and all financial transactions of the Corporation;

(g) Sign (unless the Secretary or an Assistant Secretary or an Assistant Treasurer shall sign) certificates representing stock of the Corporation, the issuances of which shall have been duly authorized (the signature to which may be a facsimile signature); and

(h) In general, perform all duties incident to the office of Treasurer and such other duties as are given to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors or the Chairman of the Board, any Vice Chairman of the Board, the Chief Executive Officer or other officer occupying the Office of the Chief Executive Officer.

Section 4.16 Assistant Treasurers. At the request of the Treasurer or in his absence or disability the Assistant Treasurer designated by him (or in the absence of such designation, the Assistant Treasurer designated by the Board of Directors or the Chairman of the Board, any Vice Chairman of the Board, the Chief Executive Officer or other officer occupying the Office of the Chief Executive Officer) shall perform all the duties of the Treasurer, and, when so acting, shall have all the powers of and be subject to all restrictions upon the Treasurer. The Assistant Treasurers shall perform such other duties as from time to time may be assigned to them respectively by the Board of Directors, the Chairman of the Board, any Vice Chairman of the Board, the Chief Executive Officer or other officer occupying the Office of the Chief Executive Officer or the Treasurer.

Section 4.17 Surety Bonds. If the Board of Directors shall so require, any officer or agent of the Corporation shall execute to the Corporation a bond in such sum and with such surety or sureties as the Board of Directors may direct, conditioned upon the faithful

discharge of his duties, including responsibility for negligence and for the accounting for all property, funds or securities of the Corporation which may come into his hands.

#### ARTICLE V

##### Execution of Instruments and Deposits of Corporate Funds

Section 5.1 Execution of Instruments Generally. The Chairman of the Board, any Vice Chairman of the Board, the Chief Executive Officer, any officer occupying the Office of the Chief Executive Officer, any Vice Presidents, the Secretary or the Treasurer, subject to the approval of the Board of Directors, may enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. The Board of Directors may authorize any officer or officers, or agents or agent, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authorization may be general or confined to specific instances.

Section 5.2 Borrowing. No loans or advances shall be obtained by or contracted for, by or behalf of the Corporation, and no negotiable paper shall be issued in its name, unless and except as authorized by the Board of Directors. Such authorization may be general or confined to specific instances. Any officer or agent of the Corporation thereunto so authorized may obtain loans and advances, may make, execute and deliver promissory notes, bonds or other evidences of indebtedness of the Corporation. Any officer or agent of the Corporation thereunto so authorized may pledge, hypothecate or transfer as security for the payment of any and all loans, advances, indebtedness and liabilities of the Corporation, and

any and all stocks, bonds, other securities and other personal property at any time held by the Corporation, and to that end may endorse, assign and deliver the same and do every act and thing necessary or proper in connection therewith.

Section 5.3 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to its credit in such banks or trust companies or with such bankers or other depositories as the Board of Directors may select, or as may be selected by any officer or officers or agent or agents authorized so to do by the Board of Directors. Endorsements for deposit to the credit of the Corporation in any of its duly authorized depositories shall be made in such manner as the Board of Directors from time to time may determine.

Section 5.4 Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers or agent or agents of the Corporation, and in such manner, as from time to time shall be determined by the Board of Directors.

Section 5.5 Proxies. Proxies to vote with respect to shares of stock of other corporations owned by or standing in the name of the Corporation may be executed and delivered from time to time on behalf of the Corporation by the Chairman of the Board or any Vice Chairman of the Board or by any other person or persons thereunto authorized by the Board of Directors.

## ARTICLE VI

## Record Dates

Section 6.1 In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall be not more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. Only those stockholders of record on the date so fixed shall be entitled to any of the foregoing rights, notwithstanding the transfer of any such stock on the books of the Corporation after any such record date fixed by the Board of Directors.

## ARTICLE VII

## Corporate Seal

Section 7.1 The corporate seal shall be circular in form and shall bear the name of the Corporation and words and figures denoting its organization under the laws of the State of Delaware and the year thereof and otherwise shall be in such form as shall be approved from time to time by the Board of Directors.

## ARTICLE VIII

## Fiscal Year

Section 8.1 The fiscal year of the Corporation shall commence on January 1st and end on December 31st in each year.

## ARTICLE IX

## Personal Borrowing by Directors and Officers

Section 9.1 No Director or officer of the Corporation shall borrow funds from the Corporation or from any subsidiary corporation of the Corporation by any manner or means whatsoever, and the Corporation shall not make any loans whatsoever to any Director or officer by any manner or means. Nothing contained in this Section, however, shall be deemed to prohibit the making or accepting of advances of reasonable sums for travel expenses in connection with the business of the Corporation or any subsidiary corporation, provided that such advances shall be accounted for promptly upon completion of the particular travel involved with respect to each such advance.

## ARTICLE X

## Amendments

Section 10.1 All By-Laws of the Corporation may be amended, altered or repealed, and new By-Laws may be made by the affirmative vote of the holders of record of a majority of the outstanding shares of stock of the Corporation entitled to vote cast at any annual or special meeting, or by the affirmative vote of a majority of the Directors cast at any

regular or special meeting at which a quorum is present; provided, however, that the power to amend, alter or repeal Article IX of the By-Laws and this proviso is reserved exclusively to the stockholders.



## MODIFICATION AND EXTENSION OF CREDIT AGREEMENT

This MODIFICATION AND EXTENSION OF CREDIT AGREEMENT (this "AGREEMENT") dated as of the 14 day of April, 2000, between ALEXANDER'S, INC., a Delaware corporation, having an address at c/o Vornado Realty Trust, Park 80 West, Plaza II, Saddle Brook, New Jersey 07663 ("BORROWER") and FIRST UNION NATIONAL BANK (formerly known as First Fidelity Bank, National Association), having an address at 550 Broad Street, Newark, New Jersey 07102 ("LENDER").

## R E C I T A L S:

WHEREAS, Lender is the current holder of that certain Promissory Note dated March 15, 1995 in the original principal amount of \$20,000,000.00 made by Borrower to Lender (as amended by the Note Modification and Extension Agreement dated as of March 29, 1999 between Borrower and Lender and as further modified by Note Modification and Extension Agreement of even date herewith, referred to herein as the "NOTE"), which was executed and delivered in substitution for the Promissory Note dated March 15, 1995 in the original principal amount of \$30,000,000.00, pursuant to the Note and Mortgage Modification and Severance Agreement dated June 18, 1998 by and among Alexander's of Fordham Road, Inc., Alexander's, Inc., Alexander's of Third Avenue, Inc., Alexander's Rego Park Center, Inc., Alexander's of Rego Park II, Inc., Alexander's of Rego Park III, Inc., Seven Thirty One Limited Partnership, Alexander's Department Stores of Lexington Avenue, Inc., Alexander's of Brooklyn, Inc., Alexander's Department Stores of New Jersey, Inc. and First Union National Bank ;

WHEREAS, the Note was made pursuant to that certain Credit Agreement between Borrower and Lender dated March 15, 1995 ("ORIGINAL CREDIT AGREEMENT"), which Credit Agreement was amended by (i) letter agreement dated March 29, 1995 between Lender and Borrower, (ii) two letter agreements between Lender and Borrower, each dated March 24, 1997, (iii) Modification and Extension of Credit Agreement dated as of March 15, 1998 between Borrower and Lender, (iv) Modification of Credit Agreement dated as of June 18, 1998 between Borrower and Lender and (v) Modification and Extension of Credit Agreement dated as of March 29, 1999 (the "1999 CREDIT AGREEMENT MODIFICATION") between Borrower and Lender (such Original Credit Agreement, as so modified, the "CREDIT AGREEMENT"), which Note evidences a loan in the original principal amount of \$30,000,100.00 (the "LOAN") made by Lender to Borrower;

WHEREAS, the Note is secured by, inter alia, (A) those certain Mortgages, Assignments of Leases, Security Agreements and Fixture Filings, each dated March 15, 1995 (as heretofore amended, collectively, the "MORTGAGES"), in the original principal amount of \$30,000,100.00 (except for the 59th Street Mortgage) and given by (i) Alexander's of Fordham Road, Inc. to Lender and recorded on March 22, 1995 in the Office of the City Register, Bronx County in Reel 1310, Page 68, (ii) Alexander's, Inc. to Lender and recorded on March 22, 1995 in the Office of the City Register, Bronx County in Reel 1310, Page 1, (iii) Seven Thirty One Limited Partnership ("59TH STREET OWNER") to Lender (original principal amount of \$30,000,000.00) and recorded on March 20, 1995 in the Office of the City Register, New York County in Reel 2192, Page 1291 (the "59TH STREET MORTGAGE"), (iv) Alexander's, Inc. to Lender and recorded on March 17, 1995 in the Office of the City Register, Queens County in Reel

4088, Page 615, (v) Alexander's, Inc. to Lender and recorded on March 17, 1995 in the Office of the City Register, Queens County in Reel 4088, Page 659 and (vi) Alexander's Department Stores of New Jersey, Inc. to Lender and recorded on March 17, 1995 in the Office of the County Clerk, Bergen County, New Jersey in Book 8953, Page 802 and (B) those certain Assignments of Leases and Rents, each dated March 15, 1995, which are identified on Schedule A annexed hereto and made a part hereof (the "ASSIGNMENTS OF LEASES AND RENTS"); and

WHEREAS, the Note and the Loan are guaranteed by certain wholly owned subsidiaries of Borrower and the 59th Street Owner pursuant to the following documents: (i) that certain Guaranty of Payment in favor of Lender dated as of March 15, 1995 ("1995 GUARANTY") made by Alexander's of Fordham Road, Inc., Alexander's of Rego Park, Inc., Alexander's of Rego Park II, Inc., Alexander's of Rego Park III, Inc., Alexander's of Third Avenue, Inc., Alexander's of Flushing, Inc., Alexander's Department Stores of New Jersey, Inc. and Alexander's Department Stores of Lexington Avenue, Inc. (collectively, the "1995 GUARANTORS") and the 1998 Released Guarantors (as hereinafter defined) and (ii) that certain Guaranty dated as of March 29, 1999 made by the 59th Street Owner (the "1999 GUARANTOR") in favor of Lender (the "1999 GUARANTY" and together with the 1995 Guaranty and the 1999 Guaranty, collectively, the "GUARANTY"); and

WHEREAS, Alexander's Rego Park Center, Inc. (the "1997 GUARANTOR") executed a Guaranty of Payment in favor of Lender dated March 24, 1997 (the "1997 GUARANTY"), which 1997 Guaranty was later released pursuant to a letter agreement by and among Borrower, Lender, Alexander's Rego Park Center, Inc., Alexander's of Rego Park, Inc. and others dated May 12, 1999, which letter agreement also confirmed the release of Alexander's of Rego Park, Inc. from the 1995 Guaranty (Alexander's Rego Park Center, Inc. and Alexander's of Rego Park, Inc., collectively, the "1999 RELEASED GUARANTORS");

WHEREAS, pursuant to a certain Modification and Reaffirmation of Guaranty dated as of June 18, 1998, Alexander's of Brooklyn, Inc., Alexander's Department Stores of Brooklyn, Inc. and ADMO Realty Corp. (collectively, the "1998 RELEASED GUARANTORS") were released as guarantors under the 1995 Guaranty;

WHEREAS, the 1995 Guarantors and the 1999 Guarantor, with the exclusion of the 1998 Released Guarantors and the 1999 Released Guarantors, collectively referred to herein as the "GUARANTORS;" and

WHEREAS, Borrower has requested that Lender extend and modify the Loan as provided in this Agreement and to amend the terms of the Credit Agreement and Lender is willing, subject to the terms and conditions hereinafter set forth, to extend and modify the Loan in the manner hereinafter provided; and

WHEREAS, as a condition to Lender executing and delivering this Agreement, Lender has required that Guarantors reaffirm the Guaranty and amend the Guaranty to cover all obligations of Borrower to Lender, as modified by this Agreement, and the Guarantors have agreed to reaffirm the Guaranty as hereinafter provided; and

WHEREAS, Borrower and Alexander's Department Stores of Lexington Avenue, Inc. ("ALEX-LEX") executed a certain Pledge Agreement dated as of March 15, 1995 by and among Borrower, Alex-Lex and Lender (as modified by the 1999 Credit Modification Agreement, the "PLEDGE AGREEMENT"), to further secure the Note and the Loan;

WHEREAS, as a condition to Lender executing and delivering this Agreement, Lender has required that Alex-Lex and Borrower reaffirm the Pledge Agreement and Alex-Lex and Borrower have agreed to reaffirm and amend the Pledge Agreement as hereinafter provided.

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

1. EXTENSION OF MATURITY DATE. The definition of "Maturity Date" appearing on page 8 of the Credit Agreement is hereby deleted in its entirety and replaced by the following definition:

"Maturity Date" means MARCH 15, 2001."

2. CHANGE IN INTEREST RATE.

a. Section 2.04(a) appearing on page 14 of the Original Credit Agreement was amended and replaced as set forth in Paragraph 2.a. of the 1999 Credit Agreement Modification. Such revised Section 2.04(a) as set forth in the 1999 Credit Agreement Modification is hereby deleted in its entirety and replaced by the following new Section 2.04(a):

"(a) Ordinary Interest. The Borrower shall pay interest on the unpaid principal amount of the Loan owing to the Lender from the Closing Date, until such principal amount shall be paid in full, payable in arrears on the fifteenth day of each calendar month (each an "Interest Payment Date") at a rate per annum (the "Interest Rate") equal to

(i) prior to the second anniversary of the Closing Date, 13.80% or, provided that the Lender shall have executed the Intercreditor Agreement pursuant to which the obligations of the Borrower owing to the Subordinate Lender under the Vornado Credit Agreement shall be subordinated to the Loan Obligations, 9.86%,

(ii) on or after the second anniversary of the Closing Date but prior to the third anniversary of the Closing Date, (A) 7.25% or, provided that the Lender shall have executed the Intercreditor Agreement pursuant to which the obligations of the Borrower owing to the Subordinate Lender under the Vornado Credit Agreement shall be subordinated to the Loan Obligations, 3.25% plus (B) the One-Year Treasury Rate,

(iii) on or after the third anniversary of the Closing Date but prior to March 29, 1999 (the "1999 LOAN EXTENSION CLOSING DATE"), 7.94%

(iv) on or after the 1999 Loan Extension Closing Date until the 2000 Modification Effective Date (as hereinafter defined) (A) the greater of (x) 12.0% per annum and (y) the 1999 Modification LIBOR-Based Rate (as defined in the

2000 Credit Agreement Modification) or, (B) provided that the Lender shall have executed the Intercreditor Agreement pursuant to which the obligations of the Borrower owing to the Subordinate Lender under the Vornado Credit Agreement shall be subordinated to the Loan Obligations, the 1999 Modification LIBOR-Based Rate; and

(v) on or after the 2000 Modification Effective Date, until all amounts owing under this Credit Agreement are paid in full, the 2000 Modification LIBOR- Based Rate.

Interest shall be calculated daily on the basis of the actual number of days elapsed over a 360 day year. The 1999 Modification LIBOR-Based Rate and the 2000 Modification LIBOR-Based Rate, respectively, shall remain in effect, subject to the provisions of the 1999 Credit Agreement Modification and 2000 Credit Agreement Modification, respectively, for the entire 1999 Modification Interest Period and the entire 2000 Modification Interest Period, respectively, for which they are, respectively, determined. As used herein, the term "2000 MODIFICATION EFFECTIVE DATE" shall mean the later of (1) March 15, 2000 and (2) April 14, 2000. As used herein, the term "1999 CREDIT AGREEMENT MODIFICATION" shall mean the Modification and Extension of Credit Agreement between Borrower and Lender dated March 29, 1999."

b. As used in subparagraph 2.a. above and elsewhere in this Agreement, the following terms shall have the respective meanings given to them below:

i. "1999 MODIFICATION LIBOR-BASED RATE" shall mean at a rate equal to LIBOR (as hereinafter defined) plus 1.90 percent per annum, as determined by Lender prior to the commencement of each 1999 Modification Interest Period.

ii. "2000 MODIFICATION LIBOR-BASED RATE" shall mean at a rate equal to LIBOR plus 1.85 percent per annum, as determined by Lender prior to the commencement of each 2000 Modification Interest Period.

iii. "LIBOR" shall mean, with respect to each day during each 1999 Modification Interest Period or 2000 Modification Interest Period, as the case may be, the rate (rounded to the next higher 1/100 of 1%) for U.S. dollar deposits of one month maturity as reported on Telerate page 3750 as of 11:00 a.m., London time, on the second London business day before the relevant 1999 Modification Interest Period or 2000 Modification Interest Period, as the case may be, begins (or if not so reported, then as determined by Lender from another recognized source or interbank quotation). Notwithstanding the foregoing, if the undersigned hedges the 1999 Modification LIBOR- Based Rate or the 2000 Modification LIBOR-Based Rate, as the case may be, by entering into an interest rate swap agreement with Lender, LIBOR shall be rounded five decimal places in accordance with the 1991 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.

iv. "1999 MODIFICATION INTEREST PERIOD" shall mean, initially, the period commencing on the 1999 Loan Extension Closing Date and ending on April 15, 1999, and, thereafter, each period commencing on the last day of the immediately preceding 1999

Modification Interest Period and ending on the next Interest Payment Date (as defined in the restated Section 2.04 (a) of the Credit Agreement as contained above), provided, (i) any 1999 Modification Interest Period that would otherwise end on a day which is not a New York business day shall be extended to the next New York business day, unless such extension would carry such 1999 Modification Interest Period into the next month, in which event such 1999 Modification Interest Period shall end on the preceding New York business day; (ii) any 1999 Modification Interest Period that ends in a month for which there is no day which numerically corresponds to the Interest Payment Date shall end on the last New York business day of such month and (iii) any 1999 Modification Interest Period that would otherwise extend past the 2000 Modification Effective Date shall end on the day immediately preceding the 2000 Modification Effective Date.

v. "2000 MODIFICATION INTEREST PERIOD" shall mean, initially, the period commencing on the 2000 Modification Effective Date and ending on May 15, 2000, and, thereafter, each period commencing on the last day of the immediately preceding 2000 Modification Interest Period and ending on the next Interest Payment Date (as defined in the restated Section 2.04 (a) of the Credit Agreement as contained above), provided, (i) any 2000 Modification Interest Period that would otherwise end on a day which is not a New York business day shall be extended to the next New York business day, unless such extension would carry such 2000 Modification Interest Period into the next month, in which event such 2000 Modification Interest Period shall end on the preceding New York business day; (ii) any 2000 Modification Interest Period that ends in a month for which there is no day which numerically corresponds to the Interest Payment Date shall end on the last New York business day of such month and (iii) any 2000 Modification Interest Period that would otherwise extend past the Maturity Date shall end on the Maturity Date.

3. PAYMENT OF ACCRUED INTEREST; BORROWER'S ESTOPPEL. Borrower is paying to Lender on the date hereof all accrued and unpaid interest to the date hereof (collectively, the "Accrued Interest") on the Note (as modified by this Agreement). Borrower hereby acknowledges and agrees that, after giving credit for such payment, there is now owing under the Note and the Loan the outstanding principal balance of TWENTY MILLION and 00/100 DOLLARS (\$20,000,000.00). The aforesaid sum is owing by Borrower to Lender without claim, defense, offset or counterclaim of any kind or nature whatsoever.

#### 4. PREPAYMENT.

a. Section 2.03 of the Original Credit Agreement was amended and replaced as set forth in Paragraph 4 of the 1999 Credit Agreement Modification. Such revised Section 2.03 as set forth in the 1999 Credit Agreement Modification is hereby deleted in its entirety and replaced by the following new Section 2.03:

"The Loan may be prepaid, in whole but not in part, on the last day of a 2000 Modification Interest Period, upon at least thirty (30) days' notice to the Lender, provided that (i) Borrower pays Lender in connection therewith the Indemnified Loss or Expense (as hereinafter defined), if any, (ii) any prepayment will not affect the Borrower's obligations under any swap agreements (as defined in 11 U.S.C. Section 101) with Lender or an affiliate of Lender, including without limitation, all obligations to continue making payments thereunder, which swap agreements shall remain in full force and effect notwithstanding such prepayment and (iii)

Lender shall not be obligated to deliver any satisfaction of mortgage or other release of collateral for the Loan unless all requirements and procedures for early termination of any such swap agreements as set forth therein or in any related document shall be fully complied with by Borrower. Any prepayment shall include accrued and unpaid interest to the date of prepayment on the principal amount prepaid and all other sums due and payable hereunder and under all other Loan Documents. If Lender shall elect, in its sole discretion, to accept a partial prepayment, all payments received may be applied in such order as Lender in its sole discretion shall determine."

b. Borrower shall indemnify Lender against Lender's loss or expense in employing deposits as a consequence of (i) the undersigned's failure to make any payment when due hereunder, or (ii) any prepayment of the Loan on a date other than the last day of a 2000 Modification Interest Period (collectively, the "Indemnified Loss or Expense"). The amount of such (i) Indemnified Loss or Expense shall be determined, in Lender's sole discretion, based upon the assumption that Lender funded 100% of that portion of the Loan to which the 2000 Modification LIBOR-Based Rate applies in the applicable London interbank market.

c. In connection with the payment in full of the Loan, in lieu of delivery of satisfaction(s) of mortgages or releases of mortgage, Borrower may request that Lender deliver an assignment of mortgage with respect to one of the mortgaged premises (and releases of mortgages with respect to the other mortgaged premises) and Lender shall comply with such request provided that each of the following conditions shall be satisfied to the satisfaction of Lender:

i. all conditions for the delivery of satisfactions of mortgage as set forth in the Loan Documents shall be fully satisfied;

ii. all requirements and procedures for early termination of any swap agreements as set forth therein or in any related document are fully complied with by Borrower and all requirements for prepayment as set forth in Paragraph 4.a. above shall be fully satisfied;

iii. the assignment of mortgage shall expressly state that it is made without recourse, representation or warranty of any kind or nature; and

iv. the Section 275 Affidavit shall be executed and delivered by a principal of Borrower; and

v. Borrower shall pay all reasonable attorneys fees incurred by Lender in connection with the foregoing.

5. CONDITIONAL CONSENT TO CONVEYANCE OF AIR PARCEL WITH RESPECT TO 59TH STREET PROPERTY.

a. Subject to the prior satisfaction of each of the Transfer Conditions as hereinafter set forth, Lender hereby consents to:

- (1) the sale, assignment, transfer and/or conveyance (collectively, "TRANSFER") of one or more air parcels with respect to the 59th

Street Property of such dimensions as Borrower may determine together with all or a portion of such Transferrable Development Rights (as defined in the Transferrable Development Rights Security Agreement) as Borrower may reasonably determine to be consistent with the size of such air parcel (such air parcel and Transferrable Development Rights, collectively, the "59TH STREET AIR PARCEL") by the 59th Street Owner to one or more affiliates (based upon either control or economic interest) of Borrower and from one or more of such affiliates to other affiliate(s) of Borrower as Borrower may determine (all of such grantees, transferees and assignees, collectively, the "59TH STREET TRANSFEREES" and, individually, a "59TH STREET TRANSFEREE"), up to a total of four separate Transfers, but, in each case, expressly subject to (i) the lien and terms of the 59th Street Mortgage as theretofore modified (including, without limitation, as modified by the Mortgage Modification and Extension Agreement dated the date hereof) and (ii) the security interest granted to Lender (the "TRANSFERRABLE DEVELOPMENT RIGHTS LIEN") pursuant to that certain Pledge and Security Agreement For Transferrable Development Rights by and among 59th Street Owner, Borrower and Lender (the "TRANSFERRABLE DEVELOPMENT RIGHTS SECURITY AGREEMENT"); and

(2) in connection with a Transfer, seller financing by the 59th Street Owner to a 59th Street Transferee receiving a Transfer from such 59th Street Owner and/or by a 59th Street Transferee which is Transferring to another 59th Street Transferee (each, a "SELLER FINANCING MORTGAGOR"), which financing may be secured by one or more subordinate mortgages on the 59th Street Air Parcel and one or more security agreements granting subordinate security interests in the Transferrable Development Rights, provided that: (i) each such mortgage and security agreement (collectively, a "SELLER FINANCING MORTGAGE") and each UCC-1 Financing Statement with respect thereto shall expressly state that it and the lien thereof are subject and subordinate to the 59th Street Mortgage and the Transferrable Development Rights Security Agreement as theretofore modified and as thereafter may be modified, extended or increased, (ii) each mortgagee, secured party or pledgee under a Seller Financing Mortgage ("SELLER FINANCING MORTGAGEE") shall, simultaneously with the execution and delivery of such Seller Financing Mortgage, execute and deliver a subordination agreement in form and substance satisfactory to Lender which shall, among other things, confirm the subordination and other provisions of clause "(i)" above and contain the other provisions as set forth below ("59TH STREET SUBORDINATION AGREEMENT"), (iii) no Seller Financing Mortgage may be recorded without the prior written consent of Lender and (iv) the Banker's Agent (as defined in the Transferrable Development Rights Security Agreement)

shall confirm to Lender in writing that Banker's Agent continues to hold the Custodial Documents (as defined in the Transferrable Development Rights Security Agreement) as agent for Lender and reconfirms its obligations to Lender under the Transferrable Development Rights Security Agreement.

Each 59th Street Subordination Agreement shall also provide as follows:

A. Until the earlier of the repayment in full of the Loan and the release and discharge of the 59th Street Mortgage, the Seller Financing Mortgagee shall not, without the prior written consent of Lender, which may be withheld in Lender's sole and absolute discretion, exercise (x) any of its rights or remedies under or with respect to the Seller Financing Mortgage or any related loan documents (collectively, the "59th Street Seller Financing Loan Documents") against the Seller Financing Mortgagor, any portion of the 59th Street Air Parcel and/or any other assets of the Seller Financing Mortgagor, including, without limitation, the commencement of any judicial or non-judicial action or proceeding (i) to collect the rents with respect to the 59th Street Air Parcel, (ii) to have a receiver appointed to collect such rents or otherwise to enforce any lease with respect to the 59th Street Air Parcel, (iii) to foreclose the Seller Financing Mortgage or (iv) to enforce Seller Financing Mortgagor's obligations under any other 59th Street Seller Financing Loan Documents;

B. Seller Financing Mortgagee will not, without the prior written consent of Lender, file or join in the filing of an involuntary bankruptcy petition against any Seller Financing Mortgagor or vote in favor of any plan of reorganization of Seller Financing Mortgagor; and

C. Notwithstanding any provision of the Seller Financing Mortgage or other 59th Street Seller Financing Loan Document(s) to the contrary, any insurance proceeds or condemnation proceeds shall be paid or delivered to Lender in accordance with the Loan Documents and shall be applied, in accordance with the Loan Documents and to the extent provided therein, to the restoration of the improvements upon the 59th Street Air Parcel or to payment of the Loan (or as Lender may otherwise agree with Borrower or Seller Financing Mortgagor) and Seller Financing Mortgagee shall in all events cooperate fully with Lender in the collection and application of insurance proceeds and condemnation proceeds; and

D. Until the earlier of the repayment in full of the Loan and the release and discharge of the 59th Street Mortgage, any action brought by the Seller Financing Mortgagee to foreclose or otherwise enforce the Seller Financing Mortgage (which action shall not be brought without the prior written consent of Lender as provided above) shall not name as a defendant in said action any tenant of the 59th Street Property (including, without limitation, the 59th Street Air Parcel) and Seller Financing Mortgagee shall not otherwise take any action to terminate any leases covering any portion of the 59th Street Property (including, without



limitation, the 59th Street Air Parcel), in each case without the prior written consent of Lender.

b. The foregoing consent as set forth in subparagraph 5.a. above shall not be deemed given and shall be of no force or effect unless and until each of the following conditions (collectively, the "Transfer Conditions") shall first have been satisfied to the satisfaction of Lender or waived in writing by Lender:

- (1) Immediately upon the consummation of such Transfer the Bank shall receive notice thereof together with copies of all deeds and other documents evidencing or effectuating a Transfer (collectively, the "TRANSFER DOCUMENTS", and, individually, a "TRANSFER DOCUMENT"), together with copies of all documents pertaining thereto, including, without limitation, the contract of sale covering such transaction and all amendments to the foregoing;
- (2) simultaneously with the delivery of any deed or other Transfer Document, each of the 59th Street Transferees shall execute and deliver to Lender (A) an agreement in form and substance satisfactory to Lender whereby (i) they shall acknowledge that the conveyance set forth in such deed and the Transfer set forth in any other Transfer Document are all subject to the lien and terms of the 59th Street Mortgage, the Transferrable Development Rights Lien, the Transferrable Development Rights Security Agreement and the terms of the other Loan Documents and (ii) they shall assume all of the obligations of 59th Street Owner under the 59th Street Mortgage and under the Transferrable Development Rights Security Agreement, (B) a guaranty of the Loan substantially in the form annexed hereto as Exhibit A (a "59TH STREET TRANSFEREE GUARANTY"), (C) the Transferee Interests Security Agreement (as hereinafter defined) as required below, (D) UCC-1 Financing Statements in favor of Lender as Secured Party covering the Transferrable Development Rights transferred to such 59th Street Transferree and (E) Undated Endorsements in Blank (as defined in the Transferrable Development Rights Security Agreement);
- (3) simultaneously with the delivery of any deed or other Transfer Document, all of the legal and beneficial ownership interests (collectively, "TRANSFEREE EQUITY INTERESTS") in each 59th Street Transferee shall be pledged ("TRANSFEREE INTERESTS PLEDGE") to Lender pursuant to a Pledge and Security Agreement substantially in the form annexed hereto as Exhibit B ("TRANSFEREE INTERESTS SECURITY AGREEMENT") so that Lender receives a first priority and perfected security interest and pledge of one hundred percent (100.0%) of the Transferee Equity Interests and Lender shall receive such UCC-1 Financing Statements and possession of all

original stock certificates and other original documentation as counsel to Lender may reasonably determine is necessary or advisable so as to perfect Lender's security interest in the Transferee Equity Interests and maintain Lender's lien in the Transferable Equity Interests as a first priority perfected security interest; and

- (4) the legal fees incurred by the Lender with respect to the Transfer, the delivery of any and all Seller Financing Mortgages and all related transactions shall be paid.

c. Provided that no Event of Default shall then exist, upon execution and delivery of a 59th Street Transferee Guaranty by a 59th Street Transferee and satisfaction in full of all of the Transfer Conditions as pertaining to the Transfer to such 59th Street Transferee, Lender shall (i) return the 59th Street Transferee Guaranty and any Undated Endorsements in Blank executed and delivered by the transferor to such 59th Street Transferee ("59TH STREET TRANSFEROR"), whereupon such Guaranty and Undated Endorsements in Blank shall be deemed terminated, and release Lender's security interests under the Transferee Interests Security Agreement with respect to interests in the 59th Street Transferor, by delivery of appropriate UCC-3 Termination Statements.

d. In the event that not more than ten percent (10.0%) of the Transferee Equity Interests with respect to a 59th Street Transferee shall be held by individuals, the applicable Transferee Interests Security Agreement shall state that such individuals shall have no personal liability under such Agreement, provided that such agreement shall be executed by all other holders of Transferee Equity Interests in such 59th Street Transferee (collectively, "NON-INDIVIDUAL HOLDERS") and such other holders shall (i) guarantee in such agreement, in a manner satisfactory to Lender, all of the representations and obligations of such individuals executing such agreement, (ii) be responsible for all costs and expenses of Lender in enforcing its rights and remedies under the applicable Transferee Interests Security Agreement and (iii) confirm that there is no restriction on the liability of the Non-Individual Holders under the Transferee Interests Security Agreement and no non-recourse or exculpation provisions shall be applicable to the Non-Individual Holders.

e. Borrower shall not permit any Transfer to take place except upon satisfaction, to the reasonable satisfaction of Lender, of each of the Transfer Conditions.

6. LOAN FEE FOR EXTENSION AND MODIFICATION OF LOAN. Simultaneously with the execution and delivery of this Agreement, Borrower shall pay to the Lender, in consideration for Lender agreeing to extend and modify the Loan in accordance with the terms of this Agreement, a fee equal to \$60,000.00.

7. RELEASE OF PART OF MORTGAGED PREMISES.

a. Paramus Release. Subparagraph 9(a) of the 1999 Credit Agreement Modification is hereby deleted in its entirety and shall be of no further force or effect and Lender shall have no obligation to deliver a release of the Paramus Property except as expressly set forth

in this Paragraph 7 and subject to the terms and conditions set forth in this Paragraph 7. Lender shall release (the "PARAMUS RELEASE") the Paramus Property (as so identified in item 9 of Schedule IX of the Original Credit Agreement) from the lien of its mortgage on such premises, provided that each of the following conditions are complied with: (i) Borrower shall request such release in writing ("Paramus Release Request") not less than ten business days prior to the date for delivery of the release, (ii) there shall be no outstanding Events of Default at any time during the period from the date of the Paramus Release Request through actual delivery of the Paramus Release, (iii) Borrower shall, in connection with the delivery of the Paramus Release, make a payment in reduction of the principal balance of the Loan in the amount of \$10,000,000.00 (the "Paramus Release Price") together with all interest accrued and unpaid on the entire amount of the Loan through the date of payment of such Paramus Release Price and (iv) in connection with the Paramus Release, Borrower shall pay Lender all reasonable attorneys fees incurred by Lender in connection with the Paramus Release. The Paramus Release Price and such accrued and unpaid interest shall be paid in immediately available lawful money of the United States of America.

b. Lender shall have no obligation to deliver a release of the 59TH Street Property except as expressly set forth in this Paragraph 7 and subject to the terms and conditions set forth in this Paragraph 7. Lender shall release (the "59TH STREET RELEASE") the 59th Street Property (as so identified in item 3 of Schedule IX of the Original Credit Agreement) from the lien of its mortgage on such premises, provided that each of the following conditions are complied with: (i) Borrower shall request such release in writing ("59th Street Release Request") not less than ten business days prior to the date for delivery of the release, (ii) there shall be no outstanding Events of Default at any time during the period from the date of the 59th Street Release Request through actual delivery of the 59th Street Release, (iii) Borrower shall, in connection with the delivery of the 59th Street Release, make a payment in reduction of the principal balance of the Loan in the amount of \$10,000,000.00 (the "59th Street Release Price") together with all interest accrued and unpaid on the entire amount of the Loan through the date of payment of such 59th Street Release Price and (iv) in connection with the 59th Street Release, Borrower shall pay Lender all reasonable attorneys fees incurred by Lender in connection with the 59th Street Release. The 59th Street Release Price and such accrued and unpaid interest shall be paid in immediately available lawful money of the United States of America.

8. REAFFIRMATION OF GUARANTY. By signing below under the words "CONFIRMED AND AGREED TO", each of the Guarantors:

a. agrees that the term "Loan Documents" as used in the Guaranty shall henceforth mean (i) all of the "Loan Documents", as defined in the Original Credit Agreement (as such documents may have heretofore been modified), (ii) the Note (as heretofore modified and as modified by the Note Modification and Extension Agreement of even date herewith) (iii) the Mortgages (as heretofore modified and as modified by the Mortgage Modification and Extension Agreement of even date herewith), (iv) the Assignments of Lease and Rents (as modified by amendment of even date herewith), (v) the Credit Agreement as modified by this Agreement, (vi) the Transferrable Development Rights Security Agreement (as hereinafter defined), (vii) all other agreements modifying, extending or reaffirming the Loan Documents, including, without limitation, those documents being executed in connection with the execution and delivery of this Agreement and (viii) all other documents and agreements executed or

delivered in connection with any of the foregoing documents and pertaining to the Loan or collateral therefor (all of the foregoing, collectively referred to herein as the "LOAN DOCUMENTS");

b. acknowledges the continuing validity of the Guaranty to Lender and represents, warrants and confirms the non-existence of any offsets, defenses or counterclaims to any of its obligations thereunder, and waives any right to assert any set-off, counterclaim or cross claim of any nature whatsoever in any litigation relating to the Loan or any of the Loan Documents, the Guaranty or otherwise with respect to the Loan;

c. acknowledges that its execution of this Agreement constitutes a reaffirmation of its liability under the Guaranty for the performance of (x) all of Borrower's obligations to Lender under the Loan Documents, (y) all of the obligations of Borrower and the other mortgagors under the Mortgages and (z) and any and all obligations of Borrower of any kind and description, whether now existing or hereafter arising, under or in connection with swap agreements (as defined in 11 U.S.C. Section 101) between Borrower and Lender (or an affiliate of Lender);

d. represents to Lender that all corporate action necessary to authorize the execution and delivery of this Agreement by such Guarantor has been duly and properly taken;

e. represents to Lender that such Guarantor is in good standing under the laws of the state of its incorporation;

f. irrevocably and unconditionally waives any and all rights to trial by jury in any action, suit or counterclaim arising in connection with, out of or otherwise relating to this Agreement, the Guaranty or any other Loan Document; and

g. represents and warrants to Lender that such Guarantor owns the fee estate with respect to the respective premises set forth opposite the name of such Guarantor on Schedule B annexed hereto (as such premises are so identified on Schedule IX of the Original Credit Agreement) and hereby assumes all of the obligations of the mortgagor(s) under the Mortgage covering such premises (if such Guarantor did not originally execute such Mortgage as mortgagor).

#### 9. REAFFIRMATION OF PLEDGE AGREEMENT.

a. Borrower and Alex-Lex hereby represent and warrant to Lender as follows:

i. Borrower owns a 1.0% interest (843.50 Units) as a limited partner in 59th Street Owner (the "ALEX LIMITED PARTNER INTEREST").

ii. Alex-Lex owns a 49.0% interest (41,331.50 Units) as a general partner in 59th Street Owner (the "ALEX-LEX GENERAL PARTNER INTEREST") and a 50.0% interest (42,175 Units) as a limited partner in 59th Street Owner (the "ALEX-LEX LIMITED PARTNER INTEREST").

iii. The Alex Limited Partner Interest, the Alex-Lex General Partner Interest and the Alex-Lex Limited Partner Interest constitute in the aggregate one hundred percent (100%) of the partnership and equity interests in 59th Street Owner, including, without limitation, all of the interest of the general partners and limited partners in 59th Street Owner.

iv. Borrower continues to own all of the issued and outstanding capital stock of the Guarantors and Lender has a first priority and perfected security interest therein.

b. Borrower and Alex-Lex further agree as follows:

i. agree that the term "Loan Documents" as used in the Pledge Agreement shall henceforth mean the "Loan Documents" as such term is defined in this Agreement.

ii. acknowledges the continuing validity of the Pledge Agreement and represent, warrant and confirm the non-existence of any offsets, defenses or counterclaims to any of its obligations thereunder, and waives any right to assert any set-off, counterclaim or cross claim of any nature whatsoever in any litigation relating to the Loan or any of the Loan Documents, the Pledge Agreement or otherwise with respect to the Loan;

iii. acknowledge that their execution of this Agreement constitutes a reaffirmation of their obligations under the Pledge Agreement and that the pledge and security interest granted by Borrower (including, without limitation, the "Shares", as defined in the Pledge Agreement, and the Alex Limited Partner Interest) and by Alex-Lex (including, without limitation, the Alex-Lex General Partner Interest and the Alex-Lex Limited Partner Interest) shall secure, without limitation, the performance of (x) all of Borrower's obligations to Lender under the Loan Documents, (y) all of the obligations of Borrower and the other mortgagors under the Mortgages and (z) and any and all obligations of Borrower of any kind and description, whether now existing or hereafter arising, under or in connection with swap agreements (as defined in 11 U.S.C. Section 101) between Borrower and Lender (or an affiliate of Lender).

c. Alex-Lex represents to Lender (i) that all corporate action necessary to authorize the execution and delivery of this Agreement by Alex-Lex has been duly and properly taken and Alex-Lex is in good standing under the laws of the state of its incorporation; and

d. Borrower and Alex-Lex irrevocably and unconditionally waive any and all rights to trial by jury in any action, suit or counterclaim arising in connection with, out of or otherwise relating to this Agreement, the Pledge Agreement or any other Loan Document.

#### 10. PAYMENT OF ACCRUED INTEREST AND CLOSING EXPENSES.

a. Simultaneously with the execution and delivery of this Agreement, Borrower shall pay, in addition to the Accrued Interest, all of the costs, fees and expenses incurred by the Lender in connection with this Agreement and the transactions described herein or contemplated hereby, including, without limitation, (a) all fees and charges incurred or to be incurred in connection with the recording and/or filing of the documents executed in connection with the execution of this Agreement and the loan modification and extension which is the subject of this Agreement and all fees for the examination of title and updated title searches,

Uniform Commercial Code searches, related charges and all other charges of TitleServ Agency of New York City, Inc. (collectively, "TITLE EXPENSES") and (b) the fees and disbursements of Lender's counsel, Herrick, Feinstein LLP, incurred in connection with this transaction ("LENDER'S LEGAL FEES").

b. Notwithstanding anything to the contrary, expressed or implied, contained in this Agreement or any prior or contemporaneous correspondence or other communications between Borrower and Lender, at the option of Lender the extension of the loan contained in this Agreement shall not be or become effective until Borrower has paid the Accrued Interest, the Title Expenses and the Lender's Legal Fees.

11. REAFFIRMATION OF REPRESENTATIONS. Except with respect to Sections 4.01(g) and 4.01(h) of the Original Credit Agreement, Borrower hereby reaffirms and makes again to Lender, as of the date hereof, all of the representations and warranties contained in the Credit Agreement and hereby further represents and warrants to Lender as follows:

a. Borrower is a corporation duly organized and validly existing under the laws of the State of Delaware and has full power and authority to execute, deliver and perform its obligations under this Agreement and any other documents and instruments executed by Borrower in connection with this Agreement;

b. All corporate action necessary to authorize the execution, delivery and performance of this Agreement, and any other documents and instruments executed by Borrower and each Guarantor in connection with this Agreement, have been duly and properly taken; and

c. Borrower is in good standing under the laws of the State of Delaware.

12. BORROWER'S RELEASE OF LENDER. Borrower hereby release all claims, demands, and causes of action of any kind or nature against the Lender which Borrower now has or may have by reason of any matter, cause or thing relating to or arising out of the Loan or the Loan Documents, to the date of this Agreement.

13. FORDHAM ROAD. Lender consents to the conveyance of the Fordham Road Property (as so identified in item 1 of Schedule IX of the Original Credit Agreement) to the holder of the First Mortgage on such property or its designee (and to any consensual foreclosure of such mortgage) and in connection with such conveyance Lender shall release its mortgage lien on the Fordham Road Property. The parties hereto hereby further consent and agree that to the extent that a default or an event of default under the Greyrock Loan (as hereinafter defined) constitutes an Event of Default under the Credit Agreement or any other Loan Document, such default or event of default shall henceforth no longer constitute an Event of Default under the Credit Agreement or under any other Loan Document; provided that the foregoing shall not be construed so as to eliminate any other Event of Default or to affect the interpretation of any other default provision contained in the Credit Agreement or any other Loan Document. As used herein, the term "Greyrock Loan" shall mean the first mortgage loan on the Fordham Property in the original principal amount of \$25,000,000.00 made by Greyrock Capital Group, Inc. (now known as Bac of America Commercial Finance Corporation).

14. MISCELLANEOUS.

a. Terms not otherwise defined in this Agreement shall be deemed to have the meanings ascribed to them in the Credit Agreement.

b. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same instrument and agreement.

c. Except as herein amended, the terms and provisions of the Credit Agreement shall, in all other respects, remain unmodified, are hereby ratified and reaffirmed, and shall remain in full force and effect.

d. This Agreement shall be binding upon and shall inure to the benefit of Borrower, Lender and their respective successors and assigns. This Agreement shall be governed by the law of the State of New York. This Agreement may not be modified orally, but only by a writing executed by Borrower and Lender.

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

FIRST UNION NATIONAL BANK

By: /s/ WILLIAM H. BIRMINGHAM

-----  
Name: William H. Birmingham  
Its: V.P.

ALEXANDER'S, INC.

By: /s/ IRWIN GOLDBERG

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Name: Irwin Goldberg  
Its: Secretary

CONFIRMED AND AGREED TO:

ALEXANDER'S OF FORDHAM ROAD, INC.

By: /s/ IRWIN GOLDBERG

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Name: Irwin Goldberg  
Its: Secretary

ALEXANDER'S OF REGO PARK II, INC.

By: /s/ IRWIN GOLDBERG

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Name: Irwin Goldberg  
Its: Secretary



ALEXANDER'S OF REGO PARK III, INC.

By: /s/ IRWIN GOLDBERG

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Name: Irwin Goldberg  
Its: Secretary

ALEXANDER'S OF THIRD AVENUE, INC.

By: /s/ IRWIN GOLDBERG

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Name: Irwin Goldberg  
Its: Secretary

ALEXANDER'S OF FLUSHING, INC.

By: /s/ IRWIN GOLDBERG

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Name: Irwin Goldberg  
Its: Secretary

ALEXANDER'S DEPARTMENT STORES  
OF NEW JERSEY, INC.

By: /s/ IRWIN GOLDBERG

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Name: Irwin Goldberg  
Its: Secretary

ALEXANDER'S DEPARTMENT STORES OF  
LEXINGTON AVENUE, INC.

By: /s/ IRWIN GOLDBERG

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Name: Irwin Goldberg  
Its: Secretary

SEVEN THIRTY ONE LIMITED PARTNERSHIP

By: Alexander's Department Stores of Lexington  
Avenue, Inc., General Partner

By: /s/ IRWIN GOLDBERG

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Name: Irwin Goldberg  
Its: Secretary

STATE OF )  
 ) ss.:  
COUNTY OF )

On the \_\_\_\_\_ day of \_\_\_\_\_ in the year 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

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Notary Public

STATE OF )  
 ) ss.:  
COUNTY OF )

On the \_\_\_\_\_ day of \_\_\_\_\_ in the year 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

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Notary Public

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 ) ss.:  
COUNTY OF )

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Notary Public

STATE OF )  
 ) ss.:  
COUNTY OF )

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Notary Public

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COUNTY OF )

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Notary Public

STATE OF )  
 ) ss.:  
COUNTY OF )

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Notary Public

STATE OF )  
 ) ss.:  
COUNTY OF )

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Notary Public

STATE OF )  
 ) ss.:  
COUNTY OF )

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Notary Public

STATE OF )  
 ) ss.:  
COUNTY OF )

On the \_\_\_\_ day of \_\_\_\_\_ in the year 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

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Notary Public

## SCHEDULE A

## ASSIGNMENTS OF LEASES AND RENTS

1. Assignment of leases and rents made by ALEXANDER'S OF FORDHAM ROAD, INC., as assignor, dated as of March 15, 1995 in favor of FIRST FIDELITY BANK, NATIONAL ASSOCIATION, as assignee, recorded March 22, 1995 in Reel 1310, Page 114 in the New York City Register's Office, Bronx County, as modified by the Modification of Assignment of Leases and Rents, dated June 18, 1998, recorded on September 16, 1998, at Reel 1576, Page 2088 in the New York City Register's Office, Bronx County, as amended by Modification of Assignment of Leases and Rents dated as of March 29, 1999 .
2. Assignment of leases and rents made by ALEXANDER'S, INC., as assignor, dated as of March 15, 1995 in favor of FIRST FIDELITY BANK, NATIONAL ASSOCIATION, as assignee, recorded March 22, 1995 in Reel 1310, Page 48 in the New York City Register's Office, Bronx County, as modified by the Modification of Assignment of Leases and Rents, dated June 18, 1998, recorded on September 16, 1998, at Reel 1576, Page 2079 in the New York City Register's Office, Bronx County, as amended by Modification of Assignment of Leases and Rents dated as of March 29, 1999.
3. Assignment of leases and rents made by SEVEN THIRTY ONE LIMITED PARTNERSHIP, as assignor, and ALEXANDER'S DEPARTMENT STORES OF LEXINGTON AVENUE, INC., as general partner, dated as of March 15, 1995 in favor of FIRST FIDELITY BANK, NATIONAL ASSOCIATION, as assignee, recorded March 20, 1995 in Reel 2192, Page 1334 in the New York City Register's Office, New York County, as modified by the Modification of Assignment of Leases and Rents, dated June 18, 1998, recorded on September 10, 1998, in Reel 2703, Page 1753 in the New York City Register's Office, New York County, as amended by Modification of Assignment of Leases and Rents dated as of March 29, 1999.
4. Assignment of leases and rents made by ALEXANDER'S, INC., as assignor, dated as of March 15, 1995 in favor of FIRST FIDELITY BANK, NATIONAL ASSOCIATION, as assignee, recorded March 17, 1995 in Reel 4088, Page 705 in the New York City Register's Office, Queens County, as modified by the Modification of Assignment of Leases and Rents, dated June 18, 1998, recorded on July 21, 1998, at Reel 4920, Page 1699 in the New York City Register's Office, Queens County and also recorded on July 21, 1998 at page 1690 and 1708 in Queens County, as amended by Modification of Assignment of Leases and Rents dated as of March 29, 1999.
5. Assignment of leases and rents made by ALEXANDER'S DEPARTMENT STORES OF NEW JERSEY, INC., as assignor, dated as of March 15, 1995 in favor of FIRST FIDELITY BANK, NATIONAL ASSOCIATION, as assignee, recorded March 17, 1995 in Mortgage Book 8953 Page 849 in the Office of the County Clerk, Bergen County, as amended by Modification of Assignment of Leases and Rents dated as of March 29, 1999.



## SCHEDULE B

## PROPERTIES OWNED BY RESPECTIVE GUARANTORS

NAME OF GUARANTOR -----	PROPERTY OWNED -----
Alexander's of Rego Park II, Inc.	Rego Park II Property
Alexander's of Rego Park III, Inc.	Rego Park III Property
Alexander's of Third Avenue, Inc.	Third Avenue Property
Alexander's of Fordham Road, Inc.	Fordham Road Property
Alexander's of Flushing, Inc.	ground lease position with respect to 136-20 through 136-30 Roosevelt Avenue, Flushing, New York (Block 5019, Lot 5)
Alexander's Department Stores of New Jersey, Inc.	Paramus Property
Alexander's Department Stores of Lexington Avenue, Inc.	N/A
Seven Thirty One Limited Partnership	59th Street Property

EXHIBIT A

FORM OF 59TH STREET TRANSFEREE GUARANTY

EXHIBIT B

FORM OF TRANSFEREE INTERESTS SECURITY AGREEMENT

PLEDGE AND SECURITY AGREEMENT FOR TRANSFERRABLE  
DEVELOPMENT RIGHTS

AGREEMENT made as of this 14 day of April, 2000, by and among SEVEN THIRTY ONE LIMITED PARTNERSHIP, a New York limited partnership, having an address at c/o Vornado Realty Trust, Park 80 West, Plaza II, Saddle Brook, New Jersey 07663 ("Assignor"), ALEXANDER'S, INC., a Delaware corporation, having an address at c/o Vornado Realty Trust, Park 80 West, Plaza II, Saddle Brook, New Jersey 07663 ("Borrower") and FIRST UNION NATIONAL BANK (formerly known as First Fidelity Bank, National Association), having an address at 550 Broad Street, Newark, New Jersey 07102 ("Secured Party").

## R E C I T A L S

A. Borrower entered into that certain Credit Agreement between Borrower and Secured Party dated March 15, 1995 (such Credit Agreement, as amended by letter agreement dated March 29, 1995 between Borrower and Secured Party, as further amended by two letter agreements between Borrower and Secured Party, each dated March 24, 1997, as modified by that certain Modification and Extension of Credit Agreement dated as of March 15, 1998 between Borrower and Secured Party, as further modified by that certain Modification of Credit Agreement dated as of June 18, 1998 between Borrower and Secured Party, as further modified and extended by that certain Modification and Extension of Credit Agreement dated March 29, 1999 between Borrower and Secured Party and as further modified and extended by that certain Modification and Extension of Credit Agreement of even date herewith (the "2000 Credit Agreement Modification") between Borrower and Secured Party (such Credit Agreement as so modified, being hereinafter referred to as the "Credit Agreement").

B. Secured Party is the current holder of that certain Promissory Note dated March 15, 1995 in the original principal amount of \$20,000,000.00 made by Borrower to Secured Party

(as modified by Note Modification and Extension Agreement dated March 29, 1999 between Borrower and Secured Party and as further modified by Note Modification and Extension Agreement of even date herewith between Borrower and Secured Party (the "Note"), which was executed and delivered in substitution for the Promissory Note dated March 15, 1995 in the original principal amount of \$30,000,000.00, pursuant to the Note and Mortgage Modification and Severance Agreement dated June 18, 1998 by and among Alexander's of Fordham Road, Inc., Alexander's, Inc., Alexander's of Third Avenue, Inc., Alexander's Rego Park Center, Inc., Alexander's of Rego Park II, Inc., Alexander's of Rego Park III, Inc., Seven Thirty One Limited Partnership, Alexander's Department Stores of Lexington Avenue, Inc., Alexander's of Brooklyn, Inc., Alexander's Department Stores of New Jersey, Inc. and First Union National Bank.

C. Assignor executed and delivered a Guaranty dated March 29, 1999 of the loan (the "Loan") which is the subject of the Credit Agreement in connection with a prior extension of the Loan and Assignor is the mortgagor under that certain mortgage held by Secured Party covering premises referred to in the Credit Agreement as the 59th Street Property (such premises shall also be referred to herein as the "59th Street Property").

D. It is a condition precedent to the execution and delivery by Secured Party of the 2000 Credit Agreement Modification and its agreement to extend and modify the Loan as set forth therein, that Assignor and Borrower shall have executed and delivered this Pledge Agreement, granting to the Secured Party, a security interest in certain collateral as hereinafter set forth upon and subject to the terms and conditions hereinafter set forth.

E. Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed thereto in the Credit Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and to secure the payment of the "Obligations" (as hereinafter defined), it is hereby agreed as follows:

ARTICLE I  
DEFINITIONS AND INTERPRETATIONS

Section 1.1. Definitions. The following words and terms shall have the meanings set forth below.

"Collateral" means all of the rights and property described in Schedule A annexed hereto and made a part hereof, all proceeds of the foregoing, all additions to the foregoing and all substitutions and replacements for the foregoing.

"Collateral Documents" means all agreements and documents evidencing or pertaining to the Collateral or the rights of Assignor with respect thereto and any limitations thereon, including without limitation, the documents set forth or described on Schedule A annexed hereto and made a part hereof and all amendments thereto, true copies of which are annexed hereto as Exhibit A.

"Guarantors" shall have the meaning given such term in the 2000 Credit Agreement Modification. The Guarantors shall be referred to individually as a "Guarantor."

"Loan Documents" shall have the meaning given such term in the 2000 Credit Agreement Modification.

"Obligations" means all obligations of the Borrower under the Loan Documents.

"Security Agreement" means this Pledge and Security Agreement as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"UCC" means the Uniform Commercial Code as adopted in either the State of New York or the State of New Jersey (at the sole option and election of Secured Party) as of the date of this Security Agreement.

The provisions of Schedule A which contain additional defined terms used in this Security Agreement are hereby incorporated by this reference.

Section 1.2. Interpretation. In this "Security Agreement", unless the context otherwise requires:

(A) Words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice-versa.

(B) Any date specified in this Security Agreement which falls on a Saturday, Sunday or legal holiday shall automatically be extended until the first regular business day after such date.

(C) All capitalized terms used in this Security Agreement that are defined in any of the paragraphs hereof, will have the meanings ascribed to them in such paragraphs unless the context otherwise requires.

(D) The term "herein," "hereof" or "hereunder" or similar terms used in this Security Agreement refer to this entire agreement and not to the particular provision in which the term is used. Unless otherwise stated, all references herein to paragraphs, subparagraphs or other provisions are references to paragraphs, subparagraphs or other provisions of this Security Agreement.

(E) Any headings preceding the texts of the several Articles and Sections of this Security Agreement, shall be solely for convenience of reference and shall not constitute a part of this Security Agreement, nor shall they affect its meaning, construction or effect.

(F) This Security Agreement shall be governed by and construed in accordance with the applicable laws of the State of New York or the State of New Jersey (at the sole option and election of Secured Party) governing agreements made and executed within the State of New York, or, at the option of Secured Party, in accordance with the applicable laws of



the state in which the Collateral is located, in either case, without regard to conflict of laws principles.

(G) If any provision of this Security Agreement or its application to any person or circumstances is invalid or unenforceable to any extent, the remainder of this Security Agreement, or the applicability of such provision to other persons or circumstances, shall not be affected thereby. Each provision of this Security Agreement shall be valid and enforceable to the fullest extent permitted by law and shall be deemed to be separate from such invalid or unenforceable provisions and shall continue in full force and effect.

ARTICLE II  
SECURITY INTEREST

Section 2.1. Security Interest. As security for the prompt and unconditional payment and performance of the Obligations, Assignor does hereby assign, pledge and grant to the Secured Party a first priority and perfected security interest in and to the Collateral. Such assignment and grant shall be fully operative without any further action on the part of Assignor or Secured Party. Simultaneously with execution and delivery of this Agreement, Assignor shall execute and deliver UCC-1 Financing Statements in favor of Secured Party covering the Collateral for filing in (i) the office of the New York State Department of State, (ii) the New York County Clerk's office (one to be filed in the real estate records and a separate one to be filed with such clerk but not in the real estate records), (iii) the office of the New Jersey Secretary of State and (iv) the Bergen County (New Jersey) Clerk's office.

Section 2.2. Closing Deliveries. Simultaneously with the execution and delivery of this Agreement, Assignor shall execute (except for the Davis & Partners Certificates of Eligibility and Davis and Partners HPD to Buildings Department Letters, which are already executed) and deliver the following:

(A) the original (with raised seal) Davis & Partners Certificates of Eligibility (to be held by the Bank's Agent subject to the terms hereinafter provided);

(B) the original Davis & Partners HPD to Buildings Department Letters (to be held by the Bank's Agent subject to the terms hereinafter set forth);

(C) separate undated endorsements and assignments in blank sufficient to transfer the Transferrable Development Rights and related rights under each of the respective Davis & Partners Certificates of Eligibility (collectively, the "Undated Endorsements in Blank" and, individually a "Undated Endorsement in Blank");

Section 2.3. Use of Undated Endorsements in Blank. Following the later of an Event of Default and five business days notice to Assignor, Secured Party shall have the right to date, complete, execute and deliver the Undated Endorsements in Blank and to do all other things as may be required to transfer the Transferrable Development Rights (or any portion thereof as determined by Secured Party) to, at Secured Party's election, Secured Party, any purchaser at any sale of the Collateral (or portion thereof) pursuant to this Agreement or the Uniform Commercial Code and/or to any purchaser at a foreclosure sale with respect to the 59th Street Property.

Section 2.4. Future Deliveries. From and after the delivery by the seller under the BFC Zoning Bonus Purchase Agreement of the original BFC Certificates of Eligibility for Zoning Bonus and/or the original BFC HPD to Buildings Department Letter(s), Assignor shall cause such documents to be delivered to Bank's Agent to be held as agent for Secured Party as hereinafter provided.

Section 2.5. Bank's Agent. By signing this Agreement, Alexander's, Inc. ("Bank's Agent") hereby acknowledges and agrees as follows:

(A) It acknowledges receipt as agent of Secured Party of the of the following original documents:

- (i) original (with raised seal) Davis & Partners Certificates of Eligibility for Zoning Bonus; and
- (ii) original Davis & Partners HPD to Buildings Department Letters.

(B) Bank's Agent shall accept delivery, when issued and available, of the original BFC Certificates of Eligibility for Zoning Bonus and the BFC HPD to Buildings Department Letter (such original documents, together with the documents referred to in clause "(A)" above, collectively, the "Custodial Documents"). Assignor shall cause such documents when issued and available to it to be immediately delivered to Bank's Agent to be held as herein provided.

(C) Bank Agent's shall hold possession of the Custodial Documents solely as agent for Secured Party (and not as agent for Assignor, itself or any other party). Its duties hereunder are intended to be solely ministerial in nature. Bank's Agent shall follow all directions of Secured Party with respect to the Custodial Documents and the disposition thereof. Any directions that Bank's Agent may receive from any other party (other than a court of competent jurisdiction) with respect to the disposition of the Custodial Documents, including, without limitation, from Assignor, or any of its representatives, shall not be followed unless first consented to in writing by Secured Party. Neither the fact that Bank's Agent is also the borrower under the Loan, nor the fact that Bank's Agent is affiliated with Assignor shall be construed or interpreted in any manner whatsoever so as to imply the granting by Secured Party of any dominion, control or possession of the Custodial Documents to Assignor or to Bank's Agent in its capacity as borrower under the Loan, it being the intent of the parties hereto to grant

Secured Party a perfected first priority security interest in the Collateral and the Custodial Documents.

(D) Bank's Agent shall not charge Secured Party any fee or any other charge for holding the Custodial Documents or performing its duties under this Section 2.5, all of which shall be paid by Assignor and Borrower (as a joint and several obligation of Assignor and Borrower) and Assignor and Borrower hereby jointly and severally agree to indemnify and hold Secured Party harmless from and against any claim, cost, expense or liability (including reasonable attorneys fees) arising from any claim asserted by Bank's Agent in connection with its duties under this Section 2.5.

(E) Provided that there shall be no Event of Default hereunder or under the Credit Agreement, at such time as Secured Party shall be required to release the 59th Street Property from the lien of its mortgage in accordance with the provisions of the 2000 Credit Agreement Modification, it shall execute such UCC-1 Termination Statements and such other documents as Assignor may reasonably require (without incurring any liability) to release Secured Party's security interest in the Collateral or to re-assign the Collateral (provided that any assignment or release, as the case may be, shall be without recourse, representation or warranty of any kind or nature against Secured Party) and shall, contemporaneously therewith, direct Bank's Agent to release the Custodial Documents to Assignor.

Section 2.6. Power of Attorney. Assignor hereby designates Secured Party or any designee of Secured Party as Assignor's attorney-in-fact for the sole purpose of exercising Secured Party's rights under this Agreement and authorizes Secured Party or such designee (a) after request to Assignor, if Assignor fails to comply within 10 days of such request, execute in the name and on behalf of Assignor one or more UCC financing statements or amendments with

respect to the Collateral naming Assignor as debtor and Secured Party as secured party and indicating and describing the types and the items of the Collateral, and (b) from and after an Event of Default under this Security Agreement, in the name and on behalf of Assignor, (i) to take any action and execute any instrument which Secured Party may deem necessary or advisable to carry out and enforce or to accomplish the purposes of this Security Agreement or to exercise Secured Party's rights hereunder, (ii) after five business days notice to Assignor, to date, complete, execute and deliver the Undated Endorsements in Blank and to do all other things as may be required to transfer the Transferrable Development Rights (or any portion thereof as determined by Secured Party) to, at Secured Party's election, Secured Party, any purchaser at a sale of the Collateral (or portion thereof) pursuant to this Agreement and/or to any purchaser at a foreclosure sale with respect to the 59th Street Property, (ii) after five business days notice to the Assignor, to sell, transfer, pledge, make any agreement with respect to, or otherwise deal, with the Collateral as fully and completely as though Secured Party was the absolute owner thereof for all purposes, and to do, at Secured Party's option and at the expense of Assignor, at any time or from time to time, all acts and things which Secured Party deems necessary or desirable to protect, preserve or realize upon the Collateral in order to effect the intent of this Security Agreement, all as fully and effectively as Assignor might do. The foregoing power-of-attorney is irrevocable and coupled with an interest. Assignor releases Secured Party, and all subsidiaries, nominees, designees and affiliates thereof and all of its and their directors, officers, shareholders, employees, agents and representatives from any liability arising from any act or acts under and within the limits of such power-of-attorney or otherwise, in connection with this Security Agreement and the Loan Documents or in furtherance thereof, whether by omission or commission, and whether based upon any error of judgment or mistake of law or fact.

Section 2.7. Subordinate Pledge to Vornado. Secured Party hereby consents to Assignor granting a subordinate security interest in the Collateral in favor of Vornado Lending L.L.C. ("Vornado"), provided that (i) the agreement(s) evidencing the granting of such security interest (the "Subordinate Pledge Agreement") to Vornado expressly states that the security interest and lien in the Collateral granted to Vornado is fully subject and subordinate to the security interest granted pursuant to this Agreement, (ii) Vornado shall not file any UCC-1 Financing Statements with respect to the Collateral until the UCC-1 Financing Statements in favor of Secured Party shall first be filed, (iii) any UCC-1 Financing Statement in favor of Vornado shall expressly state that the security interest granted to Vornado is fully subject and subordinate to the security interest of Secured Party and (iv) a true and correct copy of each of the Subordinate Pledge Agreement, all documents evidencing the obligations secured by such Subordinate Pledge Agreement and all related loan documents shall be promptly delivered to Secured Party.

ARTICLE III  
REPRESENTATIONS AND WARRANTIES

Section 3.1. Representations and Warranties. Assignor represents and warrants that:

(A) Except for items 5, 6, 7 and 8 as set forth on Schedule A (to the extent not heretofore acquired by Assignor), Assignor is the sole and lawful owner of, and has good title to all the Collateral, including without limitation all of the rights and property listed or described on Schedule A annexed hereto, free and clear of all claims, liens, security interests, charges, taxes, assessments, pledges, defenses, rights of offset, encumbrances, escrows, rights of first refusal, mortgages, indentures, security agreements and other agreements, arrangements, contracts, commitments, understandings or other obligations, whether written or oral, other than the security interest created by this Security Agreement.

(B) Assignor is the Purchaser under the BFC Zoning Purchase Agreement by assignment from VRT Development Rights LLC, has not assigned, pledged, mortgaged or hypothecated any interest or right under such agreement and, except to the extent permitted under the 2000 Credit Agreement Modification or otherwise permitted under this Agreement, covenants not to assign, pledge, grant a security interest, mortgage or hypothecate any interest or right under such agreement except for the pledge and grant of security interest contained in this Agreement.

(C) Assignor has the full power, right and authority to enter into this Security Agreement, to grant the security interest granted herein to Secured Party and to carry out the transactions contemplated by this Security Agreement.

(D) The execution, delivery, and performance of this Security Agreement is not in contravention of any indenture, agreement, undertaking, license, judgment, decree, order, law, statute, ordinance or other governmental rule or regulation applicable to Assignor or by which Assignor is bound. This Security Agreement constitutes the legal, valid and binding obligation of Assignor enforceable in accordance with its terms.

(E) Assignor shall not enter into or permit any affiliate, designee or nominee to enter into any agreement modifying any of the terms and provisions of the Collateral Documents, or relating to or which may affect Assignor's rights thereunder or hereunder, or waive, consent, settle, release, or otherwise compromise any of the rights of Assignor under any of the Collateral Documents or hereunder; provided that Assignor may enter into one or more modifications of the BFC Zoning Bonus Purchase Agreement so long as such modification(s) shall not have a material adverse effect on Secured Party's security and interests herein.

(F) The Collateral Documents furnished to the Secured Party herewith are true and complete and have not been modified (true and complete copies of which are annexed hereto as Exhibit A ); to Assignor's knowledge, such documents and agreements are in full force and effect in accordance with their respective terms;

(G) To Assignor's knowledge, the BFC Zoning Bonus Purchase Agreement is in full force and effect and has not been terminated.

ARTICLE IV  
COVENANTS

Section 4.1. Maintenance of Collateral. Assignor, at its own expense, shall at all times undertake all reasonable efforts, to the extent permissible under applicable law, to maintain in full force and effect the Certificates of Eligibility of Zoning Bonus now, heretofore or hereafter issued to Assignor (including, without limitation the Davis & Partners Certificates of Eligibility for Zoning Bonus and the BFC Certificates of Eligibility for Zoning Bonus) and shall not transfer, assign, use (or take any action looking to any transfer, assignment or use, including, without limitation, the entering into of any agreement of sale or otherwise contemplating same) any of the zoning bonus or Transferrable Development Rights evidenced by such certificates, to or for any premises other than the 59th Street Property, which 59th Street Property shall at all times remain the "Compensated Development" with respect to the zoning bonus represented by all such Certificates of Eligibility of Zoning Bonus now, heretofore or hereafter issued.

(A) Simultaneously with the execution and delivery of this Agreement, deliver, to the Bank's Agent, to be held such firm as the agent of the Bank in accordance with Section 2.5 hereof (i) all original (with raised seal) Davis & Partners Certificates of Eligibility for Zoning Bonus and (ii) all Davis & Partners HPD to Buildings Department Letters.



(B) Deliver or cause to be delivered, immediately after receipt by Assignor, Borrower, any Guarantor or any attorneys or agent for any of the foregoing, to the Bank's Agent, to be held by such firm as the agent of the Bank in accordance with Section 2.5 hereof (i) all original (with raised seal) BFC Certificates of Eligibility for Zoning Bonus and (ii) all letters of the Department of Housing Preservation and Development to the Building Department relating or pertaining to such BFC Certificates of Eligibility for Zoning Bonus, including, without limitation of the nature of the Davis & Partners HPD to Buildings Department Letters.

(C) Keeping the Collateral free of all claims, liens, security interests, charges, taxes, assessments and encumbrances, except the security interests granted hereunder, and not sell, contract to sell, exchange, transfer, assign, hypothecate, alienate, further encumber or permit the further encumbrance or otherwise dispose of the Collateral or any interest therein, without the prior written consent of Secured Party.

Section 4.2. Assignor's Obligations. Assignor will pay to the Secured Party, all costs and expenses incurred and sums paid by the Secured Party (including without limitation attorneys' fees, costs and disbursements, insurance premiums and sales commissions) in connection with the enforcement of any of the Secured Party's rights under this Security Agreement or the negotiation or settlement of any default or dispute under this Security Agreement, all of which sums shall be secured by the Collateral. Assignor agrees that Assignor shall be exclusively responsible for the performance of all of the terms, covenants and conditions of the Collateral Documents as they relate to the owner of the Collateral, and that Secured Party, its successors or assigns shall have no responsibility or liability whatsoever under the Collateral Documents and shall under no circumstances be deemed to have any liability under such documents and agreements for any purpose whatsoever.

ARTICLE V  
EVENTS OF DEFAULT: REMEDIES

Section 5.1. Events of Default. Any one or more of the following events shall constitute an "Event of Default" hereunder:

(A) The occurrence of an "Event of Default", as defined in the Credit Agreement. The Credit Agreement is hereby modified to add as an "Event of Default" thereunder, the occurrence of any Event of Default as such term is defined in this Agreement.

(B) Except as may be expressly permitted under and subject to all of the terms and conditions of this Agreement or the 2000 Credit Agreement Modification, the transfer, assignment, use (or the taking of any action looking to any transfer, assignment or use, including, without limitation, the entering into of any agreement of sale or otherwise contemplating same), without Secured Party's consent, of any of the zoning bonus or Transferrable Development Rights evidenced by Certificates of Eligibility for Zoning Bonus, to or for the use of any premises other than the 59th Street Property or if at any time the 59th Street Property, shall not be the "Compensated Development" with respect to the zoning bonus represented by all Certificates of Eligibility of Zoning Bonus now, heretofore or hereafter issued;

(C) If any of the representations, warranties or statements made by Assignor herein, or made by Assignor, Borrower, or any Guarantor in any of the Loan Documents or any other document or instrument executed in connection with this Security Agreement, or in any certificate, financial statement or other instrument heretofore or hereafter delivered by any of them to Secured Party or its representatives, are untrue, incorrect or misleading in any material respect, as of the date when made;

(D) Any failure of Assignor or Borrower to comply with, or any breach by either of them of, any of the other terms, covenants or conditions of this Security Agreement

which default is not cured within thirty (30) days of notice thereof except that if such default is not reasonably capable of cure within such 30-day period, Assignor shall have such extended period as may reasonably be required provided Assignor commences such cure within 30 days and thereafter diligently pursues such cure.

(E) If title to or possession of any Collateral is transferred, by pledge, assignment or otherwise, to any person or entity other than Secured Party or if Assignor grants, suffers or permits any further pledge, mortgage or encumbrance of or any further lien upon or further security interest in any of the Collateral or enters in any agreement to do any of the foregoing.

(F) If Assignor, without Secured Party's consent, enters into any modification, termination or cancellation of any of the Collateral Documents, which in any way materially reduces or impairs the interest of the Assignor in the Collateral or its value to Secured Party.

Section 5.2. Remedies on Default. If any Event of Default referred to in Section 5.1 hereof shall have occurred, Secured Party shall have the following rights and remedies in addition to any other remedy it may have under the UCC, any other law, under this Security Agreement or any of the other Loan Documents:

(A) Secured Party may declare the entire indebtedness evidenced by the Loan Documents and all of the other Obligations to be immediately due and payable by giving written notice thereof to the Borrower and, upon giving such Notice, such indebtedness and all other Obligations shall be immediately due and payable in full to the Secured Party; and

(B) Secured Party may, at its sole option and discretion, sell, assign or otherwise dispose of the Collateral in whole or in part at public or private sale for cash, upon

credit with or without advertisement of the time, place or terms of sale, except that if the sale be a private sale, ten (10) days' notice in writing from Secured Party of the time and place of sale and the terms of sale shall be given to Assignor, which notice shall be deemed reasonable. The Secured Party may divide the Collateral in any manner it shall choose and may sell, assign or dispose of all portions or any portions of the Collateral. In case of any sale on credit, the Collateral sold may be retained by Secured Party until the sale price is paid, but Secured Party shall incur no liability if the purchaser fails to perform its obligations. At any sale, Secured Party, or such individual or individuals as may be designated by Secured Party, may purchase the security sold, free from all further right of redemption of Assignor, which is hereby waived and released. In case of any sale, Secured Party may first deduct all expenses of collection, sale and delivery of the Collateral sold and any expenses incidental thereto, including, but not limited to, taxes and reasonable attorneys', accountants' and auctioneers' fees and disbursements, and then apply the remaining proceeds to the satisfaction of the Obligations. In the event such remaining proceeds are insufficient to satisfy all of the Obligations, Secured Party shall have the right to determine in its sole discretion the particular Obligations against which the proceeds shall be applied, and Borrower and Assignor shall remain liable for and shall pay to Secured Party on demand the remaining deficiency. In the event such remaining proceeds are sufficient to pay the Obligations, any surplus shall be delivered to Assignor, provided that Secured Party agrees to abide by an unconditional and irrevocable written direction from Assignor (stating that it may not be revoked without the prior written consent of Vornado) to pay such remaining proceeds to Vornado instead of to Assignor, provided that such direction is received by Secured Party and sent in the manner provided herein for the sending of notices to Secured Party.

Any sale conducted upon the foregoing terms or by any other method of sale (if conducted in conformity with practices of any banks in New York State or New Jersey disposing of similar security) shall be deemed commercially reasonable. Assignor agrees that Secured Party shall have the right to continue to retain the Collateral until such time as Secured Party, in its sole discretion, believes that an advantageous price can be obtained for the Collateral and Secured Party shall not be liable to Assignor for any loss in the value of the Collateral by reason of any such retention of the Collateral by Secured Party.

Secured Party, at its sole option and election, may proceed against the Collateral either before, after or at the same time as a mortgage foreclosure, deed in lieu of mortgage foreclosure or other enforcement of its rights with respect to its mortgage encumbering the 59th Street Property. Secured Party shall have the right, at its sole option and election, to proceed against the Collateral pursuant to or in connection with a mortgage foreclosure action with respect to the 59th Street Property and/or pursuant to the rights granted to Secured Party under this Agreement.

#### Section 5.3. Waivers.

(A) Assignor waives presentment, demand, notice (except to the extent otherwise provided herein), protest, notice of acceptance of this Security Agreement, notice of loans made, credit extended, collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to the Obligations, the Loan Documents and the Collateral, Assignor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of the Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payments therefrom and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as Secured Party may deem advisable.

Secured Party shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto.

(B) Secured Party shall not, under any circumstances or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in the liquidation or any realization upon any of the Collateral, if undertaken in accordance with this Agreement, including any instrument received in payment thereof, or any damage resulting therefrom unless caused by the gross negligence or wilful misconduct on the part of Secured Party. Assignor shall indemnify and hold harmless Secured Party against any claim, loss or damage (including attorney's fees, costs and disbursements of Secured Party) arising out of the liquidation of or realization upon any of the Collateral, including any instrument received in payment thereof unless caused by the gross negligence or wilful misconduct on the part of the Secured Party.

Section 5.4. Remedies Cumulative.

(A) No remedy conferred upon or reserved to Secured Party hereunder is or shall be deemed to be exclusive of any other available remedy or remedies. Each such remedy shall be distinct, separate and cumulative, shall not be deemed to be inconsistent with or in exclusion of any other available remedy, may be exercised in the sole discretion of Secured Party at any time, in any manner, and in any order, and shall be in addition to and separate and distinct from every other remedy given Secured Party under the Loan Documents, any other security interest given to Secured Party by Assignor with respect to the Collateral or any other mortgage or security agreement securing any of the other Obligations, now or hereafter existing in favor of Secured Party at law or in equity or by statute. Without limiting the generality of the foregoing,

Secured Party shall have the right to exercise any available remedy to recover any amount due and payable with respect to the Obligations without regard to whether any other amount is due and payable, and without prejudice to Secured Party to exercise any available remedy for other events of default existing at the time the earlier action was commenced.

(B) Any delay, omission or failure by Secured Party to insist upon the strict performance by Assignor or Borrower of any of the covenants, conditions and agreements herein set forth or to exercise any right or remedy available to it upon the occurrence of an Event of Default hereunder shall not impair any such right or remedy or be considered or taken to constitute an estoppel against, or be a waiver or relinquishment of, the future right of Secured Party to insist upon and to enforce, by injunction or other appropriate legal or equitable remedy, strict compliance by Assignor and Borrower with all of the covenants, conditions and agreements herein, or under any of the other Loan Documents or of the right to exercise any such rights or remedies if such default by Assignor be continued or repeated. Regardless of consideration and without notice to or the consent of any of the holders of any subordinate lien on the Collateral, Secured Party may (i) release any part of the security described herein or any other security for the Obligations, (ii) release the obligations of any person primarily or contingently liable for the debts secured hereby or (iii) extend the time for payment or otherwise modify the terms of any of the other Obligations. No such release, extension or modification shall impair or affect the lien of this Security Agreement or its priority over any subordinate lien. Neither Assignor nor any other person primarily or contingently liable for the payment of the debts secured hereby shall be relieved of any liability by reason of (i) any such release, extension or modification, (ii) the failure of Secured Party to comply with any request of Assignor or any such person to foreclose this Security Agreement, or (iii) any agreement or stipulation between any subsequent owner of

the Collateral and Secured Party extending the time of payment or modifying the terms of this Security Agreement.

ARTICLE VI  
GENERAL

Section 6.1. Consents, Approvals and Waivers to Be in Writing. No consent, approval or waiver of Secured Party hereunder shall be effective unless in writing and signed by an officer, employee or other person authorized to execute such consent, approval or waiver. Assignor and Borrower hereby acknowledge that, in executing this Security Agreement and the documents being executed simultaneously or in connection with this Security Agreement, neither Assignor nor Borrower has relied on any representation, warranty, promise, statement, covenant or agreement, express or implied, direct or indirect, given or made by or on behalf of Secured Party or otherwise, except as expressly set forth herein.

Section 6.2. Entire Agreement. This Security Agreement, together with all the documents delivered and executed in connection herewith, constitutes the entire agreement among the parties with respect to the subject matter hereof. The Assignor hereby acknowledges that, in executing and delivering this Security Agreement, it has not relied on any oral or written representation, warranty, promise, statement, covenant or agreement, express or implied, direct or indirect, given or made by or on behalf of Secured Party or its agents or representatives or otherwise, except as expressly set forth herein.

Section 6.3. Successors and Assigns. This Security Agreement, and the documents referred to herein, shall be binding upon and inure to the benefit of, and be enforceable by, Secured Party and Assignor, and each of their respective heirs, administrators, legal representatives, successors, subsidiaries, affiliates, nominees and assigns; except that Assignor



has no right to assign its rights hereunder or any interest herein without the prior written consent of Secured Party.

Section 6.4. Jurisdiction. With respect to any claim or cause of action in connection with the execution or performance of or arising under this Security Agreement or the Loan Documents or any of the other instruments described in and executed and/or delivered in connection herewith, the Assignor (i) irrevocably submits to the nonexclusive personal jurisdiction of both the courts of the State of New York and New Jersey, (ii) irrevocably waives any objection which all or any one of them may have to the laying on of venue of any suit, action or proceeding arising out of or relating to this Security Agreement or said documents brought in any such court, (iii) irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum, (iv) irrevocably waives the right to object, with respect to such court, that such court does not have jurisdiction over such party, (v) IRREVOCABLY WAIVES ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING WITH RESPECT TO SUCH CLAIM, SUIT, ACTION OR PROCEEDING, (vi) irrevocably waives any defense other than payment, (vii) agrees to sue Secured Party only in New York City.

Section 6.5. Construction. This Security Agreement shall be construed without regard to or aid of any presumption, rule or canon requiring construction against Secured Party or party drawing this Security Agreement.

Section 6.6. Severability. If any provision of this Security Agreement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Security Agreement and to this end the provisions of this Security Agreement are intended to be and shall be severable with respect to each of the parties hereto.

Section 6.7. Further Assurances. The Assignor and Borrower shall from time to time execute, acknowledge and deliver such further instruments and perform such additional acts as Secured Party may reasonably request to effectuate the intent of this Security Agreement or any of the other Loan Documents.

Section 6.8. Notices. Any notice or other communication to be given hereunder shall be in writing and shall be either delivered or sent by first-class registered or certified mail, return receipt requested postage prepaid, addressed (a) if to Assignor or Borrower to Assignor's address and Borrower's address, respectively, as set forth on the first page hereof (and in the case of Borrower, to the attention of: Chief Financial Officer), and with a copy sent in like manner to Whitman Breed Abbot & Morgan LLP, 200 Park Avenue, New York, New York 10166, Attention: Neil Underberg, Esq. and with a copy in like manner to the additional addresses set forth on Schedule B annexed hereto; or (b) if to the Secured Party, at Secured Party's address set forth above, Attention: Mr. William Bermingham, with a copy sent in like manner to Herrick, Feinstein LLP, 2 Park Avenue, New York, New York 10016, Attention: Jeffrey H. Kaufman, Esq., or (c) as to any party, at such changed address as shall be designated by such party by notice to the other party given in the manner set forth in this Section 6.9. The failure to notify counsel shall not invalidate an otherwise valid notice. Each such notice shall be effective (i) if delivered, at the time of delivery to the address specified in this paragraph or (ii) if given by mail, on the second business day following the time of mailing in the manner aforesaid, provided that notices to the Secured Party shall not be effective until received. Notwithstanding the foregoing, as of July 1, 2000, the Saddle Brook New Jersey address listed for Alexander's Inc. and Vornado Realty Trust shall be changed to the following address: 210 Route 4 East, Paramus, New Jersey 07652.

Section 6.9. Secured Party's Additional Rights Relating to the Collateral. Without limiting any rights of Secured Party as provided herein, the right is granted to the Secured Party, in its discretion, at any time after the occurrence and during the continuance of an Event of Default (as defined in Section 5.1 hereof) (i) to transfer to or register in the name of itself or any of its nominees any of the Collateral, (ii) in any bankruptcy or similar proceeding to file a proof of claim for the full amount of the Collateral and to vote such claim for or against any arrangement or with respect to any other matter; (iii) in its own name or in the name of Assignor or any other appropriate person, to demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for, or make any compromise or settlement it may deem desirable with respect to, any of the Collateral, (v) to extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, or release, any of the Collateral; (vi) to contest, pay and/or discharge all liens, encumbrances, taxes or assessments on, or claims, actions or demands against, any of the Collateral and to take all actions and proceedings in the Secured Party's own name or in the name of the Assignor or any other appropriate person in order to remove or contest such liens, encumbrances, taxes, assessments, claims, actions or demands; or to refrain from doing any of the foregoing, all without affecting the Obligations and without notice or liability to or the consent of the Assignor except to account for property actually received by the Secured Party.

Section 6.10. No Subrogation or Contribution, etc. If any of the Collateral is applied on account of any of the Obligations, Assignor shall not have any right of subrogation to the Secured Party's right in any other Collateral held by the Secured Party with respect to the Obligations or any right of contribution from the Secured Party by reason thereof for so long as any Obligation remains outstanding.

Section 6.11. Indemnification. In any suit, proceeding or action brought by Secured Party or under any of the Collateral Documents, for any sum owing hereunder or thereunder, or to enforce any provisions of the Collateral Documents, for any sum owing hereunder or thereunder, or to enforce any provisions of the Collateral Documents or this Security Agreement, Assignor and Borrower shall save, indemnify and keep Secured Party harmless from and against all expenses, losses or damages, including attorneys fees, costs and expenses, suffered by reason of any defense, set-off, counterclaim, recoupment or reduction of liability whatsoever of the party against whom such suit, proceeding or action is brought, arising out of a breach by Assignor or Borrower of any obligation hereunder or thereunder or arising out of a breach of any other agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from Assignor, and all such obligations of Assignor shall be and remain enforceable against and only against Assignor and shall not be enforceable against Secured Party. Assignor shall save, indemnify and keep Secured Party harmless from and against all claims, demands and liabilities with respect to any New York City or New York State real property transfer taxes arising from any transfer or disposition of the Collateral or any portion thereof by Assignor or by Secured Party through the exercise of the rights and remedies provided for herein or otherwise available to it at law or in equity. The indebtedness and obligations of Assignor under this Section shall constitute part of the Obligations secured hereby.

Section 6.12. Schedules and Recitals. Each of the Recitals and the exhibits and schedules referred to herein and attached hereto is incorporated herein by this reference.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY

IN WITNESS WHEREOF, the Assignor, Borrower and Secured Party have executed this Pledge and Security Agreement as of the date first above written.

ASSIGNOR:

SEVEN THIRTY ONE LIMITED PARTNERSHIP  
By: Alexander's Department Stores of Lexington  
Avenue, Inc., General Partner

By: /s/ Irwin Goldberg

-----  
Name: Irwin Goldberg  
Its: Secretary

BORROWER:

ALEXANDER'S, INC.

By: /s/ Irwin Goldberg

-----  
Name: Irwin Goldberg  
Its: Secretary

SECURED PARTY:

FIRST UNION NATIONAL BANK

By: /s/ William H. Bermingham

-----  
Name: William H. Bermingham  
Its: Vice President

STATE OF            )  
                      ) ss.:  
COUNTY OF        )

On the \_\_\_\_\_ day of \_\_\_\_\_ in the year 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

-----  
Notary Public

STATE OF            )  
                      ) ss.:  
COUNTY OF        )

On the \_\_\_\_\_ day of \_\_\_\_\_ in the year 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

-----  
Notary Public

STATE OF )  
 ) ss.:  
COUNTY OF )

On the \_\_\_\_\_ day of \_\_\_\_\_ in the year 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

-----  
Notary Public



STATE OF            )  
                      ) ss.:  
COUNTY OF        )

On the \_\_\_\_\_ day of \_\_\_\_\_ in the year 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

-----  
Notary Public

## SCHEDULE A

## COLLATERAL

All right, title, and interest of Assignor, direct or indirect (i.e. beneficial), now existing or hereafter acquired under or by reason of the entering into or issuance of, as the case may be:

1. that certain original Certificate of Eligibility for Zoning Bonus dated December 6, 1999 issued by The City of New York Department of Housing Preservation and Development under Docket Number LIH # 66, in favor of Seven Thirty One Limited Partnership, evidencing a zoning bonus of 78,024 square feet (site of affordable units: 351-353 East 61st Street, New York, New York); and
2. that certain original Certificate of Eligibility for Zoning Bonus dated December 9, 1999 issued by The City of New York Department of Housing Preservation and Development under Docket Number LIH # 66, in favor of Seven Thirty One Limited Partnership, evidencing a zoning bonus of 19,348 square feet, which is in addition to and not in lieu of any portion of the 78,024 square foot zoning bonus referred to above (site of affordable units: 351-353 East 61st Street, New York, New York) (the Certificate of Eligibility described in this item number 2, together with the Certificate of Eligibility described in item number 1 above, are herein referred to collectively as the "Davis & Partners Certificates of Eligibility for Zoning Bonus"; and
3. all rights evidenced by the Davis & Partners Certificates of Eligibility for Zoning Bonus, including, without limitation, the right to build more square footage of development than would otherwise be permitted by the Zoning Resolution of the City of New York or by other applicable law (referred to herein, as the "Davis & Partners Transferrable Development Rights"); and
4. the letters dated December 6, 1999 and December 9, 1999, respectively, from the Department of Housing Preservation and Development of the City of New York to the City of New York Department of Buildings certifying that a Certificate of Completion of Affordable Units has been issued for the completion of low income housing at the Inclusionary Housing Site (351-353 East 61st Street; Block 1436, Lot 122, Community District 8) and that applicant has sold 78,024 square feet and 19,348 square feet, respectively, of Floor Area Development rights to Assignor ("Davis & Partners HPD to Buildings Department Letters"); and
5. all transferrable development rights, zoning bonus rights or similar rights (including, without limitation, the right to build more square footage of development than would otherwise be permitted by the Zoning Resolution of the City of New York or by other applicable law) acquired by Assignor or any affiliate of Assignor (including, without limitation 59th Street Corporation) pursuant to the Inclusionary Air Rights Purchase Agreement dated October 15, 1999 between BFC 31 Street LLC, as seller, and VRT Development Rights LLC, as purchaser, as assigned by VRT Development Rights LLC

to Seven Thirty One Limited Partnership or any replacement or substitute agreement (collectively, the "BFC Zoning Bonus Purchase Agreement")

6. all Certificates of Eligibility for Zoning Bonus now or hereafter issued pursuant to the BFC Zoning Bonus Purchase Agreement (collectively, the "BFC Certificates of Eligibility for Zoning Bonus and, together with the Davis & Partners Certificates of Eligibility for Zoning Bonus, collectively, the "Certificates of Eligibility for Zoning Bonus"); and
7. all rights evidenced by the BFC Certificates of Eligibility for Zoning Bonus, when issued (or any substitute certificate(s)), including, without limitation, the right to build more square footage of development than would otherwise be permitted by the Zoning Resolution of the City of New York or at law (referred to herein, as the "BFC Transferrable Development Rights" and, together with the Davis & Partners Transferrable Development Rights, collectively, the "Transferrable Development Rights"); and
8. all letters from the Department of Housing Preservation and Development of the City of New York to the City of New York Department of Buildings pertaining to the BFC Certificate(s) of Eligibility for Zoning Bonus, including, without limitation, all letters similar to the Davis & Partners HPD to Buildings Department Letters (collectively, the "BFC HPD to Buildings Department Letters"); and
9. all rights appurtenant to the foregoing; and
10. all proceeds of the foregoing, all additions to the foregoing and all substitutions and replacements for the foregoing,

## SCHEDULE B

Vornado Realty Trust  
Park 80 West  
Plaza II  
Saddle Brook, New Jersey 07663  
Attn: Vice-President for Finance  
Telephone: 201-587-1000  
Telecopier: 201-587-0600

and to:

Vornado Realty Trust  
Park 80 West  
Plaza II  
Saddle Brook, New Jersey 07663  
Attn: Vice President for Real Estate  
Telephone: 201-587-1000  
Telecopier: 201-587-0600

EXHIBIT A  
COPIES OF COLLATERAL DOCUMENTS

## FIRST AMENDMENT TO MORTGAGE AND SECURITY AGREEMENT

This First Amendment (this "Amendment") dated as of February 24, 2000 between ALEXANDER'S OF FORDHAM ROAD, INC., a Delaware corporation, having an office at Park 80 West, Plaza II, Saddle Brook, New Jersey 07663 ("MORTGAGOR") and BANC OF AMERICA COMMERCIAL FINANCE CORPORATION (formerly known as Greyrock Capital Group Inc.), having an office at 187 Danbury Road, Wilton, Connecticut ("MORTGAGEE").

## R E C I T A L S:

A. Lender is the holder of that certain Mortgage and Security Agreement dated as of February 24, 1995 made by Alexander's Inc. ("Alexander's") to Mortgagee and recorded on February 27, 1995 in the office of the City Register, Bronx County, New York in Reel 1303, Page 457 (the "MORTGAGE"), which Mortgage encumbers the land described in Exhibit A hereto, the improvements thereon and other property more particularly described in the Mortgage, and which Mortgage was assumed by Mortgagor.

B. The Mortgage secures that certain Promissory Note (Secured) dated February 24, 1995 in the original principal amount of \$25,000,000 made by Alexander's to Mortgagee (the "ORIGINAL NOTE"), which Original Note was assumed by Mortgagor.

C. Simultaneously with the execution and delivery hereof, Mortgagor and Mortgagee are executing and delivering an amendment and restatement of the Original Note (the "RESTATED NOTE"), which Restated Note, among other things, extends the term of the loan secured by the Mortgage and provides for the accrual of part of the interest on the Loan.

D. Mortgagor and Mortgagee desire to amend the Mortgage so as to, among other things, confirm that it will secure the Restated Note.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by all of the parties hereto, and to induce Mortgagee to accept the Restated Note, the parties hereto agree as follows:

1. DEFINITIONS. All capitalized terms used and not defined herein shall have the respective meanings given such terms in the Mortgage.

2. NOTE. All references in the Mortgage to "Note" shall be deemed to refer to the Restated Note, as the same may hereafter from time to time be amended, extended, consolidated, replaced, supplemented, substituted for, restated, severed or otherwise modified.

## 3. LEASES.

(a) Mortgagor shall not enter into any lease, occupancy agreement or license agreement with respect to the Mortgaged Property or any part thereof, or any other agreement with respect to the Mortgaged Property or any part thereof (other than a service contract that can be terminated without penalty or premium on not more than 30 days notice to the other party to such service contract) without the prior written consent of Mortgagee in each instance; provided,

however, that Lender shall not unreasonably withhold, delay or condition its consent to any lease. Mortgagee shall enter into a subordination, nondisturbance and attornment agreement ("SNDA") in the form attached hereto as Exhibit B with any tenant under a lease that has been approved or been deemed approved by Mortgagee in accordance with this Paragraph 3, and Mortgagee shall in good faith consider requests made by any such tenant to make changes to such form (although Mortgagee shall not be obligated to make such changes). In addition, in the case of a Credit Lease (as hereinafter defined) only, the form of SNDA shall be modified to give the tenant a right (so long as the tenant is not in default under the lease beyond any applicable grace period) to offset against rent (i) the amount of any contribution for tenant improvements which the landlord under the lease is obligated to pay but does not pay when due and/or (ii) the reasonable cost of any tenant improvements that the landlord under the lease is obligated to perform that were performed by tenant after the landlord failed to perform same when required under the lease and the expiration of any grace period available to the landlord. Notwithstanding anything to the contrary contained in the foregoing, Lender shall not be obligated to approve any lease or negotiate or enter into any SNDA at any time that an Event of Default is continuing or after Mortgagee has given a Borrower Notice (as such term is defined in that certain Trigger Agreement dated the date hereof between Guarantor and Lender). "Credit Lease" means a lease with an investment grade rated tenant on market terms for a term of at least five years.

(b) The following procedure shall be followed regarding lease approvals. Mortgagor may but shall not be required to submit to Mortgagee and Mortgagee's Counsel (as hereinafter defined) a term sheet summarizing the principal terms of the lease (together with, at Mortgagor's option, a draft of the proposed lease), accompanied by a request (the "First Request") for approval thereof and also accompanied by, to the extent that Mortgagor was able to obtain them after having used reasonable efforts to do so, the respective current financial statements of the lessee under such proposed lease and the guarantor(s), if any, of such lessee's obligations thereunder. If Mortgagee does not notify Mortgagor of its approval or disapproval of the term sheet (and, if applicable, lease draft) within five Business Days after the term sheet (and, if applicable, lease draft) and accompanying materials are received by Mortgagee and Mortgagee's Counsel, Borrower may submit a second request (the "Second Request") to Mortgagee and Mortgagee's Counsel which shall be identical to the First Request. If Mortgagee does not notify Mortgagor of Mortgagee's approval or disapproval of the term sheet (and, if applicable, lease draft) within two Business Days after the Second Request is received by Mortgagee and Mortgagee's Counsel, the term sheet (and, if applicable, the lease draft) shall be deemed approved, provided the First Request and the Second Request each contained the legend set forth in the last sentence of this Section. Mortgagor shall also submit to Mortgagee and Mortgagee's Counsel a request (also, a "First Request") for approval of the lease itself, accompanied by (1) a copy of the proposed lease, executed by the tenant, (2) any guaranty(ies) of said lease, and (3) if the lease is based on Mortgagor's standard form, a copy of the lease marked to show changes from the approved standard lease form, or, if a draft has previously been submitted, a copy of the lease marked to show changes from such draft. If Mortgagee does not notify Mortgagor of Mortgagee's approval or disapproval of the lease within five Business Days after the lease and accompanying materials are received by Mortgagee and Mortgagee's Counsel, Mortgagor may submit a second request (also, a "Second Request") to Mortgagee and its counsel which shall be identical to the First Request. If Mortgagee does not notify Mortgagor of Mortgagee's approval or disapproval of the lease within two Business Days after the Second

Request is received by Mortgagee and Mortgagee's Counsel, the lease shall be deemed approved, provided the First Request and the Second Request each contained the legend set forth in the last sentence of this Section. Mortgagee may not object to any lease term that was in a term sheet or draft lease that was previously approved (or deemed approved) by Mortgagee. To the extent plans (or schematic plans) are included in the documents constituting a lease, Mortgagee and its construction consultant shall have the right to review the same (at Mortgagor's expense) as part of the lease approval process and, if such plans call for structural work, Landlord shall have an additional two (2) Business Days to notify Tenant of its approval or disapproval thereof. All requests made pursuant to this Paragraph 3 shall be made in accordance with the notice provisions set forth in the Restated Note, with an additional copy to Kaye, Scholer, Fierman, Hays & Handler, LLP, 425 Park Avenue, New York, New York 10022, Attention Louis J. Hait, Esq. ("Mortgagee's Counsel"). Each request for approval of a lease, lease draft or term sheet pursuant to this Section shall make specific reference to the provisions of this Section and shall expressly state, in all capital letters on the first page thereof: "YOU ARE HEREBY REMINDED THAT YOUR FAILURE TO PROVIDE NOTIFICATION OF APPROVAL OR DISAPPROVAL NOT LATER THAN [for First Request: FIVE (5) BUSINESS DAYS][for Second Request: TWO (2) BUSINESS DAYS or, in the case of a lease including structural plans, FOUR (4) BUSINESS DAYS] AFTER YOUR RECEIPT OF THIS REQUEST, SHALL BE DEEMED TO CONSTITUTE YOUR APPROVAL HEREOF."

(c) Notwithstanding anything to the contrary contained in this Paragraph 3, (i) in no event shall Mortgagee have any obligation to approve or consent to, and in no event shall Mortgagee be deemed to have approved or consented to, any Lease that contains a purchase option, or a right of first refusal or right of first offer, with respect to a sale of the Mortgaged Property or any part thereof or interest therein, and (ii) in no event shall a lease be deemed approved if the term sheet or draft lease with respect thereto was disapproved and, notwithstanding anything to the contrary contained in this Section, no lease or term sheet shall be deemed approved during the existence of an Event of Default.

4. CASH MANAGEMENT. Prior to entering into any lease, occupancy agreement or license agreement with respect to the Mortgaged Property or any part thereof, Mortgagor (i) shall open a trust account (the "CLEARING ACCOUNT ") at a bank selected by Mortgagor and reasonably acceptable to Mortgagee (the "CLEARING BANK ") and (ii) shall execute and deliver to Mortgagee, and shall cause the Clearing Bank and any manager of the Mortgaged Property to execute and deliver to Mortgagee, an agreement in the form of Exhibit C hereto (the "CLEARING ACCOUNT AGREEMENT"). Mortgagor shall cause all Property Income to be transmitted directly by all tenants, occupants and licensees of the Mortgaged Property into the Clearing Account as more fully described in the Clearing Account Agreement. Without in any way limiting the foregoing, all Property Income received by Mortgagor or any manager of the Mortgaged Property shall be deposited into the Clearing Account within one Business Day of receipt. Funds deposited into the Clearing Account shall be swept by the Clearing Bank on a daily basis into Mortgagor's operating account at the Clearing Bank, unless an Event of Default is continuing, in which event such funds shall be swept on a daily basis to a bank account designated and controlled by Mortgagee (the "DEPOSIT ACCOUNT ") and applied to the Loan and/or Operating Expenses in such order and manner as Mortgagee may elect in its sole and absolute discretion, subject, however, to the provisions of Paragraph 2(d) of the Trigger Agreement. The Deposit Account will be under



the sole control and dominion of Mortgagee, and Mortgagor shall have no right of withdrawal therefrom. Mortgagor shall pay for all expenses of opening and maintaining all of the above accounts.

5. PRINCIPAL AMOUNT. As of the date hereof, the outstanding principal amount secured by the Mortgage as amended hereby is \$21,262,848.54. The Mortgage as amended hereby does not secure any new or further principal indebtedness other than the principal indebtedness secured by the Mortgage.

6. CONFLICTS. In the event of any conflict between the terms of this Amendment and the terms of the Mortgage, the terms of this Amendment shall control.

7. FULL FORCE AND EFFECT. As amended hereby the Mortgage remains in full force and effect. Mortgagor has no offsets, defenses or counterclaims with respect to any of its obligations under the Mortgage as amended hereby, the Restated Note or any of the other Loan Documents (including, without limitation, the Assignment and the Assignment of Licenses, Permits and Approvals and Contracts and Agreements and Equipment Leases).

8. NOTICES. All notices given under this Amendment or the Mortgage shall be given in accordance with Section 9 of the Restated Note.

IN WITNESS WHEREOF, each of the undersigned has duly executed or caused this Agreement to be duly executed as of the day and year first above written.

ALEXANDER'S OF FORDHAM ROAD, INC.

By: /s/ Irwin Goldberg  
-----

BANC OF AMERICA COMMERCIAL FINANCE  
CORPORATION

By: /s/ Leslie S. Brown  
-----

Name: Leslie S. Brown  
Title: Vice President

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

On the \_\_\_\_ day of April, in the year 2000, before me, the undersigned, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

- -----  
Notary Public

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

On the \_\_\_\_ day of April, in the year 2000, before me, the undersigned, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

- -----  
Notary Public

Exhibit A  
Legal Description

1

## Exhibit B

## CLEARING ACCOUNT AGREEMENT

CLEARING ACCOUNT AGREEMENT (the "AGREEMENT") dated as of \_\_\_\_\_, 1999 among \_\_\_\_\_, having an address at \_\_\_\_\_ (the "CLEARING BANK"), ALEXANDER'S OF FORDHAM ROAD INC., a Delaware corporation, having an office at Park 80 West, Plaza II, Saddle Brook, New Jersey 07663 ("BORROWER") and BANC OF AMERICA COMMERCIAL FINANCE CORPORATION, having an address at 187 Danbury Road, Wilton Connecticut 06897 (together with its successors and assigns, "LENDER").

## W I T N E S S E T H:

## RECITALS:

- a) Pursuant to certain loan documents (collectively, the "LOAN DOCUMENTS"), between Lender and Borrower, Lender has made a loan to Borrower secured by a mortgage (the "MORTGAGE"), on certain real property owned by Borrower and known as 2501-2511 Grand Concourse and 2519-2525 Creston Avenue in Bronx, New York (the "PROPERTY");
- b)
- c) [Borrower and \_\_\_\_\_ (the "MANAGER") are parties to a management agreement with respect to the Property pursuant to which the Manager has agreed to manage the Property;]
- d)
- e) The Loan Documents provide that all Rents (as defined in Section 13) shall be sent directly to a financial institution reasonably acceptable to Lender for deposit into an account designated and established by Lender or its designee; and
- f)
- g) Lender and Borrower desire to retain the Clearing Bank to provide the services described herein.
- h)
- i) NOW THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:
- j)

## 2. DUTIES OF THE CLEARING BANK.

- a. The Clearing Bank shall receive and process any deposits presented by Borrower, the Manager or any of their respective agents pursuant to Section 4 in accordance with the terms of this Agreement. The Clearing Bank shall also receive and process all Rents sent directly to the Clearing Bank by tenants at the Property. The receipts described in this paragraph (a) are collectively referred to herein as the "RECEIPTS." The Clearing Bank shall establish and maintain a collection account for the Property (the "CLEARING ACCOUNT"), into which the

Clearing Bank shall deposit all Receipts received by it with respect to the Property. The Clearing Account shall be entitled as follows:

Name: Banc of America Commercial Finance Corporation,  
as mortgagee of Alexander's of Fordham Road, Inc.

Account No.: -----

ABA No.: -----

The Clearing Bank shall maintain a microfilm or other record of each Receipt which is processed by the Clearing Bank for a period of one year from the date of processing.

- a. Items deposited with the Clearing Bank which are returned for insufficient or uncollected funds will be re-deposited the first time. Items returned unpaid the second time for whatever reason shall be debited to the Clearing Account under advice and returned to Borrower. Borrower shall be liable to the Clearing Bank for the amount of any exchange or collection charges incurred by the Clearing Bank. Return item fees will be charged directly to the Clearing Account. The Clearing Bank shall send a monthly report to Borrower and Lender, which monthly report shall specify the amount deposited into the Clearing Account with respect to the Property for the previous month.
- a. During any period other than a Cash Management Period (as defined in Section 13), the Clearing Bank shall, on a daily basis, transfer funds from time to time on deposit in the Clearing Account to the operating account of Borrower at the Clearing Bank (Account No. \_\_\_\_\_) or as Borrower may otherwise direct by written notice to the Clearing Bank.
- a. During a Cash Management Period, however, the Clearing Bank shall disburse all amounts that are then in the Clearing Account by wire transfer (or transfer via the ACH system) of immediately available funds on a daily basis to the Deposit Account at the Deposit Bank (as defined in Section 13). Borrower hereby irrevocably instructs and authorizes the Clearing Bank to make transfers into the Deposit Account in accordance with this Section 1(d). The foregoing instructions are irrevocable and not subject to modification in any manner, except that Lender, its designee or its successor as servicer may, by written notice to the Clearing Bank amend or rescind such instructions. Simultaneously with any transfer to the Deposit Bank pursuant to this Section 1(d), the Clearing Bank shall send to the Deposit Bank, Lender and Borrower, via telecopy, a notice of wire transfer or ACH system advice setting forth the amount transferred.

1. FEES. To compensate the Clearing Bank for performing the herein-described services, Borrower agrees to pay the fees owed to the Clearing Bank. The Clearing Bank shall debit the Clearing Account under advice on a monthly basis or shall include its fees in an account analysis statement, in accordance with the particular arrangements between the Clearing Bank and Borrower.

## 1. TERMINATION.

- a. The Clearing Bank may resign from obligations under this Agreement at any time after 30 days' prior written notice to the other parties hereto, but in no event shall the Clearing Bank be released of its obligations hereunder unless and until a substitute bank has been designated and assumed its respective obligations hereunder. With respect to the appointment of a successor to the Clearing Bank, Borrower and Lender shall use reasonable efforts to designate such a bank promptly after receipt of notice of resignation by the Clearing Bank and shall take all reasonable actions necessary to cause such designated successor promptly to assume the obligations of the Clearing Bank hereunder.
- a. Lender may terminate this Agreement at any time upon 30 days' prior written notice to the other parties hereto.
- a. Borrower may not unilaterally terminate this Agreement or close the Clearing Account established hereunder and the Clearing Bank shall not comply with any request from Borrower to close the Clearing Account.

1. MATTERS CONCERNING BORROWER AND MANAGER. Borrower and the Manager hereby agree to deposit with the Clearing Bank within one Business Day of receipt, all Rents received by Borrower or the Manager, respectively, with respect to the Property. Concurrently with the execution and delivery hereof, Borrower shall deliver a notice in the form of Exhibit A to each existing tenant at the Property directing them to remit their rent checks directly to the Clearing Bank, and shall also deliver such a notice to each future tenant at the Property.

1. INDEMNIFICATION. The Clearing Bank shall not be liable for any claims, suits, actions, costs, damages, liabilities or expenses or for any interruption of services, or incidental, consequential, special or punitive damages ("LIABILITIES") in connection with the subject matter of this Agreement other than Liabilities caused by the negligence or willful misconduct of the Clearing Bank, and Borrower hereby agrees to indemnify and hold harmless the Clearing Bank and the directors, officers, employees and agents of the Clearing Bank and the successors and assigns of the Clearing Bank from and against any and all Liabilities arising from or in connection with any acts or omissions taken by the Clearing Bank or any director, officer, employee or agent of any of them, as applicable, in connection with this Agreement, other than those Liabilities caused by the negligence or willful misconduct of the Clearing Bank.

## 1. LENDER'S RIGHTS IN CLEARING ACCOUNT.

- a. Borrower hereby pledges, transfers and assigns to Lender, and grants to Lender, as additional security for Borrower's obligations under the Loan Documents, a continuing perfected security interest in and to, and a general first lien upon, all of Borrower's right, title and interest in and to (i) the Clearing

Account and all cash, property or rights transferred to or deposited in the Clearing Account from time to time, (ii) all earnings, investments and securities held in the Clearing Account, and (iii) any and all proceeds of the foregoing. Borrower further agrees to execute, acknowledge, deliver, file or do, at its sole cost and expense, all other acts, assignments, notices, agreements or other instruments as Lender may reasonably require in order to effectuate, assure, secure, assign, transfer and convey unto Lender any of the rights granted by this Section.

- a. Borrower and Lender hereby notify the Clearing Bank of the grant by Borrower to Lender of a security interest in the Clearing Account and all of the Borrower's right, title and interest in and to all cash, property and rights transferred or deposited in the Clearing Account. In addition, the Clearing Bank and Borrower each acknowledge and agree that the Clearing Account maintained hereunder is subject to the sole dominion, control and discretion of Lender and its authorized agents or designees, and Borrower shall have no right to close any such account or right of withdrawal with respect to any such account, except as expressly permitted under the Loan Documents, except with the prior written consent of Lender. Borrower shall be entitled to request and receive any information about the Clearing Account that it shall reasonably request from time to time. The Clearing Bank waives any right to offset any claim against Borrower which it might have against the Clearing Account maintained hereunder; provided, however, that the Clearing Bank retains the right to charge the Clearing Account for (i) any of the Clearing Bank's charges, fees and expenses provided for herein for which Borrower is responsible and (ii) all items deposited in and credited to such account and subsequently returned unpaid or with respect to which the Clearing Bank fails to receive final settlement.

1. SUCCESSORS AND ASSIGNS; ASSIGNMENTS. This Agreement shall bind and inure to the benefit of and be enforceable by the Clearing Bank, Borrower and Lender and their respective successors and assigns. Lender shall have the right to assign or transfer its rights under this Agreement without limitation. Any assignee or transferee shall be entitled to all the benefits afforded Lender under this Agreement; provided, however, that such assignee or transferee shall have delivered to the other parties hereto written confirmation that such assignee or transferee agrees to be bound by the terms of this Agreement and is also the assignee or transferee (or agent thereof) of the note secured by the Mortgage.

1. AMENDMENTS; OTHER AGREEMENTS. This Agreement may be further amended from time to time in writing by all parties hereto. This Agreement is supplemented by the terms of the Clearing Bank's deposit account agreement with Borrower, and to the extent the terms of such agreement conflict with this Agreement, the specific terms of this Agreement shall control.

1. NOTICES. Notices to the Clearing Bank should be sent to the address first above written or by telecopy to \_\_\_\_\_, Attention: \_\_\_\_\_; notices to Borrower should be sent to the address first above written or by telecopy to \_\_\_\_\_, Attention: \_\_\_\_\_.



\_\_\_\_\_ ; and notices to Lender should be sent to the address first above written or by telecopy to (203) 423-4003, Attention: Real Estate Administration (Attn: James Kaufman); or, in each case, to such other address as shall be designated in writing by the respective party to the other parties hereto. Unless otherwise expressly provided herein, all such notices, to be effective, shall be in writing (including by facsimile), and shall be deemed to have been duly given or made (a) when delivered by hand or by nationally recognized overnight carrier, (b) upon receipt after being deposited in the mail, certified mail and postage prepaid or (c) in the case of facsimile notice, when sent and electronically confirmed, addressed as set forth above.

1. GOVERNING LAW AND VENUE. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York (without regard to conflicts of laws principles applied in New York). Borrower hereby submits to the nonexclusive jurisdiction of the state and federal courts of the State of New York for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.
  
1. CERTAIN MATTERS AFFECTING THE CLEARING BANK. The Clearing Bank may rely and shall be protected in acting or refraining from acting upon any notice (including but not limited to electronically confirmed facsimiles of such notice) believed by it to be genuine and to have been signed or presented by the proper party or parties. The duties and obligations of the Clearing Bank set forth in this Agreement shall be determined solely by the express provisions of this Agreement, the Clearing Bank shall not be liable except for the performance of such party's duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Clearing Bank.
  
1. INTERPLEADER. If at any time the Clearing Bank, in good faith, is in doubt as to the action it should take under this Agreement, the Clearing Bank shall have the right to commence an interpleader action in the United States District Court for the State of New York and to take no further action except in accordance with joint instructions from Lender and Borrower or in accordance with the final order of the court in such action.
  
1. DEFINED TERMS. As used herein the following capitalized terms shall have the respective meanings set forth below:
  - a. "BUSINESS DAY" shall mean any day other than a Saturday, Sunday or any day on which commercial banks in New York, New York are authorized or required to close.
  
  - a. "CASH MANAGEMENT PERIOD" shall mean each period commencing upon the giving by Lender or its designee to the Clearing Bank of a notice stating either that an "Event of Default exists under the Loan Documents" or that "Borrower

has delivered a Borrower Notice" and terminating upon the giving by Lender or its designee to the Clearing Bank of a notice stating that the Cash Management Period has ended. The Clearing Bank shall have no duty, obligation or right to inquire into the truth or accuracy of any such notice from Lender and Borrower hereby irrevocably directs and authorizes Clearing Bank to comply with any notice received from Lender.

a. "DEPOSIT ACCOUNT" shall mean the bank account as shall have at the time in question most recently been designated as such in a written notice from Lender to the Clearing Bank.

a. "DEPOSIT BANK" shall mean the bank at which the Deposit Account is located.

a. "RENTS" shall mean all rents, rent equivalents, moneys payable as damages (including payments by reason of a rejection of a lease in a bankruptcy proceeding) or in lieu of rent or rent equivalents, royalties (including, without limitation, all oil and gas or other mineral royalties and bonuses), income, fees, receivables, receipts, revenues, deposits (including, without limitation, security, utility and other deposits), accounts, cash, issues, profits, charges for services rendered, and other payment and consideration of whatever form or nature received by or paid to or for the account of or benefit of Borrower, Manager or its agents or employees from any and all sources arising from or attributable to the Property and the improvements thereon, including, without limitation, all receivables, customer obligations, installment payment obligations and other obligations now existing or hereafter arising or created out of the sale, lease, sublease, license, concession or other grant of the right of the use and occupancy of the Property or rendering of services by Borrower, Manager or any of their agents or employees and proceeds, if any, from business interruption or other loss of income insurance.

[The rest of this page is left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in several counterparts (each of which shall be deemed an original) as from the date first above written.

[CLEARING BANK]

By: -----  
Name:  
Title:

ALEXANDER'S OF FORDHAM ROAD, INC.

By: ----- ,

BANC OF AMERICA COMMERCIAL  
FINANCE CORPORATION

By: -----  
Name:  
Title:

The Manager hereby agrees to the provisions of Section 4 hereof

- - - - -

By: -----  
Name:  
Title:

EXHIBIT A

FORM OF NOTICE TO TENANTS

[BORROWER'S NAME AND ADDRESS]

-----, 1999  
-----

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

[Name and Address of Tenant]

Re: Lease of Space at -----  
-----, ----- (the "Building")  
-----

Ladies and Gentlemen:

The undersigned is the owner of the Building and the landlord under your lease of space in the Building (your "Lease").

By this letter, you are hereby directed (1) to make all checks, in payment of rent and other sums due to the landlord under your Lease, payable to the order of "Alexander's of Fordham Road, Inc. for the benefit of Banc of America Commercial Finance Corporation, as mortgagee, Account No. \_\_\_\_\_", and (2) to deliver such checks or otherwise make such payments to the following address:

[Name and Address of Clearing Bank]

The foregoing direction is irrevocable, except with the written consent of our mortgagee, Banc of America Commercial Finance Corporation (or its successors or assigns), notwithstanding any future contrary request or direction from the undersigned or any other person (other than Banc of America Commercial Finance Corporation (or its successors or assigns)). Thank you for your cooperation.

Very truly yours,

[BORROWER]

By: -----  
Name:  
Title:

## AMENDED AND RESTATED PROMISSORY NOTE (SECURED)

\$21,262,848.54

As of February 24, 2000

FOR VALUE RECEIVED, the undersigned, ALEXANDER'S OF FORDHAM ROAD, INC., a Delaware Corporation, with an office at Park 80 West, Plaza II, Saddle Brook, New Jersey 07663 ("Borrower"), promises to pay to the order of BANC OF AMERICA COMMERCIAL FINANCE CORPORATION, a Delaware corporation with a principal place of business at 187 Danbury Road, Wilton, Connecticut 06897 ("Lender"), to the account set forth in Section 2.e below, or at such other place as Lender may from time to time direct, the principal sum of TWENTY-ONE MILLION TWO HUNDRED SIXTY TWO THOUSAND EIGHT HUNDRED FORTY EIGHT AND 54/100 DOLLARS (\$21,262,848.54), on or before the Maturity Date (as hereinafter defined), together with interest thereon, all as hereinafter provided. Interest shall be computed and accrue on the principal amount hereof from time to time outstanding from the date hereof through and including the Maturity Date at a rate per annum equal to the Interest Rate (as hereinafter defined).

1. Definitions. In addition to terms defined elsewhere in this Note, the following terms shall have the following definitions:

2.

3. "Accrued Interest" shall have the meaning given such term in Section 2(b) of this Note.

4.

5. "Advance" shall have the meaning given such term in the Mortgage.

6.

7. "Base Rate" shall mean the LIBOR Rate plus the Spread. or, if the LIBOR Rate is not available to the Lender, the Substitute Rate.

8.

9. "Business Day" shall mean any day other than a Saturday, Sunday or legal holiday on which commercial banks are authorized or required to be closed in Illinois, New York or Connecticut.

10.

11. "Commercial Paper Rate" shall mean, for each Loan Month, the highest discount rate reported as having been the rate in effect for "high-grade unsecured notes" having thirty (30) day maturities "sold through dealers by major corporations in multiples of \$1,000" (whether or not such notes have actually been sold by such dealers at such rates) in the "Money Rates" column of The Wall Street Journal (the "Published Rate") published on the first day of the applicable Loan Month, or, if the Published Rate is not published on the first day of the applicable Loan Month, on the immediately preceding Publication Date. If The Wall Street Journal (i) publishes more than one Published Rate on any Publication Date, the higher of such rates shall apply, or (ii) publishes a retraction or correction of any Published Rate, the corrected rate reported in such retraction or correction shall apply. If the Published Rate is no longer published at least monthly, the Base Rate shall be deemed to be the Substitute Rate.

12.

13. "Conditional Payment Guaranty" means that certain Conditional Payment Guaranty made by Guarantor to Greyrock Capital Group Inc. (Lender's former name) as amended by that certain Ratification of and Amendment to Conditional Payment Guaranty dated as of February 24, 2000.

14.

15. "Cumulative Net Cash Flow Amount" shall mean, as of the close of any Loan Month, the amount, which may be a positive or a negative number, by which (i) the sum of the Monthly Cash Flow Amount for such Loan Month and for all prior Loan Months occurring since the date hereof, exceeds (ii) all Net Cash Flow Payments made to Lender with respect to prior Loan Months since the date hereof. Notwithstanding the foregoing, for purposes of this definition, the calendar year for 2000 shall be deemed to commence on April 1, 2000 (such that Monthly Cash Flow Amounts for the first three months of 2000 shall be ignored). A hypothetical example of the calculation of Cumulative Net Cash Flow Amount is set forth on Exhibit A hereto.

16.

17. "Default Rate" shall mean a rate per annum equal to the lesser of (i) five percent (5%) per annum plus the Base Rate, and (ii) the Maximum Rate.

18.

19. "Dollars" and the symbol "\$" shall mean lawful money of the United States of America.

20.

21. "Environmental Indemnity" means that certain Hazardous Materials Indemnity Agreement dated as of February 24, 1995 made by Borrower and Guarantor to Greyrock Capital Group Inc. (Lender's former name) as amended by that certain Ratification of and Amendment to Hazardous Materials Indemnity Agreement dated as of February 24, 2000.

22.

23. "Event of Default" shall have the meaning given such term in the Mortgage.

24.

25. "Gross Revenues" for any Loan Month shall mean all rents, revenues and other payments actually received by or for the benefit of Borrower during such Loan Month in cash, current funds or other consideration from any source whatsoever in connection with the Mortgaged Property and/or Borrower's ownership, operation or management thereof, including, without limitation, all payments made by tenants or other occupants of the Mortgaged Property during such Loan Month.

26.

27. "Incipient Default" shall mean any event or condition which with the giving of notice or passage of time, or both, would constitute an Event of Default.

28.

29. "Interest Rate" shall mean the lesser of (i) the Maximum Rate, and (ii) the Base Rate or the Default Rate, as applicable, from time to time in effect hereunder.

30.

31. "LIBOR Rate" shall mean, for each Loan Month, the 30-day London Interbank Offered Rate (LIBOR) published in The Wall Street Journal (the "Reported Rate") on the first day of the applicable Loan Month or, if the Reported Rate is not published on the first

day of the applicable Loan Month, on the immediately preceding Publication Date. If The Wall Street Journal (i) publishes more than one Reported Rate on any Publication Date, the higher or highest of such rates shall apply, or (ii) publishes a retraction or correction of any Reported Rate, the corrected rate reported in such retraction or correction shall apply. If the Reported Rate is no longer published at least monthly, the Base Rate shall be deemed to be the Substitute Rate.

32.

33. "Limited Guaranty" means that certain Guaranty and Indemnity Agreement made by Guarantor to Greyrock Capital Group Inc. (Lender's former name) as amended by that certain Ratification of and Amendment to Limited Guaranty dated as of February 24, 2000.

34.

35.

36. "Loan" shall mean the loan from Lender to Borrower evidenced by this Note.

37.

38. "Loan Documents" shall have the meaning given such term in the Mortgage.

39.

40. "Loan Month" shall mean February 2000 and each full or partial calendar month thereafter occurring during the term of this Note.

41.

42. "Maturity Date" shall mean the earlier to occur of: (i) the third anniversary of the Restructure Date; or (ii) the date on which the entire principal amount evidenced by this Note and all accrued and unpaid interest thereon shall be paid or be required to be paid in full, whether by prepayment, acceleration or otherwise in accordance with the terms of this Note or any of the Loan Documents.

43.

44. "Maximum Rate" shall mean the maximum interest rate allowed by applicable law in effect with respect to the Loan on the date for which a determination of interest accrued hereunder is made and after taking into account all fees, payments and other charges which are, under applicable law, characterized as interest.

45.

46. "Minimum Pay Rate" shall mean the LIBOR Rate or, if the LIBOR Rate is not available to Lender, the Commercial Paper Rate or, if neither the LIBOR Rate nor the Commercial Paper Rate is available to Lender, the Prime Rate less one and seventy-five hundredths of one percent (1.75%).

47.

48. "Monthly Cash Flow Amount" shall mean, for any Loan Month, the result obtained (which result may be a negative or a positive number) by subtracting the Operating Expenses for such Loan Month from the Gross Revenue for such Loan Month.

49.

50. "Mortgage" shall mean that certain Mortgage and Security Agreement dated as of February 24, 1995 made by Alexander's, Inc. to Lender (and assumed by Borrower pursuant to that certain Assignment, Assumption and Release Agreement dated as of February 24, 1995 among Borrower, Alexander's, Inc. and Lender), as amended and restated by that

certain First Amendment of Mortgage and Security Agreement dated as of the date hereof between Borrower and Lender.

51.

52. "Mortgaged Property" shall have the meaning set forth in Article I of the Mortgage.

53.

54. "Net Cash Flow Payment" shall mean, with respect to any Loan Month, 100% of the positive Cumulative Net Cash Flow Amount as of the close of such Loan Month. Net Cash Flow Payments for each Loan Month shall be calculated by Lender based upon Lender's review of Borrower's monthly financial statements provided to Lender pursuant to Section 2.16 of the Mortgage, together with such other information as Lender may reasonably request

55.

"Operating Expenses" shall mean the reasonably necessary and customary costs and expenses incurred and actually paid by Borrower in connection with its ownership, operation and management of the Mortgaged Property, specifically including in Operating Expenses (i) all customary maintenance and upkeep expenses, leasing expenses, real estate taxes and legal fees, (ii) payments actually made by Borrower to fund reasonable reserves for operating expenses payable on other than a monthly basis (e.g., a reasonable reserve for real estate taxes where Lender is not requiring an escrow), and (ii) all principal, interest and all other payments made under the Loan Documents and actually received by Lender (excluding payments made pursuant to Section 4 of this Note); specifically excluding from Operating Expenses, however (x) all income and franchise taxes payable by Borrower, (y) all capital expenditures incurred by Borrower (other than capital expenditures that are required to be incurred pursuant to leases that have been approved in writing by Lender or that have been specifically approved in writing or deemed approved by Lender, and Lender agrees to approve any capital expenditures required in order for Borrower not to be in default under the Loan Documents), and (z) depreciation and all other non-cash expenses of the Mortgaged Property.

"Publication Date" shall mean any date on which the Commercial Paper Rate and/or the LIBOR Rate, as applicable, is published in The Wall Street Journal.

"Prepayment Notice" shall have the meaning given such term in Section 6 of this Note.

"Prime Rate" shall mean the rate per annum announced by Citibank, N.A. as its prime or base rate from time to time and in effect on the first day of each Loan Month or, if such rate is not available, such other rate announced by a New York City based money center bank selected by Lender as its prime or base rate.

"Property Income" shall have the meaning set forth in Article I of the Mortgage.

"Restructure Date" is defined in Section 8(d) below.



"Spread" shall mean (i) from the Restructure Date to and including the day immediately preceding the second anniversary of the Restructure Date: one and fifty one hundredths percent (1.50%) per annum; and (ii) from and after the second anniversary of the Restructure Date: one and seventy-five one hundredths percent (1.75%) per annum.

"Substitute Rate" shall mean the Commercial Paper Rate plus the Spread; provided, however, if the Commercial Paper Rate is not available to Lender, the Substitute Rate shall be deemed to be (i) from the Restructure Date to and including the day immediately preceding the second anniversary of the Restructure Date: the Prime Rate less twenty-five one hundredths percent (0.25%) per annum; and (ii) from and after the second anniversary of the Restructure Date: the Prime Rate.

"Trigger Agreement" means that certain Trigger Agreement dated as of February 24, 2000 between Guarantor and Lender.

1. Interest; Payment of Interest and Principal.

2.

(a) Interest shall accrue on the outstanding principal amount of this Note at the Interest Rate.

(b)

(c) Commencing on the fifth day of the second Loan Month and on the fifth day of each Loan Month thereafter, Borrower shall pay to Lender interest at the Minimum Pay Rate, on the principal amount hereof then outstanding, through the last day of the immediately preceding Loan Month. All interest accruing in respect of the principal amount of this Note pursuant to Section 2(a) above (i.e., at the Interest Rate) in excess of the Minimum Pay Rate ("Accrued Interest") shall, to the extent not paid, be deferred and shall be due and payable on the Maturity Date. Borrower acknowledges that the payment of monthly installments of interest at the Minimum Pay Rate will not be sufficient to pay all interest accruing on this Note on a current basis and that, as a result, each month a portion of the interest accruing on the principal balance of this Note will not be paid, and the amount required to be paid by Borrower on the Maturity Date in order to pay the Loan in full will be substantially greater than the principal amount of this Note.

(d)

(e) In addition to the payments required under Subsection 2(b) above, on the fifth day of each Loan Month, Borrower shall pay the Net Cash Flow Payments to Lender in accordance with Section 4 below.

(f)

(g) The entire outstanding principal amount of the Loan, and all accrued and unpaid interest thereon (including all Accrued Interest and interest accrued thereon), shall be due and payable on the Maturity Date.

(h)

(i) All payments hereunder shall be made by wire transfer of immediately available federal funds without set-off or counterclaim and shall be made to the following account of Lender prior to 1:30 p.m., Eastern Standard Time, on the date due:

(j)  
 (k) BANC ONE  
 (l) CHICAGO, ILLINOIS  
 (m) ABA #071000013  
 (n) ACCOUNT NUMBER: #52-56933  
 (o) ACCOUNT NAME: BANC OF AMERICA COMMERCIAL FINANCE CORPORATION  
 (p) REFERENCE: ALEXANDER'S  
 (q)

(r) Whenever any payment to be made hereunder shall be stated to be due on a date other than a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall be included in the calculation of interest on such principal. Any payments received after 1:30 p.m., Eastern Standard Time shall be deemed received on the next Business Day and shall include interest to such next Business Day.

(s)  
 (t) All interest required to be paid by Borrower hereunder shall be calculated on the basis of a year consisting of 360 days and shall be paid in arrears for the actual number of days elapsed, calculated as to each Advance from and including the date the applicable period commences to, and including, the date such period ends.

(u)  
 (v) If any regular monthly installment of interest shall not be paid at the place required under this Note on or before the fifth (5th) day following the due date thereof, Borrower shall pay to Lender a late charge (the "Late Charge") of five cents (\$0.05) for each Dollar so overdue in order to compensate Lender for its frustration in the meeting of its financial and loan commitments and to defray part of Lender's expenses incident to handling such delinquent payments. This charge shall be in addition to any other remedy Lender may have and is in addition to Lender's right to collect reasonable fees and charges of any agents or attorneys which Lender employs in connection with any Event of Default. To the extent that any Late Charge shall constitute interest under applicable law, the amount thereof, together with all other interest hereunder and under the Loan Documents, shall be expressly limited to the Maximum Rate. Nothing herein contained shall be deemed to constitute a waiver or modification of the due date for such installments or for any deposits required to be made hereunder or under any of the Loan Documents or the requirement that Borrower make all payments of installments and deposits as and when the same are due and payable. Borrower shall pay to Lender interest at the Default Rate on (i) any regular monthly installment of interest and/or any payment required to be made under Subsection 2(c) of this Note which is not paid on or before the fifth (5th) day following the due date thereof, and (ii) any other amounts owed or payable to Lender hereunder or under any Loan Document which are not paid on or before the tenth (10th) day following the due date thereof; such interest at the Default Rate shall be calculated from the date the payment in question became due to the date such payment was made.

(w)  
 (x) If at any time the Base Rate exceeds the Maximum Rate and the Interest Rate is reduced to the Maximum Rate, any subsequent reductions in the Base Rate to a level which is

less than the Maximum Rate shall not reduce the Interest Rate below the Maximum Rate unless and until the total amount of the interest accrued and actually paid on this Note equals the amount of interest which would have been paid or accrued if the Interest Rate had at all times been equal to the Base Rate.

(y)

(z) All agreements between Borrower and Lender, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event, whether by reason of acceleration of the maturity of this Note or otherwise, shall the amount paid or agreed to be paid to Lender for the use, forbearance, or detention of the money loaned under this Note or otherwise or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to the Loan, to the extent any of the foregoing payments are characterized or deemed to be of the nature of "interest" under applicable law, exceed the Maximum Rate. If from any circumstances whatsoever fulfillment of any provision hereof or any of such other agreements shall cause such amount paid to exceed the Maximum Rate, then ipso facto, the amount paid to Lender shall be reduced to the Maximum Rate, and if from any such circumstances Lender shall ever receive interest which exceeds the Maximum Rate, such amount which would be excessive interest shall be applied to the reduction of the principal 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 Borrower. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of the indebtedness of Borrower to Lender shall, to the extent permitted by applicable law, (i) be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full, so that the actual rate of interest on account of such indebtedness does not exceed the Maximum Rate throughout the term thereof; (ii) be characterized as a fee, expense, charge or damage other than interest; and (iii) be computed without regard to the effects of any voluntary prepayments. The terms and provisions of this Subsection 2(i) shall control and supersede every other provision of all agreements between Lender and Borrower.

(aa)

(bb) Except as otherwise expressly provided in this Note or in the Mortgage, each payment received by Lender shall be applied by Lender to amounts outstanding under the Loan Documents in such order and priority as Lender may elect in its sole and absolute discretion; provided, however, that if at the time of any payment there is due and payable any portion of the principal balance of this Note and sums not constituting repayment of principal, then such payment shall first be allocated to sums not constituting repayment of principal (in such order of priority as among the various obligations constituting such sums as Lender may elect in its sole and absolute discretion) before Lender applies such payments to reduction of the outstanding principal balance of this Note.

(cc)

3. Loan Proceeds. The proceeds of the Loan have been advanced in full to Borrower prior to the date hereof.

4.

5. Net Cash Flow Payments.

(a) On the fifth day of each Loan Month (each such date, an "NCF Payment Date"), Borrower shall pay to Lender the Net Cash Flow Payment with respect to the immediately preceding Loan Month. On each NCF Payment Date Borrower shall make its required Net Cash Flow Payment simultaneously with the payment of interest due on such NCF Payment Date pursuant to Subsection 2(b) of this Note. So long as no Event of Default exists, Lender shall apply all Net Cash Flow Payments received by Lender first to pay any unpaid Accrued Interest and then to reduce the outstanding principal balance of the Loan. Upon the occurrence and during the continuation of an Event of Default, Lender may apply the Net Cash Flow Payments in accordance with Subsection 2(j) of this Note. In no event shall Lender be obligated to return any Net Cash Flow Payment to Borrower (even if, following the making of any Net Cash Flow Payment, the Cumulative Net Cash Flow Amount becomes negative).

(b)

(c) For purposes of calculating and making the Net Cash Flow Payment due on the fifth day of a Loan Month, Borrower shall base such calculation upon Borrower's unaudited, internally generated financial statements, which Borrower hereby covenants will be substantially true, correct and accurate at the time delivered to Lender. Following Lender's receipt of Borrower's audited financial statements (as required under Section 2.16 of the Mortgage), Lender shall recalculate the Net Cash Flow Payments based upon said audited financial statements. Any shortage in the aggregate Net Cash Flow Payments shall be paid to Lender by Borrower within five (5) days after written demand therefor from Lender to Borrower. Any overage in the aggregate Net Cash Flow Payments shall be credited by Lender to the Net Cash Flow Payment next coming due.

(d)

2. [Intentionally Left Blank].

3.

4. Prepayment. The Loan may be prepaid, in whole or in part, at any time during the term hereof, without penalty or premium, provided that Borrower has given Lender ten (10) days' prior written notice of the proposed prepayment (the "Prepayment Notice").

5.

6. Default. In the event Borrower fails to pay when due any installment of interest under this Note or any payment required to be made under Subsection 2(c) of this Note and such failure continues for five (5) days following the giving of notice by Lender to Borrower of such failure, or upon the occurrence and during the continuation of any other Event of Default (as defined in the Mortgage or any other Loan Document), the principal amount of the Loan, together with all accrued interest thereon (including all Accrued Interest and all interest accrued thereon) and all amounts due and payable hereunder shall immediately become due and payable upon written demand therefor. If this Note, or any part hereof, is not paid when due, whether by acceleration or otherwise, Borrower promises to pay all costs of collection, including, but not limited to, reasonable attorneys' fees and disbursements, incurred by the holder hereof on account of such collection, whether or not suit is filed hereon. Additionally, after the Maturity Date, the Interest Rate shall without notice immediately become the Default Rate.

7.

8. Indebtedness; Security.

9.

(a) This Note evidences the principal indebtedness heretofore evidenced by that certain Promissory Note (Secured) dated February 24, 1995 in the principal sum of \$25,000,000 (the "Original Note") made by Alexander's, Inc. to Lender and assumed by Borrower pursuant to that certain Assignment, Assumption and Release Agreement dated as of February 24, 1995 among Borrower, Alexander's, Inc. and Lender. As of immediately prior to the execution and delivery of this Note, the outstanding principal balance of the Original Note was \$21,262,848.54.

(b)

(c) The terms of this Note amend, restate and supersede the terms of the Original Note in their entirety. This Note has been executed and delivered to, and accepted by, Lender in substitution for the Original Note but not in payment, satisfaction or cancellation of the outstanding indebtedness evidenced by the Original Note. This Note does not secure any new or additional principal indebtedness other than the principal indebtedness evidenced by the Original Note.

(d)

(e) This Note is secured by, among other things, the Mortgage, all of the terms of which are incorporated herein by this reference.

(f)

(g) (d) Notwithstanding that this Note is dated as of February 24, 2000, Borrower and Lender agree that this Note shall not be effective until April 17, 2000 (the "Restructure Date"), which is the date of the actual execution and delivery of this Note, and that for the period from February 24, 2000 to and including the day before the Restructure Date, Borrower's obligations in respect of principal and interest shall be governed by the Original Note (subject, however, to paragraph 5 of that certain forbearance letter agreement among Borrower, Lender and Guarantor dated as of February 24, 2000 as amended by letter agreement dated as of March 23, 2000). Accordingly, the interest payment due on May 5, 2000 shall be calculated based on the Original Note with respect to the period from April 1, 2000 to and including the day before the Restructure Date, and shall be calculated based on this Note for the period from the Restructure Date to and including April 30, 2000.

(h)

10. Notices. All notices, demands and requests required or desired to be given hereunder shall be in writing and shall be delivered (i) in person, (ii) by United States registered or certified mail, return receipt requested, postage prepaid, (iii) by overnight courier or (iv) by telecopier, followed by a hard copy delivered pursuant to clause (i), (ii) or (iii) above, addressed in each case as follows:

11.

12. To Borrower:

13.

Alexander's, Inc.  
 Park 80 West  
 Plaza II  
 Saddle Brook, New Jersey 07663  
 Attn: Chief Financial Officer  
 Telephone: 201/587-1000  
 Telecopier: 201/587-0600

with a copy to:

Whitman Breed Abbott & Morgan LLP  
200 Park Avenue  
New York, New York 10166  
Attn: Neil Underberg  
Telephone: 212/351-3488  
Telecopier: 212/351-3131

and to:

Vornado Realty Trust  
Park 80 West  
Plaza II  
Saddle Brook, New Jersey 07663  
Attn: Vice President for Real Estate  
Telephone: 201/587-1000  
Telecopier: 201/587-0600

and to:

Vornado Realty Trust  
Park 80 West  
Plaza II  
Saddle Brook, New Jersey 07663  
Attn: Chief Financial Officer  
Telephone: 201/587-1000  
Telecopier: 201/587-0600

and to:

Vornado Realty Trust  
Park 80 West  
Plaza II  
Saddle Brook, New Jersey 07663  
Attn: Steven Roth  
Telephone: 201/587-1000  
Telecopier: 201/587-0600

NOTWITHSTANDING THE FOREGOING, AS OF JULY 1, 2000, THE SADDLE BROOK ADDRESS LISTED FOR ALEXANDER'S, INC. AND VORNADO REALTY TRUST SHALL BE CHANGED TO THE FOLLOWING ADDRESS:

210 ROUTE 4 EAST  
PARAMUS, NEW JERSEY 07652

To Lender:

Banc of America Commercial Finance Corporation  
187 Danbury Road  
Wilton, Connecticut 06897  
Attn: Vice President, Commercial Real Estate  
Telephone: (203) 423-4000  
Telecopier: (203) 423-4003

with a copy to:

Banc of America Commercial Finance Corporation  
187 Danbury Road  
Wilton, Connecticut 06897  
Attn: Vice President, Commercial Real Estate  
Telephone: (203) 423-4000  
Telecopier: (203) 423-4003

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed

sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

1. Governing Law. In all respects, including, without limitation, matters of construction and performance of this Note and the obligations arising hereunder, this Note shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts and obligations made and to be performed in such state and any applicable laws of the United States of America.

2.

3. Waiver. Borrower hereby (a) waives demand, presentment for payment, notice of nonpayment, notice of intent to accelerate, notice of acceleration, protest, notice of protest and all other notice (except notice specifically provided for herein or in the other Loan Documents), filing of suit and diligence in collecting this Note or enforcing any of the security for this Note, (b) agrees to any substitution, exchange or release of any party primarily or secondarily liable hereon and/or of any collateral for the debt evidenced or secured by any of the Loan Documents, (c) agrees that Lender or any other holder hereof shall not be required first to institute suit or exhaust its remedies hereon or to enforce its rights under any Loan Document in order to enforce payment of this Note, (d) consents to any extension or postponement of time of payment of this Note and to any other indulgence with respect hereto without notice thereof to Borrower, and (e) agrees that the failure to exercise any option or election herein provided upon the occurrence of any default in respect hereto shall not be construed as a waiver of the right to exercise such option or election at any later date or upon the occurrence of a subsequent default in respect hereto.

4.

5. Business Purpose. Borrower represents and warrants that the proceeds of this Note will be used for business purposes and not for personal, family or household purposes.

6.

7. Severability. If any provision of this Note or any payments pursuant to this Note shall be invalid or unenforceable to any extent, the remainder of this Note and any other payments hereunder shall not be affected thereby and shall be enforceable to the greatest extent permitted by applicable law.

8.

9. Miscellaneous.

10.

(a) BORROWER HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THIS NOTE. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY BORROWER, AND BORROWER ACKNOWLEDGES THAT LENDER HAS NOT MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. BORROWER FURTHER ACKNOWLEDGES THAT BORROWER HAS BEEN REPRESENTED (OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL SELECTED BY BORROWER, AND THAT BORROWER HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.



(b)

(c) Borrower hereby submits to personal jurisdiction in the State of New York for the enforcement of the provisions of this Note and irrevocably waives any and all rights to object to such jurisdiction for the purposes of litigation to enforce any provision of this Note. Borrower hereby consents to the jurisdiction of the Supreme Court of the State of New York, the United States District Court for the Southern District of New York, in any action, suit, or proceeding which Borrower or Lender may at any time wish to file in connection with this Note or any related matter. Borrower hereby agrees that any action, suit or proceeding to enforce this Note may be brought in any state or federal court in the State of New York, and hereby irrevocably waives any objection which Borrower may have to the laying of the venue of any such action, suit, or proceeding in any such court and hereby further irrevocably waives any claim that any such action, suit or proceeding brought in such a court has been brought in an inconvenient forum. Borrower hereby consents that service of process in any action, suit or proceeding may be made by personal service upon Borrower, or by delivery in accordance with the notice requirements of Section 9 of this Note; provided, however, that the provisions of this Section 14 shall not affect the right of Lender to serve legal process in any other manner permitted by law.

(d)

(e) This Note shall be binding upon Borrower and its representatives, successors and assigns and shall inure to the benefit of Lender and its successors and assigns.

(f)

(g) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of such change is sought.

(h)

(i) The headings used in this Note are for ease of reference only and shall not be used to construe or interpret this Note.

(j)

(k) Borrower agrees that the terms and conditions of this Note are the result of negotiations between Borrower and Lender and that this Note shall not be construed in favor of or against any party by reason of the extent to which any party or its professionals participated in the preparation of this Note.

(l)

(m)

11. Limitation on Liability.

12.

(a) Borrower (subject to the limitations and exceptions contained in subsections (b), (c) and (d) below) shall have no personal liability under this Note, and no deficiency judgment shall be sought or enforced against Borrower. Lender's recourse shall, subject to the limitations and exceptions contained in subsections (b), (c) and (d) below, be limited to the collateral and security provided under the Loan Documents.

(a) A judgment may be sought, obtained, entered and enforced against Borrower to the extent necessary to preserve or enforce the rights and remedies of Lender in, to or against the collateral and other security provided under the Loan Documents, and nothing contained in this Section 15 shall be construed to limit, prejudice or impair the rights of Lender to enforce its rights and remedies against any real or personal property mortgaged, pledged, encumbered,

assigned or granted to secure payment or performance under this Note and the Loan Documents. In addition to all of the other rights and remedies provided herein, in the other Loan Documents, or by law, Lender shall, to the fullest extent permitted by law, be entitled to injunctive relief and specific performance.

(b)

(c) Anything herein contained to the contrary notwithstanding, Borrower shall be liable to Lender, without limitation, for Lender's harm, loss (including, without limitation, any lost interest on and principal of the Loan), damage, costs and expenses (including Lender's reasonable attorneys' fees and collection costs) arising out of any of the following circumstances:

(d)

(i) the distribution by Borrower (by payments of dividends or otherwise) of any Property Income to any of its shareholders or otherwise in violation of Section 2.28 of the Mortgage;

(ii) the collection of rents or other income from the Mortgaged Property or other collateral or security provided under the Loan Documents more than thirty (30) days in advance or otherwise in violation of the terms and provisions of the Loan Documents; or the failure to account for security deposits of tenants or other occupants at the Mortgaged Property, if any, not turned over to Lender immediately after Lender's written demand following the occurrence and during the continuation of an Event of Default;

(iii) fraud in connection with the Loan or any Loan Document;

(iv) any material breach of any representation or warranty made by any person or entity under any Loan Document or otherwise in connection with the Loan, excluding, however any representation, warranty or covenant contained in the Letter Agreement dated February 24, 1995 among Lender, Borrower and Alexander's, Inc. (which Letter Agreement contains eight numbered paragraphs);

(v) any material misrepresentation or inaccuracy contained in any financial statement or other document provided to Lender pursuant to Section 2.16 of the Mortgage;

(vi) waste with respect to the Mortgaged Property or other collateral or security provided under the Loan Documents (including nonpayment of insurance premiums and taxes to the extent there is sufficient Property Income to make such payments but Borrower fails to pay such premiums or taxes, but otherwise excluding nonpayment of taxes and insurance premiums and other non-physical waste);

(vii) the misappropriation or misapplication of insurance proceeds or condemnation awards relating to the Mortgaged Property or other collateral or security provided under the Loan Documents;

(viii) any breach of any of the terms and provisions of the Environmental Indemnity;

(ix) the occurrence of a transfer of the Mortgaged Property or any portion thereof or interest therein in violation of the Loan Documents; and

(x) the occurrence of a transfer of any direct or indirect interest in Borrower or any Special Entity (as defined in the Mortgage) in violation of the Loan Documents.

(a) Nothing contained in this Section 15 shall be construed to release Borrower or any other person or entity from their respective obligations under the Limited Guaranty, the Conditional Payment Guaranty, the Environmental Indemnity or the Trigger Agreement or under any other guaranty delivered by Borrower or such other person or entity to Lender. Lender hereby releases Borrower from all liability under the Letter Agreement.

(b)  
(c) IN WITNESS WHEREOF, the undersigned has caused this Note to be executed by its duly authorized representative as of the date and year first above written.

(d)  
(e)  
(f)  
(g) ALEXANDER'S OF FORDHAM ROAD, INC.,  
a Delaware Corporation

(h)  
(i) By: /s/ Irwin Goldberg  
(j) -----  
(k) Name: Irwin Goldberg  
(l) Title: Secretary

(m)  
(n) Borrower's Taxpayer Identification  
(o) Number:  
(p)  
(q) BANC OF AMERICA COMMERCIAL  
FINANCE CORPORATION

(r)  
(s)  
(t) By: /s/ Leslie S. Brown  
-----  
(u) Name: Leslie S. Brown  
(v) Title: Vice President

(w)  
(x)  
(y)

EXHIBIT A  
HYPOTHETICAL EXAMPLE

CALENDAR YEAR 2001

	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT.	OCT.	NOV.	DEC.	JAN. 2002
Gross Revenue	0	0	50	250	250	250	250	250	250	250	250	250	300
Operating Expenses	50	50	50	200	200	200	200	300	300	250	250	250	250
Monthly Net Cash Flow Amount	(50)	(50)	0	50	50	50	50	(50)	(50)	0	0	0	50
Cumulative Net Cash Flow Amount	(50)	(100)	(100)	(50)	0	50	100	(50)	(100)	(100)	(100)	(100)	(50)
Net Cash Flow Payment	0	0	0	0	0	50	50	0	0	0	0	0	0

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TRIGGER AGREEMENT

ALEXANDER'S, INC.,

Guarantor

and

BANC OF AMERICA COMMERCIAL FINANCE CORPORATION

Lender

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DATED: As of February 24, 2000

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## TRIGGER AGREEMENT

THIS TRIGGER AGREEMENT (this "Agreement") is made as of the 24th day of February, 2000, by and among ALEXANDER'S INC., a Delaware corporation, having an address at Park 80 West, Plaza II, Saddle Brook, New Jersey 07663 ("Guarantor") AND BANC OF AMERICA COMMERCIAL FINANCE CORPORATION, a Delaware corporation having an office at 187 Danbury Road, Wilton, Connecticut 06897 ("Lender").

## RECITALS

A. Lender is the holder of a loan (the "Original Loan") originally made to Guarantor on February 24, 1995 in the original principal amount of \$25,000,000. Immediately after the Original Loan was made on February 24, 1995, Alexander's of Fordham Road, Inc. ("Borrower"), a wholly-owned subsidiary of Guarantor, assumed all of the obligations of the Guarantor under the Original Loan and Guarantor was released as the obligor thereunder (although Guarantor remained an obligor under certain guaranties, indemnities and other obligations relating to the Original Loan).

B. Borrower and Guarantor have requested that Lender extend the term of the Original Loan, reduce the rate at which interest on the Loan is required to be paid on a current basis, terminate certain recourse liabilities of Guarantor, agree to the terms of a future deed-in-lieu of foreclosure (should Borrower elect to deliver one) and make certain other modifications to the terms of the Original Loan (the Original Loan as so extended and modified, the "Loan").

C. Borrower and Guarantor have also requested that Lender agree to certain cost reimbursements in the event that Borrower notifies Lender that Borrower desires to grant to Lender a deed-in-lieu of foreclosure on certain agreed upon terms as aforesaid.

D. Lender has agreed to extend and modify the Original Loan and provide such cost reimbursements provided that Guarantor agrees to pay Lender certain liquidated damages in the event of the occurrence of a Trigger Event (as hereinafter defined).

E. To evidence the Loan, simultaneously with the execution and delivery hereof, Borrower is executing and delivering to Lender that certain Amended and Restated Promissory Note (Secured) of even date herewith in the principal amount of \$21,262,848.54 (the "Note"), which Note is secured by, inter alia, that certain Mortgage and Security Agreement dated as of February 24, 1995 as amended by that certain First Amendment of Mortgage and Security Agreement of even date herewith (as so amended, the "Mortgage") made by Borrower to Lender encumbering certain real property commonly known as 2501-2511 Grand Concourse and 2519-2525 Creston Avenue, Bronx, New York, which property is more particularly described in the Mortgage (all of the property encumbered by the Mortgage, the "Property") (the Mortgage, the Note, this Agreement and all other documents, instruments and agreements evidencing, securing or executed in connection with the Loan, as any of the same were heretofore or may hereafter be amended, extended, increased, consolidated, substituted for, assigned, severed, replaced, restated

or otherwise modified from time to time, are hereinafter collectively referred to as the "Loan Documents").

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor and Lender, intending to be legally bound, hereby agrees as follows:

1. Definitions. As used in this Agreement, the following terms have the respective meanings indicated below:

"Affiliate" has the meaning given such term in the Conditional Payment Guaranty (as such term is defined in the Note).

"Borrower Notice" means a notice given by Borrower to Lender advising Lender of its intention to make a DIL Tender and also containing the following statement: "Pursuant to the Trigger Agreement dated as February 24, 2000, Lender will be responsible for certain property related expenses commencing 60 days after the delivery of this notice".

"CF Notice" means a notice given by Lender to Guarantor advising Guarantor of Lender's intention to commence a Consensual Foreclosure and requesting Guarantor to cause Borrower not to take any Defense Action.

"Consensual Foreclosure" means a foreclosure action commenced by Lender with respect to the Property which asserts no claim for a deficiency recovery against Borrower and no claim for recovery against Guarantor under any of the Guaranties, AND WHICH ACTION IS COMMENCED AFTER LENDER HAS GIVEN TWO SEPARATE CF NOTICES AT LEAST FIVE BUSINESS DAYS APART.

"Deed-in-Lieu Agreement" means a Deed-in-Lieu Agreement in the form of Exhibit A hereto, with the name and address of the Grantee, recording information for Recital B thereof and the outstanding principal balance of the Loan to be filled in by Lender in a reasonable manner, and with Schedules 2, 3, 5, 8, 9, 10 and 12 completed by Borrower in a reasonable manner.

"Defense Action" means (a) the filing of any document, paper or submission with any court by Borrower or any of its Affiliates which (i) raises any objection to any allegations made or relief requested in Lender's complaint, or any other motions or pleadings by Lender, in any action to foreclose the Mortgage, (ii) objects to any service of process or attempted service or the manner thereof in connection with any such action, (iii) raises any defense or asserts any claim, counterclaim or cross-claim against Lender in any such action or seek any adjournments or extensions of time in such action (iv) puts in an answer or makes any motion in any such action the form and substance of which has not been approved in writing by Lender or (v) seeks to delay Lender's foreclosure of the Mortgage or Lender's obtaining of any relief in connection therewith or (b) a third party's taking any of the actions described in clause (a) in collusion with Borrower.

"DIL Grace Period" means any period of time falling within any grace period described in clause (ii) of Paragraph 6 (Trigger Event) hereof.

"DIL Notice" means a notice given by Lender to Guarantor requesting that Guarantor cause Borrower to make a DIL Tender and which contains the following information: (i) to the extent then known by Lender, the complete name, state of formation and address of the proposed grantee and (ii) a proposed date of closing which shall not be less than 30 days after the date of such notice and which may be adjourned by Lender.

"DIL Tender " means the simultaneous tender by Borrower to Lender of (i) the delivery of a Deed-in- Lieu Agreement executed by Borrower together with the Borrower deliveries required pursuant to Section 2(b) of the Deed-in-Lieu Agreement, and (ii) the satisfaction of all conditions to Closing (as defined in the Deed-in-Lieu Agreement) set forth in Section 6 of the Deed-in-Lieu Agreement.

"Expense Changeover Date" means the date that is sixty days after the earliest of (i) the date Borrower delivers a Borrower Notice to Lender and (ii) the date Lender delivers to Guarantor a CF Notice or DIL Notice, as the case may be.

"Grantee" means the grantee under a Deed-in-Lieu Agreement, which grantee shall be an entity designated by Lender.

"Guaranty" or "Guaranties" means, individually or collectively, as the case may be, the Conditional Payment Guaranty, the Limited Guaranty and the Environmental Indemnity (each as defined in the Mortgage and as ratified and amended as of the date hereof).

"Reimbursement Date" means the earliest of (i) the date on which title to the Property is conveyed to the purchaser at a foreclosure sale of the Property, (ii) the date on which title to the Property is conveyed pursuant to a Deed-in-Lieu Agreement that has been executed and delivered by Borrower, Guarantor, Lender and Grantee and (iii) if Borrower has given a Borrower Notice, the one-year anniversary of the date on which Borrower delivers to Lender the Borrower Notice.

"Reimbursable Expenses" means the following costs to the extent actually incurred and paid by Borrower or Guarantor from funds not derived from the Property (due to there being insufficient Property revenue) and evidenced by itemized receipts or other documentation reasonably acceptable to Lender: (i) the reasonable cost of carrying the insurance required to be carried under the Loan Documents and properly allocable to the Reimbursement Period, (ii) the reasonable cost of physically maintaining and providing security for the Property (but specifically excluding any capital expenditures except any necessitated by the threat of immediate danger to persons or property) and properly allocable to the Reimbursement Period and (iii) Real Estate Taxes properly allocable to the Reimbursement Period, but only if Lender and Borrower have agreed in writing that Borrower will pay such real estate taxes when due (rather than have such taxes accrue).

"Reimbursement Period" the period commencing on the Expense Changeover Date and ending on the date that title to the Property is conveyed as described in clauses (i) or



(ii) of the definition of Reimbursement Date; provided, however, that the Reimbursement Period shall not include any DIL Grace Period.

"Title Transfer Date" means the date on which title to the Property is transferred pursuant to a foreclosure sale, a deed-in-lieu of foreclosure or in a bankruptcy proceeding.

2. Borrower Notice - Expense Reimbursement.

(a) Borrower shall have the right at any time to deliver a Borrower Notice.

(b) If Borrower gives a Borrower Notice or Lender gives a DIL or CF Notice, then, subject to the provisions of Paragraph 2(c) below, (i) on the Reimbursement Date Lender shall reimburse Borrower for all Reimbursable Expenses and (ii) if Borrower has not submitted documentation of all Reimbursable Expenses by the Reimbursement Date, or if the Reimbursement Period extends beyond the Reimbursement Date, Borrower may from time to time after the Reimbursement Date submit requests for additional reimbursement of Reimbursable Expenses and Lender shall reimburse Borrower for such additional Reimbursable Expenses within 20 days after such request (provided that in no event shall Lender be obligated to make such reimbursements more than once in any calendar month).

(c) Notwithstanding anything to the contrary contained in this Paragraph 2 or elsewhere in this agreement, in no event shall Lender have any obligation to reimburse Borrower for any Reimbursable Expenses (i) if a Trigger Event has occurred, (ii) during any DIL Grace Period (provided that if Borrower makes a DIL Tender prior to the expiration of such DIL Grace Period, Lender's obligation under Paragraph 2(b) above shall be reinstated) or (iii) after the 60th day following the Title Transfer Date (except as to Reimbursable Expenses as to which Borrower has submitted a written request for reimbursement together with the applicable receipts or other documentation on or before such 60th day). Notwithstanding anything to the contrary contained in this Paragraph 2, if Borrower has not paid debt service on the Loan in accordance with the Loan Documents and all operating expenses (including real estate taxes) and capital expenditures properly allocable to periods prior to the Expense Changeover Date or allocable to any DIL Grace Period (which, in the case of capital expenditures, means capital expenditures actually incurred during the period in question), then Lender shall have the right to offset any and all such amounts against any Reimbursable Expenses payable by Lender to Borrower pursuant to this Agreement or the Deed-in-Lieu Agreement, and Lender shall pay to Borrower only the excess, if any, of the Reimbursable Expenses over such amounts.

(d) Notwithstanding anything to the contrary contained in the Loan Documents, following the giving by Borrower of a Borrower Notice or the giving by Lender of a CF or DIL Notice, Lender may notify the Clearing Bank (as defined in the Mortgage) to commence sweeping funds into the Deposit Account (as defined in the Mortgage). In such event, so long as a Trigger Event has not occurred, Lender shall release such funds to enable Borrower to pay Reimbursable Expenses (or to reimburse Borrower for Reimbursable Expenses paid by Borrower) and to pay other bonafide operating expenses of the Property (provided that such funds shall be first used to pay Reimbursable Expenses for the then current period, before being used to pay any other operating expenses). Such funds shall be released to Borrower monthly within five (5) days after Borrower submits a written requisition thereof accompanied by reasonably detailed invoices and, where applicable, contracts. Lender reserves the right to make payments directly to third party obligees or jointly to Borrower and any such obligee (unless Borrower has already paid such expenses, in which event the payment shall be made to Borrower). Borrower is under no obligation to Lender to pay Reimbursable Expenses to the extent Lender does not release funds in accordance with this Paragraph 2(d).

3. Borrower Notice - Deed-in-Lieu. If title to the Property is still held by Borrower on the one-year anniversary of the giving by Borrower of a Borrower Notice, Borrower shall have the right to give Lender a second Borrower Notice (the "Second Borrower Notice"). Within ten Business Days after Borrower gives the Second Borrower Notice, on a closing date mutually satisfactory to Lender and Borrower (unless a foreclosure sale of the Property has occurred prior to such closing date), Lender and Borrower shall (and Lender shall designate Grantee and cause Grantee to) execute and deliver the Deed-in-Lieu Agreement and pay and perform all of their obligations to be paid and performed on the closing date thereunder. Borrower shall be entitled to specific performance of Lender's obligations under this Paragraph 3. Notwithstanding the foregoing, from and after the occurrence of a Trigger Event, Lender shall have no obligations under this Paragraph 3.

4. Lender CF Notice or DIL Notice.

(a) At any time from and after the date on which the Loan has matured or has been accelerated in accordance with the terms of the Loan Documents, Lender shall be entitled to give Guarantor a CF Notice or a DIL Notice. After having given a DIL Notice, Lender may give a CF Notice and after having given a CF Notice Lender may give a DIL Notice, and the latest of such notices shall supercede any prior notice(s). Following the giving of a DIL Notice or CF Notice, Guarantor shall cause Borrower to cooperate with Lender so as to promptly provide Lender with such information and documentation about the property (including information regarding leases, tenants, income and expenses) as Lender may reasonably request to facilitate and plan for the transfer of title to the Property.

(b) Nothing contained in this Agreement shall be construed to require Guarantor to cooperate with Lender in any foreclosure action which seeks recovery of any deficiency or other monetary amount from Borrower and/or from Guarantor.

#### 5. Payment by Guarantor Following Trigger Event.

(a) Guarantor hereby agrees that, if a Trigger Event occurs, then, on the Title Transfer Date, Guarantor shall pay to Lender the sum of (i) ONE MILLION DOLLARS (\$1,000,000) plus (ii) the aggregate amount of all Reimbursable Expenses, if any, theretofore paid by Lender pursuant to this Agreement, plus (iii) debt service on the Loan in accordance with the Loan Documents and all Operating Expenses (including real estate taxes) properly allocable to periods prior to the Title Transfer Date. This payment shall not be credited to any obligations of Borrower under any of the Loan Documents or any obligations of Guarantor under any other Loan Documents, but is intended as liquidated damages for losses and expenses that Lender may incur or suffer in enforcing its rights under the Loan Documents, including losses that may result by reason of delays in obtaining title to the Property, including decreases in the market value of the Property during any such periods of delay. Guarantor agrees that such losses and expenses are difficult if not impossible to ascertain and that the foregoing liquidated damages constitutes reasonable compensation to Lender for same. Interest shall accrue on the foregoing amounts at the Default Rate (as defined in the Note) from the Title Transfer Date until paid. Guarantor shall also reimburse Lender for all costs and expenses (including reasonable attorneys' fees) incurred by Lender in enforcing Guarantor's obligations hereunder, whether or not suit is instituted, and including all trial level and appeal proceedings).

(b) Guarantor's obligations and liabilities under this Agreement and each of the Guaranties are separate, distinct and cumulative and the fact that Guarantor's liability under any one or all of the Guaranties may terminate or be released shall not affect Guarantor's liability under any of the other Guaranties or under this Agreement, and the fact that Guarantor's liability under this Agreement may terminate or be released shall not affect Guarantor's liability under any of the Guaranties.

6. Trigger Event. A "Trigger Event" shall be deemed to have occurred under this Agreement if either:

(i) following the giving by Lender of two CF Notices, any Defense Action is taken, or

(ii) following the giving of any DIL Notice by Lender, Borrower fails, on the closing date specified in the DIL Notice, to make a DIL Tender, and such failure continues for 10 Business Days after Lender gives Guarantor a second notice (the DIL Notice being the first notice) specifying in reasonable detail the obligations that Borrower has failed to perform and/or the conditions that Borrower has failed to satisfy; provided, however, that if such failure is not reasonably capable of being cured within such 10 Business Day period and is not a Deemed Curable Failure, Guarantor and/or Borrower shall have such additional time period as may be required with the exercise of reasonable diligence to cure such failure, and no Trigger Event shall be deemed to have occurred so long as Guarantor and/or Borrower commence efforts to cure such failure within the initial 10 Business Day period and thereafter diligently pursue the cure of such failure. "Deemed Curable Failure" means (x) Borrower's failure to perform any obligation or satisfy any condition that can be performed or satisfied by the payment of a liquidated sum of money or (y) Borrower's failure due to the pendency of a Voluntary Proceeding or the taking by Borrower or any of its affiliates of an Opposition Act.

7. Notices. All notices, demands and requests required or desired to be given under this Agreement shall be in writing and shall be delivered (i) in person, (ii) by United States registered or certified mail, return receipt requested, postage prepaid, (iii) by Federal Express or other recognized overnight courier or (iv) by telecopier, followed by a hard copy delivered pursuant to clause (i), (ii) or (iii) above, addressed in each case as follows:

To Borrower or Guarantor:

Alexander's, Inc.  
Park 80 West  
Plaza II  
Saddle Brook, New Jersey 07663  
Attn: Chief Financial Officer  
Telephone: 201/587-1000  
Telecopier: 201/587-0600

with a copy to:

Whitman Breed Abbott & Morgan LLP  
200 Park Avenue  
New York, New York 10166  
Attn: Neil Underberg  
Telephone: 212/351-3488  
Telecopier: 212/351-3131

and to:

Vornado Realty Trust  
Park 80 West  
Plaza II  
Saddle Brook, New Jersey 07663  
Attn: Vice President for Real Estate  
Telephone: 201/587-1000  
Telecopier: 201/587-0600

and to:

Vornado Realty Trust  
Park 80 West  
Plaza II  
Saddle Brook, New Jersey 07663  
Attn: Chief Financial Officer  
Telephone: 201/587-1000  
Telecopier: 201/587-0600

and to:

Vornado Realty Trust  
Park 80 West  
Plaza II  
Saddle Brook, New Jersey 07663  
Attn: Steven Roth  
Telephone: 201/587-1000  
Telecopier: 201/587-0600

NOTWITHSTANDING THE FOREGOING, AS OF JULY 1, 2000, THE SADDLE BROOK ADDRESS LISTED FOR ALEXANDER'S, INC. AND VORNADO REALTY TRUST SHALL BE CHANGED TO THE FOLLOWING ADDRESS:

210 ROUTE 4 EAST  
PARAMUS, NEW JERSEY 07652

To Lender:

Banc of America Commercial Finance Corporation  
187 Danbury Road  
Wilton, Connecticut 06897  
Attn: Vice President, Commercial Real Estate  
Telephone: (203) 423-4000  
Telecopier: (203) 423-4003

with a copy to:

Banc of America Commercial Finance Corporation  
187 Danbury Road  
Wilton, Connecticut 06897  
Attn: General Counsel  
Telephone: (203) 423-4000  
Telecopier: (203) 423-4163

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

Any notice given by Lender under this Agreement shall contain a statement as follows: "THIS NOTICE IS GIVEN PURSUANT TO THE TRIGGER AGREEMENT DATED AS OF FEBRUARY 24, 2000 RELATING TO THE FORDHAM ROAD LOAN. YOUR FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN THE TRIGGERING OF PAYMENT OBLIGATIONS UNDER THE TRIGGER AGREEMENT."

8. Amendments. This Agreement cannot be waived, altered, modified or terminated orally, and no executory agreement shall be effective to waive, amend, modify or alter this Agreement in whole or in part, unless in writing and signed by the party against which enforcement is sought.

9. Legal Construction. (a) All terms contained herein shall be construed, whenever the context of this Agreement so requires, so that the singular number shall include the plural, and the plural the singular, and the use of any gender shall include all genders.

(b) The terms "include" and "including" as used in this Agreement shall be construed as if followed by the phrase "without limitation".

10. Legal Fees. In any dispute over the terms and provisions of this Agreement, the prevailing party shall be entitled to recover from the other party its attorneys' fees and costs, including such fees and costs incurred in all appellate proceedings.

11. Successors and Assigns; Governing Law. (a) All references to Lender, Guarantor and Borrower shall be deemed to include references to the successors and assigns of Lender, Guarantor and Borrower, respectively, including, without limitation, in the case of Lender, all successors to and assignees of Lender as holder of the Mortgage.

(b) In all respects, including, without limitation, matters of construction and performance of this Agreement and the obligations arising hereunder, this Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts and obligations made and performed in such state and any applicable laws of the United States of America. Interpretation and construction of this Agreement shall be according to the contents hereof and without presumption or standard of construction in favor of or against Guarantor or Lender.

12. Severability; Other Obligations. (a) If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

13. JURY TRIAL. THE PARTIES TO THIS AGREEMENT HEREBY WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THIS AGREEMENT. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY EACH PARTY, AND EACH PARTY ACKNOWLEDGES THAT NO OTHER PARTY HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. EACH PARTY FURTHER ACKNOWLEDGES THAT SUCH PARTY HAS BEEN REPRESENTED (OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF ALL WAIVERS CONTAINED HEREIN BY INDEPENDENT LEGAL COUNSEL, SELECTED BY SUCH PARTY, AND THAT SUCH PARTY HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

14. Consent to Jurisdiction. Each party hereby submits to personal jurisdiction in the State of New York for the enforcement of the provisions of this Agreement and irrevocably waives any and all rights to object to such jurisdiction for the purposes of litigation to enforce any provision of this Agreement. Each party hereby consents to the jurisdiction of the Supreme Court of the State of New York, and the United States District Court for the Southern District, in any action, suit, or proceeding which any party may at any time wish to file in connection with this Agreement or any related matter. Each party hereby agrees that any action, suit or proceeding to enforce this Agreement shall be brought in any state or federal court in the State of New York, and hereby irrevocably waives any objection which such party may have to the laying of the venue of any such action, suit, or proceeding in any such court and hereby further irrevocably waives any claim that any such action, suit or proceeding brought in such a court has been brought in an inconvenient forum. Each party hereby consents that service of process in any action, suit or proceeding may be made by personal service upon such party, or by delivery in accordance with the notice requirements of Paragraph 5 of this Agreement; provided, however, that the provisions of this Paragraph 5 shall not affect the right of any party to serve legal process in any other manner permitted by law.

15. No Impairment or Release.

(a) The validity of this Agreement and the obligations of Guarantor hereunder shall in no way be terminated, released, abated, affected or impaired by the happening from time to time of any event or condition, including, without limitation, any of the following: (i) the assertion or non-assertion by Lender of any of the rights or remedies available to Lender pursuant to the provisions of the Loan Documents or pursuant to any applicable law, rule, regulation or statute; (ii) the waiver by Lender of, or the failure of Lender to enforce, or the lack of diligence by Lender in connection with the enforcement of, any of its rights or remedies under the Loan Documents; (iii) the granting by Lender of any indulgence or extension of time; (iv) the exercise by Lender of any so-called self-help remedies; (v) any other act, omission or conditions which might in any manner or to any extent vary the risk to Guarantor or might otherwise operate as a discharge or release of Guarantor under applicable law; (vi) the invalidity or unenforceability of all or any portion or provision of the Note, the Mortgage and/or any other Loan Document; (vii) any release or discharge of or accord and satisfaction with Borrower or Guarantor or any other person or entity, by variation of the terms of the Note or otherwise; (viii) the impairment, modification, change, release, discharge or limitation of the liability of Borrower or Guarantor or any of their estates in a proceeding under the Bankruptcy Code or resulting from or pursuant to any decision of any court of the United States or any state or subdivision thereof; (ix) any present or future law or order of any government (de jure or de facto) or of any agency thereof purporting to reduce, amend or otherwise affect the Liabilities or to vary any terms of payment, satisfaction or discharge thereof; (x) the waiver, compromise, settlement, release, extension, amendment, change, modification or termination of the terms of the Liabilities or any or all of the obligations, covenants or agreements of Borrower or Guarantor under the Loan Documents; (xi) the extension of the time for satisfaction, discharge or payment of the Liabilities or any part thereof owing or payable by Borrower or Guarantor under the Loan Documents or of the time for performance of any other obligations, covenants or agreements under or arising out of this Agreement or the extension or renewal of any thereof; (xii) the existence of any guaranty of the Liabilities in favor of Lender, or the enforcement or attempted enforcement of such guaranty;

(xiii) the obtaining, retaining, or release of any collateral for the Liabilities or the Loan; and (xiv) any event or action that would in the absence of this paragraph result in the release or discharge of Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Agreement.

(b) Guarantor hereby waives all notice of any default in the payment or performance of any Liabilities (except to the extent Guarantor is entitled to receive any such notice of default under this Agreement or under the Environmental Indemnity, the Conditional Payment Guaranty or the Limited Guaranty), all protest, demands, notices or presentments of any kind, notice of any acceptance of this Agreement and all matters and rights which may be raised in avoidance of, or in defense against, any action to enforce the obligations of Guarantor hereunder. Guarantor hereby waives any and all suretyship defenses or defenses in the nature thereof without in any manner limiting any other provisions of this Agreement. Notwithstanding anything to the contrary contained herein, Guarantor hereby irrevocably waives all rights Guarantor may have at law or in equity, including, without limitation, any law subrogating Guarantor to the rights of Lender, to seek contribution, indemnification or any other form of reimbursement from Borrower and any other person now or hereafter primarily or secondarily liable for any obligations of Borrower to Lender, including, without limitation, the Liabilities, for any payment made by Guarantor under or in connection with this Agreement, unless and until payment in full of the Liabilities has been received by Lender.

(c) Lender may at its sole option and without notice or demand, proceed directly against Guarantor for any liability it may have under this Agreement without having proceeded against Borrower or any other person or entity liable to any extent for any of the Liabilities or against the collateral under the Loan Documents. Guarantor's liability hereunder shall continue without regard to whether or not Lender may have instituted or prosecuted or obtained or realized any judgment in any suit, action or proceeding or shall have exhausted any of its remedies or taken any steps to enforce any of its rights under or pursuant to the Loan Documents or at law or in equity, or otherwise, and without regard to any other condition or contingency.

(d) No encumbrance, assignment, leasing, subletting, sale or other transfer by Borrower of any of the Property or any of Borrower's other assets shall operate to extinguish or diminish the liability of Guarantor under this Agreement.



(e) Guarantor agrees that should Borrower or Guarantor become a debtor in a proceeding under the Bankruptcy Code, Guarantor's liability hereunder shall not be released, modified or otherwise impaired. This Agreement shall continue to be effective or be reinstated, as the case may be, if any payment of the Liabilities is returned by Lender, or if any conveyance of the Property or any portion thereof pursuant to a Deed-in-Lieu Agreement or a foreclosure of the Mortgage is set aside, upon the insolvency, bankruptcy, liquidation or reorganization of Borrower or Guarantor or otherwise, as though such payment or conveyance, as the case may be, had not been made in the first instance.

(f) Guarantor assumes the responsibility for being and keeping itself informed of the financial condition of Borrower and of all other circumstances bearing upon the risk of failure to pay, perform or discharge any of the obligations and liabilities of Borrower and Lender shall have no duty to advise Guarantor of information known to Lender regarding such condition or any such circumstance.

(g) The waiver of any provision of this Agreement by Lender shall (i) not be binding on Lender unless in accordance with Paragraph 8 hereof, and (ii) constitute a waiver of that provision on that occasion only, and shall not constitute a waiver of any other provision of this Agreement, or of that provision with respect to any other occasion.

(h) If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law; provided, however, all rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Agreement invalid or unenforceable under any applicable law. Each of the waivers set forth in this Agreement is made with knowledge of its significance and consequences, and under the circumstances the waivers are reasonable. If any of said waivers is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by law.

(i) As used in this Paragraph 15 the term "Liabilities" means all obligations and liabilities of Borrower under the Loan Documents.

16. Survival of Excluded Liabilities. It is the intent of the parties hereto that neither the commencement of a Consensual Foreclosure, the prosecution of a Consensual Foreclosure, the issuance of a judgement of foreclosure nor the consummation of a foreclosure sale in connection therewith, shall serve as a release, waiver, modification or impairment of any obligations or liabilities of Borrower or Guarantor for any of the Excluded Liabilities (as defined in the form of Deed-in-Lieu Agreement attached as Exhibit A hereto), which obligations and liabilities shall survive the conveyance of the Property pursuant to a Consensual Foreclosure or otherwise.

17. Third Party Beneficiary. Borrower is a third party beneficiary of, and may enforce, this Agreement.

IN WITNESS WHEREOF, each of the undersigned have duly executed or caused this Agreement to be duly executed as of the day and year first above written.

ALEXANDER'S, INC.

By: /s/ Irwin Goldberg  
-----  
Name: Irwin Goldberg  
Title: Secretary

BANC OF AMERICA COMMERCIAL  
FINANCE CORPORATION

By: /s/ Leslie S. Brown  
-----  
Name: Leslie S. Brown  
Title: Vice President

EXHIBIT A  
Deed-in-Lieu Agreement

SCHEDULE A

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DEED-IN-LIEU AGREEMENT

BY AND AMONG

BANC OF AMERICA COMMERCIAL FINANCE CORPORATION,

AS LENDER,

[ENTITY TO BE DESIGNATED BY LENDER],

AS GRANTEE,

ALEXANDER'S OF FORDHAM ROAD, INC.,

AS BORROWER,

AND

ALEXANDER'S, INC.,

AS GUARANTOR

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## SCHEDULES

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## EXHIBITS

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Exhibit A	-	Form of Deed
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Exhibit C	-	Form of Bill of Sale
Exhibit D	-	Form of Tenant Estoppel Certificate
Exhibit E	-	Form of FIRPTA Certification
Exhibit F	-	Form of Letter to Tenants

## DEED-IN-LIEU AGREEMENT

DEED-IN-LIEU AGREEMENT made as of this \_\_\_\_ day of \_\_\_\_\_, 200\_, by and among ALEXANDER'S OF FORDHAM ROAD, INC., a Delaware corporation ("BORROWER"), ALEXANDER'S INC., a Delaware corporation ("GUARANTOR"), BANC OF AMERICA COMMERCIAL FINANCE CORPORATION, having an office at 187 Danbury Road, Wilton, Connecticut ("LENDER") and [ENTITY TO BE DESIGNATED BY LENDER], A \_\_\_\_\_ ( "GRANTEE").

## RECITALS

A. Borrower owns the parcels of land described on Schedule 1 hereto (the "LAND") and the improvements thereon.

B. Lender is the holder of a loan (the "LOAN") evidenced by that certain Amended and Restated Promissory Note (Secured) dated February 24, 2000 in the principal amount of \$21,262,848.54 made by Borrower to Lender (the "NOTE") and secured by, among other things, that certain Mortgage and Security Agreement dated as of February 24, 1995 made by Borrower to Lender and recorded on February 27, 1995 in Reel 1303, Page 457 as amended by that certain First Amendment to Mortgage and Security Agreement dated as of February 24, 2000 (the "Mortgage Amendment") and recorded on [insert recording information] (as so amended, the "MORTGAGE"), which Mortgage encumbers the Land and the improvements thereon.

C. As of the date hereof the outstanding principal balance of the Loan is \$[\_\_\_\_\_].

D. In connection with the Loan, Guarantor, the sole shareholder of Borrower, executed and delivered to Lender the Conditional Payment Guaranty, the Limited Guaranty, the Environmental Indemnity and the Trigger Agreement (collectively, the "GUARANTIES") (the Note, the Mortgage, the Guaranties and all other documents and instruments executed by Borrower and/or Guarantor in connection with the Loan, as any of the same have heretofore been modified, amended, supplemented, restated, consolidated or extended, are hereinafter referred to collectively as the "LOAN DOCUMENTS").

E. Borrower has determined that it is in the best interest of Borrower to enter into this Agreement and to consummate the transactions contemplated hereby.

F. Borrower and Guarantor have requested, and Lender has agreed, that Lender or its designee (which need not be an Affiliate of Lender) accept a conveyance of the Property in



return for, among other things (i) a covenant by Lender not to sue Borrower for the Debt, and (ii) a release of the Guaranties (other than the Excluded Liabilities), in each case subject to and in accordance with the terms and conditions of this Agreement.

G. Lender has designated Grantee to accept a conveyance of the Property at the Closing, subject to and in accordance with this Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by all of the parties hereto, the parties hereto agree as follows:

1. DEFINITIONS. For all purposes of this Agreement, the following terms shall have the meanings set forth below:

2.

3. "AFFILIATE" means, with respect to a specified Person, (i) any person that directly or indirectly controls, is controlled by or is under common control with, the specified Person, (ii) any member of the family (as defined in Section 267(c)(4) of the Internal Revenue Code of 1986) of the specified Person or any partner, officer, director, shareholder, employee, trustee or beneficiary of the specified Person, or (iii) any employee, partner, officer, director, trustee or beneficiary of the specified Person. For purposes of this definition, (x) "control" means the power to direct or cause the direction of the management and policies of the Person in question and (y) any Person who directly or indirectly owns 10% or more of the beneficial ownership interests in another Person, shall be deemed to control such other Person.

4.

5. "AGREEMENT" means this Deed-in-Lieu Agreement, including all schedules and exhibits hereto.

6.

7. "ASSIGNMENT AND ASSUMPTION OF LEASES" means an assignment and assumption agreement, substantially in the form of Exhibit B hereto, pursuant to which at the Closing (a) Borrower shall convey to Grantee all right, title and interest of Borrower in, to and under the Leases, and (b) Grantee shall assume all of the obligations of the landlord under the Leases first arising on or after the Closing Date.

8.

9. "BILL OF SALE" means a bill of sale, substantially in the form of Exhibit C hereto, pursuant to which Borrower shall convey to Grantee at the Closing all right, title and interest of Borrower in, to and under the Personal Property.

10.

11. "BORROWER" is defined at the beginning of this Agreement.

12.

13.

14.

15. "CLOSING" means the consummation of the transactions described in Section 2(b) hereof.

16. "CLOSING DATE" means the date and time that the Closing is consummated.

- 17.
18. "CONDITIONAL PAYMENT GUARANTY" means that certain Conditional Payment Guaranty made by Guarantor to Greyrock Capital Group Inc. (Lender's former name) as amended by that certain Ratification of and Amendment to Conditional Payment Guaranty dated as of February 24, 2000.
- 19.
20. "CONVEYANCE DOCUMENTS" means the Deed, the Bill of Sale, and the Assignment and Assumption of Leases.
- 21.
22. "CONVEYANCES" means the transfers, assignments and conveyances effected by the execution and delivery of this Agreement and the Conveyance Documents.
- 23.
24. "DEBT" means all principal, accrued and unpaid interest and other sums payable under the Loan Documents.
- 25.
26. "DEED" means a bargain and sale deed without covenant, substantially in the form of Exhibit A hereto, pursuant to which Borrower shall at the Closing convey to Grantee fee title to the Real Property, subject to the Permitted Encumbrances.
- 27.
28. "DEPOSIT ACCOUNT" has the meaning given such term in Exhibit C to the Mortgage Amendment.
- 29.
30. "DEPOSIT BANK" has the meaning given such term in Exhibit C to the Mortgage Amendment.
- 31.
32. "DOCUMENTS" means this Agreement and all other agreements, certificates, instruments, affidavits, exhibits, schedules and other documents to be executed and delivered pursuant to this Agreement.
- 33.
34. "ENVIRONMENTAL INDEMNITY" means that certain Hazardous Materials Indemnity Agreement dated as of February 24, 1995 made by Borrower and Guarantor to Greyrock Capital Group Inc. (Lender's former name) as amended by that certain Ratification of and Amendment to Hazardous Materials Indemnity Agreement dated as of February 24, 2000.
- 35.
36. "EXCLUDED LIABILITIES" means any and all obligations and liabilities now existing or hereafter arising under (i) the Environmental Indemnity, and/or (ii) the Limited Guaranty (provided that, for purposes of this Agreement only, from and after the Closing Date the references in paragraph 1(a) of the Limited Guaranty to Section 4.12(c) of the Mortgage and Section 15(c) of the Note shall be deemed to refer only to clauses (i) through (viii) of such Section 4.12(c) of the Mortgage and Section 15(c) of the Note).
37. "EXPENSE CHANGEOVER DATE" has the meaning given such term in the Trigger Agreement.

"FIRPTA CERTIFICATION" means a certification in the form of Exhibit E, verified as true and signed and sworn to under penalty of perjury by a duly authorized officer of Borrower.

"GRANTEE" is defined at the beginning of this Agreement.

"GUARANTIES" is defined in Recital D.

"INCLUDING" or "INCLUDE" means "including, without limitation."

"INSOLVENCY PROCEEDING" means a proceeding under any applicable bankruptcy, reorganization, liquidation, insolvency, creditors' rights or other similar law now or hereafter in effect or a proceeding in which a receiver, liquidator, trustee or other similar official is sought to be appointed for the Person in question.

"LAND" is defined in Recital A.

"LEASES" means the leases described on Schedule 2 hereto, each of which has been entered into in accordance with the Mortgage.

"LENDER" is defined at the beginning of this Agreement.

"LENDER'S COVENANT" means the covenant by Lender to Borrower set forth in Section 14.

"LIMITED GUARANTY" means that certain Guaranty and Indemnity Agreement made by Guarantor to Greyrock Capital Group Inc. (Lender's former name) as amended by that certain Ratification of and Amendment to Limited Guaranty dated as of February 24, 2000.

"LOAN" is defined in Recital B.

"LOAN DOCUMENTS" is defined in Recital D.

"MORTGAGE" is defined in Recital B.

"NET CASH FLOW PAYMENTS" has the meaning given such term in the Note.

"NOTE" is defined in Recital B.

"OTHER AGREEMENTS" means the agreements described on Schedule 8 hereto.

"PERMITTED ENCUMBRANCES" means the liens and encumbrances described on Schedule 6 hereto.

"PERSON" or "PERSON" means and includes any individual, partnership, corporation, governmental entity, trust, unincorporated association, joint venture or other entity.

"PERSONAL PROPERTY" means all of the Property other than the Real Property.

"PROPERTY" means:

(i) the Land, all improvements thereon (including all fixtures owned by Borrower which constitute real property) and any other interest in real property appurtenant to the Land or such improvements and owned by Borrower (collectively the "Real Property"),

(i) all tangible personal property owned by Borrower immediately prior to the Closing Date, and all claims now or hereafter arising under insurance policies in respect of any damage to or loss or destruction of any of the Real Property or any such personal property, and all proceeds of all such claims,

(i) [Intentionally Left Blank]

(i) all right, title and interest of Borrower in, to and under the Leases (including all accrued and unpaid rent and other amounts payable under the Leases),

(i) all right, title and interest of Borrower (whether as lessee or lessor) in, to and under all leases of personal property (if any) which Grantee elects to assume at Closing,

(i) all right, title and interest of Borrower in, to and under all security deposits (and earnings thereon) held immediately prior to the Closing Date by or on behalf of Borrower under the Leases or under leases of personal property,

(i) all insurance policies under which Borrower is a named insured and which are assignable to Grantee,

(i) subject to the provisions of Section 15(b) below, all right, title and interest of Borrower in, to and under refunds and claims for refunds of real estate taxes paid by or on behalf of Borrower in respect of the Real Property, and

(i) any and all other property which, immediately prior to the Closing Date, is subject to the lien of the Mortgage.

"REAL ESTATE TAXES" means any and all of the following, but only if non-payment of the item in question could result in a lien therefor that is prior to the lien of the Mortgage: real

estate taxes and assessments, water and sewer rents and charges, and any other taxes, duties, fees charges or payments imposed by any governmental, quasi-governmental or public authority.

"REAL PROPERTY" is defined in clause (i) of the definition of Property.

"RELEASE OF GUARANTOR" means the release set forth in Section 10.

"RENT SCHEDULE" means a schedule (in a form reasonably satisfactory to Grantee) setting forth, with respect to each Lease, the date to which each of the following items has been paid by the tenant thereunder: fixed and minimum rents, percentage rents, common area maintenance charges, contributions for real estate taxes, operating expenses, utility charges and insurance premiums, and any other additional rent and sums payable by the tenant under such Lease. Without limiting the foregoing, the Rent Schedule shall specifically indicate, with respect to each Lease, all amounts due and unpaid by the tenant thereunder as of the date of the Rent Schedule.

"TRIGGER AGREEMENT" means that certain Trigger Agreement dated as of February 24, 2000 between Guarantor and Lender.

1. THE CLOSING.

2.

(a) Time and Place of Closing . The Closing shall take place on the date hereof at the offices of Kaye, Scholer, Fierman, Hays & Handler, LLP, 425 Park Avenue, New York, New York 10022 or such other place in the Borough of Manhattan, City of New York as may be designated by the Grantee. The delivery of all documents and the payment of all amounts at the Closing shall be deemed to have been made simultaneously.

(a) Events to Occur At Closing . The following shall take place at the Closing:

(b)

(i) Borrower shall execute and deliver to Grantee the Deed and the Bill of Sale;

(i) If there are any Leases in effect on the Closing Date, Borrower and Grantee shall each execute and deliver the Assignment and Assumption of Leases and Borrower shall deliver to Grantee an original, executed copy of each Lease and any brokerage agreements pertaining to such Leases;

(i) Borrower shall deliver to Grantee copies of all books and records of Borrower relating to the Property that are in Borrower's possession (including those relating to the acquisition, development, construction, financing, maintenance, operation and leasing of the Property), it being understood that to the extent Borrower maintains any of its financial or other information in computer files, Borrower may deliver a diskette or CD ROM containing such information;

(i) Borrower shall transfer in immediately available funds to an account specified by Grantee all security deposits and the interest thereon constituting Property;

(i) Borrower shall deliver to Lender a certified check in the amount of, or transfer in immediately available funds to an account specified by Lender, (x) the positive Cumulative Net Cash Flow Amount calculated through the close of business on the day before the Expense Changeover Date (to the extent not previously paid to Lender) and (y) the amount, if any, by which all Gross Revenues received during the period commencing on the Expense Changeover Date and ending on the Closing Date, exceed Operating Expenses paid from such Gross Revenue during such period (except in the case of this clause (y), to the extent such Gross Revenues are in the Deposit Account, in which case they shall be deemed to have already been delivered to Lender and Lender shall be authorized to cause the Deposit Bank to pay the balance of the Deposit Account to Lender);

(i) a duly authorized officer in Borrower shall execute and deliver the FIRPTA Certification;

(i) Borrower shall deliver to Grantee the then current real estate tax bills, licenses and permits in Borrower's possession, tenant files (if there are any tenants) and a non- multi[ple dwelling affidavit executed by Borrower; and

(i) Borrower shall cause the holders (other than Lender) of any mortgages or other security agreements encumbering all or any portion of the Property to release of record the Property from the lien(s) of such mortgages and security agreements.

(i) Borrower shall deliver to Lender and Grantee certified copies of (x) corporate resolutions authorizing the execution and delivery of the Documents to which it is a party and the consummation of the transactions described therein, (y) its certificate of incorporation and by-laws and (z) a good standing certificate dated not more than 30 days before the Closing Date.

(i) Guarantor shall deliver to Lender and Grantee certified copies of (x) corporate resolutions authorizing the execution and delivery of the Documents to which it is a party and the consummation of the transactions described therein, (y) its certificate of incorporation and by-laws and (z) a good standing certificate dated not more than 30 days before the Closing Date.

(i) Borrower shall deliver to Grantee an executed Tenant Estoppel Certificate from each tenant of the Real Property in the form of Exhibit D hereto or such other form as Lender may request be used (provided that Borrower shall not have an obligation to deliver any such estoppel certificate that it has not been able to obtain after having delivered a written request for such estoppel (together with a draft of the proposed

estoppel in a form approved by Lender) to the tenant in question and after having followed up at least once by telephone).

(i) Borrower and Lender shall execute and deliver to each tenant of the Real Property a notice in the form of Exhibit F hereto.

(i) The parties hereto shall execute and/or deliver such other documents as may be expressly required under any other provisions of this Agreement.

(a) CONSIDERATION; ABSOLUTE CONVEYANCE. In accordance with and subject to the terms of this Agreement, the following consideration is to be given to Borrower and/or Guarantor in return for the Conveyances:

(b)

(i) Lender's Covenant;

(i) the Release of Guarantor; and

(i) such other consideration as is expressly provided for in this Agreement.

(a) Borrower acknowledges and agrees that: (i) the conveyance of the Property to Grantee pursuant to the terms of this Agreement is to be an absolute conveyance of all of Borrower's right, title and interest in and to the Property in fact as well as in form and the Conveyance Documents are not intended to be a mortgage, trust conveyance, deed of trust or security instrument of any kind; (ii) the consideration for the Conveyances is exactly as recited in this Agreement; and (iii) after the Closing Date, Borrower will have no further interest (including rights of redemption) or claims in, to or against the Property or the income derived therefrom.

(b)

(c) REPRESENTATIONS AND WARRANTIES OF BORROWER. Borrower hereby represents and warrants to Grantee and Lender as follows:

(d)

(i) Corporate Existence and Good Standing. Borrower is a corporation duly formed, validly existing and in good standing under the laws of the State of Delaware.

(i) Corporate Power and Authority. Borrower has the corporate power and authority to execute, deliver and carry out the terms and provisions of each of the Documents to which it is a party. Borrower has taken all necessary corporate action to authorize the execution, delivery and performance of each of the Documents to which it is a party. Each Document has been duly executed and delivered by Borrower, to the extent a party thereto, and constitutes the legal, valid and binding obligation of Borrower enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(i) No Violation. Neither the execution, delivery or performance by Borrower of the Documents to which it is a party, nor compliance by Borrower with any of the terms and provisions thereof, nor the consummation by Borrower of any of the transactions contemplated by this Agreement (w) contravenes any provisions of any law, statute, rule or regulation of the United States or any state thereof or any existing order, writ, injunction or decree of any federal or state governmental authority, or any other law, statute, rule or regulation or any existing order, writ, injunction or decree of any other governmental authority, (x) conflicts or is inconsistent with, or will result in any breach of, any of the terms, covenants, conditions or provisions of, or will constitute (with or without notice or lapse of time or both) a default under, any indenture, mortgage, deed of trust, agreement or other instrument to which Borrower is a party, or by which it or any of its property or assets are bound or to which it or any of its property or assets may be subject, (y) will result in the creation or imposition of (or the obligation to create or impose) any lien upon any of the property or assets of Borrower, pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which Borrower is a party or by which it or any of its property or assets are bound or to which it may be subject or (z) violates any provision of the certificate of incorporation or Bylaws of Borrower.

(i) Approvals. All registrations, filings, consents, waivers, approvals, notices and actions, if any, with any federal, state or local governmental authority which Borrower is required to have made or obtained in connection with the execution, delivery and performance by Borrower of the Documents to which it is a party, or in connection with the carrying out or performance by Borrower of the transactions required or contemplated by such Documents, have been made or obtained.

(i) Litigation; Claims. Set forth on Schedule 3 hereto is an accurate and complete list and description of each action, suit or proceeding (whether judicial, governmental, administrative or other) now pending, or threatened in writing, in which any party has made any claim against Borrower.

(i) Payables. To Borrower's actual knowledge, Schedule 5 hereto is a list of all of Borrower's liabilities (other than the Loan).

(ii) " \1 3

(iii) Leases. Set forth on Schedule 2 hereto is an accurate and complete list of all leases and other occupancy agreements affecting the Real Property or any portion thereof and all amendments thereto (the "Leases"). All of the Leases (and any amendments thereto) were entered into in accordance with the applicable requirements of the Loan Documents. Except as set forth in Schedule 3, Borrower has not consented to any subletting or assignment by the lessee thereunder. Except as set forth on Schedule 3, Borrower has not amended, modified, terminated or agreed to a surrender of any Lease. Except as set forth on Schedule 3, all work required to be performed by the landlord under the Leases has been completed and paid for. Except as set forth on Schedule 3, no



tenant under a Lease has asserted in writing a claim, offset or defense against Borrower under such Lease. No tenant under a Lease or other person has an option, right of first refusal or right of first offer with respect to the sale of the Property or any portion thereof. There are no written or oral promises, understandings or commitments between Borrower and the tenant under any Lease other than those set forth in the Leases. No Person is, or has a right to be, in possession of any portion of the Real Property other than tenants under the Leases (and other than any rights granted to Lender under the Loan Documents). None of the Personal Property is subject to any rental agreement or security agreement. Notwithstanding the foregoing, to the extent that any of the representations in this subparagraph (viii) are contained, without any qualification as to knowledge or otherwise, in an estoppel delivered to Grantee and Lender and executed by the tenant under the Lease in question, Borrower shall be deemed not to have made such representation as to such Lease.

(i) Other Agreements. Set forth on Schedule 8 is an accurate and complete list of all agreements (other than the Leases, the Loan Documents and other agreements referred to in this Agreement or the Schedules hereto) to which Borrower is a party and which directly or indirectly affect the Property or any portion thereof or any interest therein (the "Other Agreements"). Except as set forth on Schedule 8, none of the Other Agreements has been amended, modified or terminated. Except as set forth on Schedule 8, no party to any of the Other Agreements has asserted in writing a claim or defense against Borrower under any of the Other Agreements.

(i) Security Deposits. Set forth on Schedule 10 hereto is an accurate and complete list of the amount of all lease security deposits held by or on behalf of Borrower, the bank account(s) in which such security deposits are held and the identity of the tenant which furnished such security deposit and the identification of the Lease under which such security deposit was furnished.

(i) Tax Refunds. Except as set forth on Schedule 12, Borrower is not aware of any refunds for real estate taxes to which it is entitled or for which a claim has been made.

(i) Bankruptcy. No Insolvency Proceeding is pending in which Borrower is a debtor.

(i) Brokerage Arrangements. Borrower is not a party to any brokerage arrangement with respect to the Real Property or any Lease under which a brokerage commission is or could become due and payable (other than a brokerage agreement with a third party unaffiliated with Borrower as to a Lease approved in writing by Lender, and then only to the extent the amount in question will become due to the broker in connection with an extension or expansion option set forth in the Lease which option has not been exercised as of the Closing Date).

(i) Application of Cash. Since February 24, 2000 all Net Cash Flow Payments required to be made to Lender pursuant to the Loan Documents have in fact been made.

(i) Cure of Certain Violations. The violations identified on Schedule 11 hereto have been removed of record and any fines, interest, penalties or other charges relating to such violations have been paid in full. (In lieu of this representation, Borrower can pay all fines, interest and penalties accrued as of two business days following the Closing Date and pay Lender \$13,500, the estimated cost of removing such violations.)

(i) No Employees. No persons are employed by Borrower in connection with the operation or maintenance of the Property.

(i) No Duress. Borrower is represented by legal counsel of its choice, is fully aware of the terms contained in this Agreement and has voluntarily and without coercion or duress of any kind entered into this Agreement.

(i) Rent Schedule. The Rent Schedule attached hereto as Schedule 4 is true and correct in all material respects.

(a) Representations and Warranties of Guarantor. Guarantor hereby represents and warrants to Grantee and Lender as follows:

(b)

(i) Corporate Existence and Good Standing . Guarantor is a corporation duly formed, validly existing and in good standing under the laws of the State of Delaware.

(i) Corporate Power and Authority. Guarantor has the corporate power and authority to execute, deliver and carry out the terms and provisions of each of the Documents to which it is a party. Guarantor has taken all necessary action to authorize the execution, delivery and performance of each of the Documents to which it is a party. Each Document has been duly executed and delivered by Guarantor, to the extent a party thereto, and constitutes the legal, valid and binding obligation of Guarantor enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(i) No Violation. Neither the execution, delivery or performance by Guarantor of the Documents to which it is a party, nor compliance by Guarantor with any of the terms and provisions thereof, nor the consummation by Guarantor of any of the transactions contemplated by this Agreement (w) contravenes any provisions of any law, statute, rule or regulation of the United States or any state thereof or any existing order, writ, injunction or decree of any federal or state governmental authority, or any other law, statute, rule or regulation or any existing order, writ, injunction or decree of any other

governmental authority, (x) conflicts or is inconsistent with, or will result in any breach of, any of the terms, covenants, conditions or provisions of, or will constitute (with or without notice or lapse of time or both) a default under, any indenture, mortgage, deed of trust, agreement or other instrument to which Guarantor is a party, or by which it or any of its property or assets are bound or to which it or any of its property or assets may be subject, (y) will result in the creation or imposition of (or the obligation to create or impose) any lien upon any of the property or assets of Guarantor, pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which Guarantor is a party or by which it or any of its property or assets are bound or to which it may be subject or (z) violates any provision of the certificate of incorporation or Bylaws of Guarantor.

(i) Approvals. All registrations, filings, consents, waivers, approvals, notices and actions, if any, with any federal, state or local governmental authority which Guarantor is required to have made or obtained in connection with the execution, delivery and performance by Guarantor of the Documents to which it is a party, or in connection with the carrying out or performance by Guarantor of the transactions required or contemplated by such Documents, have been made or obtained.

(i) Bankruptcy. There is pending no Insolvency Proceeding in which the Guarantor is a debtor.

1. COVENANTS.

2.

(a) Covenants of Borrower in Favor of Lender and Grantee . Borrower hereby covenants to, and agrees in favor of, Lender and Grantee as follows:

(b)

(i) Post Closing Rents. Following the Closing, Borrower shall turn over to Lender all Gross Revenue (as defined in the Note) received by or on behalf of Borrower on or after the Closing Date.

(i) Indemnity. Borrower shall indemnify, defend and hold harmless Lender and Grantee from and against any and all claims, liabilities, actions, damages, losses and expenses arising from or relating to (x) any bodily injury, death or property damage suffered by a third party on or about the Real Property prior to Closing and (y) the claims of any tenant or other occupant, or any party to an Other Agreement, which claims arose prior to the Closing Date; provided, however, that Borrower's liability under this subparagraph 5(a)(ii) shall not exceed the sum of (1) the amount of liability insurance available to Borrower in respect of the claims in question and (2) the amounts, if any, paid or payable to by Grantee or Lender to Borrower pursuant to this Agreement.

(a) Indemnity by Guarantor.

(b)

(i) Breach or Inaccuracy. Guarantor shall defend, indemnify, and hold harmless Grantee and Lender from any and all claims, liabilities, costs, losses, expenses (including reasonable counsel fees and disbursements, whether incurred in enforcing this indemnity or in connection with defending claims of third parties), damages, and liabilities suffered or incurred by Grantee or Lender and arising or resulting from (i) the breach or inaccuracy of any representation or warranty made by Borrower or Guarantor under Section 4 hereof or (ii) Borrower's breach of subparagraph 5(a)(i).

(i) Excluded Liabilities. Guarantor agrees that its liability for the Excluded Liabilities survives the Conveyances and is not impaired or otherwise affected by this Agreement (including, without limitation, the provisions of Section 9 (Covenant Not to Sue) or Section 10 (Release of Guarantor) of this Agreement).

1. CONDITIONS PRECEDENT TO THE CLOSING. Neither Lender nor Grantee shall have any obligation to execute or deliver any Document (including this Agreement) or any other document or make any payment or take any other action under Section 2 of this Agreement unless on or prior to the Closing Date the following conditions shall have been satisfied in full or waived in writing by the party or parties for whose benefit the condition exists:

2.

(a) all representations and warranties made by Borrower and Guarantor in this Agreement shall be true and correct in all material respects on and as of the Closing Date;

(b)

(c) Borrower shall have performed in full all obligations required to be performed by Borrower on or prior to the Closing Date under the terms of this Agreement;

(d)

(e) Borrower's fee title to the Real Property shall be subject to no liens or encumbrances other than the Permitted Encumbrances (and Guarantor shall have executed and delivered any reasonable and customary title affidavits (excluding affidavits as to ownership of the Real Property or as to any liens that can be searched on a current basis in the public records) and/or undertakings requested by Grantee's title insurer to omit liens or encumbrances that are not Permitted Encumbrances and that are customarily omitted by affidavit and/or undertaking);

(f)

(g) no Insolvency Proceedings by, against or with respect to Borrower or a Guarantor shall have been commenced;

(h)

(i) all material items of the Personal Property shall be owned by Borrower free and clear of liens and encumbrances;

(j)

(k) there shall have occurred no destruction of the Property nor any material damage thereto which is not covered by insurance (under which Lender is the loss payee) and adequate to fully replace or repair the destroyed or damaged portion of the Property (or, to the extent such insurance is insufficient, Guarantor shall have paid to Lender the amount of such deficiency); provided, however, that so long as the insurance meets the requirements of the Loan Documents,

it shall be deemed to satisfy the requirements of this Paragraph provided that any insurance proceeds received by Borrower are turned over to Lender.

(1)

3. ASSUMPTION OF CERTAIN LIABILITIES ONLY. Except for Grantee's assumption of the Leases in accordance with the terms of the Assignment and Assumption of Leases, neither Grantee nor Lender assumes or shall be deemed to have assumed any obligations or liabilities of Borrower whatsoever (including, without limitation, any obligations to employees, obligations under service contracts or any other kind of obligation or liability whatsoever).

4.

5. RELEASE OF LENDER PARTIES. Borrower and Guarantor do hereby jointly and severally release, acquit and forever discharge Lender and Lender's participating lenders, subsidiaries, shareholders, Affiliates, principals (both disclosed and undisclosed), officers, directors, agents, and employees, and the respective heirs, personal representatives, successors and assigns of the foregoing (collectively, the "LENDER PARTIES") from any and all claims, demands, debts, dues, sums of money, bonds, bills, specialties, actions, causes of action, suits, contracts, covenants, controversies, agreements, obligations, reckonings, promises, variances, accounts, defenses, offsets, trespasses, damages, judgments, extents, executions and liabilities of any kind or character whatsoever, known or unknown, suspected or unsuspected, in contract or in tort, at law or in equity, including such claims and defenses as fraud, mistake, duress and usury, which Borrower or any of the partners in Borrower (including Guarantor) or their respectful successors and assigns ever had, now have, or might hereafter have against the Lender Parties, jointly or severally, for, upon or by reason of any matter, cause or thing whatsoever occurring from the beginning of the world to the Closing Date, which relates to, in whole or in part, directly or indirectly: (a) the Loan; (b) the Loan Documents; (c) the Property; or (d) the Debt; provided, however, that the foregoing shall not constitute a release or waiver by Borrower of any of its rights under this Agreement, and provided further that Borrower reserves all defenses to claims for Excluded Liabilities. Borrower and Guarantor covenant and agree, from and after the Closing Date, not to commence or maintain and not to direct or induce any other Person to commence or maintain any action or proceeding to set aside any of the Conveyances or any other aspect of the transactions contemplated by this Agreement. Each of Borrower and Guarantor acknowledges that a suit for damages is an inadequate remedy for the enforcement of this covenant and agrees that this covenant may be specifically enforced by Lender or Grantee.

6.

(a) COVENANT NOT TO SUE. Lender does hereby covenant and agree, subject to the terms and limitations set forth below in Section 9(b), not to commence, join in, prosecute or participate in any suit or other proceeding in which a claim is made to hold Borrower and/or any of its officers, directors, shareholders, agents, employees, or the respective successors and assigns of any of the foregoing (collectively, the "Borrower Parties") personally liable for all or any part of the Debt or for the performance of any of Borrower's obligations under the Loan Documents; provided, however, that the foregoing shall not (i) constitute a waiver of any obligation evidenced by the Mortgage or the Note, (ii) affect in any way the validity of any of the obligations evidenced and secured by the Note and the Mortgage, (iii) release or impair the Note or the lien of the Mortgage, (iv) affect or impair the ability or right of Lender to foreclose the lien of the Mortgage and/or to name Borrower as a party defendant in any action or suit for judicial

foreclosure and sale under the Mortgage or Note so long as no judgement in the nature of a deficiency judgement is asked for or taken against any of the Borrower Parties, (v) prevent or in any way hinder Lender from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, any other remedy against any property encumbered by the Mortgage or (vi) constitute a waiver or release of, or otherwise impair or affect, the obligations of Guarantor under this Agreement and/or the obligations of Guarantor for the Excluded Liabilities .

(b)

(c) Notwithstanding anything to the contrary contained in Section 9(a) above, (i) Lender's covenant and agreement set forth in Section 9(a) shall not constitute or be deemed to constitute either a waiver of Lender's rights or a release of Borrower's obligations either under this Agreement or with respect to any of the Excluded Liabilities, and (ii) such covenant and agreement shall be void ab initio and of no force or effect, and Borrower will be obligated to pay and perform its obligations under the Loan Documents (in accordance with and subject to the terms thereof as existing immediately prior to the Closing) if any one or more of the following events occurs (the absence of all such events being a condition subsequent to the continued effectiveness of such covenant and agreement by Lender):

(d)

- (x) any material portion of any of the Conveyances is ever rendered void or is effectively rescinded or if any of Grantee's rights under any of the Conveyances or any of Grantee's or Lender's rights under this Agreement is ever materially modified or limited or if any other material aspect of the transactions contemplated by this Agreement is ever set aside, in each case pursuant to or in connection with an Insolvency Proceeding; or
- (y) the release of the Lender Parties set forth in Section 8 of this Agreement is ever rendered void or rescinded or adjudicated unenforceable by operation of law or by order of any court of competent jurisdiction.

Notwithstanding the foregoing, if (1) the reinstatement of Borrower's obligations pursuant to clause 9(b)(x) results from an Involuntary Proceeding in which neither Borrower nor any Affiliate of Borrower has taken an Opposition Act (as such terms are defined in the Conditional Payment Guaranty) and (2) the conveyance of the Real Property to Grantee has not been set aside, then the reinstatement of Borrower's obligations shall terminate when Lender and Grantee have recovered the losses, costs, damages and expenses (including attorneys' and other professionals' fees) actually suffered or incurred as a result of the matters described in such clause 9(b)(x).

1. RELEASE OF GUARANTOR. Subject to the conditions and limitations set forth in this Section 10, Lender does hereby release, acquit and forever discharge Guarantor and its successors and assigns (collectively, the "Guarantor Parties") from any and all claims, demands, debts, dues, sums of money, bonds, bills, specialties, actions, causes of action, suits, contracts, covenants, agreements, controversies, obligations, promises, variances, reckonings, accounts, defenses and liabilities of any kind or character whatsoever, known or unknown, suspected or unsuspected, in contract or in tort, at law or in equity, which Lender and its successors and assign ever had, now have, or might hereafter have against the Guarantor Parties, jointly or severally, for, upon or by reason of any matter, cause or thing whatsoever occurring from the beginning of the world to the date hereof, which relates, in whole or in part, directly or indirectly, to the Guaranties or any of the obligations of the Guarantor thereunder; provided, however, that the foregoing shall not constitute either a waiver of Lender's rights or a release of Guarantor's obligations under this Agreement or with respect to any of the Excluded Liabilities; and provided further that, notwithstanding anything to the contrary contained in this Section 10, the provisions of this Section 10 shall be void ab initio and of no force or effect and Guarantor will be obligated to pay and perform its obligations under the Guaranties (in accordance with and subject to the terms thereof as existing immediately prior to the date hereof) if any one or more of the following events occurs (the absence of all such events being a condition subsequent to the continued effectiveness of the provisions of this Section 10):

(i) any material portion of any of the Conveyances is ever rendered void or is effectively rescinded or if any of Grantee's rights under any of the Conveyances or any of Grantee's or Lender's rights under this Agreement is ever materially modified or limited or if any other material aspect of the transactions contemplated by this Agreement is ever set aside, in each case pursuant to or in connection with an Insolvency Proceeding; or

(i) the release of the Lender Parties set forth in Section 8 of this Agreement is ever rendered void or rescinded or adjudicated unenforceable by operation of law or by order of any court of competent jurisdiction.

Notwithstanding the foregoing, if (1) the reinstatement of Borrower's obligations pursuant to clause 9(b)(x) results from an Involuntary Proceeding in which neither Borrower nor any Affiliate of Borrower has taken an Opposition Act (as such terms are defined in the Conditional Payment Guaranty) and (2) the conveyance of the Real Property to Grantee has not been set aside, then the reinstatement of Borrower's obligations shall terminate when Lender and Grantee have recovered the losses, costs, damages and expenses (including attorneys' and other professionals' fees) actually suffered or incurred as a result of the matters described in such clause 9(b)(x).

The provisions of this Section 10 shall not be construed so as to release Guarantor from any claims other than those referred to herein.

1. WAIVER OF SUBROGATION. Guarantor hereby unconditionally releases and waives any and all rights Guarantor may have acquired in and to the Loan, the Loan Documents or the Property, whether by making payments under any one or more of the Guaranties or otherwise.

2.

3. NO MERGER. Notwithstanding anything to the contrary contained in this Agreement, (a) subject to Lender's Covenant and the Release of Guarantor, all of the Loan Documents shall remain in full force and effect after the transactions contemplated by this Agreement have been consummated and (b) the interest of Grantee in the Property created by the Conveyances shall not merge with the interest of Lender in the Property under the Loan Documents. It is the express intention of each of the parties that the interest of Lender in the Property pursuant to the Loan Documents and the interest of Grantee in the Property pursuant to the Conveyance Documents shall not merge, but shall be and remain at all times separate and distinct, notwithstanding any union of said interests in Lender at any time by purchase, foreclosure or otherwise and that the liens created by the Mortgages will remain at all times valid and continuous liens.

4.

5. NEGATION OF PARTNERSHIP. Nothing contained in this Agreement or the Documents shall be deemed to create a partnership or joint venture between Lender and Borrower, or between Grantee and Borrower, or to cause Lender or Grantee to be liable or responsible in any way for the actions, liabilities, debts or obligations of Borrower, Guarantor or any other Person, except to the extent otherwise expressly provided in Section 7 hereof.

6.

7. COOPERATION. Prior to and at all times following the Closing Date, Borrower, Guarantor, Lender and Grantee agree to execute and deliver, or to cause to be executed and delivered, such documents (including transfer tax returns) and to do, or cause to be done, such other acts and things as might reasonably be requested by the Grantee's title insurer or any party to this Agreement to assure that the benefits of this Agreement are realized by the parties.

8.

9. TRANSFER TAXES/APPORTIONMENTS.

10.

11. (a) Lender agrees that in no event shall Guarantor have any obligation to Lender or to Grantee to pay any New York State or New York City transfer taxes that may become due and payable in connection with the Conveyances. Grantee shall prepare any transfer tax returns to be executed in connection with the Conveyances.

12.

13. (b) Operating Expenses, real estate taxes, capital expenditures and debt service on the Loan shall be apportioned as, to the extent and in accordance with the provisions of Paragraph 2 of the Trigger Agreement; provided, however, that (i) in no event shall Grantee or Lender have any obligation to apportion any rents or other income received by them on or after the Closing Date and (ii) rents and other income received by or on behalf of Borrower after the Closing Date shall be promptly turned over to Lender.

14.



15. CONFIDENTIALITY. No party hereto shall, or shall permit its Affiliate to, disclose to any third party (other than the Grantee's title insurer) any information relating to the Documents or the transactions contemplated by the Documents except (a) in connection with a proceeding to enforce such party's rights under any of the Documents, (b) to such party's Affiliates, participants, agents, attorneys, accountants and consultants, to the extent necessary to enable such persons to perform their respective responsibilities and services, (c) in the case of Grantee, to its lenders and investors, (d) such disclosure as Guarantor's counsel shall deem appropriate in connection with Guarantor's filings with the Securities and Exchange Commission, New York Stock Exchange or other public stock exchange or any other disclosure which would customarily be made by a publicly held company or (e) as required by law.

16.  
17. SURVIVAL. All of the terms, provisions, certifications, covenants, conditions, representations, warranties, indemnities, covenants and agreements contained in this Agreement or in any of the other Documents shall survive the Closing.

1. MISCELLANEOUS.

2.  
(a) Notices. All notices, demands and requests required or desired to be given hereunder shall be in writing and shall be delivered (i) in person, (ii) by United States registered or certified mail, return receipt requested, postage prepaid, (iii) by overnight courier or (iv) by telecopier, followed by a hard copy delivered pursuant to clause (i), (ii) or (iii) above, addressed in each case as follows:

To Borrower or Guarantor:

Alexander's Inc.  
Park 80 West  
Plaza II  
Saddle Brook, New Jersey 07663  
Attn: Chief Financial Officer  
Telephone: (201) 587-1000  
Telecopier: (201) 587-0600

with a copy to:

Whitman Breed Abbott & Morgan LLP  
200 Park Avenue  
New York, New York 10166  
Attn: Neil Underberg  
Telephone: (212) 351-3000  
Telecopier: (212) 351-3131

and to:

Vornado Realty Trust  
 Park 80 West  
 Plaza II  
 Saddle Brook, New Jersey 07663  
 Attn: Vice President for Real Estate  
 Telephone: (201) 587-1000  
 Telecopier: (201) 587-0600

Notwithstanding the foregoing, as of July 1, 2000, the Saddle Brook address listed for Alexander's, Inc. and Vornado Realty Trust shall be changed to the following address:

210 Route 4 East  
 Paramus, New Jersey 07652

To Lender:

Banc of America Commercial Finance Corporation  
 187 Danbury Road  
 Wilton, Connecticut 06897  
 Attn: Vice President, Commercial Real Estate  
 Telephone: (203) 423-4000  
 Telecopier: (203) 423-4003

with a copy to:

Banc of America Commercial Finance Corporation  
 187 Danbury Road  
 Wilton, Connecticut 06897  
 Attn: General Counsel  
 Telephone: (203) 423-4000  
 Telecopier: (203) 423-4163

To Grantee:

-----  
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or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

(a) Successors and Assigns. Whenever in this Agreement any party or person is referred to, such reference shall be deemed to include the successors, assigns, administrators, executors and personal representatives of such party or person; and all covenants, promises and agreements by or on behalf of any party or person that are contained in this Agreement shall bind and inure to the benefit of such party's or person's successors, assigns, administrators, executors or personal representatives. No party hereto may assign this Agreement without the prior written consent of all other parties hereto, any such assignment without such prior written consents being null and void; provided, however, that, notwithstanding anything to the contrary contained in the foregoing or elsewhere in this Agreement, Lender and/or Borrower may assign their respective rights and obligations under this Agreement to their respective Affiliates.

(b)

(c) Applicable Law. This Agreement and the instruments executed pursuant hereto shall be construed in accordance with and governed by the laws of the State of New York without giving effect to the conflict of laws principles thereof.

(d)

(e) Severability. Except as otherwise provided herein, in Lender's Covenant and in the Release of Guarantor, in the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(f)

(g) Headings. Section headings used herein are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

(h)

(i) Entire Agreement. This Agreement and the other Documents constitute the entire understanding between the parties hereto with respect to the subject matter hereof and shall supersede and take the place of any other instrument, document or letter purporting to be an agreement of the parties hereto with respect to the subject matter hereof.

(j)

(k) Amendment. Neither this Agreement nor any of the provisions hereof can be changed, waived, discharged or terminated, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

(l)

(m) Waiver of Compliance; Consents. Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, covenant, agreement or condition herein may be waived by the party or parties entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such a waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent other failure. Whenever this Agreement requires or permits consent by or on behalf of any party hereto, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 20.

(a) Submission to Jurisdiction; Waiver of Venue and Jury Trial .

(b)

(i) Any legal action or proceeding with respect to this Agreement or any of the transactions contemplated herein may be brought in the courts of the State of New York located in the County of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Agreement, each of the parties hereto hereby accepts generally and unconditionally, the exclusive jurisdiction of the aforesaid courts.

(i) Each of the parties hereto hereby irrevocably waives, in connection with any such action or proceeding, any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which it may now or hereafter have to the bringing of any such action or proceeding in such respective jurisdictions.

(i) IN ANY ACTION OR PROCEEDING ARISING UNDER ANY DOCUMENT, EACH PARTY HERETO AS AN INTEGRAL PART OF THIS AGREEMENT WAIVES TRIAL BY JURY IN SUCH ACTION OR PROCEEDING.

(a) No Waiver. Except as expressly provided in Sections 9 and 10 above, neither the execution or delivery of or discussions and negotiations concerning this Agreement nor anything contained herein shall be deemed to be a waiver by Lender of any of its rights, powers and remedies under the Loan Documents or of any default or event of default thereunder. The Mortgage, Note and other Loan Documents to which Borrower is a party shall continue in full force and effect from and after and notwithstanding the Closing, subject to the provisions of Lender's Covenant.

Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(b)  
(c) Execution and Delivery Required. This Agreement shall not constitute a binding agreement unless and until it has been executed and delivered by Borrower, Guarantor, Lender and Grantee.

(d)  
(e) IN WITNESS WHEREOF, each of the undersigned have duly executed or caused this Agreement to be duly executed as of the day and year first above written.

(f)  
(g) ALEXANDER'S OF FORDHAM ROAD, INC.

(h)  
(i) By: \_\_\_\_\_  
(j)

ALEXANDER'S, INC.

By: \_\_\_\_\_

BANC OF AMERICA COMMERCIAL FINANCE CORPORATION

By: \_\_\_\_\_

Name:  
Title:

[GRANTEE]

By: \_\_\_\_\_

SCHEDULE 2

Leases

[to be completed by Borrower]

SCHEDULE 3

Litigation Schedule

[to be completed by Borrower]



SCHEDULE 5

Creditors of Borrower and Payables

[to be completed by Borrower]

## SCHEDULE 6

1. Liens for Real Estate Taxes not due and payable as of Closing Date (and liens for Real Estate Taxes for which Lender is responsible under section 2 of the Trigger Agreement).
2. All matters set forth in Schedule B to the title insurance policy insuring the lien of the mortgage (other than (i) any exceptions for Real Estate Taxes, (ii) subordinate mortgages and (iii) Caldor Lease).
3. All other liens and encumbrances other than (i) liens and encumbrances affirmatively granted by Borrower in violation of the Loan Documents, (ii) liens and encumbrances granted to or held by or for the benefit of Borrower or any Affiliate of Borrower and (iii) liens pertaining to Borrower that are unrelated to the Property (e.g., Federal tax liens, liens for NYS Franchise taxes or license fees, liens for New York City corporation taxes or judgements liens for matters unrelated to the Property) but are liens against the Property.

SCHEDULE 8

Other Agreements

[to be completed by Borrower]

SCHEDULE 9

Insurance Policies

[to be completed by Borrower]

Security Deposits

[to be completed by Borrower]

SCHEDULE 11

Violations

Tax Refunds

[to be completed by Borrower]

EXHIBIT A  
Bargain and Sale Deed

THIS INDENTURE, made the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ by ALEXANDER'S OF FORDHAM ROAD, INC. (herein called "Grantor"), a Delaware corporation having an address at Park 80 West, Plaza II, Saddle Brook, New Jersey 07663, and \_\_\_\_\_ (herein called "Grantee"), a \_\_\_\_\_.

WITNESSETH, that Grantor, in consideration of Ten Dollars and other valuable consideration paid by Grantee, does hereby grant and release unto Grantee, the heirs or successors and assigns of Grantee forever:

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the County of the Bronx, City and State of New York, and more particularly described on Exhibit 1 attached hereto.

TOGETHER with all right, title and interest, if any, of Grantor in and to any streets and roads abutting the above-described premises to the center lines thereof; TOGETHER with the appurtenances and all the estate and rights of Grantor in and to said premises; TO HAVE AND TO HOLD the premises herein granted unto Grantee, the heirs or successors and assigns of Grantee forever.

Grantor, in compliance with Section 13 of the Lien Law, covenants that Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

IN WITNESS WHEREOF, Grantor has duly executed this deed the day and year first above written.

ALEXANDER'S OF FORDHAM ROAD,  
INC.

By: \_\_\_\_\_

Name:  
Title:



STATE OF NEW YORK )  
                          )SS:  
COUNTY OF NEW YORK)

On the            day of                    , \_\_\_\_\_, before me personally came  
, to me known to be the individual described in and who executed the foregoing  
instrument, and acknowledged that he executed the same.

NOTARY PUBLIC

54  
BLOCK 3167, LOT 1 and  
BLOCK 3175, LOT 26  
TOWN OR COUNTY: BRONX

Return by mail to:

Attention: -----

EXHIBIT B

Assignment And Assumption  
Of Leases

ASSIGNMENT AND ASSUMPTION OF LEASES (this "Assignment and Assumption"), made as of \_\_\_\_\_, between ALEXANDER'S OF FORDHAM ROAD, INC., a Delaware corporation having an address at Park 80 West, Plaza II, Saddle Brook, New Jersey 07663, ("Assignor"), and \_\_\_\_\_, a \_\_\_\_\_ ("Assignee").

Preliminary Statement

Assignor is the landlord under the leases described on Annex 1 hereto (the "Leases").

Pursuant to agreement dated \_\_\_\_\_, between Assignor and Assignee (the "Agreement"), Assignor wishes to assign to Assignee all of Assignor's right, title and interest in, to and under the Leases.

NOW, THEREFORE, in consideration of the premises, the mutual covenants contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Assignor hereby assigns to Assignee and its successors and assigns all of Assignor's right, title and interest in, to and under the Leases and all rights, claims and causes of action arising out of or related to the Leases. Such assignment is made without representation, warranty or covenant, except for those set forth in the Agreement.

2. Assignee hereby accepts the assignment of the Leases from Assignor and assumes and agrees to be bound by the obligations of Assignor thereunder first arising on or after the date hereof.

IN WITNESS WHEREOF, the parties have signed this Assignment and Assumption as of the day and year first above written.

ALEXANDER'S OF FORDHAM  
ROAD, INC.

By: \_\_\_\_\_

Title:

-----  
By: \_\_\_\_\_

Name:

Title:

EXHIBIT C

BILL OF SALE

ALEXANDER'S OF FORDHAM ROAD, INC., a Delaware corporation having an address at Park 80 West, Plaza II, Saddle Brook, New Jersey 07663 ("Seller"), for good and valuable consideration, receipt of which is hereby acknowledged, hereby sells, assigns and transfers to \_\_\_\_\_, a \_\_\_\_\_ ("Purchaser"), all fixtures and personal property (collectively, the "Property") attached or appurtenant to the buildings and improvements located on the property described in Annex 1 hereto (other than property of tenants, subtenants, or contractors under service contracts).

Such sale, assignment and transfer is made without recourse, representation or warranty, except as set forth in the Deed-in-Lieu Agreement dated as of \_\_\_\_\_ between Purchaser and Seller.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

ALEXANDER'S OF FORDHAM ROAD, INC.

By: \_\_\_\_\_  
 Name:  
 Title:

Exhibit D

Form of Tenant Estoppel

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

Attention:

-----

Re:

-----

We refer to the lease dated \_\_\_\_\_ (the "Lease") between \_\_\_\_\_ as landlord ("Landlord") and the undersigned as tenant ("Tenant") demising space (the "Demised Premises") in the property located at 2501-2511 Grand Concourse, Bronx, New York. We understand that you propose to acquire such property and agree that you and your lender may rely on this certificate.

We certify that:

1. Tenant has entered into occupancy of the Demised Premises.
- 2.
3. The Lease is in full force and effect and has not been assigned or amended except as follows:\_\_\_\_\_.
- 4.
5. The Lease, as amended as indicated in paragraph 2, represents the entire agreement between the parties as to such leasing.
- 6.
7. The commencement date of the term of the Lease is \_\_\_\_\_, and the expiration date of the term is \_\_\_\_\_.
- 8.
9. No default under the Lease on the part of either Tenant or Landlord, and no event which with notice or the passage of time will constitute such a default, has occurred and is continuing. Tenant has no existing defenses, offsets, counterclaims or credits against the enforcement of the Lease by Landlord.
- 10.
11. Any improvements or work required under the Lease to be made or performed by Landlord have been completed to the satisfaction of Tenant.
- 12.
13. No rents have been prepaid more than one month in advance and full fixed or minimum rent, in the amount of \$\_\_\_\_\_, has commenced to accrue.
- 14.
15. Tenant has paid to Landlord a security deposit in the amount of \$\_\_\_\_\_.
- 16.

17.

18.

Dated: -----

By: -----

President

EXHIBIT E

AFFIDAVIT OF NON-FOREIGN TRANSFEROR  
(ENTITY)

STATE OF \_\_\_\_\_ )  
                                  ) ss:  
COUNTY OF \_\_\_\_\_ )

The undersigned, being duly sworn deposes and says that:

1. I, [name], am a [title] of ALEXANDER'S OF FORDHAM ROAD, INC. ("Transferor"), a Delaware corporation having an address at Park 80 West, Plaza II, Saddle Brook, New Jersey 07663;

2. Transferor has entered into a Deed-in-Lieu Agreement (the "Agreement") whereby it has agreed to transfer to [name of purchaser, ("Transferee")] its rights to and interests in certain United States real property interests, as that term is defined in the Internal Revenue Code ("I.R.C.") Section 897(c)(1), as more specifically defined in the Agreement;

3. Transferor is not a foreign corporation, foreign partnership, foreign trust or foreign estate for purposes of the I.R.C. Section 1445;

4. Transferor's United States taxpayer identification number is \_\_\_\_\_;

5. This affidavit is made pursuant to I.R.C. Section 1445 to inform Transferee that the tax required to be deducted under said section upon the disposition of the property referenced above in paragraph 2 is exempt under I.R.C. Section 1445(b)(1) and (2);

6. This affidavit may be relied upon by Transferee and disclosed to the Internal Revenue Service of the United States;

7. Based upon due inquiry the statements made herein are true and complete;

8. This affidavit is made under penalty of perjury for the benefit of Transferee and that any false, fraudulent or untrue statement herein may be punishable by fine, imprisonment or both; and

9. I have the authority to execute this document on behalf of Transferor and bind it hereto.

ALEXANDER'S OF FORDHAM ROAD, INC.

By: -----  
[name,title]

Sworn to before me this  
\_\_\_ day of \_\_\_\_\_, 19\_\_

- -----  
Notary Public

Transferee must retain this certificate until the end of the fifth taxable year in which the transfer takes place and make it available to the Internal Revenue Service when requested.



EXHIBIT F  
Form of Letter to Tenants

[Letterhead of Borrower]

[Date of Closing]

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

[Name and Address of Tenant]

Re: Your Lease at [address of Property] ]

Dear \_\_\_\_\_:

Please be advised that on this date ownership of the above referenced property, together with the interest of landlord under your lease, has been conveyed to [\_\_\_\_\_] ("New Landlord").

[Your security deposit in the amount of \$\_\_\_\_\_ has also been delivered to New Landlord].

As of today, all rent payments under your Lease should be made payable to [\_\_\_\_\_] and mailed to:

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

If you have any questions please call [representative of Grantee] at \_\_\_\_\_.

Very truly yours,

ALEXANDER'S OF FORDHAM ROAD INC.

By: -----  
Name:  
Title:

CONFIRMED:

[GRANTEE]

By: -----  
Name:  
Title:

This schedule contains summary financial information extracted from the Company's unaudited financial statements for the three months ended March 31, 2000 and is qualified in its entirety by reference to such financial statements.

3-MOS	DEC-31-2000		
	MAR-31-2000		
		14,886	
		0	
		2,235	
		290	
		0	
		0	348,302
		56,105	
		369,646	
		0	
			339,325
		0	
		0	
		5,174	
		8,751	
369,646			0
		15,086	
			0
		6,614	
		2,204	
		2	
		5,233	
		1,427	
		0	
1,427			
		0	
		0	
			0
		1,427	
		.29	
		.28	