

THIS ARENA LAND PURCHASE AND SALE AGREEMENT (this "Agreement") made as of the ___ day of September, 2007 between Brooklyn Arena LLC, a Delaware limited liability company, with offices c/o Forest City Ratner Companies, One Metro Tech Center North, Brooklyn, New York 11201 ("Arena LLC") and Atlantic Yards Development Company, LLC, a Delaware limited liability company, with offices c/o Forest City Ratner Companies, One Metro Tech Center North, Brooklyn, New York 11201 ("AY Development LLC") (Arena LLC and AY Development LLC, together with their respective subsidiaries are each referred to individually herein as a "Seller" and collectively as "Sellers") and New York State Urban Development Corporation d/b/a Empire State Development Corporation, a corporate governmental agency of the State of New York constituting a public benefit corporation and political subdivision, having an address at 633 Third Avenue, New York, New York 10017 ("ESDC"; ESDC together with its successors and permitted assigns is sometimes referred to herein as "Purchaser").

WITNESSETH:

WHEREAS, Arena LLC and/or its subsidiaries are the direct owners and holders of the fee simple estate in and to those certain plots, pieces and parcels of land located in Brooklyn, New York more particularly listed on Schedule A (the "Directly Owned Land"), together with any buildings and all other improvements located thereon (the Directly Owned Land, together with such buildings and improvements, being sometimes referred to hereinafter collectively as the "Directly Owned Property");

WHEREAS, AY Development LLC and/or its subsidiaries have acquired on behalf of Arena LLC fee simple estate in and to those certain plots, pieces and parcels of land located in Brooklyn, New York more particularly listed on Schedule A (the "Beneficially Owned Land"), together with any buildings and all other improvements located thereon (the Beneficially Owned Land, together with such buildings and improvements being sometimes referred to hereinafter collectively as the "Beneficially Owned Property" and the Beneficially Owned Property and the Directly Owned Property are hereinafter collectively referred to as the "Property");

WHEREAS, on December 8, 2006, Purchaser adopted that certain Modified General Project Plan (the "Modified GPP") for the Atlantic Yards Land Use Improvement and Civic Project (the "Project") in accordance with the New York State Urban Development Corporation Act;

WHEREAS, the Project comprises the construction of a major mixed-use development in the Atlantic Terminal area of Brooklyn, occupying an approximately 22-acre area generally bounded by Flatbush and 4th Avenues to the west, Vanderbilt Avenue to the east, Atlantic Avenue to the north, and Dean and Pacific Streets to the south and includes the approximately 9-acre (including the land under the 6th and Carlton Avenue Bridges), below-grade Long Island Rail Road Vanderbilt Storage Yard and Metropolitan Transportation Authority ("MTA") storage yard for inactive New York City Transit buses and an arena (the "Arena") to host the professional basketball team currently known as the New Jersey Nets and other entertainment, cultural, sporting and civic events;

WHEREAS, in order to further the Project, (i) Purchaser and Sellers have agreed that Arena LLC will construct the Arena on land to be acquired and owned by Purchaser or a subsidiary of Purchaser, (ii) Purchaser and the New York City Economic Development Corp. (“NYCEDC”) have entered into a certain Funding Agreement of even date herewith (the “City/ESDC Funding Agreement”) pursuant to which the NYCEDC will, among other things, provide funds to Purchaser to acquire land for the Arena, (iii) Sellers and Purchaser have entered into a certain Funding Agreement of even date herewith (the “Funding Agreement”) pursuant to which Purchaser will make one or more down payments to Sellers towards the cost of acquiring land for the Arena and other Eligible Project Costs (as defined in the Funding Agreement), (iv) NYCEDC and Sellers have entered into an agreement of even date herewith (the “City/FC Agreement”) and (v) Sellers desire to sell the Property to Purchaser, and Purchaser desires to purchase the Property from Sellers, upon and subject to the terms and conditions of this Agreement;

WHEREAS, Purchaser and Sellers have agreed that Sellers’ Recognized Costs for the Property are as set forth on Schedule A;

WHEREAS, Sellers have executed and delivered for recording the Restrictive Covenant (as defined in the Funding Agreement) with respect to certain parcels of land including the Property;

WHEREAS, simultaneously with the Closing (as hereinafter defined), Purchaser will enter into one or more leases for the entire Property with Sellers or their designee in form and substance satisfactory to Purchaser and Sellers (collectively “Ground Leases” and the tenants thereunder collectively, “Ground Tenants”) consistent in all material respects with the GPP; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

1. DEFINITIONS

AY Development LLC	Preamble
Adjourned Closing Date Agreement	Section 6(a)(v)
Apportionment Date	Preamble
Arena	Section 7(a)
Arena LLC	Recitals
Beneficially Owned Land	Preamble
Beneficially Owned Property	Recitals
Broker	Recitals
business day	Section 14(a)
CDO	Section 4(d)
City	Section 6(f)
City/ESDC Funding Agreement	Section 8
City FC/Agreement	Recitals
	Preamble

Closing	Section 18
Closing Date	Section 18
Condemnation	Section 3
Control	Section 6(g)
Cure Extension Notice	Section 11(d)
Damages	Section 11(d)
Deposits	Section 4(a)
Directly Owned Land	Recitals
Directly Owned Property	Recitals
ESDC	Preamble
Eligibility Requirements	Section 6(g)
Eligible Project Costs	Recitals
Exculpated Parties	Section 11(a)
FIRPTA	Section 21
Funding Agreement	Recitals
Ground Leases	Recitals
Ground Lease Tenants	Recitals
Improvements	Section 12
Institutional Lender	Section 6(f)
Land	Recitals
Leases	Section 3
Limitation Period	Section 11(d)
Litigation	Section 10(b)
MTA	Recitals
MTA Agreements	Section 9(a)(iv)
Modified GPP	Recitals
NYCEDC	Recitals
New Closing Notice	Section 6(d)
New York State Courts	Section 32(a)
Notices	Section 19
Non-Arena Interests	Recitals
Non-Objectionable Encumbrances	Section 6(a)(iii)
Permitted Encumbrances	Section 5
Permitted Fund Manager	Section 6(g)
Permitted Mortgage	Section 6(c)
Person	Section 6(g)
Proceeding	Section 11(d)
Project	Recitals
Project Documentation	Recitals
Property	Recitals
Property Taxes	Section 5(d)
Purchase Price	Section 4
Purchaser	Preamble
Purchaser's Affiliates	Section 29
Qualified Trustee	Section 6(g)

Recognized Costs	Section 4(a)
Reports	Section 5(b)
Representation	Section 11(d)
Required Amount	Section 4(c)
Required Special Servicer Rating	Section 6(g)
Restrictive Covenant	Recitals
Returns	Section 16
Scheduled Closing Date	Section 18
Section 4(c) Closing	Section 4(c)
Securitized Vehicles	Section 6(f)
Seller	Preamble
Sellers	Preamble
Sellers' Affiliates	Section 29
Taking	Section 13(a)
Tax Certiorari Proceeding	Section 15
Title Cure Period	Section 6(a)(v)
Title Objection Deadline	Section 6(a)(ii)
Title Objections	Section 6(a)(ii)
Violations	Section 6(e)

2. PURCHASE AND SALE

Each Seller shall sell, assign and convey to Purchaser, and Purchaser shall purchase and assume from such Seller, subject to the terms and conditions of this Agreement, all of such Seller's right, title and interest in and to the Property.

3. CONDEMNATION

Purchaser has heretofore made determinations and findings under the Eminent Domain Procedure Law for the acquisition of the Property through the exercise of the power of eminent domain (the "Condemnation"). The parties hereto acknowledge that the Purchase Price represents a fair and appropriate award to Sellers with respect to the Condemnation. The parties agree that for purposes of the Condemnation, the Purchase Price set forth in Schedule A represents the fair market value of Seller's interest in the Property. In the event of a Condemnation, it is understood and agreed that (i) as Sellers' entire award under the Condemnation proceedings, Sellers may retain the Deposits and Purchaser shall pay the balance of the Purchase Price to Sellers, and the parties shall execute and deliver such instruments and take such actions reasonably required in order to effectuate such agreement and (ii) Purchaser and Sellers (or an affiliate of Sellers designated by Sellers) shall enter into the Project Documentation (as defined in the Funding Agreement) (including without limitation the Ground Leases). The provisions of this Section 3 supersede Section 5-1311 of the General Obligations Law or any other law applicable to the Property governing the effect of condemnation in contracts for real property. In the event of the Condemnation, this Agreement shall be null and void, except for the provisions of Sections 3, 4(b), 4(c), 6(b), 6(c), 7, 8, 13(b), 15 and 29, each of which shall survive the Condemnation and all other obligations of the parties hereunder shall be extinguished by such Condemnation.

4. PURCHASE PRICE AND DEPOSITS

(a) The purchase price to be paid by Purchaser to Sellers (collectively, the "Purchase Price") for the Property is One Hundred Million and Ten Dollars (\$100,000,010.00). Schedule A lists the Recognized Costs of the Property, which are those costs of Sellers' acquisition of the Property which the NYCEDC has agreed to fund under the City/ESDC Funding Agreement and do not necessarily represent all of Sellers' costs of such acquisition.

(i) Purchaser shall pay a deposit (collectively, the "Deposits") in the amount of One Hundred Million Dollars (\$100,000,000.00) in the aggregate, such funds to be advanced at the times provided in and pursuant to the terms contained in the Funding Agreement.

(ii) At the Closing, Sellers shall be entitled to retain the Deposits and Purchaser shall deliver the balance of the Purchase Price (i.e., the Purchase Price less the Deposits) to Sellers.

(b) All monies payable by Purchaser under this Agreement, unless otherwise specified in this Agreement, shall be paid by Purchaser causing such monies to be wire transferred in immediately available federal funds at such bank account or accounts designated by Sellers.

(c) Notwithstanding anything contained herein to the contrary, in the event that either (w) the Funding Agreement is terminated by Purchaser due to an Event of Default (as defined therein) by Sellers pursuant to Section 13.02 of the Funding Agreement, (x) the Project is deemed abandoned pursuant to Section 13.03 or 13.05 of the Funding Agreement, (y) the Funding Agreement is terminated pursuant to Section 13.04 thereof or (z) the Closing has not occurred by the tenth anniversary of the date hereof:

(i) Purchaser shall assign the Agreement to NYCEDC and notify Sellers of such assignment;

(ii) The provisions of Sections 9(b), 10(c)(i), 11(d)(iii), 11(g)(i), 11(g)(iv), 17(c)(ii), 17(c)(iii), 18(a) and 18(b) shall no longer be applicable;

(iii) The Purchase Price shall be reduced to the amounts previously paid by Purchaser on account of the Deposits and the Closing shall occur within ten (10) days after written notice of demand for said Closing is made by Purchaser or its permitted assignee to Sellers (such Closing, a "Section 4(c) Closing"); and

(iv) Sellers shall have the right exercisable by notice given to Purchaser or its permitted assignee to require Purchaser or its permitted assignee to re-convey its fee interest in the Property to Sellers for a purchase price of one dollar (\$1.00), payable at the time of such re-conveyance, subject only to the matters to which the Property was subject at the time of conveyance to

Purchaser or its permitted assignee (including without limitation the Restrictive Covenant). The re-conveyance pursuant to the immediately preceding sentence shall occur simultaneously with the payment of the Required Amount (as defined in the Funding Agreement) or if Seller exercises such right after payment of the Required Amount, five (5) business days after the notice given by Sellers pursuant to the immediately preceding sentence.

The provisions of this Section 4(c) shall survive the Closing or termination of this Agreement.

(d) As used in this Agreement, the term "business day" shall mean every day other than Saturdays, Sundays, all days observed by Purchaser or the federal, New York State or City governments as legal holidays and all days on which commercial banks in New York State are required by law to be closed. Any reference in this Agreement to a "day" or a number of "days" (other than references to a "business day" or "business days") shall mean a calendar day or calendar days.

5. STATUS OF TITLE

Subject to the terms and provisions of this Agreement, Sellers' interest in the Property shall be sold, assigned and conveyed by the applicable Seller to Purchaser, and Purchaser shall accept and assume same, subject to the following (collectively, the "Permitted Encumbrances"):

(a) any state of facts as a current survey of the Property would disclose;

(b) the easements, conditions, restrictions, agreements and encumbrances described on the title insurance reports listed on Schedule C annexed hereto (collectively, the "Reports");

(c) Non-Objectionable Encumbrances (as hereinafter defined); and any liens, encumbrances or other title exceptions approved or waived by Purchaser as provided in this Agreement;

(d) real estate taxes, sewer rents and taxes, water rates and charges, vault charges and taxes, business improvement district taxes and assessments and any other governmental taxes, charges or assessments levied or assessed against the Property (collectively, "Property Taxes") which are a lien but not yet due and payable;

(e) any laws, rules, regulations, statutes, ordinances, orders or other legal requirements affecting the Property;

(f) any utility company rights, easements and franchises for electricity, water, steam, gas, telephone or other service or the right to use and maintain poles, lines, wires, cables, pipes, boxes and other fixtures and facilities in, over, under and upon the Property, provided that, in the case of any of the foregoing items which shall not be of record, the same do not materially adversely affect the present use of the Property;

(g) any installment not yet due and payable of assessments imposed after the date hereof and affecting the Property or any portion thereof;

(h) all Violations (as hereinafter defined) now or hereafter issued or noted;

(i) the right and interests held by tenants under any Leases in effect as of the Closing Date (other than Leases under which the holder of the tenant's interest is a Seller or a Person controlling, controlled by or under common control with a Seller), subject to the provisions of Section 13;

(j) the Restrictive Covenant; and

(k) all other matters which are deemed Permitted Encumbrances pursuant to the terms of this Agreement.

6. TITLE; LIENS

(a) The parties acknowledge and agree that:

(i) Purchaser shall have no right to object to any exceptions or other matters disclosed in the Reports, each of which shall be deemed Permitted Encumbrances.

(ii) If, prior to the Closing Date, Purchaser learns of any additional liens, encumbrances or other title exceptions which were not disclosed by the Report and which do not otherwise constitute Permitted Encumbrances hereunder, Purchaser shall immediately deliver notice to Sellers thereof and Purchaser shall have until the earlier of (x) five (5) business days after learning of same or (y) the business day immediately preceding the Closing Date, time being of the essence (the "Title Objection Deadline") to deliver written notice to Sellers objecting to any of such matters (the "Title Objections"). If Purchaser shall deliver such objection notice by the Title Objection Deadline, any such matters which are not objected to in such notice shall not constitute Title Objections, but shall be Permitted Encumbrances.

(ii) Purchaser shall not be entitled to object to, and shall be deemed to have approved, any liens, encumbrances or other title exceptions (and the same shall not constitute Title Objections, but shall instead be deemed to be Permitted Encumbrances) which will be extinguished upon the transfer of the Property or which are the responsibility of any tenant under the Leases to cure, consent or remove (collectively, the "Non-Objectionable Encumbrances"). Notwithstanding anything to the contrary contained herein, if Sellers are unable to eliminate the Title Objections by the Scheduled Closing Date, unless the same are waived by Purchaser without any abatement in the Purchase Price, Sellers may, upon at least two (2) business days' prior notice to Purchaser (except with respect to matters first disclosed during such two (2) business day period, as to which matters notice may be given at any time through and including the Scheduled Closing Date) adjourn such Scheduled Closing Date (such date to

which Sellers adjourn the Scheduled Closing Date is the "Adjourned Closing Date"), for a period not to exceed ninety (90) days (the "Title Cure Period"), in order to attempt to eliminate such exceptions.

(b) If Sellers are unable to eliminate any Title Objection within the Title Cure Period, then, unless the same is waived by Purchaser, Purchaser may (i) accept the Property subject to such Title Objection without abatement of the Purchase Price, in which event (x) Purchaser shall close hereunder notwithstanding the existence of same, and (y) Sellers shall use commercially reasonable efforts after the Closing Date to cause such Title Objection to be eliminated, or (ii) elect to effectuate the Condemnation in lieu of Closing hereunder, in which event, Sellers shall pay and shall hold Purchaser harmless from any liability or claim for, any awards payable to any Person as a result of such Title Objections. The provisions of this Section 6(b) shall survive the Closing.

(c) At the Closing, Purchaser shall accept title subject to any mortgage encumbering the fee interest in the Property held by an Institutional Lender, provided that the holder of said mortgage agrees to spread said mortgage to the leasehold created by the Ground Lease and/or other property interests held by Sellers and their affiliates within the Project immediately following the Closing and simultaneously therewith to release said fee interest from the lien of such mortgage (a "Permitted Mortgage"), and to execute such agreements reasonably satisfactory to Purchaser and such Institutional Lender to effectuate the same (which agreements shall provide that such mortgage may not be spread to any property outside of the Project without Purchaser's prior written consent). In the event of Condemnation, Purchaser shall except from the taking any Permitted Mortgage, subject to the agreement described in the immediately preceding sentence.

(d) If Sellers shall have adjourned the Scheduled Closing Date in order to cure Title Objections in accordance with the provisions of this Section 6, Seller shall, upon the satisfactory cure thereof, promptly reschedule Scheduled Closing Date, upon at least five (5) business days' prior notice to Purchaser (the "New Closing Notice"); it being agreed, however, that if any Title Objections arise between the date the New Closing Notice is given and the rescheduled Scheduled Closing Date, Sellers may again adjourn the Closing for a reasonable period or periods, in order to attempt to cause such exceptions to be eliminated; provided, however, that Sellers shall not be entitled to adjourn the new Scheduled Closing Date pursuant to this Section 6 for a period or periods in excess of ninety (90) days in the aggregate.

(e) Purchaser agrees to purchase the Property subject to any and all notes or notices of violations of law, or municipal ordinances, orders, designations or requirements whatsoever noted in or issued by any federal, state, municipal or other governmental department, agency or bureau or any other governmental authority having jurisdiction over the Property (collectively, "Violations"), or any condition or state of repair or disrepair or other matter or thing, whether or not noted, which, if noted, would result in a Violation being placed on the Property. Sellers shall have no duty to remove or comply with or repair any condition, matter or thing whether or not noted, which, if noted, would result in a violation being placed on the Property, Sellers shall have no duty to remove or comply with or repair any of the aforementioned Violations, or other conditions, and Purchaser shall accept the