

Title No. 07NYK10894
Policy No. C30-0045646

**SCHEDULE B MORTGAGE SCHEDULE
CONTINUED**

Mortgage Spreader Agreement dated as of March 1, 2007, by and among Gramercy Warehouse Funding II LLC, Atlantic Arts Development Company, LLC, Arena Nominee Sub B, LLC, Arena Nominee Sub C, LLC, Arena Nominee Sub E, LLC, Arena Nominee Sub F, LLC, Brooklyn Arena Sub A, LLC, Atlantic Yards Nominee Sub A, LLC, Seagoing Development Company, LLC, Atlantic Yards Development Sub C, LLC, Atlantic Yards Nominee Sub B, LLC, AY 185 Flatbush, LLC, AY 814 Pacific, LLC, AY 644 Pacific II, LLC, AY 485 Dean, LLC, AY 622 Pacific, LLC, AY 195 Flatbush, LLC, AY 608-620 Atlantic, LLC, AY 177 Flatbush, LLC, Chest Realty Corporation, AY 620 Pacific LLC, Atlantic Yards Development Sub A, LLC, Pacific Vanderbilt Development Company, LLC, AY 473 Dean, LLC, AY 489 Dean, LLC, AY 818 Pacific, LLC, AY 542 Vanderbilt, LLC, AY 622 Atlantic, LLC, AY 524 Vanderbilt, LLC, AY 35-37 Sixth, LLC, AY 645 Dean, LLC, AY 618 Pacific, LLC and AY 487 Dean, LLC and to be duly recorded in the Office of the New York City Register, Kings County. Spreads the liens of Mortgages A through F, as consolidated, to encumber Parcel TT.

Mortgage Modification and Severance Agreement dated as of July 3, 2007, by and among Atlantic Arts Development Company, LLC, Arena Nominee Sub B, LLC, Arena Nominee Sub C, LLC, Arena Nominee Sub E, LLC, Arena Nominee Sub F, LLC, Brooklyn Arena Sub A, LLC, Atlantic Yards Nominee Sub A, LLC, Seagoing Development Company, LLC, Atlantic Yards Development Sub C, LLC, Atlantic Yards Nominee Sub B, LLC, AY 185 Flatbush, LLC, AY 814 Pacific, LLC, AY 644 Pacific II, LLC, AY 485 Dean, LLC, AY 622 Pacific, LLC, AY 195 Flatbush, LLC, AY 608-620 Atlantic, LLC, AY 177 Flatbush, LLC, Chest Realty Corporation, AY 620 Pacific LLC, Atlantic Yards Development Sub A, LLC, Pacific Vanderbilt Development Company, LLC, AY 473 Dean, LLC, AY 489 Dean, LLC, AY 818 Pacific, LLC, AY 542 Vanderbilt, LLC, AY 622 Atlantic, LLC, AY 524 Vanderbilt, LLC, AY 35-37 Sixth, LLC, AY 645 Dean, LLC, AY 618 Pacific, LLC, AY 487 Dean, LLC and Gramercy Warehouse Funding II LLC and to be duly recorded in the Office of the New York City Register, Kings County. Severs the lien of the Mortgages A through F, as consolidated in CRFN 2007000261354 into two separate mortgage liens as follows:

- a. A lien of \$142,198,787.00, which lien continues to be evidenced by the Second Spreader, Consolidation, Amended and Restated Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement recorded under CRFN 2007000261354, as spread pursuant to the various Spreader Agreements referenced above; and

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**SCHEDULE B MORTGAGE SCHEDULE
CONTINUED**

- b. A lien of \$10,622,447.00, which lien is evidenced by that certain Severed Mortgage ("**Mortgage G**") dated as of July 3, 2007, made by Atlantic Arts Development Company, LLC, Arena Nominee Sub B, LLC, Arena Nominee Sub C, LLC, Arena Nominee Sub E, LLC, Arena Nominee Sub F, LLC, Brooklyn Arena Sub A, LLC, Atlantic Yards Nominee Sub A, LLC, Seagoing Development Company, LLC, Atlantic Yards Development Sub C, LLC, Atlantic Yards Nominee Sub B, LLC, AY 185 Flatbush, LLC, AY 814 Pacific, LLC, AY 644 Pacific II, LLC, AY 485 Dean, LLC, AY 622 Pacific, LLC, AY 195 Flatbush, LLC, AY 608-620 Atlantic, LLC, AY 177 Flatbush, LLC, Chest Realty Corporation, AY 620 Pacific LLC, Atlantic Yards Development Sub A, LLC, Pacific Vanderbilt Development Company, LLC, AY 473 Dean, LLC, AY 489 Dean, LLC, AY 818 Pacific, LLC, AY 542 Vanderbilt, LLC, AY 622 Atlantic, LLC, AY 524 Vanderbilt, LLC, AY 35-37 Sixth, LLC, AY 645 Dean, LLC, AY 618 Pacific, LLC, and AY 487 Dean, LLC to Gramercy Warehouse Funding II LLC to secure the principal amount of \$10,622,447.00 and to be duly recorded in the Office of the New York City Register, Kings County.

Mortgage H

Gap Mortgage dated as of July 3, 2007, made by Atlantic Arts Development Company, LLC, Arena Nominee Sub B, LLC, Arena Nominee Sub C, LLC, Arena Nominee Sub E, LLC, Arena Nominee Sub F, LLC, Brooklyn Arena Sub A, LLC, Atlantic Yards Nominee Sub A, LLC, Seagoing Development Company, LLC, Atlantic Yards Development Sub C, LLC, Atlantic Yards Nominee Sub B, LLC, AY 185 Flatbush, LLC, AY 814 Pacific, LLC, AY 644 Pacific II, LLC, AY 485 Dean, LLC, AY 622 Pacific, LLC, AY 195 Flatbush, LLC, AY 608-620 Atlantic, LLC, AY 177 Flatbush, LLC, Chest Realty Corporation, AY 620 Pacific LLC, Atlantic Yards Development Sub A, LLC, Pacific Vanderbilt Development Company, LLC, AY 473 Dean, LLC, AY 489 Dean, LLC, AY 818 Pacific, LLC, AY 542 Vanderbilt, LLC, AY 622 Atlantic, LLC, AY 524 Vanderbilt, LLC, AY 35-37 Sixth, LLC, AY 645 Dean, LLC, AY 618 Pacific, LLC, and AY 487 Dean, LLC to Gramercy Warehouse Funding II LLC to secure the principal amount of \$26,739,603.00 and to be duly recorded in the Office of the New York City Register, Kings County.

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**SCHEDULE B MORTGAGE SCHEDULE
CONTINUED**

Consolidated, Amended and Restated Subordinate Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement dated as of July 3, 2007, made by Atlantic Arts Development Company, LLC, Arena Nominee Sub B, LLC, Arena Nominee Sub C, LLC, Arena Nominee Sub E, LLC, Arena Nominee Sub F, LLC, Brooklyn Arena Sub A, LLC, Atlantic Yards Nominee Sub A, LLC, Seagoing Development Company, LLC, Atlantic Yards Development Sub C, LLC, Atlantic Yards Nominee Sub B, LLC, AY 185 Flatbush, LLC, AY 814 Pacific, LLC, AY 644 Pacific II, LLC, AY 485 Dean, LLC, AY 622 Pacific, LLC, AY 195 Flatbush, LLC, AY 608-620 Atlantic, LLC, AY 177 Flatbush, LLC, Chest Realty Corporation, AY 620 Pacific LLC, Atlantic Yards Development Sub A, LLC, Pacific Vanderbilt Development Company, LLC, AY 473 Dean, LLC, AY 489 Dean, LLC, AY 818 Pacific, LLC, AY 542 Vanderbilt, LLC, AY 622 Atlantic, LLC, AY 524 Vanderbilt, LLC, AY 35-37 Sixth, LLC, AY 645 Dean, LLC, AY 618 Pacific, LLC, and AY 487 Dean, LLC to Gramercy Warehouse Funding II LLC and to be duly recorded in the Office of the New York City Register, Kings County. Consolidates Mortgages G and H to form a single lien securing the principal amount of \$37,362,050.00.

With respect to the aforesaid mortgages:

Subordination Agreement dated as of _____, 2007 made by Gramercy Warehouse Funding II LLC and to be duly recorded in the Office of the New York City Register, Kings County.

Subordination Agreement dated as of _____, 2007 made by Gramercy Warehouse Funding II LLC and to be duly recorded in the Office of the New York City Register, Kings County

END OF SCHEDULE B MORTGAGE SCHEDULE

Title No. 07NYK10894
Policy No. C30-0045646

COMMONWEALTH LAND TITLE INSURANCE COMPANY

STANDARD NEW YORK ENDORSEMENT

(OWNER'S POLICY)

Attached to and made a part of Policy Number C30-0045646

1. Covered Risk Number 2(c) is deleted.

2. The following is added as a Covered Risk:

"11. Any statutory lien for services, labor or materials furnished prior to the date hereof, and which has now gained or which may hereafter gain priority over the estate or interest of the insured as shown in Schedule A of this policy."

3. Exclusion Number 5 is deleted, and the following is substituted:

5. Any lien on the Title for real estate taxes, assessments, water charges or sewer rents imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument or transfer in the Public Records that vests Title as shown in Schedule A.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all the terms and provisions of the policy and any prior endorsements.

DATED: August _____, 2007

Countersigned: _____

New York Land Services,
A Land America Company

Conditions Continued

by virtue of this policy, or (iii) if the Title, as Insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All

information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of

(i) the Amount of Insurance; or
(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

(a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons.

Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other

controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at: Consumer Affairs Department PO Box 27567 Richmond, Virginia 23261-7567

THANK YOU.

Title insurance provides for the protection of your real estate investment. We suggest you keep this policy in a safe place where it can be readily available for future reference.

If you have questions about title insurance or the coverage provided by this policy, contact the office that issued this policy, or you may call or write:

Commonwealth Land Title Insurance Company
Consumer Affairs
P.O. Box 27567
Richmond, Virginia 23261-7567
telephone, toll free: 800 446-7086
web: www.landam.com

We thank you for choosing to do business with Commonwealth Land Title Insurance Company, and look forward to meeting your future title insurance needs.

Commonwealth Land Title Insurance Company is a member of the LandAmerica family of title insurance underwriters.



EXHIBIT 1

Form of Deed

THIS INDENTURE, made as of the ____ day of _____, _____, by [_____] a [_____] limited liability company with offices c/o Forest City Ratner Companies, One Metro Tech Center North, Brooklyn, New York 11201 (hereinafter referred to as "Grantor"), to [_____] a [_____] having an office [_____] (hereinafter referred to as "Grantee").

WITNESSETH, that Grantor, in consideration of Ten Dollars (\$10.00), lawful money of the United States, 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 building and improvements thereon erected, situate, lying and being, more particularly described on Exhibit A attached hereto and made a part hereof (the "Premises");

TOGETHER WITH all right, title and interest, if any, of Grantor in and to any streets and roads abutting the Premises to the center lines thereof;

TOGETHER WITH the appurtenances and all the estate and rights of Grantor in and to the Premises.

TO HAVE AND TO HOLD the Premises unto Grantee, the heirs or successors and assigns of Grantee forever.

AND 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 improvements at the Premises and will apply the same first to the payment of the cost of the improvements 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.

GRANTOR:

[_____]

By: _____
Name:
Title:

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

On the ____ day of _____ in the year ____ before me, the undersigned, 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 or entity upon behalf of which the individual acted, executed the instrument.

Signature and Office of individual
taking acknowledgment

Bargain and Sale Deed
Without Covenant Against Grantor's Acts

SECTION: []
BLOCK: []
LOT: []
COUNTY: Kings

_____]

TO

_____]

STREET
ADDRESS:

RETURN BY MAIL TO:

[]
[]
[]