

**PRIVILEGED AND CONFIDENTIAL
CONFIDENTIAL TREATMENT UNDER FOIL REQUESTED**

**New York City Economic Development Corporation
110 William Street
New York, New York
(212) 619-5000**

December 12, 2011

The Howard Hughes Corporation
One Galleria Tower
13355 Noel Road, 22nd Floor
Dallas, TX 75240

South Street Seaport Limited Partnership
19 Fulton Street
New York, NY10038

Re: Redevelopment of the South Street Seaport

Ladies and Gentlemen:

On December 21, 2007, the New York City Economic Development Corporation (“NYCEDC”), General Growth Properties, Inc. (“GGP”) and South Street Seaport Limited Partnership (“SSSLP”) entered into a letter of intent (as amended, the “Original LOI”) with respect to the redevelopment of the South Street Seaport area in Lower Manhattan. On June 29, 2010, NYCEDC, GGP and SSSLP discussed the assignment of the Original LOI to a to-be-formed company that GGP contemplated forming at that time. In connection with the amendment and restatement of the Original LOI as provided for herein, NYCEDC consents to the assignment of all of GGP’s right, title and interest under the Original LOI to The Howard Hughes Corporation (“HHC”) and SSSLP, a copy of which assignment is annexed hereto as Attachment 1.

This amended and restated letter of intent (this “LOI”) sets forth the understandings between the NYCEDC, HHC and SSSLP with respect to the redevelopment of

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the South Street Seaport area in Lower Manhattan. NYCEDC will be negotiating the transactions contemplated herein pursuant to the authority granted to it under its agreements (as they may be modified from time to time, the “Maritime Contract” and the “Master Contract”), dated June 1, 2010, with The City of New York (the “City”). Copies of the Maritime Contract and the Master Contract have been provided to HHC and SSSLP. The property that is the subject of this LOI (the “Property”) is more specifically described in Exhibit 1, attached hereto. Capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the lease (as amended, modified, supplemented and assigned from time to time, the “Marketplace Lease”), dated as of December 15, 1981, between The South Street Seaport Corporation, as landlord, and Seaport Marketplace, Inc., as tenant. Pursuant to Article 10 of the Marketplace Lease and that certain agreement (the “Joinder Agreement”) dated as of December 15, 1981, between the City and Seaport Marketplace Inc., the City is considered the Landlord under the Marketplace Lease and SSSLP is considered the Tenant under the Marketplace Lease.

1. Description of Projects: The parties currently intend that the proposed leasing and redevelopment of the Property, subject to the Brooklyn Bridge Southeast Urban Renewal Plan, as it may be amended, will occur in two independent phases, constituting two independent redevelopment projects, as follows:

(a) Renovation Project: First, an amendment of the Marketplace Lease and any other applicable documents currently in place would provide for the renovation and rehabilitation (the “Renovation Project”) of the existing improvements situated on the existing concrete pier known as Pier 17, including the working pier and the apron connecting Pier 17 to Pier 16 and the improvements thereon, which pier is further depicted on Exhibit 2 attached hereto (“Pier 17”). The components of the Renovation Project are further described in Exhibit 2A in the Section

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entitled “Alternative A,” provided that if, by October 31, 2012 all reviews and approvals necessary to carry out the Renovation Project as described in said “Alternative A” have not been obtained, then Tenant shall commence design and approval work for the components of the Renovation Project as described in Exhibit 2A in the Section entitled “Alternative B.” Tenant may elect, at its option, to continue the review and approval process for Alternative A simultaneously with Alternative B.

(b) Mixed Use Project: Secondly, a restatement of the Marketplace Lease and any other applicable documents would provide for the development of a project [REDACTED]

[REDACTED] (the “Mixed Use

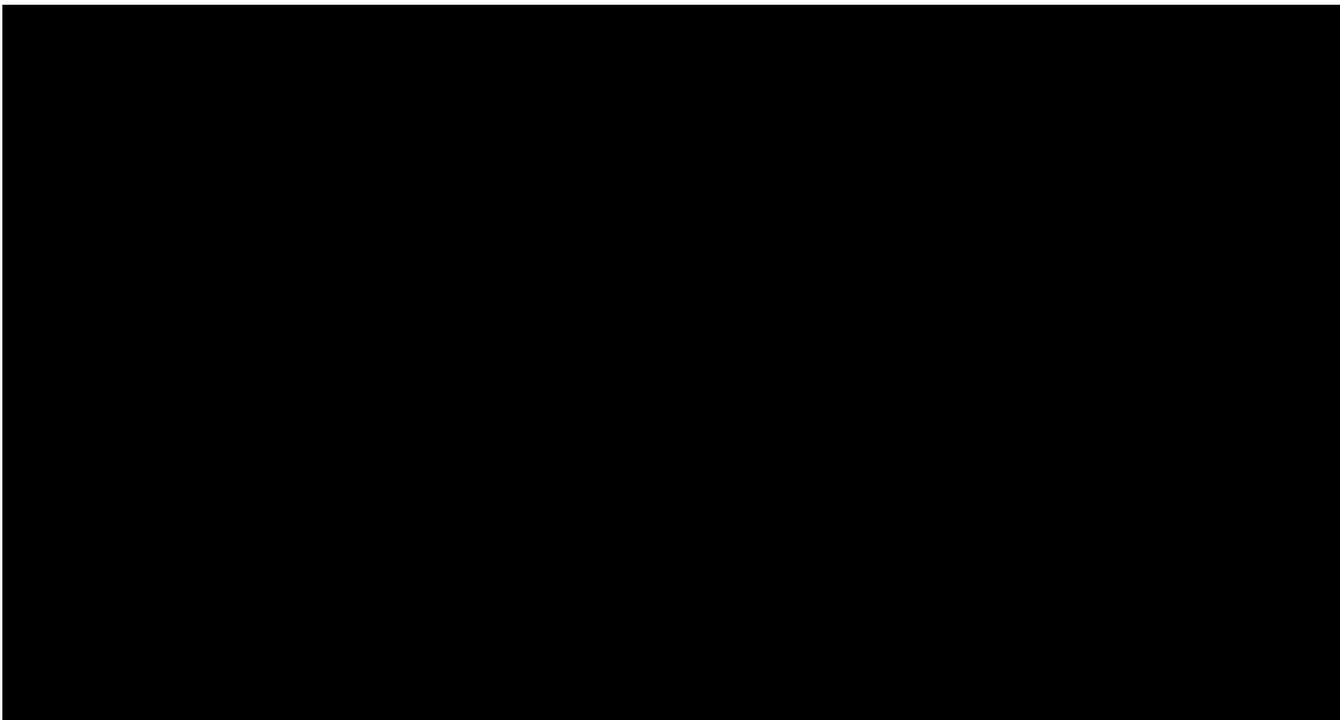
Project”). [REDACTED]

[REDACTED]

[REDACTED]

¹ Assumes a four (4) level building; SSSLP to have right to expand to five (5) levels.

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Both the Renovation Project and the Mixed Use Project (together, the “Projects”) will be constructed in accordance with the design principles attached hereto as Exhibit 3A (the “Design Principles”). The structures that comprise both Projects (and their respective uses) will be located substantially as previously described to the City, but it is anticipated that exact locations will be, subject to approval by the City in its sole discretion, established in the agreements to be executed at the Closing (as defined below) of each Project.

2. Structure of Proposed Transaction: Currently, the City is the fee owner of the Property and the Property is managed by NYCEDC pursuant to the Maritime Contract. A portion of the Property is currently demised to SSSLP under the Marketplace Lease.

Under the Renovation Project, a binding agreement (the “Agreement to Amend”) will be negotiated whereby the parties will agree to enter into an amendment of the Marketplace Lease (the “Renovation Lease Amendment”) upon (a) the satisfaction of the conditions to Closing for the Renovation Project set forth in Section 4 hereof (including the condition

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requiring each of the City, NYCEDC, SSSLP and any other parties to the Redevelopment Documents for the Redevelopment Project to have found the Redevelopment Documents for the Renovation Project acceptable in form and substance in their respective sole discretions) and (b) approval by the City, NYCEDC and SSSLP in their sole discretion of a maintenance report with respect to Pier 17, which report shall be prepared by an independent inspector retained by SSSLP at its sole cost and expense. The Renovation Lease Amendment will (i) permit SSSLP to commence a comprehensive renovation and rehabilitation of the existing improvements on Pier 17 (which may involve the temporary closing of all or a substantial portion of the existing improvements on the Pier from time to time during the construction period as further described in Exhibit 2A) as described in Exhibit 2A and shown on a schematic plan attached hereto as Exhibit 7, (ii) delete any supplemental or participation type of rent payable thereunder (together with an acknowledgement, subject to audit by the Comptroller of the City of New York, that there is no accrued and unpaid participation rent payable by SSSLP), (iii) release the City from its existing obligation to maintain Pier 17, and (iv) provide for the assumption by SSSLP of any and all obligations to maintain Pier 17 and the existing Pier 17 improvements at its sole cost and expense. Certain additional terms intended to be included in the Renovation Lease Amendment are set forth in Exhibit 5, attached hereto. The Agreement to Amend will provide that in the event of default by SSSLP or HHC under such agreement, SSSLP and HHC will compensate the City and NYCEDC by undertaking items (iii) and (iv) above.

Under the Mixed Use Project, the Marketplace Lease (as previously amended) would be amended and restated in order to add certain additional properties that are not currently demised to SSSLP (referred to herein as the “Additional Properties”). It is anticipated that the Additional Properties will consist of the New Fish Market Building, the Tin Building, the Tin

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Building Site, certain portions of the marginal street under the Franklin Delano Roosevelt Drive not currently demised under the Marketplace Lease (including those portions of the Marginal Street described on Exhibit 1), the Translux Property, the Water Street Galleries and the Schermerhorn Apartments. Certain additional terms intended to be included in the Redevelopment Documents with regard to the Mixed Use Project are set forth in Exhibit 6, attached hereto.

The Redevelopment Documents with regard to the Mixed Use Project would provide that, at SSSLP's election, provided certain conditions, to be more fully described in the Redevelopment Documents, are met, in order to permit the sale of individual components of the Projects, the admission of partners into the entities holding the leases for individual components of the Projects, separate financing of individual leasehold components of the Projects, and certain tax structuring requirements of SSSLP and its affiliates with respect to particular components of the Projects, the Marketplace Lease, as it may be amended, may be severed (a "Lease Severance") into multiple ground leases for specific properties on a use-by-use [REDACTED]

[REDACTED] Each severed lease shall be non-cross-defaulted with the other leases and it is also intended that each such lease shall be separately financeable. In connection with a Lease Severance, base rent, additional rent and maintenance obligations with respect to the Property shall be allocated among the severed leases pursuant to a methodology to be set forth in the Redevelopment Documents for the Renovation Project and the Mixed Use Project, as applicable; provided, however, that in connection with the Lease Severance to occur at Closing of the Renovation Project (as described below), the base rent and additional rent and maintenance obligations shall be allocated between

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the severed leases on the basis of the relative fair market values of the premises covered by each of the severed leases. Such fair market value shall be determined by an appraisal to be conducted in connection with such Lease Severance, which appraisal shall be performed by an appraiser selected by NYCEDC in accordance with its policies and approved by Tenant in its reasonable discretion. The Redevelopment Documents will provide that neither the City nor the City's interest in the Property (financial or otherwise) will be adversely affected in any material respect as a result of such Lease Severance and will provide that a Lease Severance in connection with a Transfer (as hereinafter defined) shall trigger the obligation to pay Participation Rent (as hereinafter defined) and shall result in the termination of Participation Rent for the portion of the Project subject to such Lease Severance. The Redevelopment Documents shall provide for reciprocal access and maintenance agreements in the case of severed leases. At the Closing of the Renovation Project, a Lease Severance of the Uplands (as defined in Exhibit 1 hereto) will occur and SSSLP will be required to remain as the lessee under both severed leases prior to substantial completion of the Renovation Project.

It is anticipated that such documents as shall be necessary or appropriate in order to effectuate the Renovation Project and the Mixed Use Project (collectively, the "Redevelopment Documents") will be executed and delivered at the respective Closing for each of the Projects.

3. Financing:

(a) It is anticipated that the Redevelopment Documents will allow for leasehold mortgage financing by institutional lenders to be defined in the Redevelopment Documents (which definition shall accommodate commercial mortgage-backed securities based

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financing and other financing structures) and shall be subject to appropriate City provisions regarding leasehold mortgage financing.

(b) NYCEDC acknowledges that SSSLP intends to make an application to the New York City Industrial Development Agency ("NYCIDA") for abatements of mortgage recording tax with respect to various elements of the Renovation Project and the Mixed Use Project. If such abatement is not available or provided, the City will not provide any subsidy in replacement or substitution for the loss of cost savings associated therewith, it being understood that if such abatement is not available or provided, then SSSLP will be under no obligation (i) to proceed with the components of Alternative A of the Renovation Project (in which event Tenant will proceed, subject to the remaining terms hereof, with the components of Alternative B of the Renovation Project) nor (ii) to enter into the Redevelopment Documents associated with the Mixed Use Project. In the event the mortgage recording tax abatement is granted with respect to the Renovation Project, the amount of the abated mortgage recording tax shall be paid by SSSLP to NYCEDC as additional rent under the Marketplace Lease in equal annual installments over a ten (10) year period at an annual interest of six and one-quarter percent (6.25%), compounded.

(c) Title to all land and all improvements on the Property shall be vested solely in the City. As a result, it is anticipated that each Project will be exempt from sales and use tax on capital improvements that are installed in and are integral component parts of such Project, including all capital improvements on or relating to the Piers, whenever performed by SSSLP. In connection with the foregoing, the Redevelopment Documents will provide that the City shall deliver to SSSLP written confirmation in customary form confirming the exemption from sales and use tax on such capital improvements, if any. Payments in lieu of sales taxes ("PILOST") equal to 100% of the sales and use taxes that would otherwise have been payable,

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will be payable with respect to all costs not part of the initial construction work and initial tenant fit out necessary to complete each Project. PILOST shall be paid as additional rental.

4. Conditions for Closing: The term “Closing” shall mean, with respect to each of the Renovation Project and the Mixed Use Project, the execution and delivery of the Redevelopment Documents relating to such Project upon the satisfaction of all the closing conditions set forth herein or as otherwise agreed upon by all the parties. It is anticipated that the Closing for each Project will occur thirty days after the satisfaction of all the closing conditions for such Project.

a) The Closing for the Renovation Project will not take place unless and until the following conditions have been met prior to termination of this LOI:

(i) the Agreement to Amend shall have been executed by the appropriate parties;

(ii) the City, NYCEDC, SSSLP and any other parties to the Redevelopment Documents for the Redevelopment Project shall have found the Redevelopment Documents for such Project acceptable in form and substance in their respective sole discretions;

(iii) all milestones set forth in Exhibit 4A attached hereto (collectively, the “Renovation Milestones”) shall have been met; and

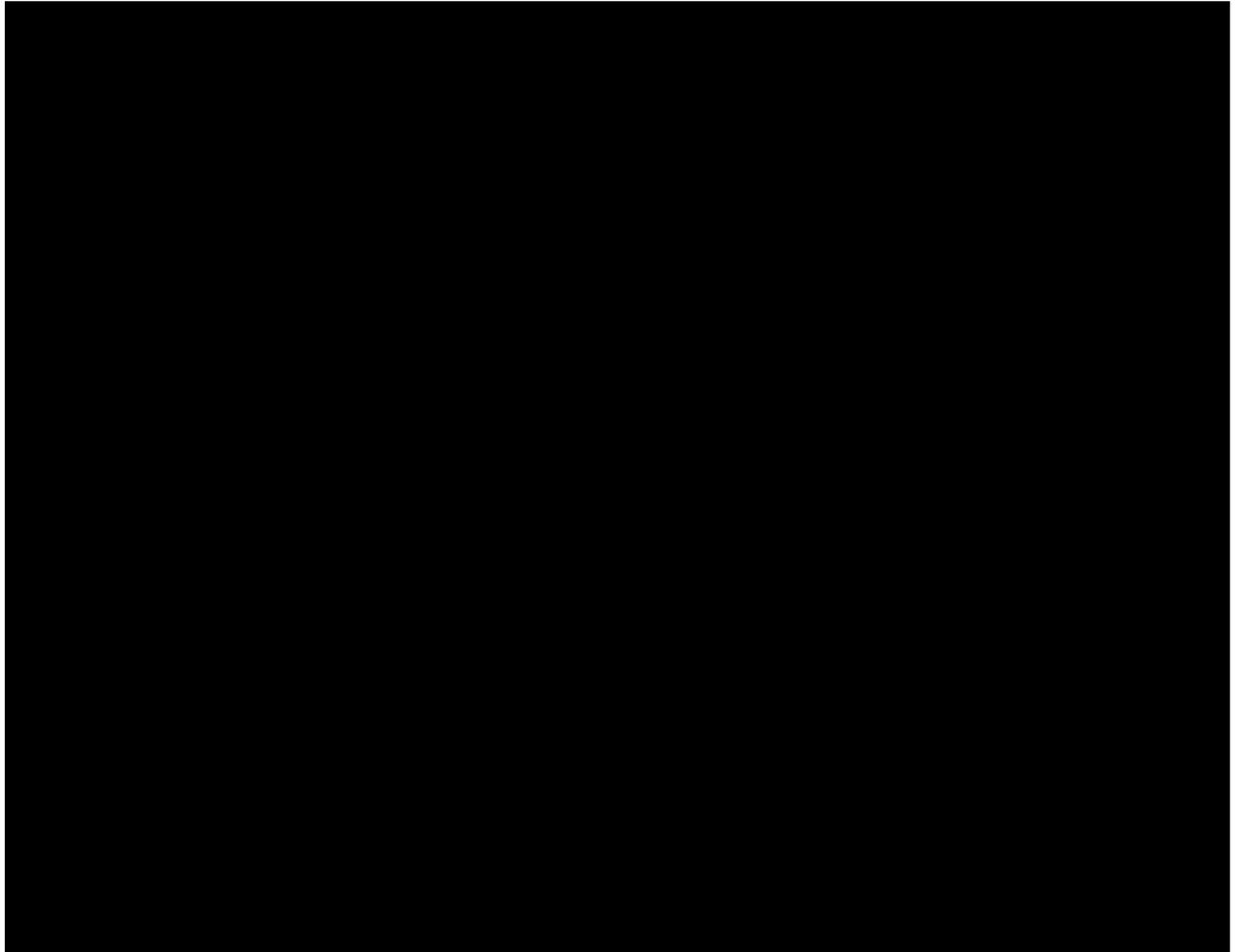
(iv) other than building permits, all necessary NYCEDC and governmental approvals and reviews for the Renovation Project and the related Redevelopment Documents (discretionary and otherwise, including, without limitations, (1) environmental and historic preservation reviews; (2) any reviews and approvals necessary to allow the City to enter into the contemplated transaction pursuant to the New York

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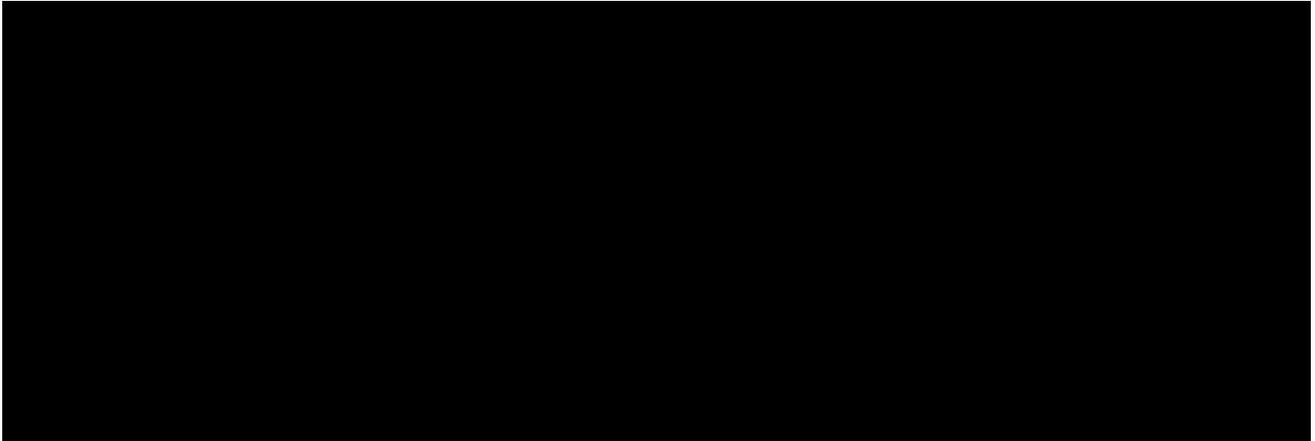
State Urban Renewal Law; and (3) any reviews and approvals necessary to obtain approval for the Renovation Project pursuant to applicable zoning regulations shall have been obtained.

b) The Closing for the Mixed Use Project will not take place unless and until the following conditions have been met prior to termination of this LOI:

(i) the City, NYCEDC, SSSLP and any other parties to the Redevelopment Documents for the Mixed Use Project shall have found the Redevelopment Documents for such Project acceptable in form and substance in their respective sole discretions;



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The parties shall not be obligated to close either the Renovation Project or the Mixed Use Project transaction contemplated hereby unless all applicable conditions to their respective Closing shall have been met.

5. Efforts: Subject to applicable law and completion and receipt of all NYCEDC and governmental reviews and approvals (discretionary or otherwise), the parties will use good faith efforts to (a) negotiate the Agreement to Amend in good faith, (b) assist each other in obtaining all necessary approvals (discretionary or otherwise) for the Projects, including assisting in a timely fashion in the preparation of all presentations, documents and materials necessary for such approvals, (c) achieve the Milestones on or before the respective dates set forth in Exhibit 4A and Exhibit 4B, and (d) work collaboratively and coordinate with City agencies (including LPC and CPC) and State and Federal agencies in connection with any applications for approvals or reviews required by law for the Projects.

Promptly after the date hereof, SSSLP shall commence the planning, design and other work necessary to seek any applicable approvals for the Renovation Project and to negotiate the Agreement to Amend and the Redevelopment Documents for the Renovation Project. SSSLP may pursue the Mixed Use Project at its sole option and nothing contained

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herein, nor the Closing of the Renovation Project, shall obligate SSSLP to undertake the Mixed Use Project.

6. Pre-Closing Obligations: Except as otherwise agreed to in writing by the parties, HHC and SSSLP, and not NYCEDC or the City, shall be solely responsible for all the costs and expenses of due diligence activities, appraisals, title insurance, surveys, planning, design and construction of both of the Projects. HHC and SSSLP shall bear all costs associated with applying for all necessary public reviews and approvals required from any Governmental Authority to construct each of the Projects (the “Governmental Approvals”), including applicable environmental and historic preservation assessment review, and of achieving compliance in order to obtain said Governmental Approvals. In furtherance of obtaining approval of persons or entities that will be involved in the Projects, the City and NYCEDC may require background investigations and the updating of such investigations prior to and as a condition to the execution of any of the Redevelopment Documents. HHC and SSSLP shall submit copies to NYCEDC of all work product produced pursuant to the environmental review and pursuit of Governmental Approvals and such work product (other than HHC’s and SSSLP’s financial projections, models and assumptions, plans, designs and drawings) shall become property of NYCEDC and the City upon the termination of this LOI.

7. Esplanade Project Contribution: Commencing with execution of this LOI and continuing throughout the term of the Marketplace Lease, SSSLP will contribute an annual amount (the “Esplanade Payments”) of \$210,000, increased annually at the rate of CPI, compounded, to a fund dedicated to fund the maintenance of an esplanade and other public amenities along the waterfront in the vicinity of the Property being constructed on behalf of the City (the “Esplanade Project”). The Esplanade Payments will be payable in monthly

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installments and shall be considered Rental under the Marketplace Lease (as such term is defined therein). SSSLP shall have the right to allocate the Esplanade Payments in connection with a Lease Severance provided such allocation is made in the same manner that the base rent and additional rent and maintenance obligations are allocated. The provisions of this section shall survive the termination of this LOI.

8. No Obligations or Liabilities: Except for the matters set forth in sections 5 (Efforts), 6 (Pre-Closing Obligations), 7 (Esplanade Project Contribution), 9 (Termination), 11 (Confidentiality) and 13 (Brokerage Indemnification) hereof, no obligations or liabilities shall arise from this letter, it being the intent of the parties that only subsequently formalized Redevelopment Documents, if executed and delivered, shall obligate either party on the matters set forth in this LOI. The provisions of this section shall survive the termination of this LOI.

9. Termination:

(a) This LOI shall terminate as to each of the Projects automatically at Closing of each such Project.

(b) Anything to the contrary in this LOI notwithstanding, this LOI shall terminate automatically if (i) the Agreement to Amend is not executed and delivered by June 30, 2012, (ii) the Closing of the Renovation Project does not occur by June 30, 2013; [REDACTED]

(c) NYCEDC shall have the option, in its sole and absolute discretion, to terminate this LOI by written notice if (i) there is a failure to meet any of the Milestones on or before the respective dates set forth on Exhibit 4A and Exhibit 4B or (ii) HHC, SSSLP and their respective officers, members and principals, do not submit complete background questionnaires

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under NYCEDC's background investigation and the City's VENDEX system for review by NYCEDC and the City, or (iii) any of the foregoing do not update said background questionnaires under NYCEDC's background investigation and the City's VENDEX system, or (iv) if NYCEDC or the City, based on the VENDEX material or background questionnaire materials, determines not to go forward with the transaction, or (v) there is a default on the part of SSSLP under the Redevelopment Documents for the Renovation Project or the Severance Lease, or (vi) there is a failure to achieve Substantial Completion of the Renovation Project within the time required by the Redevelopment Documents for the Renovation Project, subject to the provisions of the Redevelopment Documents.

(d) In the event any litigation is commenced or other legal challenge is made regarding either Project, then, provided such litigation or challenge is neither brought by nor attributable to the improper acts or omissions of SSSLP or HHC, each Milestone date and each date set forth in Paragraph 9(b) of this LOI shall be extended, on a day for day basis, for each day that such litigation or other legal challenge is outstanding until the same is withdrawn, dismissed with prejudice by a court of competent jurisdiction, or otherwise adjudicated with a final non-appealable judgment permitting the applicable Project to proceed. In no event shall the total time period of such extension aggregate more than thirty (30) months.

(e) Except as provided in paragraph 9(f) below, upon termination of this LOI, none of the parties shall have any rights against the other with respect to the matters described herein, except with respect to those rights and obligations expressly provided herein as surviving the termination of this LOI.

(f) HHC and SSSLP acknowledge that failure to enter into the Agreement to Amend by June 30, 2012 will cause loss and damage to NYCEDC, the precise extent of which is

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difficult to ascertain in monetary terms. For this reason the parties desire to provide fair and reasonable compensation to NYCEDC for such losses and, accordingly, HHC and SSSLP agree that upon termination of this LOI on account of failure to execute and deliver the Agreement to Amend by June 30, 2012, SSSLP shall pay to NYCEDC as liquidated damages and as Seller's sole and exclusive remedy in the event of termination, annual Esplanade Payments in the amounts set forth herein during the five (5) year period commencing on the date hereof, which payments shall not be construed as a penalty and shall be considered Rental under the Marketplace Lease (as such term is defined therein). HHC and SSSLP further agree that upon execution of this LOI, HHC or SSSLP shall deposit with NYCEDC an amount equal to two (2) years' Esplanade Payments ("Deposit Amount"), which amount shall be held by NYCEDC to secure payment of said liquidated damages. NYCEDC shall use, retain or apply all or any portion of the Deposit Amount to any unpaid liquidated damages as follows: (i) NYCEDC shall be permitted to apply one-half of the Deposit Amount towards the Esplanade Payment for the first year of such five (5) year period and (ii) NYCEDC shall be permitted to apply the remaining one-half of the Deposit Amount towards the Esplanade Payment for the last year of such five (5) year period, and at the commencement of the last year of such five (5) year period for which SSSLP is responsible to make Esplanade Payments, SSSLP shall pay to NYCEDC the CPI adjustment with respect to the Esplanade Payment for such final year, calculated in accordance with Paragraph 7 hereof.

(g) The provisions of this Paragraph 9 shall survive the termination of this LOI.

10. Marketplace Lease: Except as it may be expressly provided herein, this LOI shall not affect the terms of the Marketplace Lease, which shall remain in full force and

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effect, subject to the terms thereof, during the term of this LOI. This LOI shall not result in a waiver or modification of any accrued or ongoing rights and obligations. In the event of termination of this LOI prior to Closing of the Renovation Project, the Marketplace Lease shall continue in full force and effect. In the event of termination of this LOI after the Closing of the Renovation Project but prior to Closing of the Mixed Use Project, the Marketplace Lease shall continue in full force and effect, subject to the terms thereof, as modified in connection with the Renovation Project Closing. The provisions of this section shall survive the termination of this LOI.

11. Confidentiality: Anything to the contrary herein notwithstanding, unless required by law or by securities and exchange requirements applicable to SSSLP, no public announcement regarding the contents of this LOI or any information related to this LOI or the transactions contemplated herein shall be made except by NYCEDC or the City, at a date and in a form satisfactory to it in its sole and absolute discretion; provided, however, that (i) the foregoing provision shall not restrict or limit SSSLP in responding to inquiries by the media, and (ii) NYCEDC shall consult with SSSLP prior to issuing any press releases or making any formal public announcements regarding the Projects.

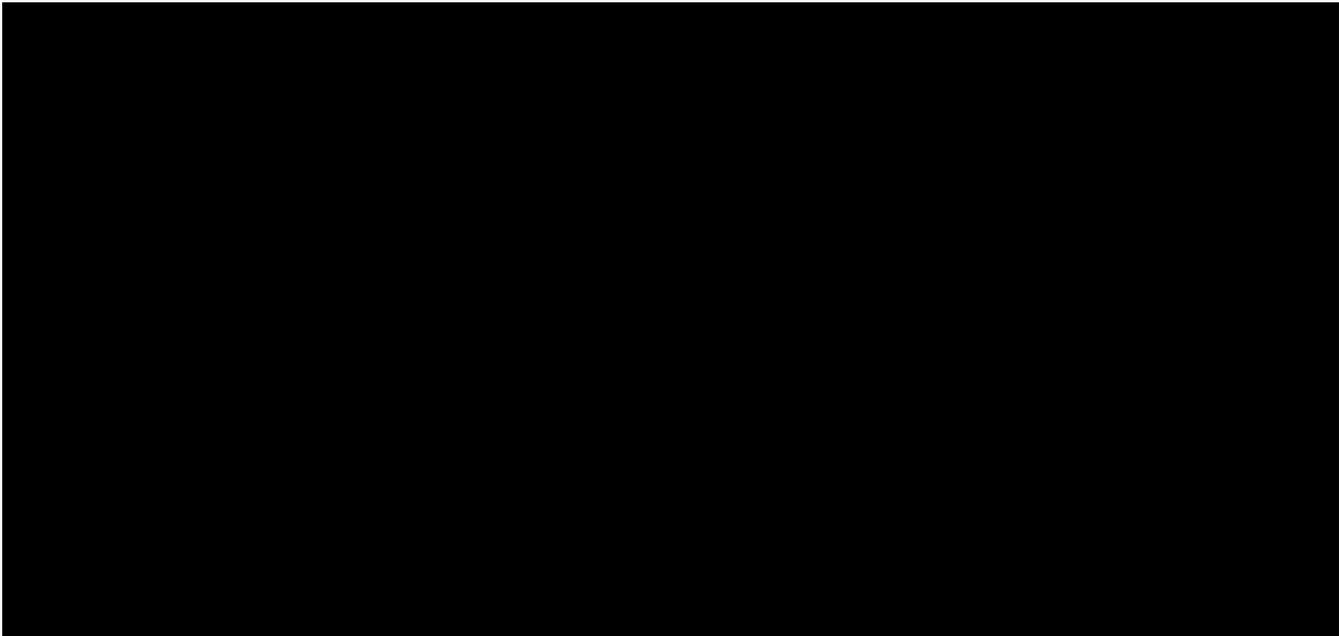
12. New York Law: This LOI shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in the State of New York, excluding New York's rules regarding conflict of laws and any rule requiring construction against the party drafting this LOI. Any and all claims arising hereunder or related hereto shall be heard and determined either in the courts of the United States located in the County and City of New York or in the courts of the State of New York located in

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the City and County of New York. The provisions of this section shall survive the termination of this LOI.

13. Indemnification Against Brokerage Commissions: HHC and SSSLP will hold NYCEDC and the City harmless from and against any and all claims for brokerage commissions, fees or other compensation by any person or entity which alleges that it acted for, represented, or dealt with HHC or SSSLP in connection with either or both of the Projects or the transactions contemplated by this LOI. NYCEDC will hold HHC and SSSLP harmless from and against any and all claims for brokerage commissions, fees or other compensation by any person or entity which alleges that it acted for, represented, or dealt with NYCEDC in connection with the Redevelopment or the transactions contemplated by this LOI.

14. Non-Assignability. Neither HHC nor SSSLP may sell, assign or otherwise dispose of this LOI or its portion hereunder except SSSLP may assign to a wholly-owned subsidiary of HHC or SSSLP, subject to background investigations as hereinabove provided.



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16. Notices. All notices and communication to the parties hereunder will be delivered by hand or sent by registered or certified mail, return receipt requested, or by overnight delivery service that provides a receipt to the sender. Receipt of a notice by the party to whom the notice is transmitted will be deemed to have occurred: (a) upon receipt, if hand delivered; (b) five days from the date of mailing, if mailed; or (c) the next business day after transmittal by overnight delivery service that provides a receipt to the sender.

All notices and correspondence to NYCEDC must be delivered to the following addresses and addressees or to such other addresses or addressees of which NYCEDC may notify SSSLP from time to time, it being understood and agreed that notice to SSSLP shall be deemed to be notice to HHC:

Executive Vice President for Real Estate Transaction Services
New York City Economic Development Corporation
110 William Street
New York, New York 10038

with copies to:

General Counsel
New York City Economic Development Corporation
110 William Street
New York, New York 10038

and

Chief, Economic Development Division
New York City Law Department
100 Church Street
New York, New York 10007

All notices and correspondence to HHC and SSSLP must be delivered to the following addresses and addressees or to such other addresses or addressees of which HHC or SSSLP may notify NYCEDC from time to time:

The Howard Hughes Corporation

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One Galleria Tower
13355 Noel Road, 22nd Floor
Dallas, Texas 75240
Attention: Grant Herlitz, President

with copies to:

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, New York 10036
Attention: Benjamin F. Needell, Esq.

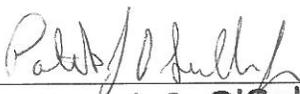
17. No Oral Amendments. This LOI shall not be amended except by written agreement of the parties.

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If the above terms and conditions are acceptable, please confirm the same by executing the enclosed copy of this letter in the space indicated, and returning one fully executed copy to the undersigned.

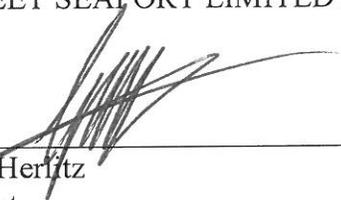
Very truly yours,

NEW YORK CITY ECONOMIC
DEVELOPMENT CORPORATION

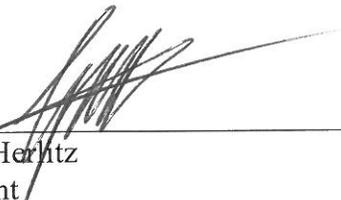
By: 
Name: **Patrick J. O'Sullivan, Jr.**
Title: **Executive Vice President**

ACCEPTED AND AGREED TO:

SOUTH STREET SEAPORT LIMITED PARTNERSHIP

By: 
Name: Grant Herlitz
Title: President

THE HOWARD HUGHES CORPORATION

By: 
Name: Grant Herlitz
Title: President

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EXHIBIT 1

PROPERTY DESCRIPTION

The Property that is the subject of this LOI is located on certain premises and streets in an area of lower Manhattan, City and State of New York, generally known as the South Street Seaport. Subject to encumbrances, exceptions, reservations, conditions of title and other matters affecting the City's interest in the property, whether or not of record, but only to the extent set forth in the Redevelopment Documents, the "Property" includes the following:

1. The premises demised in the Marketplace Lease, as more particularly described therein and subject to certain easements and encumbrances described therein (the "Marketplace Premises"), which are intended to be included in the Renovation Project:

- a) Pier 17, as depicted in Exhibit 2 to this LOI; and
- b) The "Uplands," which shall mean the following premises:
 - (i) Block 96, Lot 1 (Market Block);
 - (ii) Those portions of Block 74, Lots 1 and 20 (Schermerhorn Block) described in Exhibit A of the Marketplace Lease;
 - (iii) Those portions of Block 96, Lots 5, 8, 12 and 13 (Museum Block) described in Exhibit A of the Marketplace Lease; and
 - (iv) A nonexclusive license to use, for certain commercial purposes, the following portions of former streets (including former sidewalk areas forming parts thereof) which were closed and discontinued above a certain plane pursuant to a demapping resolution: Fulton Street between South Street and Water Street; Front Street between Fulton Street and Beekman Street, and between John Street and Fulton Street; Water Street between Beekman Street and Fulton Street; and the approximately 18-foot wide strip located on the northwesterly side of South Street Between Beekman Street and John Street.

2. The following properties, which are not currently demised under the Marketplace Lease, but are intended to be included as part of the Mixed Use Project:

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(a) The “Option Premises”, which include the following, subject to any right that the Museum may have to said premises: (a) space located on the second stories of certain Buildings on the Museum Block known as 209, 211 and 213 Water Street (the “Water Street Galleries”), (b) the premises located on the second through fifth floors of 14-18 Fulton Street, 189-195 Front Street and 159 John Street and the entrance areas to such properties (collectively, the “Schermerhorn Apartments”), (c) the Tin Building and the Land on which the Tin Building is currently located (the “Tin Building Site”) (notwithstanding anything to the contrary contained in this LOI, nothing herein shall be construed to change the definition of “Option Premises” set forth in the Marketplace Lease);

(b) The New Fish Market Building and the Land on which the New Fish Market Building is located;

(c) The Land (the “Waterfront Premises”) under the Franklin Delano Roosevelt Drive, along the waterfront and abutting the easterly side of South Street, from the southerly side of Fulton Street to the southerly side of Peck Slip THIS MAY HAVE TO BE MODIFIED DEPENDING ON WHAT THE SITE PLAN AND THE MARKETPLACE LEASE SHOWS; and

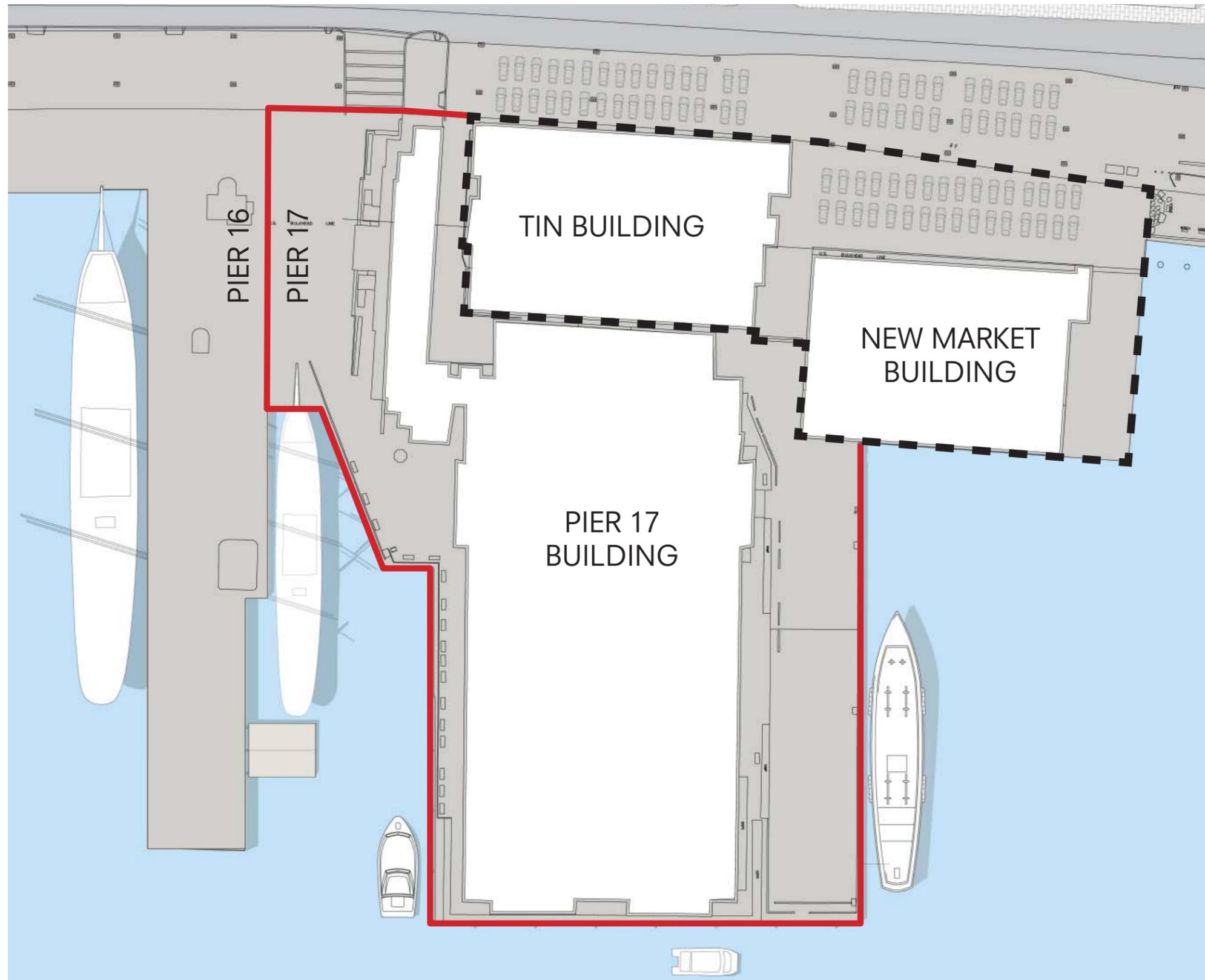
(d) The first and second floors of the building known as 133 Beekman Street (the “Translux Property”).

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EXHIBIT 2

OUTLINE OF PIER AREAS

(See Attached)



NOTE: DOTTED LINE DELINEATES ADDITIONAL
PIER AREA FOR MIXED USE PROJECT

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EXHIBIT 2A

DESCRIPTION OF RENOVATION PROJECT

The Renovation Project provides for the renovation and rehabilitation of the existing improvements on Pier 17 described in the previous Exhibit 1. Such existing improvements consist of a three story (plus a 4th mechanical level) building with assorted retail shops, restaurants and food court and an adjacent two story building also with retail shops and restaurants. The Renovation Project encompasses interior and exterior upgrades and modifications in varying degrees which are described in two alternatives below. The approval process for each of the alternatives also varies based on the scope of the renovation.

Alternative A

Extensive changes to the existing building that are contemplated in this Alternative will require a longer governmental approval process than Alternative B (below), but provide significant flexibility to attract a broad mix of tenants including high economic impact tenants such as a destination entertainment venue or a catering/events facility that is unique to the market due to its waterfront location and bridge views. The scope of the renovation includes the following key improvements:

- The overall look and feel of the building will be changed dramatically, such that it will be perceived as an entirely new building of best in class quality.
- A diagonal “cut” or passageway will be created to draw people into and through the building from south to north and provide a dramatic view of the Brooklyn Bridge and its western pillar.
- The interior common areas and public spaces will be improved and reconfigured to relate to the network of streets and passages in the historic uplands while providing compelling views of the East River, Brooklyn Bridge and waterfront.
- The base building infrastructure including HVAC, MEP, telecom capabilities and vertical transportation systems will be modernized.
- The footprint of the existing Pier 17 building will be maintained yet certain exterior walkways will be enclosed to promote efficiency and enhance circulation within the building, while some restaurant spaces will be designed to incorporate terraces or recessed balconies for outdoor dining.
- The majority of the existing structural elements are expected to be reused.
- The roof line will be flattened at a point below that of the highest peak of the existing gabled roof in keeping with traditional pier architecture, and provide potential access to usable areas on the roof with spectacular waterfront and city views.
- Zoning Floor Area of the Pier 17 building is expected to increase on the third level to an amount greater than the current 62,500 square feet and may increase by more than 20,000 square feet throughout the building.
- Certain mechanical and “back of house” areas may be converted to commercial floor area.

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- The façade will be redesigned to draw from waterfront and industrial influences through incorporation of materials such as weathered steel and window systems that promote outward facing storefronts at ground level.
- Open spaces would be redesigned introducing new hardscape and softscape materials, water features, and step-down areas.
- The assortment of tenants will be re-merchandised and enhanced with a mix of local and national tenants. The Alternative A renovation plan's improvements to circulation, and its reconfigured public spaces and exterior design features, will appeal to a wider range of tenants than Alternative B, resulting in an higher caliber tenant base.

The existing building was approved with 206,900 square feet of zoning floor area. Under the Alternative A renovation, zoning floor area is expected to increase by 20,000 square feet or more, depending in part on whether a minor modification or text change is accomplished during the approval process. The zoning floor area and leaseable area will vary based on the final building configuration, rooftop programming and leases.

The budget for Alternative A will require a substantial investment in hard and soft base building construction costs as well as tenant improvement allowances and leasing commissions.

Alternative B

This alternative comprises primarily an interior renovation of the Pier 17 building with limited enhancements to its exterior facades. The scope of the renovation encompasses these key elements:

- Renovation of all common areas including replacement and improvement of flooring, lighting and finishes, to provide a clean, contemporary aesthetic throughout
- Modernization of the base building infrastructure including HVAC, MEP, telecom capabilities and vertical transportation systems
- Upgrading of standard storefront systems and higher quality customization of storefronts for specific tenants
- Improving sightlines and increasing views to the bridge and water where feasible
- Replacement and updating of way finding signage and graphics
- The assortment of tenants will be re-merchandised and enhanced to attract a mix of higher quality national and local retailers and food and beverage offerings to appeal to the Lower Manhattan community as well as other New Yorkers and tourists.
- The facades of the Pier 17 buildings will be enhanced cosmetically, with fresh paint and upgraded windows, signage and lighting.
- Public open spaces will be improved through repair and replacement of existing materials and furnishings.

The building program will be substantially similar to the existing building which as approved contained 206,900 square feet of zoning floor area. Leaseable area, which is approximately 125,000 square feet at present, will vary based on final renovation plans and leases.

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EXHIBIT 3

RESERVED

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EXHIBIT 3A

DESIGN PRINCIPLES

- (1) Integration -- the Mixed Use Project needs to be well integrated with its surroundings, including the Esplanade Project and the uplands.

- (2) View Corridors -- view corridors, especially those along Fulton and Beekman Streets should be preserved and enhanced; all streets should be open to the sky.

- (3) Coherence -- the planning and urban design strategies of the Mixed Use Project need to correspond with one another for a coherent plan.

- (4) Quality -- the architecture and open spaces of the public realm must be of a consistently high quality in design, detailing, execution, management, and programming.

- (5) Memorable -- the Mixed Use Project needs to be captivating; it should create a unique, evocative, and inspiring place.

- (6) Connectivity -- Pier 17 needs to be a key East River destination along the river to river Fulton Corridor.

- (7) Uses -- a unique mix of uses should be developed on the pier that take advantage of its waterfront location, respond to the South Street Seaport Historic District and the texture and qualities of the adjacent residential neighborhood; the uses should draw people through the site giving them a reason to move from one area to another.

- (8) Servicing -- service corridors should be well-planned and designed; they should not be an afterthought and should not interrupt the main pedestrian corridors.

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EXHIBIT 4A

RENOVATION PROJECT MILESTONES

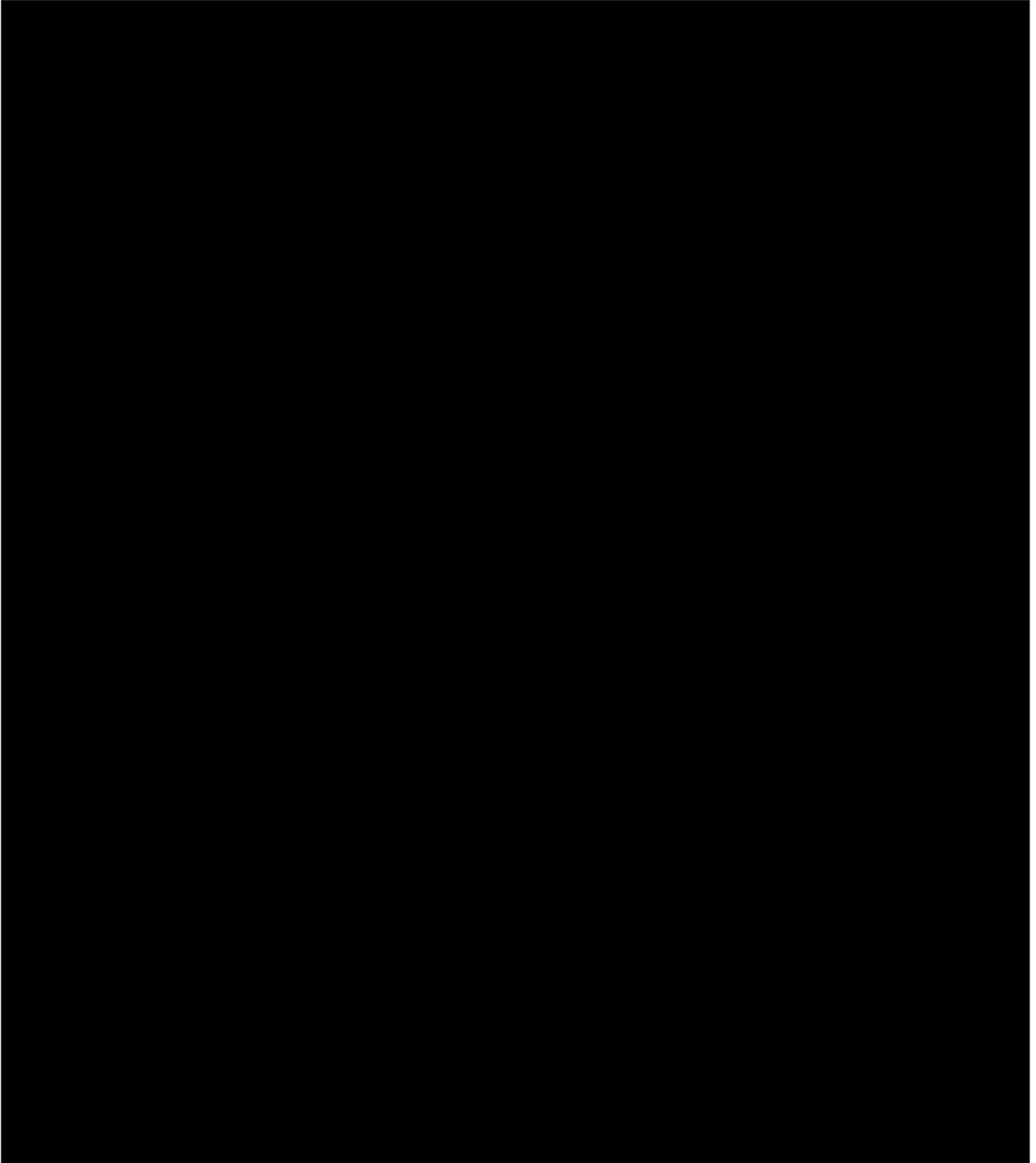
1. No later than December 31, 2011, submission by SSSLP to NYCEDC and the City of New York Department of City Planning (“DCP”) of the first draft of a proposed schematic design (the “Schematic Design A”) for Alternative A of the Renovation Project, for review and approval by NYCEDC and the City, and timely submissions to NYCEDC and DCP of subsequent drafts of the Schematic Design A.
2. No later than March 1, 2012, submission by SSSLP of an application for a Certificate of Appropriateness to the City’s Landmarks Preservation Commission.
3. No later than June 30, 2012, execution and delivery of the Agreement to Amend.
3. No later than June 30, 2012, submission by SSSLP of an application for a text change and authorization to DCP.
4. No later than July 31, 2012, submission by SSSLP to NYCEDC of 100% design drawings for Alternative A.
5. No later than June 30, 2013, commencement of construction by SSSLP of Alternative A.

If the necessary approvals for Alternative A of the Renovation Project have not occurred by October 31, 2012, the following milestones associated with Alternative B shall be met unless such necessary approvals for Alternative A are received in advance of the applicable Alternative B milestone date:

1. No later than December 31, 2012, submission by SSSLP to NYCEDC and DCP of the first draft of a proposed schematic design (the “Schematic Design B”) for Alternative B of the Renovation Project, for review and approval by NYCEDC and the City, and timely submissions to NYCEDC and DCP of subsequent drafts of the Schematic Design B.
2. No later than March 31, 2013, submission by SSSLP to NYCEDC of 100% design drawings for Alternative B.
3. No later than June 30, 2013, commencement of construction by SSSLP of Alternative B.

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EXHIBIT 4B



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EXHIBIT 5

CERTAIN TERMS – RENOVATION LEASE AMENDMENT

1. Premises/Tenant: The tenant (“Tenant”) under the Marketplace Lease will be SSSLP, or another wholly owned subsidiary of HHC, subject to background investigation. No additional premises shall be demised to Tenant.

2. Term: The term of the Marketplace Lease shall not be extended.

3. Base Rent:

(a) Existing base rent to remain in effect provided, however, that commencing upon Closing of the Renovation Project and except as provided in Exhibit 6 hereto with respect to certain portions of the Mixed Use Project, Tenant will pay the City base rent for the Marketplace Premises in the amount of \$1,200,000 per year, increased annually at the rate of 3%, compounded (the amount by which the base rent is increased as a result of said escalation shall be referred to herein as the “Base Rent Escalation”), subject to the provisions of Section 3(b) below. Commencing upon Closing of the Renovation Project, supplemental or participating rent shall be terminated.

(b) Subject to the Base Rent Escalation, and except as provided in Exhibit 6 hereto with respect to certain portions of the Mixed Use Project, the base rent for the Marketplace Premises shall be increased to reflect fair market rental value of the land subject to the Marketplace Lease as determined by an appraisal to be conducted as of the 35th anniversary of the Closing of the Renovation Project, which appraisal shall be performed by an appraiser selected by NYCEDC in accordance with its policies and approved by Tenant in its reasonable discretion. The scope of said appraisal shall be prepared by NYCEDC in accordance with its

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policies and reviewed and approved by Tenant, in its reasonable discretion. Upon completion of such appraisal, and except as provided in Exhibit 6 hereto with respect to certain portions of the Mixed Use Project, the rent payable by Tenant shall be adjusted to be the higher of the then-existing rent and the fair market rent determined by multiplying the land value set forth in said appraisal by six percent (6%). (The base rent, as adjusted by Base Rent Escalation and as set forth in this paragraph 3(b) shall be referred to herein as the “Base Rent”). Upon the Closing of the Mixed Use Project, the provisions of the Redevelopment Documents for the Mixed Use Project shall govern with regard to reappraisal of portions of the Marketplace Premises which are the subject of Exhibit 6 hereto.

(c) Beginning at Construction Commencement (as defined in the Redevelopment Documents) and continuing until the earlier of (i) 30 months from Construction Commencement and (ii) Substantial Completion (as defined in the Redevelopment Documents) of construction of the Renovation Project, Tenant shall be entitled to a credit against Base Rent totaling \$1,500,000 in the aggregate, creditable on a monthly basis in an amount that will not reduce Base Rent to an amount below \$600,000 per annum.

4. Infrastructure: Upon Closing of the Renovation Project, Tenant shall assume the obligations of the City with respect to the structural integrity of Pier 17 as set forth in the agreements applicable to the Property as of the date of this LOI and shall undertake the work described in the December 2010 inspection report provided to HHC.

5. Pier Maintenance: Tenant will be responsible for maintenance for the Property, at its sole cost and expense.

Tenant shall have responsibility for performing all aspects of maintenance and repair of Pier 17 (“Pier Maintenance”), including, but not limited to, ordinary maintenance and

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maintenance of the structural integrity of Pier 17. Tenant, at its sole cost and expense, shall retain the services of an independent inspector (the “Inspector”) to inspect the Piers, beginning on the third anniversary of the Closing of the Renovation Project and continuing throughout the term of the Marketplace Lease no less frequently than every three years (or more frequently at the recommendation of the Inspector). The Inspector shall be chosen from a list of qualified consultants provided to Tenant by NYCEDC and shall be required to (i) perform inspections in accordance with the October 1999 NYCEDC inspection Guideline Manual, as amended and (ii) prepare inspections reports, drafts, of which shall be submitted to NYCEDC for review and reasonable approval before they are finalized. As part of Pier Maintenance, Tenant shall be responsible for performing repair and maintenance work on Pier 17 as recommended in said final reports.

6. Insurance/Casualty Restoration:

(a) Throughout the term of the Marketplace Lease, Tenant shall be responsible, at its sole cost and expense, for Restoration of the Piers in the event of a casualty. The term “Restoration” shall be defined in the Redevelopment Documents to more specifically delineate the extent of the obligation to restore the Piers in the event the available insurance proceeds are insufficient to restore the Piers to the condition that existed prior to a casualty.

(b) Throughout the term of the Marketplace Lease, Tenant shall be responsible, at its sole cost and expense, for maintaining adequate insurance coverage for the Property and the improvements thereon, as delineated in the Redevelopment Documents.

7. Construction Work: Tenant will commence all construction work necessary to carry out the Renovation Project upon receipt of all necessary approvals and reviews, in addition to building permits and other ministerial approvals for construction from the

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New York City Department of Buildings, from any agency or instrumentality of the United States government or the State or City of New York having jurisdiction over the Property or the Renovation Project, including, without limitation, the U.S. Army Corps of Engineers, the New York State Department of Environmental Conservation, and any public benefit corporation (“Governmental Authorities”) to permit the renovation and rehabilitation of the existing improvements on Pier 17.

At closing of the Renovation Project, either HHC or another entity acceptable to the City, in its sole discretion, shall furnish to the City a completion guaranty guaranteeing lien free completion of the Renovation Project, which guarantee shall be acceptable in form and substance to the City in its sole discretion. Upon the failure of the Renovation Project to be properly performed, completed and fully paid for, the City shall have the right to avail itself of the completion guaranty in addition to any other remedies that may be available to it under the Redevelopment Documents or by operation of law.

The Redevelopment Documents will provide a detailed schedule for commencement and completion of the Renovation Project, subject to Unavoidable Delay. The term “Unavoidable Delay” will be defined in the Redevelopment Documents, provided that neither failure to obtain financing nor Tenant's nor HHC's nor any tenant's financial condition shall be deemed an Unavoidable Delay and further provided that in no event shall the total time period of permissible Unavoidable Delays for the commencement and completion of the Renovation Project aggregate more than five years. Failure by the Tenant to achieve Substantial Completion of the Renovation Project within the scheduled time (subject to Unavoidable Delay) shall result in the termination of this LOI and any right of Tenant to construct the Mixed Use Project but shall not constitute a default under the Marketplace Lease. In addition, the

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Redevelopment Documents will provide that plans and specifications for the Renovation Project will be substantially in accordance with the Schematic Design approved by the City and NYCEDC and will be subject to City review and approval and to all applicable laws, rules and regulations.

8. East River Waterfront Esplanade: Tenant will acknowledge that the City intends to undertake and/or coordinate the construction of the Esplanade Project. The Redevelopment Documents will provide for access through the Property for the implementation of the Esplanade Project, including the accommodation of pedestrian and bicycle access within the Property in coordination with the Esplanade Project. Tenant will contribute an annual amount of \$210,000, increased annually at the rate of CPI, compounded, to a fund dedicated to fund the maintenance of the Esplanade Project. Such contribution will be payable in monthly installments and shall be considered Rental under the Redevelopment Documents. Tenant will be responsible, at its own cost and expense, for the construction and maintenance of those portions of the Esplanade Project that will be located within the Property, which portions shall be subject to certain use and other restrictions to be more fully set forth in the Redevelopment Documents. If the Closing of the Mixed Use Project has not occurred by December 31, 2019, Tenant shall, upon request of the City, design its portions of the Esplanade Project to function within the Renovation Project and shall substantially complete construction of such portions by the second anniversary of such request. To the extent such work is requested by the City and to the extent such work is completed on property not part of the Tenant's leasehold, Tenant shall be entitled to a credit against Base Rent for such costs provided that such credit will not reduce Base Rent to an amount below \$600,000 per annum. In the event the credit is not used in its entirety, Tenant shall be entitled to carry such remaining credit to the subsequent year.

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9. Assignments, Transfers: Prior to Substantial Completion of the Renovation Project, neither Tenant nor HHC shall undertake a Transfer. After Substantial Completion of the Renovation Project, neither Tenant nor HHC shall undertake a Transfer except as provided in this Paragraph 9. Tenant or HHC may undertake a Transfer to a Permitted and Qualified Transferee, provided that upon such Transfer the Property continues to be managed by a Qualified Manager. In no event shall Transfers to an Unqualified Person be permitted. The term "Permitted and Qualified Transferee" shall mean a Person who (A) (1) together with any Affiliates has an aggregate net worth of at least \$250,000,000 (increased annually at the rate of 3%) or (2) a long-term unsecured debt rating of "BB+" (or its equivalent) or better from a nationally recognized credit rating agency, (B) either (1) directly or through its controlled Affiliates, owns and/or manages, and has not less than seven (7) years' experience in the ownership and/or management of at least 1,500,000 square feet of retail space, or (2) retains a Qualified Manager, (C) is of sufficient financial condition to perform the obligations to be assumed by such proposed assignee, the City having been furnished with evidence reasonably satisfactory to the City of such financial condition; provided, however, that if the proposed transferee complies with clause (A)(1) or (A)(2) above, it shall be deemed to satisfy this requirement; and (D) is not an Unqualified Person. The term "Qualified Manager" shall mean an entity that satisfies the requirements set forth in clause (B)(1) and (C) above. The term "Unqualified Person" shall mean any person (a) (1) that is in default or in breach, beyond any applicable grace period, of its obligations under any material written agreement with the City or (2) that directly or indirectly controls, is controlled by, or is under common control with a person that is in default or in breach, beyond any applicable grace period, of its obligation under any material written agreement with the City in each case unless such default or breach has been

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waived in writing by the entity with which such agreement was made; or (b) (1) that has been convicted of a misdemeanor related to truthfulness and/or business conduct, or (2) that directly or indirectly controls, is controlled by, or is under common control with a person that has been convicted of a misdemeanor related to truthfulness; or (c) any person that is in default in the payment to the City of any real estate taxes, sewer rents or water charges totaling more than Ten Thousand Dollars (\$10,000) and has been given written notice of such default (or any person that directly controls, is controlled by, or is under common control with a person in such default), unless such default is then being contested in good faith in accordance with the law or an agreed payment plan has been approved by the office of the City's Commissioner of Finance; or (d) has not (including the officers and principals of any entity having an ownership interest in Transferee in excess of 10 percent) successfully completed the City's "VENDEX" background questionnaire. The term "Transfer" (i) shall mean any direct or indirect sale, transfer, assignment or sublease of all or substantially all of either Tenant's or HHC's interest (including without limitation, the sale, transfer issuance or other admission of additional equity holders in any entity holding any of the foregoing) in anyone or more of (A) Tenant, (B) the individual parcels included in the Property, Project elements or severance leases, (C) the Marketplace Lease, (D) any operating agreement to be entered into by Tenant with regard to any of the Project elements or (E) any other Redevelopment Documents, and (ii) shall exclude the sale or transfer of stock that is publicly traded on a stock exchange, any merger or consolidation of HHC with any other Person (other than an Unqualified Person) or a sale of all or substantially all of the assets of HHC to any Person (other than an Unqualified Person). Tenant shall give Landlord not less than thirty (30) days' prior notice of the proposed Transfer, which notice shall be treated confidentially by Landlord and shall not be disclosed to any Person other than officers, employees, agents and

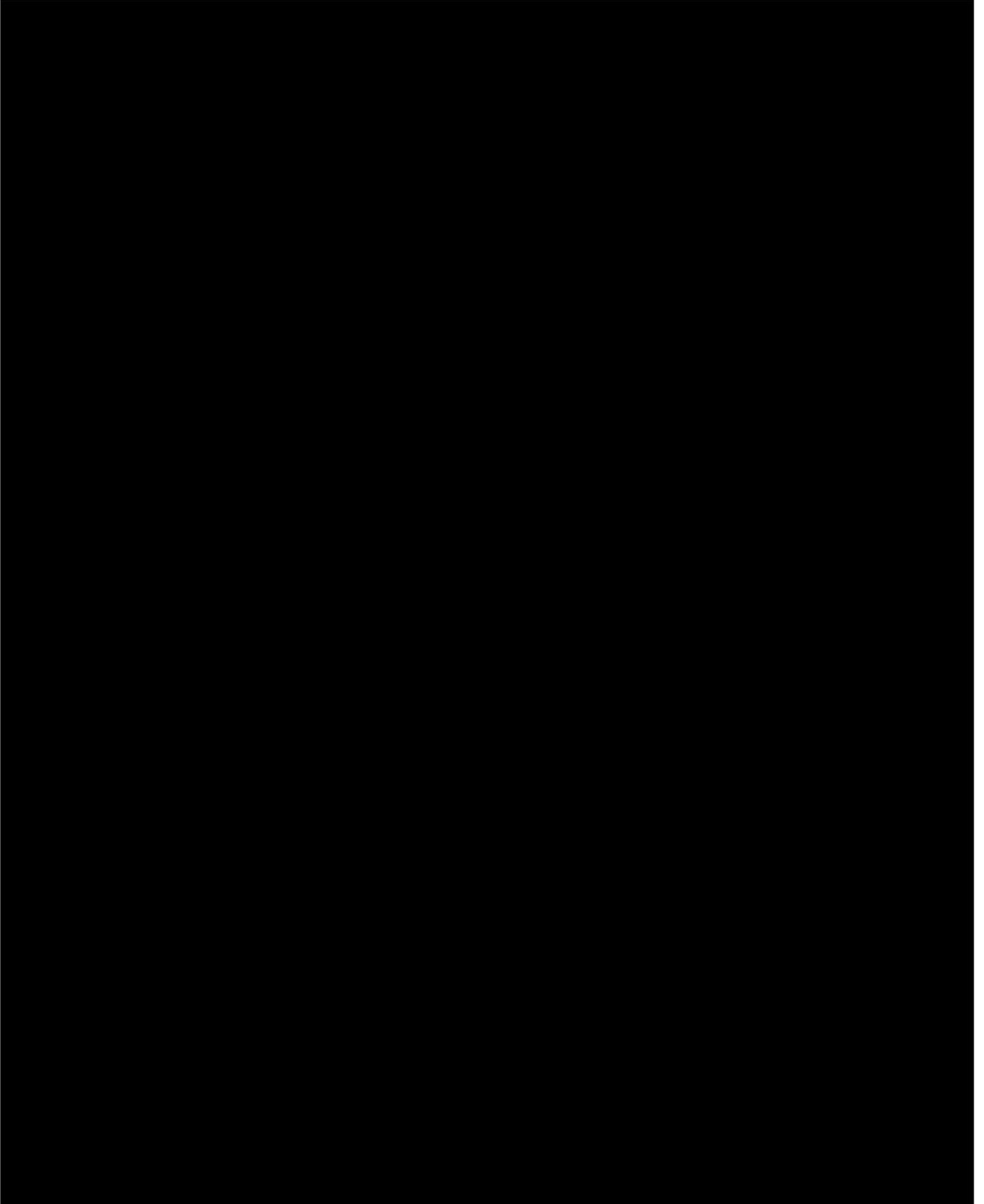
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designees of Landlord (except to the extent any such disclosure is required by law); such notice shall state the name of the proposed assignee or transferee and the material terms thereof, including the basic material economic terms. In connection with any Transfer, the assignee shall assume by written instrument all of Tenant's obligations under the Lease accruing from and after the Transfer.

10. Commercial Activities: The Redevelopment Documents will provide that Tenant shall be permitted to utilize certain areas of open space for kiosks, subject to the Brooklyn Bridge Southeast Urban Renewal Plan and other applicable laws, rules and regulations.

11. LEED: Tenant will utilize low impact development techniques and green building technologies in connection with the Renovation Project and shall include a LEED-accredited professional on its Project development team. The Redevelopment Documents will provide that core and shell work of the Renovation Project shall achieve a LEED (Leadership in Energy and Environmental Design) for [New Construction and Major Renovation] Silver Certification from the United States Green Building Council. Tenant shall submit to NYCEDC a plan for achieving said LEED Silver Certification at Tenant's sole cost and expense. Tenant shall not be entitled to any deductions from lease payments for incorporating green building techniques into the Renovation Project.

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EXHIBIT 7

EXISTING PIER IMPROVEMENTS

(See Attached)

