

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number: 001-36135

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

46-2616226
(I.R.S. Employer
Identification No.)

250 Vesey Street, 15th Floor
New York, NY
(Address of principal executive offices)

10281
(Zip Code)

Registrant's telephone number, including area code: (212) 417-7000

| | | |
|--|---|---|
| Title of each class | Securities registered pursuant to Section 12(b) of the Act: | Name of each exchange on which registered |
| 7.625% Series A Cumulative Redeemable Preferred Stock, \$0.01 par value per share | | New York Stock Exchange |
| | Securities registered pursuant to Section 12(g) of the Act: | |
| | None | |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's common equity held by non-affiliates as of June 30, 2014 was \$0.

As of March 27, 2015, 100% of the registrant's common stock (all of which is privately owned and is not traded on any public market) was held by Brookfield DTLA Holdings LLC.

DOCUMENTS INCORPORATED BY REFERENCE

None.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2014

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PART I

Item 1. Business.

Our Company

As used in this Annual Report on Form 10-K, unless the context requires otherwise, the terms “Brookfield DTLA,” the “Company,” “us,” “we” and “our” refer to the combination of Brookfield DTLA Fund Office Trust Investor Inc. with 333 South Hope Co. LLC (“333 South Hope”) and EYP Realty LLC (“EYP Realty” and, together with 333 South Hope, the “Predecessor Entities”).

Brookfield DTLA Fund Office Trust Investor Inc. (“Brookfield DTLA” or the “Company”) is a Maryland corporation and was incorporated on April 19, 2013. Brookfield DTLA was formed for the purpose of consummating the transactions contemplated in the Agreement and Plan of Merger dated as of April 24, 2013, as amended (the “Merger Agreement”), and the issuance of shares of 7.625% Series A Cumulative Redeemable Preferred Stock (the “Series A preferred stock”) in connection with the acquisition of MPG Office Trust, Inc. and MPG Office, L.P. (together, “MPG”). Brookfield DTLA is a direct subsidiary of Brookfield DTLA Holdings LLC (“Brookfield DTLA Holdings”), a Delaware limited liability company, and an indirect subsidiary of Brookfield Office Properties Inc. (“BPO”).

Prior to October 15, 2013, 333 South Hope and EYP Realty were controlled by BPO through its indirect ownership interest in TRZ Holdings IV LLC (“TRZ”). TRZ owned 100% of the member units of 333 South Hope and EYP Realty, and BPO indirectly owns approximately 84% of the member units of TRZ.

On October 15, 2013, through a series of formation transactions, TRZ’s interests in 333 South Hope and EYP Realty were contributed to subsidiaries of Brookfield DTLA in exchange for preferred and common interests in Brookfield DTLA Fund Properties II LLC (“New OP”) and a preferred interest in Brookfield DTLA Fund Properties III LLC (“DTLA OP”). 333 South Hope owned Bank of America Plaza (“BOA Plaza”) and EYP Realty owned Ernst & Young Plaza (“EY Plaza”). Both of these Class A commercial properties are located in the Los Angeles Central Business District (the “LACBD”).

Prior to October 15, 2013, Brookfield DTLA had not conducted any business as a separate company and had no material assets or liabilities. The operations of the Predecessor Entities contributed to Brookfield DTLA by TRZ on October 15, 2013 are presented in the consolidated and combined financial statements as if they were owned by Brookfield DTLA for all historical periods presented. See Part II, Item 8. “Financial Statements and Supplementary Data.”

On October 15, 2013, Brookfield DTLA completed the acquisition of MPG (the “merger”) pursuant to the terms of the Merger Agreement. As part of the transaction, MPG was contributed to New OP in exchange for a preferred interest in New OP. In addition to BOA Plaza and EY Plaza, Brookfield DTLA now owns Wells Fargo Center–North Tower, Wells Fargo Center–South Tower, Gas Company Tower and 777 Tower, each of which are Class A office properties located in the LACBD that were formerly owned by MPG.

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Brookfield DTLA has elected to be taxed as a real estate investment trust (“REIT”) pursuant to Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”), commencing with its tax year ended December 31, 2013. Brookfield DTLA intends to conduct its operations so as to continue to qualify as a REIT. Accordingly, Brookfield DTLA is not subject to U.S. federal income tax, provided that it continues to qualify as a REIT and distributions to its stockholders, if any, generally equal or exceed its taxable income.

Brookfield DTLA receives its income primarily from rental income (including tenant reimbursements) generated from the operations of its office and retail properties and, to a lesser extent, from its parking garages.

Corporate Strategy

Brookfield DTLA’s current strategy is to own and invest in commercial properties primarily in the LACBD that are of a high-quality, determined by its view of the certainty of receiving rental payments generated by the tenants of those assets.

Competition

Brookfield DTLA competes in the leasing of office space with a number of other real estate companies.

Principal factors of competition in our primary business of owning and operating office properties are: the quality of properties, leasing terms (including rent and other charges and allowances for tenant improvements), attractiveness and convenience of location, the quality and breadth of tenant services provided, and reputation as an owner and operator of quality office properties in the LACBD. Additionally, our ability to compete depends upon, among other factors, trends in the national and local economies, investment alternatives, financial condition and operating results of current and prospective tenants, availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation and population trends.

Segment, Geographical and Tenant Concentration Information

Segment Information—

Brookfield DTLA operates in a single reportable segment referred to as its office segment, which includes the operation and management of commercial office properties. Each of Brookfield DTLA’s operating properties is considered a separate operating segment, as each property earns revenues and incurs expenses, individual operating results are reviewed and discrete financial information is available. Management does not distinguish or group Brookfield DTLA’s consolidated operations based on geography, size or type. Brookfield DTLA’s operating properties have similar economic characteristics and provide similar products and services to tenants. As a result, Brookfield DTLA’s operating properties are aggregated into a single reportable segment.

Geographical Information—

All of Brookfield DTLA’s business is conducted in the United States, and it does not derive any revenue from foreign sources.

Tenant Concentration Information—

Brookfield DTLA's properties are typically leased to high credit-rated tenants for terms ranging from five to ten years, although we also enter into some short-term as well as longer-term leases. As our entire portfolio is located in the LACBD, any specific economic changes within that location could affect our tenant base and by extension our profitability.

A significant portion of Brookfield DTLA's rental income and tenant reimbursements revenue is generated by a small number of tenants. No tenant accounted for more than 10% of our consolidated rental income and tenant reimbursements revenue during the year ended December 31, 2014.

During the year ended December 31, 2014, EY Plaza, BOA Plaza, Wells Fargo Center-North Tower, Wells Fargo Center-South Tower, Gas Company Tower and 777 Tower each contributed more than 10% of Brookfield DTLA's consolidated revenue. The revenue generated by these six properties totaled 97% of Brookfield DTLA's consolidated revenue during the year ended December 31, 2014.

Government and Environmental Regulations

Brookfield DTLA's office properties are subject to various laws, ordinances and regulations, including regulations relating to common areas. We believe that each of our properties has the necessary permits and approvals to operate its business.

Our properties must comply with Title III of the Americans with Disabilities Act of 1990 (the "ADA") to the extent that such properties are "public accommodations" as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. We believe that our properties are in substantial compliance with the ADA, and we continue to make capital expenditures to address the requirements of the ADA. Noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants. The obligation to make readily achievable accommodations is an ongoing one, and we continue to assess our properties and to make alterations as appropriate in this respect.

Some of our properties contain, or may have contained, or are adjacent to or near other properties that have contained or currently contain, underground storage tanks for the storage of petroleum products or other hazardous or toxic substances. These operations create a potential for the release of petroleum products or other hazardous or toxic substances. Also, some of our properties contain asbestos-containing building materials ("ACBM"). Environmental laws require that ACBM be properly managed and maintained, and may impose fines and penalties on building owners or operators for failure to comply with these requirements. These laws may also allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers. We can make no assurance that costs of future environmental compliance will not affect our ability to make distributions to our stockholders or that such costs or other remedial measures will not have a material adverse effect on our business, financial condition or results of operations. None of our recent site assessments revealed any past or present environmental liability that we believe would have a material adverse effect on our business, financial condition or results of operations.

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From time to time, the U.S. Environmental Protection Agency (“EPA”) designates certain sites affected by hazardous substances as “Superfund” sites pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”). Superfund sites can cover large areas, affecting many different parcels of land. The EPA identifies parties who are considered to be potentially responsible for the hazardous substances at Superfund sites and makes them liable for the costs of responding to the hazardous substances. The parcel of land on which Glendale Center (a property that was disposed of by MPG during 2012) is located lies within a large Superfund site. The site was designated as a Superfund site because the groundwater beneath the site is contaminated. We have not been named, and do not expect to be named, as a potentially responsible party for the site. If we were named, we would likely be required to enter into a de minimis settlement with the EPA and pay nominal damages.

Independent environmental consultants have conducted Phase I or other environmental site assessments on all of the properties in our portfolio. Site assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed property and surrounding properties. These assessments do not generally include soil samplings, subsurface investigations or an asbestos survey. None of the recent site assessments revealed any past or present environmental liability that we believe would have a material adverse effect on our business, financial condition or results of operations.

Insurance

Brookfield DTLA’s properties are covered under an insurance policy entered into by BPO that provides all risk property and business interruption for BPO’s commercial portfolio with an aggregate limit of \$2.5 billion per occurrence as well as an aggregate limit of \$300.0 million of earthquake insurance for California properties. In addition, Brookfield DTLA’s properties are covered by a terrorism insurance policy that provides aggregate coverage of \$4.0 billion for all of BPO’s U.S. properties.

Prior to their expiration, which became effective on April 19, 2014, the MPG properties were covered under an insurance policy that provided all risk property and business interruption with an aggregate limit of \$1.25 billion and a \$130.0 million aggregate limit of earthquake insurance, and a terrorism insurance policy with a \$1.25 billion aggregate limit. Effective April 19, 2014, the MPG properties were added to the existing BPO insurance policies described above.

To the extent an act or acts of terrorism produce losses in excess of the limits in place, the resulting loss could have a material adverse effect on Brookfield DTLA’s consolidated financial statements. Brookfield DTLA is in compliance with the contractual obligations regarding terrorism insurance contained in such policies. See Item 1A. “Risk Factors—Our insurance may not cover some potential losses or may not be obtainable at commercially reasonable rates, which could adversely affect our financial condition and results of operations.”

Employees

As of December 31, 2014, Brookfield DTLA had no employees. The operations of Brookfield DTLA are managed by employees of BPO.

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Corporate Offices

BPO owns the building in which Brookfield DTLA's operations are managed: 250 Vesey Street, New York, New York 10281, telephone number 212-417-7000. Brookfield DTLA believes that BPO's current facilities are adequate for Brookfield DTLA's present needs.

Available Information

Brookfield DTLA files its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements, if any, Information Statements and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") with the U.S. Securities and Exchange Commission (the "SEC"). The public may obtain information on the operation of the Office of Investor Education and Advocacy by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy details and other information regarding issuers that file electronically with the SEC at www.sec.gov. We have included the web address of the SEC as an inactive textual reference only. Except as specifically incorporated by reference into this document, information on this website is not part of this document.

Item 1A. Risk Factors.

Factors That May Affect Future Results

(Cautionary Statement Under the Private Securities Litigation Reform Act of 1995)

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995 (as set forth in Section 27A of the U.S. Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Exchange Act). Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding our operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as "expects," "anticipates," "plans," "believes," "estimates," "seeks," "intends," "targets," "projects," "forecasts," "likely," or negative versions thereof and other similar expressions, or future or conditional verbs such as "may," "will," "should," "would," and "could."

Although Brookfield DTLA believes that its anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond its control, which may cause Brookfield DTLA's actual results, performance or achievements to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

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Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to:

- Risks generally incident to the ownership of real property, including the ability to retain tenants and rent space upon lease expirations, the financial condition and solvency of our tenants, the relative illiquidity of real estate and changes in real estate taxes, regulatory compliance costs and other operating expenses;
- Risks associated with the Downtown Los Angeles market, which is characterized by challenging leasing conditions, including limited numbers of new tenants coming into the market and the downsizing of large tenants in the market such as accounting firms, banks and law firms;
- Risks related to increased competition for tenants in the Downtown Los Angeles market, including aggressive attempts by competing landlords to fill large vacancies by providing tenants with lower rental rates, increasing amounts of free rent and providing larger allowances for tenant improvements;
- The impact or unanticipated impact of general economic, political and market factors in the regions in which Brookfield DTLA or any of its subsidiaries does business;
- The use of debt to finance Brookfield DTLA's business or that of its subsidiaries;
- The behavior of financial markets, including fluctuations in interest rates;
- Uncertainties of real estate development or redevelopment;
- Global equity and capital markets and the availability of equity and debt financing and refinancing within these markets;
- Risks relating to Brookfield DTLA's insurance coverage;
- The possible impact of international conflicts and other developments, including terrorist acts;
- Potential environmental liabilities;
- Dependence on management personnel;
- The ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits therefrom;
- Operational and reputational risks;
- Catastrophic events, such as earthquakes and hurricanes; and

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- Other risks and factors relating to the transactions contemplated by the Merger Agreement including, but not limited to:
 - Increases in operating costs resulting from expenses related to the MPG acquisition;
 - Failure to realize the anticipated benefits and synergies of the transactions contemplated by the Merger Agreement, including as a result of an increase in costs associated with integration or difficulty in integrating the businesses of Brookfield DTLA, the Predecessor Entities and their respective subsidiaries and MPG;
 - Risks resulting from any lawsuits that may arise out of or have arisen as a result of the MPG acquisition or other transactions contemplated by the Merger Agreement; and
 - The impact of legislative, regulatory and competitive changes and other risk factors relating to the real estate industry, as detailed from time to time in the reports of Brookfield DTLA and BPO filed with the SEC.

Brookfield DTLA cautions that the foregoing list of important factors that may affect future results is not exhaustive. When relying on Brookfield DTLA's forward-looking statements or information, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, Brookfield DTLA undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

In addition to the other information included in this Annual Report on Form 10-K, including the matters addressed above, you should carefully consider the following risk factors. The risks and uncertainties described below include all of the material risks facing Brookfield DTLA. If any of these risks occur, our business, financial condition and operating results could be harmed, the market value of the Series A preferred stock issued in connection with the MPG acquisition could decline and stockholders could lose part or all of their investment. As used in this section, the terms "Brookfield DTLA," the "Company," "us," "we" and "our" refer to Brookfield DTLA together with its direct and indirect subsidiaries and the term "stockholders" means the holders of the Series A preferred stock issued in connection with the MPG acquisition.

RISKS RELATED TO THE OWNERSHIP OF BROOKFIELD DTLA SERIES A PREFERRED STOCK

Brookfield DTLA is dependent upon the assets and operations of its direct and indirect subsidiaries. Brookfield DTLA is a holding company and does not own any material assets other than the equity interests of its subsidiaries, which conduct all of the Company's operations. As a result, distributions or advances from the Company's subsidiaries will be the primary source of funds available to meet the obligations of the Company, including any obligation to pay dividends, if declared, or other distributions in respect of the Brookfield DTLA Series A preferred stock. Our current and future obligations and liabilities may limit, and the terms of certain of the equity interests issued in connection with the transactions immediately following the consummation of the merger will limit, the amount of funds available to Brookfield DTLA for any purpose, including for dividends or distributions to holders of its capital stock, including the Series A preferred stock.

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Brookfield DTLA's subsidiaries may in the future issue equity securities that are senior to the equity interests of such subsidiary that are owned, directly or indirectly, by the Company. The respective organizational documents of Brookfield DTLA and its subsidiaries generally do not restrict the issuance of debt or equity by any of Brookfield DTLA's subsidiaries, and any such issuance may adversely impact the amount of funds available to Brookfield DTLA for any purpose, including for dividends or other distributions to holders of its capital stock, including the Series A preferred stock. As part of the transactions immediately following the consummation of the merger, subsidiaries of the Company issued equity interests that rank senior to the equity securities of such subsidiaries held indirectly by Brookfield DTLA, and as a result, effectively rank senior to the Series A preferred stock. In addition, to the extent Brookfield DTLA subsequently contributes cash or property to fund the operations of its subsidiaries, Brookfield DTLA will receive senior interests having a priority on distributions senior to the equity securities of such subsidiaries held indirectly by Brookfield DTLA, and as a result, will effectively rank senior to the Series A preferred stock. These issuances will limit the amount of funds available to Brookfield DTLA for any purpose, including for dividends or other distributions to holders of its capital stock, including the Series A preferred stock.

In addition, the amount of cash Brookfield DTLA currently generates from its operations is not sufficient to cover Brookfield DTLA's operating, financing and investing activities, resulting in a "negative cash burn," and there can be no assurance that the amount of Brookfield DTLA's negative cash burn will decrease, or that it will not increase, in the future. If Brookfield DTLA's operating cash flow and capital are not sufficient to cover our operating costs or to repay our indebtedness as it comes due, we may issue additional debt and/or equity, including to affiliates of Brookfield DTLA, which issuances could further adversely impact the amount of funds available to Brookfield DTLA for any purpose, including for dividends or other distributions to holders of its capital stock, including the Series A preferred stock. In many cases, such securities may be issued if authorized by board of directors of Brookfield DTLA without the approval of the holders of the Series A preferred stock.

The Series A preferred stock effectively ranks junior to any indebtedness of Brookfield DTLA and its subsidiaries. The Series A preferred stock effectively ranks junior to the indebtedness of Brookfield DTLA or any of its direct or indirect subsidiaries. Holders of the Series A preferred stock do not have the right to prevent us from incurring additional indebtedness. As a result, we could become more leveraged, which may increase debt service costs and could adversely affect our cash flows, results of operations and financial condition and the availability of funds for dividends or distributions to holders of Brookfield DTLA's capital stock, including the Series A preferred stock.

The Series A preferred stock has no stated maturity date, Brookfield DTLA is not obligated to declare and pay dividends on the Series A preferred stock, and Brookfield DTLA may never declare dividends on the Series A preferred stock. The Series A preferred stock has no stated maturity, and accordingly, could remain outstanding indefinitely. In addition, while the Series A preferred stock will accumulate dividends at the stated rate (whether or not authorized by the board of directors of Brookfield DTLA and declared by the Company), there is no requirement that Brookfield DTLA declare and pay dividends on the Series A preferred stock, and Brookfield DTLA may not declare and pay dividends on the Series A preferred stock in the future. Furthermore, because of the projected cash needs of the Company, arising in significant part from the funds needed to complete the refinancing of the existing mortgage loans on Wells Fargo Center-North Tower and Gas Company Tower at a target leverage ratio of approximately 60% to 65%, the Company currently anticipates that it will receive no substantial distributions from New OP for a period of at least

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five years, unless the Company or DTLA OP changes its current plans and determines to sell one or more of its real property assets prior to such time, except for a one time dividend of \$2.25 per share of Series A preferred stock in connection with the proposed settlement of the Preferred Stock Actions. See Item 3 “Legal Proceedings—Merger—Related Litigation.” The Company’s refinancing and operating plans and this estimate are subject to change based on many factors, including market conditions in applicable debt, equity and leasing markets. See “—Factors That May Affect Future Results” above.

Brookfield DTLA’s ability to pay dividends is limited by the requirements of Maryland law. Brookfield DTLA’s ability to pay dividends on the Series A preferred stock is limited by the laws of the State of Maryland. Under the Maryland General Corporation Law (“MGCL”), a Maryland corporation generally may not make a distribution if, after giving effect to the distribution, the corporation would not be able to pay its debts as the debts become due in the usual course of business or the corporation’s total assets would be less than the sum of its total liabilities plus all prior liquidation preferences (unless the charter of the corporation provides otherwise). Accordingly, Brookfield DTLA generally may not make a distribution (including a dividend payment) on the Series A preferred stock if, after giving effect to the distribution, Brookfield DTLA may not be able to pay its debts as they become due in the usual course of business or total assets would be less than the sum of Brookfield DTLA’s total liabilities plus prior liquidation preferences, if any. There can be no assurance that, if Brookfield DTLA desired to declare and pay dividends, that it would be legally permissible for it to do so.

There was no established trading market for shares of the Series A preferred stock at the time of issuance and the shares may be delisted and deregistered in the future. The Series A preferred stock was issued in connection with the consummation of the transactions contemplated by the Merger Agreement and there was no established trading market for the shares of Series A preferred stock.

Although the Series A preferred stock is currently registered under the Exchange Act and listed on the New York Stock Exchange, we expect that Brookfield DTLA may apply for delisting of the Series A preferred stock in the future provided the requirements for delisting are met. If the Series A preferred stock is delisted, the market for the shares of Series A preferred stock could be adversely affected, though price quotations for the shares of Series A preferred stock might still be available from other sources. Subject to compliance with applicable securities laws, the registration may be terminated if the shares are not listed on a national securities exchange and there are fewer than 300 holders. The extent of the public market for the Series A preferred stock and availability of such quotations would depend upon such factors as the number of holders and/or the aggregate market value of the publicly held shares of Series A preferred stock at such time, the interest in maintaining a market in the Series A preferred stock on the part of securities firms, the possible termination of registration of the Series A preferred stock under the Exchange Act and other factors. Termination of registration would substantially reduce the information required to be furnished to holders of Series A preferred stock.

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Brookfield DTLA's charter contains provisions that may delay, defer or prevent transactions that may be beneficial to the holders of the Company Series A preferred stock. Brookfield DTLA's charter contains provisions that are intended to, among other purposes, assist it in qualifying as a REIT. The charter provides that subject to certain exceptions, including exemptions that may be granted by the board of directors of Brookfield DTLA under certain circumstances, no person or entity may beneficially own or constructively own more than 9.8% (by value or by number of shares, whichever is more restrictive) of the outstanding shares of Brookfield DTLA's common stock or Series A preferred stock. Any attempt to own or transfer shares of Brookfield DTLA's common stock or Series A preferred stock in excess of the applicable ownership limit without the consent of the board of directors of Brookfield DTLA either will result in the shares being transferred by operation of the charter to a charitable trust, and the person who attempted to acquire such shares will not have any rights in such shares, or in the transfer being void. These restrictions on transferability and ownership will not apply if the board of directors of Brookfield DTLA determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT or if the board of directors of Brookfield DTLA determines that such restrictions are no longer necessary to maintain REIT status. The ownership limit may delay or impede a transaction or a change in control that might be in the best interests of the Brookfield DTLA's stockholders, including the holders of the Series A preferred stock.

Brookfield DTLA may authorize and issue capital stock without the approval of holders of the Series A preferred stock. While Brookfield DTLA may not, without a vote of the holders of the Series A preferred stock, authorize, create, issue or increase the authorized or issued amount of any class of capital stock ranking senior to the Series A preferred stock with respect to payment of dividends or the distribution of assets upon the liquidation, dissolution or winding up of the affairs of Brookfield DTLA, its charter authorizes the board of directors of Brookfield DTLA, without any action by its stockholders, to (i) amend the charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that Brookfield DTLA has the authority to issue, (ii) issue authorized but unissued shares of common stock or Series A preferred stock, and (iii) classify or reclassify any unissued shares of common stock or Series A preferred stock and to set the preferences, rights and other terms of such classified or unclassified shares. There can be no assurance that the board of directors of Brookfield DTLA will not establish additional classes and/or series of capital stock that would delay, defer or prevent a transaction that may be in the best interests of its stockholders, including the holders of the Series A preferred stock.

Holders of Series A preferred stock have limited voting rights. Brookfield DTLA Holdings owns 100% of the outstanding shares of the common stock and controls 100% of the aggregate voting power of its capital stock, except that holders of the Series A preferred stock have voting rights, under certain circumstances, (1) to elect two preferred stock directors to the board of directors of Brookfield DTLA (referred to as preferred stock directors) and (2) with respect to (i) the creation of additional classes or series of preferred stock that are senior to the Series A preferred stock and (ii) an amendment of its charter (whether by merger, consolidation, transfer or conveyance of all or substantially all of our assets or otherwise) that would materially adversely affect the rights of holders of Series A preferred stock. By virtue of their limited voting rights, holders of Series A preferred stock have limited control over the outcome of any corporate transaction or other matters that Brookfield DTLA confronts. Subject to their limited voting rights or as may be required by applicable law, holders of Series A preferred stock will be unable to block any such matter in their capacity as stockholders or through their representation on the board of directors of Brookfield DTLA, if any, by preferred stock directors (which preferred stock directors are not a majority of the directors comprising the board of directors of Brookfield DTLA).

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Certain provisions of Maryland law could inhibit changes in control. Certain provisions of the MGCL may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could be in the best interests of Brookfield DTLA's stockholders, including: (1) "business combination" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock or any affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding stock) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes special appraisal rights and supermajority stockholder voting requirements on these combinations; and (2) "control share" provisions that provide that a holder of "control shares" of Brookfield DTLA (defined as shares that, when aggregated with other shares controlled by the stockholder except solely by virtue of a revocable proxy, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares") has no voting rights with respect to such shares except to the extent approved by Brookfield DTLA's stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares. Brookfield DTLA has opted out of these provisions of the MGCL, in the case of the business combination provisions of the MGCL by resolution of the board of directors of Brookfield DTLA, and in the case of the control share provisions of the MGCL pursuant to a provision in its bylaws. However, the board of directors of Brookfield DTLA may by resolution elect to opt in to the business combination provisions of the MGCL and Brookfield DTLA may, by amendment to its bylaws, opt in to the control share provisions of the MGCL in the future. In addition, provided that Brookfield DTLA has a class of equity securities registered under the Exchange Act and at least three independent directors, Subtitle 8 of Title 3 of the MGCL permits Brookfield DTLA to elect to be subject, by provision in its charter or bylaws or a resolution of the board of directors of Brookfield DTLA and notwithstanding any contrary provision in the charter or bylaws, to certain provisions, including, among other provisions, a classified board of directors and a requirement that a vacancy on the board of directors be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred. Brookfield DTLA's charter and bylaws and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of its stockholders, including the holders of the Series A preferred stock.

BPO controls the management and operation of Brookfield DTLA. Brookfield DTLA is managed by BPO through a direct wholly-owned subsidiary of BPO formed for such purpose ("BPO Manager"). BPO, through its ownership interest in BPO Manager and Brookfield DTLA, controls Brookfield DTLA, including the power to vote to elect all members of the board of directors (other than the preferred stock directors). By virtue of BPO's control of and substantial ownership in Brookfield DTLA, BPO has significant influence over the outcome of any corporate transaction or other matters that Brookfield DTLA confronts. Subject to any limitations contained in Brookfield DTLA's charter, bylaws or as may be required by applicable law, holders of the Series A preferred stock will be unable to block any such matter in their capacity as stockholders or through their representation under certain circumstances, if any, by up to two directors on the board of directors (which directors are not a majority of the members comprising the board of directors).

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There may be conflicts of interest in Brookfield DTLA's relationship with BPO and its affiliates. Following the consummation of the MPG acquisition, Brookfield DTLA and its subsidiaries and DTLA OP entered into agreements with affiliates of BPO pursuant to which such affiliates serve as service providers with respect to the properties that these companies own. These services include property management and various other services. In consideration for the services to be provided under these agreements, BPO's affiliates are paid fees by Brookfield DTLA and its subsidiaries and DTLA OP. In addition, affiliates of BPO may enter into additional agreements, including additional service agreements, with Brookfield DTLA and its subsidiaries and DTLA OP. There can be no assurance that these agreements will be made on terms that will be at least as favorable to Brookfield DTLA and its subsidiaries and DTLA OP as those that could have been obtained in an arm's length transaction between parties that are not affiliated. Accordingly, these agreements may involve conflicts between the interest of BPO's affiliate, on the one hand, and Brookfield DTLA and its subsidiaries and DTLA OP, on the other hand.

Members of Brookfield DTLA's management team have competing duties to other entities. Brookfield DTLA's executive officers do not spend all of their time managing its activities and real estate portfolio. Many of Brookfield DTLA's executive officers allocate most of their time to other businesses and activities. For example, each of Brookfield DTLA's executive officers is also an employee of BPO or one of its affiliates. None of these individuals is required to devote a specific amount of time to Brookfield DTLA's affairs. Accordingly, Brookfield DTLA competes with BPO, its affiliates and possibly other entities for the time and attention of these officers.

COMPANY AND REAL ESTATE INDUSTRY RISKS

Brookfield DTLA's current strategy is to own and invest in commercial properties primarily in the LACBD that are of a high-quality, determined by our view of the certainty of receiving rental payments generated by the tenants of those assets. However, Brookfield DTLA will be subject to various risks specific to its portfolio, the geographies in which it operates and where its properties are located and those inherent in the commercial property business generally. In evaluating Brookfield DTLA and its business, the following challenges, uncertainties and risks should be considered in addition to the other information contained in this Annual Report on Form 10-K:

Brookfield DTLA's economic performance and the value of its real estate assets are subject to the risks incidental to the ownership and operation of real estate properties. Brookfield DTLA's economic performance, the value of our real estate assets and, therefore, the value of the Series A preferred stock, is subject to the risks normally associated with the ownership and operation of real estate properties, including but not limited to: downturns and trends in the national, regional and local economic conditions where our properties are located; global economic conditions; the cyclical nature of the real estate industry; adverse economic or real estate developments in Southern California, particularly in the LACBD; local real estate market conditions such as an oversupply of office properties, including space available by sublease, or a reduction in demand for such properties; our liquidity situation, including our failure to obtain additional capital or extend or refinance debt maturities on favorable terms or at all; changes in interest rates and the availability of financing; competition from other properties; changes in market rental rates and our ability to rent space on favorable terms; the bankruptcy, insolvency, credit deterioration or other default of our tenants; the need to periodically renovate, repair and re-lease space and the costs thereof; our failure to qualify as and to maintain our status as a REIT or the status of certain of our subsidiaries as REITs; increases in maintenance, insurance and operating costs; civil disturbances, earthquakes and other natural

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disasters, or terrorist acts or acts of war which may result in uninsured or underinsured losses; a decrease in the attractiveness of our properties to tenants; a decrease in the underlying value of our properties; and certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges that must be made regardless of whether or not a property is producing sufficient income to service these expenses.

The results of our business and our financial condition are significantly dependent on the economic conditions and demand for office space in southern California. All of Brookfield DTLA's properties are located in Los Angeles County, California in the LACBD, which may expose us to greater economic risks than if most of our properties were located in a different geographic region or more geographic regions. Moreover, because our portfolio of properties consists primarily of office buildings, a decrease in the demand for office space (especially Class A office space), particularly in the LACBD, may have a greater adverse effect on our business and financial condition than if we owned a more diversified real estate portfolio. We are susceptible to adverse developments in the markets for office space, particularly in Southern California. Such adverse developments could include oversupply of or reduced demand for office space; declines in property values; business layoffs, downsizings, relocations or industry slowdowns affecting tenants of our properties; changing demographics; increased telecommuting; terrorist targeting of or acts of war against high-rise structures; infrastructure quality; California state budgetary constraints and priorities; increases in real estate and other taxes; costs of complying with state, local and federal government regulations or increased regulation and other factors. In addition, the State of California is generally regarded as more litigious and more highly regulated and taxed than many other U.S. states, which may adversely impact the market, including the demand for, office space in California. There can be no assurance as to the growth of the southern California or the national economy or our future growth rate.

U.S. economic conditions are uncertain. In particular, volatility in the U.S. and international capital markets and the condition of the California economy may adversely affect our liquidity and financial condition, as well as the liquidity and financial condition of tenants in our properties.

Our inability to enter into renewal or new leases on favorable terms for all or a substantial portion of space that will be subject to expiring leases would adversely affect our cash flows, operating results and financial condition. Our income-producing properties will generate revenue through rental payments made by tenants of the properties. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any lease renewal or extension, or of any new lease for such space may be less favorable to us than the existing lease, and may be less favorable to us than prevailing market terms for similar leases in the relevant market. We would be adversely affected, in particular, if any significant tenant ceases to be a tenant and cannot be replaced on similar or better terms or at all.

Competition may adversely affect our ability to lease available space in our properties. Other developers, managers and owners of office properties compete with us in seeking tenants. Some of the properties of our competitors may be newer, better located or better capitalized than the properties we own. These competing properties may have vacancy rates higher than our properties, which may result in their owners being willing to make space available at lower prices than the space in our properties, particularly if there is an oversupply of space available in the market. Competition for tenants could have an adverse effect on our ability to lease our properties and on the rents that we may charge or concessions that we may grant. If our competitors adversely impact our ability to lease our properties, our cash flows, operating results and financial condition may suffer.

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Our ability to realize our strategies and capitalize on our competitive strengths will depend on our ability to effectively operate our properties, maintain good relationships with tenants and remain well capitalized, and our failure to do any of the foregoing could adversely affect our ability to compete effectively in the markets in which we do business.

Reliance on significant tenants could adversely affect our operating results and financial condition. Many of our properties are occupied by one or more significant tenants and our revenues from those properties are materially dependent on the creditworthiness and financial stability of those tenants. Our business would be adversely affected if any of those tenants failed to renew certain of their significant leases, became insolvent, declared bankruptcy or otherwise refused to pay rent in a timely fashion or at all. In the event of a default by one or more of our significant tenants, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-leasing the property. If a lease with a significant tenant is terminated, it may be difficult, costly and time consuming to attract new tenants and lease the property for the rent and on terms as favorable as the previous lease or at all.

We could be adversely impacted by tenant defaults, bankruptcies or insolvencies. A tenant of our properties may experience a downturn in its business, which could cause the loss of that tenant or weaken its financial condition and result in the tenant's inability to make rental payments when due or, for retail tenants, a reduction in percentage rent payable. If a tenant defaults, we may experience delays and incur costs in enforcing our rights as landlord and protecting our investments. If any tenant becomes a debtor in a case under the U.S. Bankruptcy Code, we cannot evict a tenant solely because of its bankruptcy. In addition, the bankruptcy court may authorize a tenant to reject and terminate its lease. In such a case, our claim against the tenant for unpaid, future rent would be subject to a statutory cap that might be substantially less than the remaining rent owed under the lease. In any event, it is unlikely that a bankrupt or insolvent tenant will pay in full the amounts it owes under a lease. The loss of rental payments from tenants and costs of re-leasing would adversely affect our cash flows, operating results and financial condition. In the event of a significant number of lease defaults and/or tenant bankruptcies, our cash flow may not be sufficient to meet all of our obligations and liabilities or to make distributions to Brookfield DTLA stockholders, including holders of the Series A preferred stock.

There are numerous risks associated with the use of debt to finance our business, including refinancing risk. We will incur debt in the ordinary course of our business and therefore will be subject to the risks associated with debt financing. These risks, including the following, may adversely impact our operating results and financial condition: our cash flow may be insufficient to meet required payments of principal and interest; payments of principal and interest on borrowings may leave us with insufficient cash resources to pay operating expenses; we may not be able to refinance indebtedness on our properties at maturity due to business and market factors (including: disruptions and volatility in the capital and credit markets, the estimated cash flow of our properties, and the value (or appraised value) of our properties); financial, competitive, business and other factors, including factors beyond our control; and if refinanced, the terms of a refinancing may not be as favorable to us as the original terms of the related indebtedness. If we are unable to refinance our indebtedness on acceptable terms, or at all, we may need to dispose of one or more of our properties on disadvantageous terms. In addition, prevailing interest rates or other factors at the time of refinancing could increase our interest expense, and if we mortgage property to secure payment of indebtedness and are unable to make mortgage payments, the mortgagee could foreclose upon such property or appoint a receiver to receive an assignment of our rents and leases.

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If we are unable to manage our interest rate risk efficiently, our cash flows and operating results may suffer. Certain of our indebtedness bear interest at a variable rate and we may in the future incur additional variable-rate indebtedness. In addition, we may be required to refinance our debt at higher rates. There can be no assurance that the benchmarks on which our variable-rate indebtedness is based will not increase or that interest rates available for any refinancing in the future will not be higher than the debt being refinanced. Increases in such rates will increase our interest expense and could have an adverse impact on our cash flows and operating results. In addition, though we will attempt to manage interest rate risk, there can be no assurance that we will hedge such exposure effectively or at all in the future. Accordingly, increases in interest rates above that which we anticipate based upon historical trends would adversely affect our cash flows and operating results.

Our substantial indebtedness may adversely affect our operating results and financial condition, and may limit our flexibility to operate our business. Brookfield DTLA currently has aggregate consolidated indebtedness totaling \$2.1 billion. After payments of principal and interest on our indebtedness, we may not have sufficient cash resources to operate our properties or meet all of our other obligations. Certain of our indebtedness include lockbox and other cash management provisions, which, under certain circumstances, could limit our ability to utilize available cash flow from the relevant properties. There can be no assurance that terms of debt we incur in the future or modifications to existing debt will not significantly limit our operating and financial flexibility, which may in turn limit our ability to efficiently respond and adapt to changes or competition in our business.

If we are unable to extend, refinance or repay mortgage debt on our properties at maturity, we could default on such debt, which may permit the lenders to foreclose on the applicable property. Proceeds from any disposition of a foreclosed property may not be sufficient to repay the full amount of the underlying debt. If we are unable to extend, refinance or repay our debt as it comes due, our business, financial condition and operating results may be materially and adversely affected. If we are unable to refinance our debt as it matures on acceptable terms, or at all, we may need to dispose of one or more of our properties on disadvantageous terms. Furthermore, even if we are able to obtain extensions on or refinance our existing debt, such extensions or new loans may include operational and financial covenants significantly more restrictive than our current debt covenants and may limit the operation or growth of our business.

Restrictive covenants in indebtedness may limit management's discretion with respect to certain business matters. Instruments governing our indebtedness may contain restrictive covenants limiting our discretion with respect to certain business matters. These covenants could place significant restrictions on our ability to, among other things, create liens or other encumbrances, pay dividends or make distributions on Brookfield DTLA's capital stock (including the Series A preferred stock), make certain other payments, investments, loans and guarantees and sell or otherwise dispose of assets and merge or consolidate with another entity. These covenants could also require us to meet certain financial ratios and financial condition tests. Failure to comply with any such covenants could result in a default which, if not cured or waived, could result in acceleration of the relevant indebtedness.

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Brookfield DTLA is subject to obligations under certain “non–recourse carve out” guarantees that may be triggered in the future. All of our properties are encumbered by traditional non–recourse debt obligations. In connection with certain of these loans, Brookfield DTLA entered into “non–recourse carve out” guarantees, which provide for these otherwise non–recourse loans to become partially or fully recourse against Brookfield DTLA or one of its subsidiaries, if certain triggering events occur. Although these events differ from loan to loan, some of the common events include: the special purpose property–owning indirect subsidiaries of Brookfield DTLA filing a voluntary petition for bankruptcy; the special purpose property–owning subsidiary’s failure to maintain its status as a special purpose entity; and, subject to certain conditions, the special purpose property–owning subsidiary’s failure to obtain the lender’s written consent prior to a transfer or conveyance of the associated property, including, in many cases, indirect transfers in connection with a change in control of Brookfield DTLA. In addition, other items that are customarily recourse to a non–recourse carve out guarantor include, but are not limited to, the payment of real property taxes, the breach of representations related to environmental issues or hazardous substances, physical waste of the property, liens which are senior to the mortgage loan and outstanding security deposits.

Increasing utility costs in California may have an adverse effect on our operating results and occupancy levels. The State of California continues to experience issues related to the supply of electricity, water and natural gas. In recent years, shortages of electricity have resulted in increased costs for consumers and certain interruptions in service. Increased consumer costs and consumer perception that the State of California is not able to effectively manage its utility needs may reduce demand for leased space in California office properties. A significant reduction in demand for office space could adversely affect our financial condition and results of operations.

Because real estate investments are illiquid, we may not be able to sell properties when appropriate or desired. Large and high quality office properties like the ones that we own can be hard to sell, especially if local market conditions are poor. Such illiquidity could limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. Additionally, financial difficulties of other property owners resulting in distressed sales could depress real estate values in the market in which we operate in times of illiquidity. These restrictions could reduce our ability to respond to changes in the performance of our investments and could adversely affect our financial condition and results of operations.

The MPG acquisition and related transactions may cause the MPG real estate assets to be revalued for property tax and California Proposition 13 purposes. The MPG acquisition and related transactions may trigger a reassessment of the value of the real estate assets held by MPG for purposes of property taxes and California Proposition 13. To the extent any such revaluation results in an increase in the assessed value of Wells Fargo Center–North Tower, Gas Company Tower, Wells Fargo Center–South Tower and 777 Tower for property taxes and California Proposition 13 purposes, the taxes owed by Brookfield DTLA and its subsidiaries with respect to such assets could be correspondingly increased. Any increase in the amount owed with respect to property taxes and/or California Proposition 13 would decrease cash available for distributions to holders of Brookfield DTLA stock, including holders of the Series A preferred stock, and lower distributions of cash could adversely affect the value of the Series A preferred stock.

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Our insurance may not cover some potential losses or may not be obtainable at commercially reasonable rates, which could adversely affect our financial condition and results of operations. We expect to maintain insurance on our properties in amounts and with deductibles that we believe are in line with coverage maintained by owners of similar types of properties, however, we may not be able to obtain coverage at commercially reasonable rates and the insurance we do obtain may not cover all potential losses we might experience. There also are certain types of risks (such as war or acts of terrorism, or environmental contamination, such as toxic mold) which are either uninsurable or not economically insurable. Should any uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of our properties, and would continue to be obligated to repay any recourse mortgage indebtedness on such properties. Any of these events could adversely impact our business, financial condition and results of operations.

We are subject to possible environmental liabilities and other possible liabilities. As an owner and manager of real property, we are subject to various laws relating to environmental matters. These laws could hold us liable for the costs of removal and remediation of certain hazardous substances or wastes present in our buildings, released or deposited on or in our properties or disposed of at other locations. These costs could be significant and would reduce cash available for our business. The failure to remove or remediate such substances could adversely affect our ability to sell our properties or our ability to borrow using real estate as collateral, and could potentially result in claims or other proceedings against us.

Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of ACBM in the event of damage, demolition, renovation or remodeling and also govern emissions of and exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls ("PCBs") and underground storage tanks are also regulated by federal and state laws. We are also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in susceptible individuals. We could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or tanks or related claims arising out of environmental contamination or human exposure to contamination at or from our properties.

If excessive moisture accumulates in our buildings or on our building materials, it may trigger mold growth. Mold may emit airborne toxins or irritants. Inadequate ventilation, chemical contamination and other biological contaminants (including pollen, viruses and bacteria) could also impair indoor air quality at our buildings. Impaired indoor air quality may cause a variety of adverse health effects, such as allergic reactions. If mold or other airborne contaminants exist or appear at our properties, we may have to undertake a costly remediation program to contain or remove the contaminants or increase indoor ventilation. If indoor air quality were impaired, we may have to temporarily relocate some or all of a property's tenants and could be liable to our tenants, their employees or others for property damage and/or personal injury.

Some of the properties that we own contain ACBM and we could be liable for such fines or penalties. We cannot assure our stockholders, including holders of the Series A preferred stock, that costs of future environmental compliance will not affect our ability to make distributions to our stockholders, including distributions or dividends on the Series A preferred stock, or such that costs or other remedial measures will not have a material adverse effect on our business, assets or results of operations.

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In addition, some of the properties that we own contain, or may have contained, or are adjacent to or near other properties that have contained or currently contain, underground storage tanks for the storage of petroleum products or other hazardous or toxic substances. If hazardous or toxic substances were released from these tanks, we could incur significant costs or be liable to third parties with respect to the releases. From time to time, the EPA designates certain sites affected by hazardous substances as “Superfund” sites pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act. The EPA identifies parties who are considered to be potentially responsible for the hazardous substances at Superfund sites and makes them liable for the costs of responding to the hazardous substances. The parcel of land on which Glendale Center (a property that was disposed of by MPG during 2012) is located within a large Superfund site, and Brookfield DTLA could be named as a potentially responsible party with respect to that site.

Environmental laws and regulations can change rapidly and we may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on our business, financial condition or results of operations.

Regulations under building codes and human rights codes generally require that public buildings, including office buildings, be made accessible to disabled persons. Non-compliance could result in the imposition of fines by the government or the award of damages to private litigants. If we are required to make substantial alterations and capital expenditures in one or more of our properties to comply with these codes, it could adversely affect our financial condition and results of operations.

We may also incur significant costs complying with other regulations. Our properties will be subject to various federal, state, provincial and local regulatory requirements, such as state, and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. Existing requirements may change and compliance with future requirements may require significant unanticipated expenditures that could affect our cash flow and results from operations.

Existing conditions at some of our properties may expose us to liability related to environmental matters, which may exceed our environmental insurance coverage limits. Independent environmental consultants have conducted Phase I or other environmental site assessments on all of the properties that we own. Site assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed property and surrounding properties. These assessments do not generally include soil samplings, subsurface investigations or an asbestos survey, and the assessments may fail to reveal all environmental conditions, liabilities or compliance concerns.

In connection with its due diligence of MPG prior to entering into the Merger Agreement, BPO conducted initial environmental tests at certain of MPG’s Downtown Los Angeles properties and found that a widely used commercial building material used in certain of MPG’s Downtown Los Angeles properties contained ACBM. None of the recent site assessments revealed any past or present environmental liability that we believe would have a material adverse effect on our business, assets or results of operations. However, the assessments may have failed to reveal all environmental conditions, liabilities or compliance concerns. Material environmental conditions, liabilities or compliance concerns may have arisen after the review was completed or may arise in the future and future laws, ordinances or regulations may impose material additional environmental liability.

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We expect to maintain environmental insurance coverage for likely and reasonably anticipated potential environmental liability, including liability associated with the discharge, seepage, migration or release of any solid, liquid or gaseous contaminant, however, we may not be able to obtain coverage at commercially reasonable rates and the insurance we do obtain may not cover all potential losses we might experience. There can be no assurance that any environmental insurance coverage we do obtain will be sufficient.

Losses resulting from the breach of our loan document representations related to environmental issues or hazardous substances will generally be recourse to Brookfield DTLA or one of its subsidiaries pursuant to “non–recourse carve out” guarantees and therefore present a risk to Brookfield DTLA should a special purpose property–owning subsidiary be unable to cover such a loss. We cannot assure our stockholders that costs of future environmental compliance will not affect our ability to pay dividends or distributions to our stockholders, including on the Series A preferred stock, or such costs or other remedial measures will not have a material adverse effect on our business, assets or results of operations.

We may suffer a significant loss resulting from fraud, other illegal acts or inadequate or failed internal processes or systems. We may suffer a significant loss resulting from fraud or other illegal acts or inadequate or failed internal processes or systems. We rely on our employees to follow our policies and processes as well as applicable laws in their activities. Risk of illegal acts or failed systems will be managed through our infrastructure, controls, systems, policies and people, complemented by central groups focusing on enterprise–wide management of specific operational risks such as fraud, trading, outsourcing, and business disruption, as well as people and systems risks. Failure to manage these risks can result in direct or indirect financial loss, reputational impact, regulatory censure or failure in the management of other risks such as credit or market risk.

We may be subject to litigation. In the ordinary course of our business, we expect that we may be subject to litigation from time to time. The outcome of any such proceedings may materially adversely affect us and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of our management’s time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. The acquisition, ownership and disposition of real property will expose us to certain litigation risks which could result in losses, some of which may be material. Litigation may be commenced with respect to a property we have acquired in relation to activities that took place prior to our acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer who is passed over in favor of another buyer as part of our efforts to maximize sale proceeds may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made. Similarly, successful buyers may later sue us for losses associated with latent defects or other problems not uncovered in due diligence. We may also be exposed to litigation resulting from the activities of our tenants or their customers.

Our future results may suffer if we are unable to effectively manage our real estate portfolio. Our future success will depend, in part, upon our ability to manage and successfully monitor our operations, costs, regulatory compliance and service quality, and maintain other necessary internal controls.

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Future terrorist attacks in the United States could harm the demand for and the value of our properties. Future terrorist attacks in the U.S., such as the attacks that occurred in New York City and Washington, D.C. on September 11, 2001, and other acts of terrorism or war could harm the demand for and the value of our properties. Certain of the properties we own are well-known landmarks and may be perceived as more likely terrorist targets than similar, less recognizable properties, which could potentially reduce the demand for and value of these properties. A decrease in demand or value could make it difficult for us to renew leases or re-lease space at lease rates equal to or above historical rates or then-prevailing market rates or to refinance indebtedness related to our properties. Terrorist attacks also could directly impact the value of our properties through damage, destruction, loss or increased security costs, and the availability of insurance for such acts may be limited or more costly. Five of Brookfield DTLA's properties are located within the Bunker Hill area of Downtown Los Angeles. Because these properties are located so closely together, a terrorist attack on any one of these properties, or in the Downtown Los Angeles or Bunker Hill areas generally, could materially damage, destroy or impair the use by tenants of one or more of these properties. To the extent that our tenants are impacted by future attacks, their ability to continue to honor obligations under their existing leases with us could be adversely affected. Additionally, certain tenants will have termination rights or purchase options in respect of certain casualties.

Climate change may adversely impact our operations and markets. There is significant concern from members of the scientific community and the general public that an increase in global average temperatures due to emissions of greenhouse gases and other human activities have or will cause significant changes in weather patterns and increase the frequency and severity of climate stress events. Climate change, including the impact of global warming, creates physical and financial risk. Physical risks from climate change include an increase in sea level and changes in weather conditions, such as an increase in intense precipitation and extreme heat events, as well as tropical and non-tropical storms. The occurrence of one or more natural disasters, such as hurricanes, fires, floods and earthquakes (whether or not caused by climate change), could cause considerable damage to our properties, disrupt our operations and negatively impact our financial performance. To the extent these events result in significant damage to or closure of one or more of our buildings, our operations and financial performance could be adversely affected through lost tenants and an inability to lease or re-lease the space. In addition, these events could result in significant expenses to restore or remediate a property, increases in fuel (or other energy) prices or a fuel shortage and increases in the costs of insurance if they result in significant loss of property or other insurable damage.

If we are unable to recover from a business disruption on a timely basis, our financial condition and results of operations could be adversely affected. Our business may be vulnerable to damages from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war and telecommunication failures. Any system failure or accident that causes interruptions in our operations could result in a material disruption to our business. If we are unable to recover from a business disruption on a timely basis, our financial condition and results of operations could be adversely affected. We may also incur additional costs to remedy damages caused by such disruptions.

TAX RISKS

Failure to maintain our status as a REIT could have significant adverse consequences to us, our ability to make distributions and the value of our stock, including the Series A preferred stock. To qualify as a REIT, Brookfield DTLA must satisfy a number of asset, income, organizational, operational, dividend distribution, stock ownership and other requirements on an ongoing basis. However, qualification as a REIT involves the application of highly technical and complex provisions of the Code, for which only a limited number of judicial and administrative interpretations exist. Even an inadvertent or technical mistake could jeopardize our REIT qualification. Our qualification as a REIT depends on the satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis.

Our ability to qualify as a REIT will depend on the ability of certain of our subsidiaries that own our commercial property assets to individually satisfy the asset, income, organizational, distribution, stockholder ownership and other requirements discussed above on a continuing basis. Whether these subsidiaries will be able to qualify for taxation as REITs, and therefore whether we will be able to qualify, is a question of fact.

Brookfield DTLA has elected to be taxed as a REIT pursuant to Sections 856 through 860 of the Code, commencing with its tax year ended December 31, 2013. Brookfield DTLA intends to conduct its operations so as to continue to qualify as a REIT.

Moreover, new tax legislation, administrative guidance or court decisions, in each instance potentially applicable with retroactive effect, could make it more difficult or impossible for us to qualify as a REIT.

If Brookfield DTLA fails to qualify as a REIT in any taxable year, it will be subject to federal and state income tax on its taxable income at regular corporate tax rates, and it may be ineligible to qualify as a REIT for four subsequent tax years. Brookfield DTLA may also be subject to certain state or local income taxes, or franchise taxes on its REIT activities. Any such corporate tax liability could be substantial and would reduce the amount of cash available for investment, debt service and distribution to holders of our stock, which in turn could have an adverse effect on the value of our stock. Distributions to our stockholders if we fail to qualify as a REIT will not be deductible by us, nor will they be required to be made (unless required by the terms of our governing documents). In such event, to the extent of current and accumulated earnings and profits, all distributions to stockholders will be taxable as dividends (whether or not attributable to capital gains of the Company). Subject to certain limitations in the Code, corporate distributees may be eligible for the dividends received deduction. Dividends paid to non-corporate U.S. Holders that constitute qualified dividend income will be eligible for taxation at the preferential rates applicable to long-term capital gains, provided certain conditions are met. As a result of all these factors, our failure to qualify as a REIT could impair our business and operating strategies and adversely affect the value of our stock and our ability to make distributions on our stock, including, in each case, the Series A preferred stock.

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We may incur other tax liabilities that could reduce our cash flows. We may be subject to certain federal, state and local taxes on our income and assets including, but not limited to, taxes on any undistributed income and property and transfer taxes. In order to avoid federal corporate income tax on our earnings, each year we must distribute to holders of our stock, including holders of the Series A preferred stock, at least 90% of our REIT taxable income, determined before the deductions for dividends paid and excluding any net capital gain. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our taxable income and net capital gain, we will be subject to federal corporate income tax on our undistributed REIT taxable income and net capital gain. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to holders of our stock, including holders of the Series A preferred stock, in a calendar year is less than a minimum amount specified under the Code. Any of these taxes would decrease cash available for distributions to holders of our stock, including holders of the Series A preferred stock, and lower distributions of cash could adversely affect the value of the Series A preferred stock.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends. Certain dividends known as qualified dividends currently are subject to the same tax rates as long-term capital gains, which are lower than rates for ordinary income. Dividends payable by REITs, however, generally are not eligible for such reduced rates. The more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of our stock, including the Series A preferred stock.

You may be deemed to receive a taxable distribution without the receipt of any cash or property. Under Section 305(c) of the Code, holders of Brookfield DTLA Series A preferred stock may be treated for U.S. federal income tax purposes as receiving constructive distributions if the “issue price” of the Series A preferred stock is lower than the redemption price of such Series A preferred stock. If the redemption price exceeds the issue price and, based on all the facts and circumstances as of the date of issuance, redemption pursuant to Brookfield DTLA’s right to redeem is more likely than not to occur, then a holder of Series A preferred stock will be deemed to receive a series of constructive distributions of stock in the total amount of such excess, so long as the amount by which the redemption price exceeds the issue price is not de minimis. These constructive distributions will be deemed to be made to such holders in increasing amounts (on a constant-yield basis) during the period from the date of issuance to the date on which it is most likely that the Series A preferred stock will be redeemed, based on all of the facts and circumstances as of the issue date. In addition, constructive distributions could arise in other circumstances as well. In the event a holder of Series A preferred stock receives a constructive distribution, such holder may incur U.S. federal income tax liability with respect to such constructive distribution without receiving any corresponding distribution of cash with which to pay such taxes.

Applicable REIT laws may restrict certain business activities. As a REIT, we are subject to various restrictions on the types of income we can earn, assets we can own and activities in which we can engage. Business activities that could be impacted by applicable REIT laws include, but are not limited to, activities such as developing alternative uses of real estate, including the development and/or sale of properties. To qualify as a REIT for federal income tax purposes, we must satisfy certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. In order to meet these tests, we may be required to forgo investments we might otherwise make. Thus, our compliance with the REIT requirements may hinder our business and operating strategies, financial condition and results of operations.

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We will participate in transactions and make tax calculations for which the ultimate tax determination may be uncertain. We will participate in many transactions and make tax calculations during the course of our business for which the ultimate tax determination will be uncertain. While we believe we maintain provisions for uncertain tax positions that appropriately reflect our risk, these provisions are made using estimates of the amounts expected to be paid based on a qualitative assessment of several factors. It is possible that liabilities associated with one or more transactions may exceed our provisions due to audits by, or litigation with, relevant taxing authorities which may materially affect our financial condition and results of operations.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Lease Terms

Brookfield DTLA's properties are typically leased to high credit-rated tenants for terms ranging from five to ten years, although we also enter into some short-term as well as some longer-term leases. Our leases usually require the purchase of a minimum number of monthly parking spaces at the property and in many cases contain provisions permitting tenants to renew expiring leases at prevailing market rates. Most of our leases are either triple net or modified gross leases. Triple net and modified gross leases are those in which tenants pay not only base rent but also some or all real estate taxes and operating expenses of the leased property. Tenants typically reimburse us the full direct cost, without regard to a base year or expense stop, for use of lighting, heating and air conditioning during non-business hours, and for a certain number of parking spaces. We are generally responsible for structural repairs.

Historical Percentage Leased and Rental Rates

The following table sets forth, as of the dates indicated, the percentage leased, annualized rent and annualized rent per square foot of Brookfield DTLA's and the Predecessor Entities' properties:

| | <u>Percentage Leased</u> | <u>Annualized Rent (1)</u> | <u>Annualized Rent per Square Foot (2)</u> |
|-----------------------|--------------------------|----------------------------|--|
| Brookfield DTLA: | | | |
| December 31, 2014 | 83.0% | \$ 145,156,547 | \$ 23.23 |
| December 31, 2013 | 83.5% | 143,813,089 | 22.87 |
| Predecessor Entities: | | | |
| December 31, 2012 | 86.5% | \$ 49,190,747 | \$ 21.54 |

- (1) Annualized rent represents the annualized monthly contractual rent under existing leases as of the date indicated. This amount reflects total base rent before any rent abatements as of the date indicated and is shown on a net basis; thus, for any tenant under a partial gross lease, the expense stop, or under a fully gross lease, the current year operating expenses (which may be estimates as of such date), are subtracted from gross rent. Total abatements for leases in effect as of December 31, 2014 for the twelve months ending December 31, 2015 are approximately \$13 million, or \$2.14 per leased square foot. Total abatements for leases in effect as of December 31, 2013 for the twelve months ended December 31, 2014 were approximately \$13 million, or \$1.99 per leased square foot. Total abatements for leases in effect as of December 31, 2012 for the twelve months ended December 31, 2013 were approximately \$6 million, or \$2.61 per leased square foot.
- (2) Annualized rent per square foot represents annualized rent as computed above, divided by leased square feet as of the same date.

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Leasing Activity

The following table summarizes leasing activity at Brookfield DTLA's properties for the year ended December 31, 2014:

| | Leasing Activity | Percentage Leased |
|--|------------------|-------------------|
| Leased square feet as of December 31, 2013 | 6,289,262 | 83.5 % |
| Expirations | (783,229) | (10.4)% |
| New leases | 417,054 | 5.6 % |
| Renewals | 324,866 | 4.3 % |
| Leased square feet as of December 31, 2014 | <u>6,247,953</u> | <u>83.0 %</u> |

Property Statistics

The following table presents leasing information for Brookfield DTLA for leases in place as of December 31, 2014:

| | Number of Buildings | Number of Tenants | Year Acquired | Square Feet | | Leased % and In-Place Rents | | |
|---------------------------------|---------------------|-------------------|---------------|-----------------------|-------------------|-----------------------------|---------------------------|----------------------------|
| | | | | Net Building Rentable | % of Net Rentable | % Leased | Total Annualized Rent (1) | Annualized Rent \$/RSF (2) |
| BOA Plaza | 1 | 31 | 2006 | 1,405,428 | 18.67% | 92.0% | \$ 29,125,190 | \$ 22.53 |
| Wells Fargo Center--North Tower | 2 | 45 | 2013 | 1,400,639 | 18.61% | 82.8% | 28,715,958 | 24.75 |
| Gas Company Tower | 1 | 19 | 2013 | 1,345,163 | 17.87% | 79.3% | 23,181,277 | 21.73 |
| EY Plaza | 1 | 83 | 2006 | 1,224,967 | 16.28% | 90.5% | 24,269,095 | 21.90 |
| Wells Fargo Center--South Tower | 1 | 17 | 2013 | 1,124,960 | 14.95% | 68.0% | 20,648,951 | 27.01 |
| 777 Tower | <u>1</u> | <u>45</u> | 2013 | <u>1,024,835</u> | <u>13.62%</u> | <u>83.4%</u> | <u>19,216,076</u> | 22.47 |
| | <u>7</u> | <u>240</u> | | <u>7,525,992</u> | <u>100.00%</u> | <u>83.0%</u> | <u>\$ 145,156,547</u> | <u>\$ 23.23</u> |

- (1) Annualized rent represents the annualized monthly contractual rent under existing leases as of December 31, 2014. This amount reflects total base rent before any rent abatements as of December 31, 2014 and is shown on a net basis; thus, for any tenant under a partial gross lease, the expense stop, or under a fully gross lease, the current year operating expenses (which may be estimates as of such date), are subtracted from gross rent. Total abatements for leases in effect as of December 31, 2014 for the twelve months ending December 31, 2015 are approximately \$13 million, or \$2.14 per leased square foot.
- (2) Annualized rent per rentable square foot represents annualized rent as computed above, divided by leased square feet as of the same date.

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Tenant Information

As of December 31, 2014, Brookfield DTLA's properties were leased to 240 tenants. The following table sets forth the annualized rent and rentable leased square feet of our 20 largest tenants as of December 31, 2014:

| Tenant | Annualized Rent (1) | % of Total Annualized Rent | Leased RSF | % of Total Leased RSF | Year of Expiry |
|---|----------------------|----------------------------|------------------|-----------------------|----------------|
| 1 Southern California Gas Company | \$ 9,327,693 | 6.4% | 461,477 | 7.4% | Various |
| 2 Latham & Watkins LLP | 10,324,962 | 7.1% | 384,213 | 6.1% | Various |
| 3 Wells Fargo Bank National Association | 7,146,927 | 4.9% | 334,814 | 5.3% | Various |
| 4 The Capital Group Companies | 7,753,544 | 5.3% | 324,398 | 5.2% | 2018 |
| 5 Gibson, Dunn & Crutcher LLP | 6,575,393 | 4.5% | 269,173 | 4.3% | 2022 |
| 6 Oaktree Capital Management, L.P. | 4,918,629 | 3.4% | 204,759 | 3.3% | Various |
| 7 Shepard, Mullin, Richter | 3,960,367 | 2.7% | 173,959 | 2.8% | 2025 |
| 8 Marsh USA, Inc. | 3,466,427 | 2.4% | 172,044 | 2.7% | Various |
| 9 Sidley Austin (CA) LLP | 3,591,108 | 2.5% | 163,038 | 2.6% | 2024 |
| 10 Munger, Tolles & Olsen LLP | 4,017,050 | 2.8% | 160,682 | 2.6% | 2022 |
| 11 Bank of America N.A. | 4,028,171 | 2.8% | 155,269 | 2.5% | 2022 |
| 12 Ernst & Young U.S. LLP | 2,826,776 | 2.0% | 120,822 | 1.9% | 2022 |
| 13 Deloitte LLP | 2,632,658 | 1.8% | 112,028 | 1.8% | 2031 |
| 14 Kirkland & Ellis | 2,397,380 | 1.7% | 100,665 | 1.6% | 2020 |
| 15 Target Corporation | 604,008 | 0.4% | 97,465 | 1.6% | 2033 |
| 16 Winston & Strawn LLP | 2,820,944 | 1.9% | 91,170 | 1.5% | 2017 |
| 17 United States of America | 2,110,730 | 1.5% | 89,800 | 1.4% | 2015 |
| 18 Bingham McCutchen, LLP | 2,029,847 | 1.4% | 81,324 | 1.3% | 2023 |
| 19 Alston & Bird LLP | 1,773,081 | 1.2% | 80,190 | 1.3% | 2024 |
| 20 Reed Smith LLP | 1,903,381 | 1.3% | 79,974 | 1.3% | 2022 |
| | <u>\$ 84,209,076</u> | <u>58.0%</u> | <u>3,657,264</u> | <u>58.5%</u> | |

(1) Annualized rent is calculated as contractual base rent under existing leases as of December 31, 2014. For those leases where rent has not yet commenced, the first month in which rent is to be received is used to determine annualized rent.

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The following table sets forth information regarding the lease expirations of our 20 largest tenants as of December 31, 2014 (in thousands):

| Tenant | Rentable Leased Square Feet as of December 31, 2014 | | | | | | | Year of Final Expiry |
|---|---|-------------|-------------|-------------|-------------|-------------|--------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Beyond | |
| 1 Southern California Gas Company | 28 | — | — | — | 56 | — | 378 | 2026 |
| 2 Latham & Watkins LLP | 25 | 93 | — | — | — | — | 266 | 2025 |
| 3 Wells Fargo Bank National Association | — | 8 | — | 57 | — | — | 270 | 2023 |
| 4 The Capital Group Companies | — | — | — | 324 | — | — | — | 2018 |
| 5 Gibson, Dunn & Crutcher LLP | — | — | — | — | — | — | 269 | 2022 |
| 6 Oaktree Capital Management, L.P. | — | — | 23 | — | — | — | 182 | 2030 |
| 7 Shepard, Mullin, Richter | — | — | — | — | — | — | 174 | 2025 |
| 8 Marsh USA, Inc. | 21 | — | — | 151 | — | — | — | 2018 |
| 9 Sidley Austin (CA) LLP | — | — | — | — | — | — | 163 | 2024 |
| 10 Munger, Tolles & Olsen LLP | — | — | — | — | — | — | 161 | 2022 |
| 11 Bank of America N.A. | — | — | — | — | — | — | 155 | 2022 |
| 12 Ernst & Young U.S. LLP | — | — | — | — | — | — | 121 | 2022 |
| 13 Deloitte LLP | — | — | — | — | — | — | 112 | 2031 |
| 14 Kirkland & Ellis | — | — | — | — | — | 101 | — | 2020 |
| 15 Target Corporation | — | — | — | — | — | — | 97 | 2033 |
| 16 Winston & Strawn LLP | — | — | 91 | — | — | — | — | 2017 |
| 17 United States of America | 90 | — | — | — | — | — | — | 2015 |
| 18 Bingham McCutchen, LLP | — | — | — | — | — | — | 81 | 2023 |
| 19 Alston & Bird LLP | — | — | — | — | — | — | 80 | 2024 |
| 20 Reed Smith LLP | — | — | — | — | — | — | 80 | 2022 |
| Leased square feet expiring by year | <u>164</u> | <u>101</u> | <u>114</u> | <u>532</u> | <u>56</u> | <u>101</u> | <u>2 589</u> | |
| Percentage of leased square feet expiring by year | <u>2.6%</u> | <u>1.6%</u> | <u>1.8%</u> | <u>8.5%</u> | <u>0.9%</u> | <u>1.6%</u> | <u>41.5%</u> | |

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Lease Expirations

The following table presents a summary of lease expirations at Brookfield DTLA's properties for leases in place at December 31, 2014, plus currently available space, for each of the ten calendar years beginning January 1, 2015 and thereafter. This table assumes that none of our tenants exercise renewal options or early termination rights, if any, at or prior to their scheduled expirations.

| Year | Total Area in Square Feet Covered by Expiring Leases | Percentage of Leased Square Feet | Annualized Rent (1) | Percentage of Annualized Rent | Current Rent per Leased Square Foot (2) | Rent per Leased Square Foot at Expiration (3) |
|----------------------------|--|----------------------------------|---------------------|-------------------------------|---|---|
| 2015 | 349,244 | 5.6% | \$ 8,267,192 | 5.7% | \$ 23.67 | \$ 23.69 |
| 2016 | 387,335 | 6.2% | 8,491,568 | 5.8% | 21.92 | 22.65 |
| 2017 | 482,656 | 7.7% | 12,477,757 | 8.6% | 25.85 | 27.96 |
| 2018 | 823,630 | 13.2% | 17,606,782 | 12.1% | 21.38 | 22.97 |
| 2019 | 490,339 | 7.9% | 12,711,390 | 8.7% | 25.92 | 30.53 |
| 2020 | 259,695 | 4.2% | 6,110,600 | 4.2% | 23.53 | 28.13 |
| 2021 | 176,941 | 2.8% | 4,290,875 | 3.0% | 24.25 | 29.67 |
| 2022 | 813,884 | 13.0% | 20,019,860 | 13.8% | 24.60 | 30.78 |
| 2023 | 705,269 | 11.3% | 15,784,750 | 10.9% | 22.38 | 29.54 |
| 2024 | 375,958 | 6.0% | 8,659,805 | 6.0% | 23.03 | 30.48 |
| Thereafter | 1,383,002 | 22.1% | 30,735,968 | 21.2% | 22.22 | 30.71 |
| Total expiring leases | 6,247,953 | 100.0% | \$ 145,156,547 | 100.0% | \$ 23.23 | \$ 28.30 |
| Currently available | 1,278,039 | | | | | |
| Total rentable square feet | 7,525,992 | | | | | |

- (1) Annualized rent represents the annualized monthly contractual rent under existing leases as of December 31, 2014. This amount reflects total base rent before any rent abatements as of December 31, 2014 and is shown on a net basis; thus, for any tenant under a partial gross lease, the expense stop, or under a fully gross lease, the current year operating expenses (which may be estimates as of such date), are subtracted from gross rent. Total abatements for leases in effect as of December 31, 2014 for the twelve months ending December 31, 2015 are approximately \$13 million, or \$2.14 per leased square foot.
- (2) Current rent per leased square foot represents current base rent, divided by total leased square feet as of the same date.
- (3) Rent per leased square foot at expiration represents base rent, including any future rent steps, and thus represents the base rent that will be in place at lease expiration.

Indebtedness

As of December 31, 2014, Brookfield DTLA's debt was comprised of mortgage loans secured by seven properties. A summary of our debt as of December 31, 2014 is as follows (in millions, except percentage and year amounts):

| | Principal Amount | Percent of Total Debt | Effective Interest Rate | Weighted Average Term to Maturity |
|-------------------------------------|---------------------|--------------------------|-------------------------------|---|
| Fixed-rate | \$ 1,408.0 | 66.49% | 5.04% | 4 years |
| Variable-rate swapped to fixed-rate | 185.0 | 8.73% | 3.93% | 6 years |
| Variable-rate | 525.0 | 24.78% | 1.95% | 3 years |
| | <u>\$ 2,118.0</u> | <u>100.00%</u> | <u>4.17%</u> | 4 years |

See Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and Part II, Item 8. "Financial Statements and Supplementary Data—Note 5 to Consolidated and Combined Financial Statements."

Item 3. Legal Proceedings.

General

Brookfield DTLA and its subsidiaries may be subject to pending legal proceedings and litigation incidental to its business. After consultation with legal counsel, management believes that any liability that may potentially result upon resolution of such matters is not expected to have a material adverse effect on the Company's business, financial condition or consolidated financial statements as a whole.

Merger-Related Litigation

Following the announcement of the execution of the Agreement and Plan of Merger dated as of April 24, 2013, as amended (the "Merger Agreement"), seven putative class actions were filed against Brookfield Office Properties Inc. ("BPO"), Brookfield DTLA, Brookfield DTLA Holdings LLC, Brookfield DTLA Fund Office Trust Inc., Brookfield DTLA Fund Properties (collectively, the "Brookfield Parties"), MPG Office Trust, Inc., MPG Office, L.P., and the members of MPG Office Trust, Inc.'s board of directors. Five of these lawsuits were filed on behalf of MPG Office Trust, Inc.'s common stockholders: (i) two lawsuits, captioned *Coyne v. MPG Office Trust, Inc., et al.*, No. BC507342 (the "Coyne Action"), and *Masih v. MPG Office Trust, Inc., et al.*, No. BC507962 (the "Masih Action"), were filed in the Superior Court of the State of California in Los Angeles County (the "California State Court") on April 29, 2013 and May 3, 2013, respectively; and (ii) three lawsuits, captioned *Kim v. MPG Office Trust, Inc. et al.*, No. 24 C-13-002600 (the "Kim Action"), *Perkins v. MPG Office Trust, Inc., et al.*, No. 24-C-13-002778 (the "Perkins Action") and *Dell'Osso v. MPG Office Trust, Inc., et al.*, No. 24 C-13-003283 (the "Dell'Osso Action") were filed in the Circuit Court for Baltimore City, Maryland on May 1, 2013, May 8, 2013 and May 22, 2013, respectively (collectively, the "Common Stock Actions"). Two lawsuits, captioned *Cohen v. MPG Office Trust, Inc. et al.*, No. 24-C-13-004097 (the "Cohen Action") and *Donlan v. Weinstein, et al.*, No. 24 C-13-004293 (the "Donlan Action"), were filed on behalf of MPG Office Trust, Inc.'s preferred stockholders in the Circuit Court for Baltimore City, Maryland on June 20, 2013 and July 2, 2013, respectively (collectively, the "Preferred Stock Actions").

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In each of the Common Stock Actions, the plaintiffs allege, among other things, that MPG Office Trust, Inc.'s board of directors breached their fiduciary duties in connection with the merger by failing to maximize the value of MPG Office Trust, Inc. and ignoring or failing to protect against conflicts of interest, and that the relevant Brookfield Parties named as defendants aided and abetted those breaches of fiduciary duty. The Kim Action further alleges that MPG Office, L.P. also aided and abetted the breaches of fiduciary duty by MPG Office Trust, Inc.'s board of directors, and the Dell'Osso Action further alleges that MPG Office Trust, Inc. and MPG Office, L.P. aided and abetted the breaches of fiduciary duty by MPG Office Trust, Inc.'s board of directors. On June 4, 2013, the Kim and Perkins plaintiffs filed identical, amended complaints in the Circuit Court for Baltimore City, Maryland. On June 5, 2013, the Masih plaintiffs also filed an amended complaint in the Superior Court of the State of California in Los Angeles County. The three amended complaints, as well as the Dell'Osso Action complaint, allege that the preliminary proxy statement filed by MPG Office Trust, Inc. with the SEC on May 21, 2013 is false and/or misleading because it fails to include certain details of the process leading up to the merger and fails to provide adequate information concerning MPG Office Trust, Inc.'s financial advisors.

In each of the Preferred Stock Actions, which were brought on behalf of MPG Office Trust, Inc.'s preferred stockholders, the plaintiffs allege, among other things, that, by entering into the Merger Agreement and tender offer, MPG Office Trust, Inc. breached the Articles Supplementary, which governs the issuance of the MPG preferred shares, that MPG Office Trust, Inc.'s board of directors breached their fiduciary duties by agreeing to a merger agreement that violated the preferred stockholders' contractual rights and that the relevant Brookfield Parties named as defendants aided and abetted those breaches of contract and fiduciary duty. On July 15, 2013, the plaintiffs in the Preferred Stock Actions filed a joint amended complaint in the Circuit Court for Baltimore City, Maryland that further alleged that MPG Office Trust, Inc.'s board of directors failed to disclose material information regarding BPO's extension of the tender offer.

The plaintiffs in the seven lawsuits sought an injunction against the merger, rescission or rescissory damages in the event the merger has been consummated, an award of fees and costs, including attorneys' and experts' fees, and other relief.

On July 10, 2013, solely to avoid the costs, risks and uncertainties inherent in litigation, the Brookfield Parties and the other named defendants in the Common Stock Actions signed a memorandum of understanding (the "MOU"), regarding a proposed settlement of all claims asserted therein. The parties subsequently entered into a stipulation of settlement dated November 21, 2013 providing for the release of all asserted claims, additional disclosures by MPG concerning the merger made prior to the merger's approval, and the payment, by defendants, of an award of attorneys' fees and expenses in an amount not to exceed \$475,000. After a hearing on June 4, 2014, the California State Court granted plaintiffs' motion for final approval of the settlement and entered a Final Order and Judgment, awarding plaintiffs' counsel's attorneys' fees and expenses in the amount of \$475,000, which was paid by MPG Office LLC on June 18, 2014. BPO is seeking reimbursement for the settlement payment from MPG's insurers.

In the Preferred Stock Actions, at a hearing on July 24, 2013, the Maryland State Court denied plaintiffs' motion for preliminary injunction seeking to enjoin the tender offer. The plaintiffs filed a second amended complaint on November 22, 2013 that added additional arguments in support of their allegations that the new preferred shares do not have the same rights as the MPG preferred shares. The defendants moved to dismiss the second amended complaint on December 20, 2013, and briefing on the motion concluded on February 28, 2014. At a hearing on June 18, 2014, the Maryland State Court heard

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oral arguments on the defendants' motion to dismiss and reserved judgment on the decision. On October 21, 2014, the parties sent a joint letter to the Maryland State Court stating that since the June 18 meeting, the parties have commenced discussions towards a possible resolution of the lawsuit, requesting that the court temporarily refrain from deciding the pending motion to dismiss to facilitate the discussions, and stating that the parties will report to the court within 45 days of the October 21 letter regarding the status of their discussions.

Counsel for the parties have reached an agreement to settle the Preferred Stock Actions on a class-wide basis and dismiss the case with prejudice in exchange for the payment of \$2.25 per share of Series A preferred stock of accumulated and unpaid dividends to holders of record on a record date to be set after final approval of the settlement by the Maryland State Court, plus any attorneys' fees awarded by the Maryland State Court to the plaintiffs' counsel. The dividend will reduce the amount of accumulated and unpaid dividends on the Series A preferred stock, and the terms of the Series A preferred stock will otherwise remain unchanged. The agreement is subject to a number of conditions precedent, further documentation, and approval of the Maryland State Court, after notice to the class. The parties entered into a Memorandum of Understanding (the "MOU") on March 30, 2015 memorializing the agreement to settle the Preferred Stock Actions, which has been filed with the Maryland State Court. A copy of the MOU has been filed with this Annual Report on Form 10-K as Exhibit 99.1.

While the final outcome with respect to the Preferred Stock Actions cannot be predicted with certainty, in the opinion of management after consultation with external legal counsel, any liability that may arise from such contingencies would not have a material adverse effect on the financial position, results of operations or liquidity of Brookfield DTLA.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters
and Issuer Purchases of Equity Securities.

There is no established public trading market for the registrant's common stock. All of the registrant's issued and outstanding common stock is held by Brookfield DTLA Holdings LLC.

The registrant has not paid any cash dividends on its common stock in the past. Any future dividends declared would be at the discretion of Brookfield DTLA's board of directors and would depend on its financial condition, results of operations, contractual obligations and the terms of its financing agreements at the time a dividend is considered, and other relevant factors.

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Item 6. Selected Financial Data.

The following tables set forth selected consolidated operating and financial data for Brookfield DTLA (for the years ended December 31, 2014 and 2013) and selected combined operating and financial data for BOA Plaza and EY Plaza (the “Predecessor Entities”) (for the years ended December 31, 2012, 2011 and 2010):

| | For the Year Ended December 31. | | | | |
|--|---------------------------------|--------------------|-------------|-------------|-------------|
| | 2014 | 2013 (1) | 2012 | 2011 | 2010 |
| | (In thousands) | | | | |
| Operating Results | | | | | |
| Total revenue | \$ 294,161 | \$ 138,722 | \$ 92,917 | \$ 92,731 | \$ 98,667 |
| Total expenses | 347,153 | 153,996 | 92,669 | 93,518 | 93,859 |
| Net (loss) income | (52,992) | (15,274) | 248 | (787) | 4,808 |
| Net (income) loss attributable to | | | | | |
| TRZ Holdings IV LLC | — | (2,335) | (248) | 787 | (4,808) |
| Net loss attributable to noncontrolling interests: | | | | | |
| Series A-1 preferred interest – | | | | | |
| current dividends | (17,213) | — | — | — | — |
| Series A-1 preferred interest – | | | | | |
| cumulative dividends | — | (3,586) | — | — | — |
| Series A-1 preferred interest – | | | | | |
| redemption measurement adjustment | — | (76,305) | — | — | — |
| Senior participating preferred interest – | | | | | |
| current dividends | (10,044) | — | — | — | — |
| Senior participating preferred interest – | | | | | |
| cumulative dividends | — | (3,500) | — | — | — |
| Senior participating preferred interest – | | | | | |
| redemption measurement adjustment | (2,256) | — | — | — | — |
| Series B common interest – | | | | | |
| allocation of net loss | 52,891 | 97,934 | — | — | — |
| Net loss attributable to Brookfield DTLA | (29,614) | (3,066) | — | — | — |
| Series A preferred stock – current dividends | (18,548) | — | — | — | — |
| Series A preferred stock – cumulative dividends | — | (3,864) | — | — | — |
| Series A preferred stock – | | | | | |
| redemption measurement adjustment | — | (82,247) | — | — | — |
| Net loss available to common interest | | | | | |
| holders of Brookfield DTLA | <u>\$ (48,162)</u> | <u>\$ (89,177)</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |
| Other Information | | | | | |
| Cash flows provided by (used in) | | | | | |
| operating activities | \$ 22,962 | \$ (2,208) | \$ 15,159 | \$ 23,272 | \$ 29,001 |
| Cash flows used in | | | | | |
| investing activities | (68,050) | (39,868) | (40,989) | (24,090) | (20,983) |
| Cash flows (used in) provided by | | | | | |
| financing activities | (25,979) | 232,440 | 24,025 | 323 | (3,138) |

- (1) On October 15, 2013, Brookfield DTLA completed the acquisition of MPG Office Trust, Inc. pursuant to the terms of the Agreement and Plan of Merger dated as of April 24, 2013, as amended. See Item 8. “Financial Statements and Supplementary Data—Note 3 to Consolidated and Combined Financial Statements.”

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| | As of December 31. | | | | |
|---------------------------------|--------------------|--------------|------------|------------|------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| | (In thousands) | | | | |
| Financial Position | | | | | |
| Investments in real estate, net | \$ 2,430,314 | \$ 2,436,253 | \$ 756,072 | \$ 734,844 | \$ 728,981 |
| Total assets | 2,877,936 | 2,946,196 | 859,766 | 836,577 | 832,639 |
| Mortgage loans, net | 2,111,135 | 1,885,605 | 319,678 | 325,747 | 331,539 |
| Total liabilities | 2,236,734 | 2,026,658 | 351,063 | 358,826 | 360,806 |
| Mezzanine equity | 739,600 | 911,539 | — | — | — |
| Stockholders' (deficit) equity | (98,398) | 7,999 | — | — | — |
| TRZ Holdings IV LLC's interest | — | — | 508,703 | 477,751 | 471,833 |

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated and combined financial statements and the related notes. See Item 8. "Financial Statements and Supplementary Data."

Overview and Background

General

Brookfield DTLA Fund Office Trust Investor Inc. ("Brookfield DTLA" or the "Company") is a Maryland corporation and was incorporated on April 19, 2013. Brookfield DTLA was formed for the purpose of consummating the transactions contemplated in the Agreement and Plan of Merger dated as of April 24, 2013, as amended (the "Merger Agreement"), and the issuance of shares of 7.625% Series A Cumulative Redeemable Preferred Stock (the "Series A preferred stock") in connection with the acquisition of MPG Office Trust, Inc. and MPG Office, L.P. (together, "MPG"). Brookfield DTLA is a direct subsidiary of Brookfield DTLA Holdings LLC ("Brookfield DTLA Holdings"), a Delaware limited liability company, and an indirect subsidiary of Brookfield Office Properties Inc. ("BPO").

Prior to October 15, 2013, 333 South Hope Co. LLC ("333 South Hope") and EYP Realty LLC ("EYP Realty") were controlled by BPO through its indirect ownership interest in TRZ Holdings IV LLC ("TRZ"). TRZ owned 100% of the member units of 333 South Hope and EYP Realty, and BPO indirectly owns approximately 84% of the member units of TRZ.

On October 15, 2013, through a series of formation transactions, TRZ's interests in 333 South Hope and EYP Realty were contributed to subsidiaries of Brookfield DTLA in exchange for preferred and common interests in Brookfield DTLA Fund Properties II LLC ("New OP") and a preferred interest in Brookfield DTLA Fund Properties III LLC ("DTLA OP"). 333 South Hope owned Bank of America Plaza ("BOA Plaza") and EYP Realty owned Ernst & Young Plaza ("EY Plaza"). Both of these Class A commercial properties are located in the Los Angeles Central Business District (the "LACBD").

Prior to October 15, 2013, Brookfield DTLA had not conducted any business as a separate company and had no material assets or liabilities. The operations of 333 South Hope and EYP Realty (together, the "Predecessor Entities") contributed to Brookfield DTLA by TRZ on October 15, 2013 are presented in the consolidated and combined financial statements as if they were owned by Brookfield DTLA for all historical periods presented. See Item 8. "Financial Statements and Supplementary Data."

MPG Acquisition

On October 15, 2013, Brookfield DTLA completed the acquisition of MPG (the "merger") pursuant to the terms of the Merger Agreement. As part of the transaction, MPG was contributed to New OP in exchange for a preferred interest in New OP. In addition to BOA Plaza and EY Plaza, Brookfield DTLA now owns Wells Fargo Center-North Tower, Wells Fargo Center-South Tower, Gas Company Tower and 777 Tower, each of which are Class A office properties located in the LACBD that were formerly owned by MPG.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Brookfield DTLA has elected to be taxed as a real estate investment trust ("REIT") pursuant to Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its tax year ended December 31, 2013. Brookfield DTLA intends to conduct its operations so as to continue to qualify as a REIT. Accordingly, Brookfield DTLA is not subject to U.S. federal income tax, provided that it continues to qualify as a REIT and distributions to its stockholders, if any, generally equal or exceed its taxable income.

Brookfield DTLA receives its income primarily from rental income (including tenant reimbursements) generated from the operations of its office and retail properties, and to a lesser extent, from its parking garages.

Liquidity and Capital Resources

General

Brookfield DTLA's business requires continued access to adequate cash to fund its liquidity needs. Over the last several years, the Predecessor Entities have maintained their liquidity position through cash generated from operations and contributions from TRZ.

Sources and Uses of Liquidity

Brookfield DTLA's potential liquidity sources and uses are, among others, as follows:

| Sources | Uses |
|--|---|
| <ul style="list-style-type: none">• Cash on hand;• Cash generated from operations; and• Contributions from Brookfield DTLA Holdings. | <ul style="list-style-type: none">• Property operations;• Capital expenditures;• Payments in connection with loans; and • Distributions to Brookfield DTLA Holdings. |

Potential Sources of Liquidity—

Cash on Hand—

As of December 31, 2014 and 2013, Brookfield DTLA had cash and cash equivalents totaling \$125.0 million and \$196.1 million, respectively.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Cash Generated from Operations—

Brookfield DTLA's cash generated from operations is primarily dependent upon (1) the occupancy level of its portfolio, (2) the rental rates achieved on its leases, and (3) the collectability of rent and other amounts billed to its tenants. Net cash generated from operations is tied to the level of operating expenses, described below under "—Potential Uses of Liquidity."

Occupancy levels. The following table presents leasing information for Brookfield DTLA for leases in place as of December 31, 2014:

| Property | Square Feet | | Leased % and In-Place Rents | | |
|--------------------------------|-----------------------|-------------------|-----------------------------|----------------------------|----------------------------|
| | Net Building Rentable | % of Net Rentable | % Leased | Total Annualized Rents (1) | Annualized Rent \$/RSF (2) |
| BOA Plaza | 1,405,428 | 18.67% | 92.0% | \$ 29,125,190 | \$ 22.53 |
| Wells Fargo Center—North Tower | 1,400,639 | 18.61% | 82.8% | 28,715,958 | 24.75 |
| Gas Company Tower | 1,345,163 | 17.87% | 79.3% | 23,181,277 | 21.73 |
| EY Plaza | 1,224,967 | 16.28% | 90.5% | 24,269,095 | 21.90 |
| Wells Fargo Center—South Tower | 1,124,960 | 14.95% | 68.0% | 20,648,951 | 27.01 |
| 777 Tower | 1,024,835 | 13.62% | 83.4% | 19,216,076 | 22.47 |
| | <u>7,525,992</u> | <u>100.00%</u> | <u>83.0%</u> | <u>\$ 145,156,547</u> | <u>\$ 23.23</u> |

- (1) Annualized rent represents the annualized monthly contractual rent under existing leases as of December 31, 2014. This amount reflects total base rent before any rent abatements as of December 31, 2014 and is shown on a net basis; thus, for any tenant under a partial gross lease, the expense stop, or under a fully gross lease, the current year operating expenses (which may be estimates as of such date), are subtracted from gross rent. Total abatements for leases in effect as of December 31, 2014 for the twelve months ending December 31, 2015 are approximately \$13 million, or \$2.14 per leased square foot.
- (2) Annualized rent per rentable square foot represents annualized rent as computed above, divided by leased square feet as of the same date.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

The following table presents a summary of lease expirations at Brookfield DTLA's properties for leases in place at December 31, 2014, plus currently available space, for each of the ten calendar years beginning January 1, 2015 and thereafter. This table assumes that none of our tenants exercise renewal options or early termination rights, if any, at or prior to their scheduled expirations.

| Year | Total Area in Square Feet Covered by Expiring Leases | Percentage of Leased Square Feet | Annualized Rent (1) | Percentage of Annualized Rent | Current Rent per Leased Square Foot (2) | Rent per Leased Square Foot at Expiration (3) |
|----------------------------|--|----------------------------------|---------------------|-------------------------------|---|---|
| 2015 | 349,244 | 5.6% | \$ 8,267,192 | 5.7% | \$ 23.67 | \$ 23.69 |
| 2016 | 387,335 | 6.2% | 8,491,568 | 5.8% | 21.92 | 22.65 |
| 2017 | 482,656 | 7.7% | 12,477,757 | 8.6% | 25.85 | 27.96 |
| 2018 | 823,630 | 13.2% | 17,606,782 | 12.1% | 21.38 | 22.97 |
| 2019 | 490,339 | 7.9% | 12,711,390 | 8.7% | 25.92 | 30.53 |
| 2020 | 259,695 | 4.2% | 6,110,600 | 4.2% | 23.53 | 28.13 |
| 2021 | 176,941 | 2.8% | 4,290,875 | 3.0% | 24.25 | 29.67 |
| 2022 | 813,884 | 13.0% | 20,019,860 | 13.8% | 24.60 | 30.78 |
| 2023 | 705,269 | 11.3% | 15,784,750 | 10.9% | 22.38 | 29.54 |
| 2024 | 375,958 | 6.0% | 8,659,805 | 6.0% | 23.03 | 30.48 |
| Thereafter | 1,383,002 | 22.1% | 30,735,968 | 21.2% | 22.22 | 30.71 |
| Total expiring leases | 6,247,953 | 100.0% | \$ 145,156,547 | 100.0% | \$ 23.23 | \$ 28.30 |
| Currently available | 1,278,039 | | | | | |
| Total rentable square feet | 7,525,992 | | | | | |

- (1) Annualized rent represents the annualized monthly contractual rent under existing leases as of December 31, 2014. This amount reflects total base rent before any rent abatements as of December 31, 2014 and is shown on a net basis; thus, for any tenant under a partial gross lease, the expense stop, or under a fully gross lease, the current year operating expenses (which may be estimates as of such date), are subtracted from gross rent. Total abatements for leases in effect as of December 31, 2014 for the twelve months ending December 31, 2015 are approximately \$13 million, or \$2.14 per leased square foot.
- (2) Current rent per leased square foot represents current base rent, divided by total leased square feet as of the same date.
- (3) Rent per leased square foot at expiration represents base rent, including any future rent steps, and thus represents the base rent that will be in place at lease expiration.

Rental Rates and Leasing Activity. Average asking rental rates in the LACBD were essentially flat during the year ended December 31, 2014. Management believes that on average the current in place rents are generally close to market in the LACBD.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

The following table summarizes leasing activity at Brookfield DTLA's properties for the year ended December 31, 2014:

| | <u>Leasing Activity</u> | <u>Percentage Leased</u> |
|--|-------------------------|--------------------------|
| Leased square feet as of December 31, 2013 | 6,289,262 | 83.5 % |
| Expirations | (783,229) | (10.4)% |
| New leases | 417,054 | 5.6 % |
| Renewals | 324,866 | 4.3 % |
| Leased square feet as of December 31, 2014 | <u>6,247,953</u> | <u>83.0 %</u> |

Collectability of rent from our tenants. Brookfield DTLA's rental income depends on collecting rent from tenants, and in particular from its major tenants. In the event of tenant defaults, Brookfield DTLA may experience delays in enforcing its rights as landlord and may incur substantial costs in pursuing legal possession of the tenant's space and recovery of any amounts due from the tenant. This is particularly true in the case of the bankruptcy or insolvency of a major tenant or where the Federal Deposit Insurance Corporation is acting as receiver.

Contributions from Brookfield DTLA Holdings—

During the year ended December 31, 2014, Brookfield DTLA received no contributions from Brookfield DTLA Holdings. During the year ended December 31, 2013, Brookfield DTLA received contributions from Brookfield DTLA Holdings totaling \$195.5 million, of which \$189.2 million was used to acquire the common stock of MPG as part of the acquisition and for expenditures totaling \$6.3 million for acquisition and transaction costs related to the acquisition of MPG that were incurred by Brookfield DTLA Holdings on behalf of the Company. To the extent that future capital contributions are needed, Brookfield DTLA Holdings has made a commitment to contribute up to \$260 million in cash or property to New OP, which directly or indirectly owns the Brookfield DTLA properties, for which it would be entitled to receive a preferred return, if and when called by New OP. As of the date of this report, no capital contributions have been funded under this commitment.

During the years ended December 31, 2013 and 2012, the Predecessor Entities received contributions from TRZ totaling \$5.4 million and \$30.7 million, respectively. Contributions received during 2012 were primarily used for the development of and marketing and advertising expenditures related to a retail project at EY Plaza that was completed in the fourth quarter of 2012.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Potential Uses of Liquidity—

The following are the projected uses, and some of the potential uses, of cash in the near term.

Property Operations—

The Predecessor Entities historically generated sufficient cash from operations to fund their operating activities. In the future, should the cash generated by Brookfield DTLA's properties, including the properties acquired from MPG, not be sufficient to fund their operations, such cash would be provided by Brookfield DTLA Holdings or another source of funds available to the Company or, if such cash were not made available, the Company might not have sufficient cash to fund its operations. Brookfield DTLA Holdings has made a commitment to make future capital contributions in cash or property to New OP, which directly or indirectly owns the Brookfield DTLA properties, for up to \$260 million of its future cash needs, for which it would be entitled to receive a preferred return, if and when called by New OP As of the date of this report, no capital contributions have been funded under this commitment.

Capital Expenditures—

Capital expenditures fluctuate in any given period, subject to the nature, extent and timing of improvements required to maintain Brookfield DTLA's properties. Leasing costs also fluctuate in any given period, depending upon such factors as the type of property, the length of the lease, the type of lease, the involvement of external leasing agents and overall market conditions.

Brookfield DTLA expects that leasing activities at its properties, including the properties acquired from MPG, will require material amounts of cash for at least several years. Excluding tenant improvements and leasing commissions, Brookfield DTLA projects spending approximately \$118 million over the next ten years, with the majority (approximately \$94 million) over the next five years. The expected expenditures include, but are not limited to, renovations and physical capital upgrades to Brookfield DTLA's properties, such as new fire alarm systems, elevator repairs and modernizations, facade work, roof replacement and new turbines.

Payments in Connection with Loans—

As Brookfield DTLA's debt matures, principal payment obligations present significant future cash requirements. Brookfield DTLA currently intends to refinance the existing mortgage loans on Wells Fargo Center-North Tower and Gas Company Tower on or about their scheduled maturity with new debt with a target leverage ratio of approximately 60% to 65%. As the leverage ratio for these loans is significantly above such targeted leverage ratio, Brookfield DTLA anticipates the need for additional cash of approximately \$270 million to complete these refinancings, all of which will occur prior to 2017. There can be no assurance that any of these refinancings can be accomplished, what terms will be available in the market for these type of financings at the time of any refinancing, or that these refinancings will generate net cash proceeds.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Distributions to Brookfield DTLA Holdings—

During the years ended December 31, 2014 and 2013, Brookfield DTLA refinanced the mortgage loans secured by BOA Plaza and EY Plaza, respectively.

On March 21, 2014, Brookfield DTLA made a cash distribution to Brookfield DTLA Holdings totaling \$70.0 million, in respect of the senior participating preferred interest held by Brookfield DTLA Holdings, which was comprised of \$7.3 million in settlement of preferred dividends on the senior participating preferred interest through March 21, 2014 and a return of investment of \$62.7 million using proceeds generated by the refinancing of EY Plaza.

On August 28, 2014, Brookfield DTLA made a cash distribution to Brookfield DTLA Holdings totaling \$150.0 million, in respect of the senior participating preferred interest held by Brookfield DTLA Holdings, which was comprised of \$5.5 million in settlement of preferred dividends on the senior participating preferred interest through August 28, 2014 and a return of investment of \$144.5 million using proceeds generated by the refinancing of BOA Plaza.

Indebtedness

As of December 31, 2014, Brookfield DTLA's debt was comprised of mortgage loans secured by seven properties. A summary of our debt as of December 31, 2014 is as follows (in millions, except percentage and year amounts):

| | Principal Amount | Percent of Total Debt | Effective Interest Rate | Weighted Average Term to Maturity |
|-------------------------------------|---------------------|--------------------------|-------------------------------|---|
| Fixed-rate | \$ 1,408.0 | 66.49% | 5.04% | 4 years |
| Variable-rate swapped to fixed-rate | 185.0 | 8.73% | 3.93% | 6 years |
| Variable-rate | 525.0 | 24.78% | 1.95% | 3 years |
| | <u>\$ 2,118.0</u> | <u>100.00%</u> | <u>4.17%</u> | 4 years |

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Certain information with respect to our indebtedness as of December 31, 2014 is as follows (in thousands, except percentage amounts):

| | Interest Rate | Contractual Maturity Date | Principal Amount (1) | Annual Debt Service |
|---|------------------|------------------------------|-------------------------|------------------------|
| Floating-Rate Debt | | | | |
| Variable-Rate Loans: | | | | |
| Wells Fargo Center-South Tower (2) | 1.96% | 12/1/2016 | \$ 290,000 | \$ 5,763 |
| 777 Tower (3) | 1.86% | 11/1/2018 | 200,000 | 3,772 |
| Figueroa at 7th (4) | 2.41% | 9/10/2017 | 35,000 | 856 |
| Total variable-rate loans | | | <u>525,000</u> | <u>10,391</u> |
| Variable-Rate Swapped to Fixed-Rate Loan: | | | | |
| EY Plaza (5) | 3.93% | 11/27/2020 | 185,000 | 7,368 |
| Total floating-rate debt | | | <u>710,000</u> | <u>17,759</u> |
| Fixed-Rate Debt | | | | |
| Wells Fargo Center-North Tower | 5.70% | 4/6/2017 | 550,000 | 31,769 |
| Gas Company Tower | 5.10% | 8/11/2016 | 458,000 | 23,692 |
| BOA Plaza | 4.05% | 9/1/2024 | 400,000 | 16,425 |
| Total fixed-rate debt | | | <u>1,408,000</u> | <u>71,886</u> |
| Total debt | | | 2,118,000 | <u>\$ 89,645</u> |
| Debt discounts | | | (6,865) | |
| Total debt, net | | | <u>\$ 2,111,135</u> | |

- (1) Assuming no payment has been made in advance of its due date.
- (2) This loan bears interest at LIBOR plus 1.80%. As required by the loan agreement, we have entered into an interest rate cap agreement that limits the LIBOR portion of the interest rate to 4.75%. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).
- (3) This loan bears interest at LIBOR plus 1.70%. As required by the loan agreement, we have entered into an interest rate cap agreement that limits the LIBOR portion of the interest rate to 5.75%. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).
- (4) This loan bears interest at LIBOR plus 2.25%. Brookfield DTLA has two options to extend the maturity date of this loan, each for a period of 12 months, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).
- (5) This loan bears interest at LIBOR plus 1.75%. As required by the loan agreement, we have entered into an interest rate swap agreement to hedge this loan, which effectively fixes the LIBOR portion of the interest rate at 2.178%. The effective interest rate of 3.93% includes interest on the swap.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Secured Debt Financing

On September 10, 2014, Brookfield DTLA completed a \$35.0 million mortgage loan secured by the Figueroa at 7th retail property and received net proceeds totaling \$34.6 million, which will be used for general corporate purposes, including the repayment of Brookfield DTLA's \$25.0 million intercompany loan with BOP Management Inc. See "Related Party Transactions—Intercompany Loan."

The loan bears interest at rate equal to LIBOR plus 2.25%, matures on September 10, 2017, and requires the payment of interest-only until maturity. The mortgage loan can be repaid at any time prior to maturity, in whole or in part, without penalty.

Brookfield DTLA has two options to extend the maturity date of this loan, each for a period of 12 months, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement). If the maturity date of the loan is extended, the loan will require the monthly payment of a principal reduction amount (as defined in the loan agreement) and interest until maturity.

Refinancing of BOA Plaza Mortgage Loans

On August 7, 2014, Brookfield DTLA Holdings refinanced the mortgage loans secured by the BOA Plaza office property and received net proceeds totaling \$399.4 million, of which \$211.8 million was used to repay the mortgage loans that previously encumbered the property and \$7.7 million was used to fund the loan reserves discussed below, with the remaining \$179.9 million to be used for general corporate purposes, including a \$150.0 million cash distribution from Brookfield DTLA to Brookfield DTLA Holdings to the holders of the senior preferred participating interest.

The new \$400.0 million mortgage loan bears interest at a fixed rate equal to 4.05%, matures on September 1, 2024, and requires the payment of interest-only until maturity. The mortgage loan can be defeased beginning on September 30, 2016 until March 1, 2024, after which the loan can be repaid in full without penalty.

In connection with the refinancing, Brookfield DTLA Holdings was required to fund a \$4.2 million tax reserve, a \$3.0 million tenant improvement and leasing commission reserve, and a \$0.5 million rent concession reserve at closing.

Funding of Wells Fargo Center—North Tower Collateral Reserve

In connection with the MPG acquisition, Brookfield DTLA Holdings assumed the mortgage loan secured by the Wells Fargo Center—North Tower office property. In connection with the loan assumption, Brookfield DTLA Holdings agreed to deposit a total of \$10.0 million into a collateral reserve account held by the lender, of which \$5.0 million was deposited when the loan was assumed during 2013 and \$1.25 million was funded by Brookfield DTLA in April and October 2014, respectively. The remaining \$2.5 million will be paid in installments of \$1.25 million in each of April and October 2015.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Non-Recourse Carve Out Guarantees

All of Brookfield DTLA's \$2.1 billion of mortgage debt is subject to "non-recourse carve out" guarantees that expire upon elimination of the underlying loan obligations. Under these guarantees, these otherwise non recourse loans can become partially or fully recourse against Brookfield DTLA Holdings if certain triggering events occur as defined in the loan agreements. Although these events differ from loan to loan, some of the common events include:

- The special purpose property-owning subsidiary's or Brookfield DTLA Holdings' filing a voluntary petition for bankruptcy;
- The special purpose property-owning subsidiary's failure to maintain its status as a special purpose entity;
- Subject to certain conditions, the special purpose property-owning subsidiary's failure to obtain the lender's written consent prior to any subordinate financing or other voluntary lien encumbering the associated property; and
- Subject to certain conditions, the special purpose property-owning subsidiary's failure to obtain the lender's written consent prior to a transfer or conveyance of the associated property, including, in some cases, indirect transfers in connection with a change in control of Brookfield DTLA Holdings or Brookfield DTLA.

In addition, other items that are customarily recourse to a non-recourse carve out guarantor include, but are not limited to, the payment of real property taxes, the breach of representations related to environmental issues or hazardous substances, physical waste of the property, liens which are senior to the mortgage loan and outstanding security deposits.

The maximum amount Brookfield DTLA Holdings would be required to pay under a "non recourse carve out" guarantee is the principal amount of the loan (or a total of \$2.1 billion as of December 31, 2014 for all loans). This maximum amount does not include liabilities related to environmental issues or hazardous substances. Losses resulting from the breach of our loan agreement representations related to environmental issues or hazardous substances are generally recourse to Brookfield DTLA Holdings pursuant to our "non-recourse carve out" guarantees and any such losses would be in addition to the total principal amounts of our loans. The potential losses are not quantifiable and can be material in certain circumstances, depending on the severity of the environmental or hazardous substance issues. Since each of our non-recourse loans is secured by the office building owned by the special purpose property-owning subsidiary, the amount due to the lender from Brookfield DTLA Holdings in the event a "non-recourse carve out" guarantee is triggered could subsequently be partially or fully mitigated by the net proceeds received from any disposition of the office building; however, such proceeds may not be sufficient to cover the maximum potential amount due, depending on the particular asset.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Debt Reporting

Pursuant to the terms of certain of our mortgage loan agreements, Brookfield DTLA is required to report a debt service coverage ratio ("DSCR") calculated using the formulas specified in the underlying loan agreements. We have submitted the required reports to the lenders for the measurement periods ended December 31, 2014 and were in compliance with the amounts required by the loan agreements, with the exception of Gas Company Tower.

Under the Gas Company Tower mortgage loan, we reported a DSCR of 0.70 to 1.00, calculated using actual debt service under the loan, and a DSCR of 0.56 to 1.00, calculated using actual debt service plus a hypothetical principal payment using a 30-year amortization schedule. Because the reported DSCR using the actual debt service plus a hypothetical principal payment was less than 1.00 to 1.00, the lender could seek to remove Brookfield Properties Management (CA) Inc. as property manager of Gas Company Tower, which is the only recourse available to the lender as a result of such breach.

Pursuant to the terms of the Gas Company Tower, Wells Fargo Center–South Tower, Wells Fargo Center–North Tower, EY Plaza, and Figueroa at 7th mortgage loan agreements, we are required to provide annual audited financial statements of Brookfield DTLA Holdings to the lenders or agents. The receipt of any opinion other than an "unqualified" audit opinion on our annual audited financial statements is an event of default under the loan agreements for the properties listed above. If an event of default occurs, the lenders have the right to pursue the remedies contained in the loan documents, including acceleration of all or a portion of the debt and foreclosure.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Results of Operations—Brookfield DTLA

Comparison of the Year Ended December 31, 2014 to December 31, 2013

Brookfield DTLA Fund Office Trust Investor Inc.
Consolidated and Combined Statements of Operations Information
(In millions, except percentage amounts)

| | For the Year Ended | | Increase/ (Decrease) | % Change |
|---|--------------------|------------|-------------------------|-------------|
| | 12/31/2014 | 12/31/2013 | | |
| Revenue: | | | | |
| Rental income | \$ 152.4 | \$ 78.0 | \$ 74.4 | 95 % |
| Tenant reimbursements | 95.9 | 40.9 | 55.0 | 134 % |
| Parking | 33.8 | 16.6 | 17.2 | 104 % |
| Interest and other | 12.1 | 3.2 | 8.9 | 278 % |
| Total revenue | 294.2 | 138.7 | 155.5 | 112 % |
| Expenses: | | | | |
| Rental property operating and maintenance | 100.3 | 47.4 | 52.9 | 111 % |
| Real estate taxes | 38.3 | 14.6 | 23.7 | 162 % |
| Parking | 7.4 | 4.0 | 3.4 | 85 % |
| Other expense | 3.3 | 9.1 | (5.8) | (64)% |
| Depreciation and amortization | 105.1 | 46.7 | 58.4 | 125 % |
| Interest | 92.8 | 32.2 | 60.6 | 188 % |
| Total expenses | 347.2 | 154.0 | 193.2 | 125 % |
| Net loss | \$ (53.0) | \$ (15.3) | \$ (37.7) | |

Rental Income

Rental income increased \$74.4 million, or 95%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, primarily due to the acquisition of MPG which contributed \$76.0 million to rental income during the year ended December 31, 2014, as reduced for rental income earned by the MPG properties during the period from October 16, 2013 through December 31, 2013.

Tenant Reimbursements Revenue

Tenant reimbursements revenue increased \$55.0 million, or 134%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, mainly due to the acquisition of MPG which contributed \$48.8 million to tenant reimbursements revenue during the year ended December 31, 2014, as reduced for tenant reimbursements revenue earned by the MPG properties during the period from October 16, 2013 through December 31, 2013. Higher taxes passed through to tenants at the MPG properties and free recoveries at BOA Plaza during the year ended December 31, 2013, for which there was no comparable activity during the year ended December 31, 2014, also contributed to the change.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Parking Revenue

Parking revenue increased \$17.2 million, or 104%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, mainly due to the acquisition of MPG which contributed \$16.2 million to parking revenue during the year ended December 31, 2014, as reduced for parking revenue earned by the MPG properties during the period from October 16, 2013 through December 31, 2013.

Interest and Other Revenue

Interest and other revenue increased \$8.9 million, or 278%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, mainly due to the acquisition of MPG which contributed \$8.6 million to interest and other revenue during the year ended December 31, 2014, as reduced for interest and other revenue earned by the MPG properties during the period from October 16, 2013 through December 31, 2013 combined with an increase in other expense recoveries.

Rental Property Operating and Maintenance Expense

Rental property operating and maintenance expense increased \$52.9 million, or 111%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, mainly due to the acquisition of MPG which contributed \$52.1 million to rental property operating and maintenance expense during the year ended December 31, 2014, as reduced for rental property operating and maintenance expense incurred by the MPG properties during the period from October 16, 2013 through December 31, 2013.

Real Estate Taxes Expense

Real estate taxes expense increased \$23.7 million, or 162%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, largely as a result of the acquisition of MPG which contributed \$21.7 million to real estate taxes expense during the year ended December 31, 2014, as reduced for real estate tax expense incurred by the MPG properties during the period from October 16, 2013 through December 31, 2013 combined with increases in 2014 property taxes at BOA Plaza and EY Plaza.

Parking Expense

Parking expense increased \$3.4 million, or 85%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, which contributed \$2.8 million to parking expense during the year ended December 31, 2014, as reduced for parking expense incurred by the MPG properties during the period from October 16, 2013 through December 31, 2013.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Other Expense

Other expense decreased \$5.8 million, or 64%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, primarily due to expenditures totaling \$6.8 million for acquisition and transaction costs related to the acquisition of MPG that were incurred by Brookfield DTLA Holdings on behalf of the Company during the period from October 16, 2013 through December 31, 2013 for which there was no comparable expense during 2014.

Depreciation and Amortization Expense

Depreciation and amortization expense increased \$58.4 million, or 125%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, mainly due to the acquisition of MPG which contributed \$57.3 million to depreciation and amortization expense during the year ended December 31, 2014, as reduced for depreciation and amortization expense incurred by the MPG properties during the period from October 16, 2013 through December 31, 2013.

Interest Expense

Interest expense increased \$60.6 million, or 188%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, largely as a result of the acquisition of MPG which contributed \$55.9 million to interest expense during the year ended December 31, 2014, as reduced for interest expense incurred by the MPG properties during the period from October 16, 2013 through December 31, 2013 combined with payments on the EY Plaza interest rate swap agreement that was entered into in November 2013.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Comparison of the Year Ended December 31, 2013 to December 31, 2012

Brookfield DTLA Fund Office Trust Investor Inc.
Consolidated and Combined Statements of Operations Information
(In millions, except percentage amounts)

| | For the Year Ended | | Increase/ (Decrease) | % Change |
|---|--------------------|---------------|-------------------------|-------------|
| | 12/31/2013 | 12/31/2012 | | |
| Revenue: | | | | |
| Rental income | \$ 78.0 | \$ 51.8 | \$ 26.2 | 51% |
| Tenant reimbursements | 40.9 | 28.0 | 12.9 | 46% |
| Parking | 16.6 | 10.2 | 6.4 | 63% |
| Interest and other | 3.2 | 2.9 | 0.3 | 10% |
| Total revenue | <u>138.7</u> | <u>92.9</u> | <u>45.8</u> | <u>49%</u> |
| Expenses: | | | | |
| Rental property operating and maintenance | 47.4 | 33.3 | 14.1 | 42% |
| Real estate taxes | 14.6 | 8.6 | 6.0 | 70% |
| Parking | 4.0 | 2.7 | 1.3 | 48% |
| Other expense | 9.1 | 1.2 | 7.9 | 663% |
| Depreciation and amortization | 46.7 | 29.0 | 17.7 | 61% |
| Interest | 32.2 | 17.9 | 14.3 | 80% |
| Total expenses | <u>154.0</u> | <u>92.7</u> | <u>61.3</u> | <u>66%</u> |
| Net (loss) income | <u>\$ (15.3)</u> | <u>\$ 0.2</u> | <u>\$ (15.5)</u> | |

Rental Income

Rental income increased \$26.2 million, or 51%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily due to the acquisition of MPG, which contributed \$21.6 million to rental income during the fourth quarter of 2013. In addition, the completion of a retail project at EY Plaza during the fourth quarter of 2012 increased rental income during 2013 by \$3.0 million. The modernized retail premises of EY Plaza contain approximately 330,000 rentable square feet and feature "Taste," a 500 seat indoor/outdoor dining destination.

Tenant Reimbursements Revenue

Tenant reimbursements revenue increased \$12.9 million, or 46%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily due to the acquisition of MPG, which contributed \$10.4 million to tenant reimbursements revenue during the fourth quarter of 2013. In addition, the completion of the EY Plaza retail project increased tenant reimbursements revenue during 2013 by \$1.1 million.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Parking Revenue

Parking revenue increased \$6.4 million, or 63%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily due to the acquisition of MPG, which contributed \$5.1 million to parking revenue during the fourth quarter of 2013.

Interest and Other Revenue

Interest and other revenue increased \$0.3 million, or 10%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, mainly due to various sundry amounts.

Rental Property Operating and Maintenance Expense

Rental property operating and maintenance expense increased \$14.1 million, or 42%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily due to the acquisition of MPG, which contributed \$11.1 million to rental property operating and maintenance expense during the fourth quarter of 2013. In addition, the completion of the EY Plaza retail project increased rental property operating and maintenance expense during 2013 by \$1.7 million.

Real Estate Taxes Expense

Real estate taxes expense increased \$6.0 million, or 70%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily due to the acquisition of MPG, which contributed \$4.4 million to real estate taxes expense during the fourth quarter of 2013. In addition, higher property valuations in Los Angeles County increased real estate taxes expense for BOA Plaza and EY Plaza during 2013.

Parking Expense

Parking expense increased \$1.3 million, or 48%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily due to the acquisition of MPG, which contributed \$1.1 million to parking expense during the fourth quarter of 2013.

Other Expense

Other expense increased \$7.9 million for the year ended December 31, 2013 as compared to the year ended December 31, 2012 as a result of marketing and advertising expenditures leading up to the opening of the EY Plaza retail project during the fourth quarter of 2012 as well as expenditures totaling \$6.8 million for acquisition and transaction costs related to the acquisition of MPG that were incurred by Brookfield DTLA Holdings on behalf of the Company.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Depreciation and Amortization Expense

Depreciation and amortization expense increased \$17.7 million, or 61%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily due to the acquisition of MPG, which contributed \$16.6 million to depreciation and amortization expense during the fourth quarter of 2013.

Interest Expense

Interest expense increased \$14.3 million, or 80%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily due to the acquisition of MPG, which contributed \$14.4 million to interest expense during the fourth quarter of 2013.

Results of Operations—MPG Office Trust, Inc.

The acquisition of MPG had a material impact on the results of operations of Brookfield DTLA. Brookfield DTLA's net loss of \$15.3 million for the year ended December 31, 2013 included \$16.4 million of losses (including \$6.8 million of transaction costs) attributable to the MPG properties. The operating losses generated by the MPG properties can be attributed to several factors:

- As of December 31, 2013, the MPG properties were 78.6% leased as compared to 91.3% leased for the Predecessor Entities' properties. This lower level of occupancy results in lower proportionate net operating income.
- Brookfield DTLA assumed debt totaling \$1.5 billion upon the acquisition of MPG. The MPG properties, namely Gas Company Tower and Wells Fargo Center–North Tower, carry higher levels of debt than the Predecessor Entities' properties, which result in higher proportional interest charges. Interest expense related to the debt secured by the MPG properties for the year ended December 31, 2014 was \$70.3 million, compared to interest expense of \$17.7 million recognized for the Predecessor Entities' properties for the year ended December 31, 2013.
- Depreciation and amortization charges attributable to the MPG properties, including amounts attributable to amortization of intangible assets and liabilities, will be higher on a relative basis than the Predecessor Entities' properties. Depreciation and amortization for the Predecessor Entities' properties aggregated \$28.9 million for the year ended December 31, 2013. Depreciation and amortization for the MPG properties for the year ended December 31, 2014 was \$75.1 million.

MPG previously filed annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains a website that contains reports, proxy details and other information regarding issuers, like MPG, that file electronically with the SEC. The reports and other information previously filed by MPG with the SEC are available at www.sec.gov.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Comparison of the Nine Months Ended September 30, 2013 to September 30, 2012

MPG Office Trust, Inc.
Consolidated Statements of Operations Information

(In millions, except percentage amounts)

| | For the Nine Months Ended | | Increase/ (Decrease) | % Change |
|--|---------------------------|------------------|-------------------------|--------------|
| | 9/30/2013 | 9/30/2012 | | |
| Revenue: | | | | |
| Rental income | \$ 73.6 | \$ 74.4 | \$ (0.8) | (1)% |
| Tenant reimbursements | 39.8 | 38.4 | 1.4 | 4 % |
| Parking | 16.7 | 17.1 | (0.4) | (2)% |
| Management, leasing and development services | 0.2 | 2.2 | (2.0) | (91)% |
| Interest and other | 0.6 | 14.7 | (14.1) | (96)% |
| Total revenue | <u>130.9</u> | <u>146.8</u> | <u>(15.9)</u> | <u>(11)%</u> |
| Expenses: | | | | |
| Rental property operating and maintenance | 31.2 | 32.3 | (1.1) | (3)% |
| Real estate taxes | 11.9 | 11.5 | 0.4 | 3 % |
| Parking | 4.4 | 4.5 | (0.1) | (2)% |
| General and administrative | 25.2 | 17.7 | 7.5 | 42 % |
| Other expense | — | 2.8 | (2.8) | (100)% |
| Depreciation and amortization | 34.9 | 36.5 | (1.6) | (4)% |
| Impairment of long-lived assets | — | 2.1 | (2.1) | (100)% |
| Interest | 65.1 | 74.5 | (9.4) | (13)% |
| Total expenses | <u>172.7</u> | <u>181.9</u> | <u>(9.2)</u> | <u>(5)%</u> |
| Loss from continuing operations before equity in net income of unconsolidated joint venture | (41.8) | (35.1) | (6.7) | |
| Equity in net income of unconsolidated joint venture | — | 14.3 | (14.3) | |
| Loss from continuing operations | <u>\$ (41.8)</u> | <u>\$ (20.8)</u> | <u>\$ (21.0)</u> | |
| Income from discontinued operations | <u>\$ 155.4</u> | <u>\$ 206.5</u> | <u>\$ (51.1)</u> | |

Tenant Reimbursements Revenue

Tenant reimbursements revenue increased \$1.4 million, or 4%, for the nine months ended September 30, 2013 as compared to September 30, 2012, mainly due to increased collections from certain tenants that was partially offset by lower occupancy as a result of lease expirations during 2013.

Management, Leasing and Development Services Revenue

Management, leasing and development services revenue decreased \$2.0 million, or 91%, for the nine months ended September 30, 2013 as compared to September 30, 2012, due to a reduction in leasing commissions earned from MPG's joint venture with Beacon Capital Partners, LLC ("Beacon Capital") (the "joint venture").

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Interest and Other Revenue

Interest and other revenue decreased \$14.1 million, or 96%, for the nine months ended September 30, 2013 as compared to September 30, 2012, primarily due to a termination payment received during 2012 from Beacon Capital related to the joint venture.

Rental Property Operating and Maintenance Expense

Rental property operating and maintenance expense decreased \$1.1 million, or 3%, for the nine months ended September 30, 2013 as compared to September 30, 2012, mainly due to lower occupancy as a result of lease expirations during 2013.

General and Administrative Expense

General and administrative expense increased \$7.5 million, or 42%, for the nine months ended September 30, 2013 as compared to September 30, 2012, mainly due to increased professional services fees related to the merger with Brookfield DTLA and accrual of a lease takeover obligation related to a former tenant.

Other Expense

Other expense decreased \$2.8 million, or 100%, for the nine months ended September 30, 2013 as compared to September 30, 2012, primarily due to a payment in 2012 of \$2.0 million for a release of all claims under the guaranty of partial payment associated with the 3800 Chapman mortgage loan (a property that was disposed of by MPG during 2012).

Depreciation and Amortization Expense

Depreciation and amortization expense decreased \$1.6 million, or 4%, for the nine months ended September 30, 2013 as compared to September 30, 2012, as a result of lower amortization of lease-related costs as a result of lease expirations during 2013.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Impairment of Long-Lived Assets

Impairment of long-lived assets decreased \$2.1 million, or 100%, for the nine months ended September 30, 2013 as compared to September 30, 2012, as a result of an impairment charge recorded in 2012 to reduce the carrying amount of an investment in real estate to estimated fair value, less costs to sell, for which there was no comparable activity during 2013.

Interest Expense

Interest expense decreased \$9.4 million, or 13%, for the nine months ended September 30, 2013 as compared to September 30, 2012, primarily due to the expiration of the Wells Fargo Center-South Tower interest rate swap on August 9, 2012.

Equity in Net Income of Unconsolidated Joint Venture

Equity in net income of unconsolidated joint venture decreased \$14.3 million for the nine months ended September 30, 2013 as compared to September 30, 2012 due to the recognition of MPG's 20% share of the gain on the sale of real estate of Wells Fargo Center-Denver and San Diego Tech Center by the joint venture in 2012, with no comparable activity during 2013.

Discontinued Operations

MPG's income from discontinued operations of \$155.4 million for the nine months ended September 30, 2013 is primarily comprised of a gain on sale of real estate totaling \$157.3 million related to the disposition of the US Bank Tower, the Westlawn off-site parking garage and Plaza Las Fuentes. MPG's income from discontinued operations of \$206.5 million for the nine months ended September 30, 2012 is primarily comprised of a \$195.0 million gain on settlement of debt recorded in connection with the disposition of Brea Corporate Place and Brea Financial Commons (the "Brea Campus"), Stadium Towers Plaza, 700 North Central, 801 North Brand, Glendale Center and 500 Orange Tower and a \$66.7 million gain on the sale of real estate recorded in connection with the disposition of the Brea Campus, Stadium Towers Plaza, the City Tower development site, 700 North Central, 801 North Brand, Glendale Center and 500 Orange Tower.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Comparison of the Year Ended December 31, 2012 to December 31, 2011

MPG Office Trust, Inc.
Consolidated Statements of Operations Information
(In millions, except percentage amounts)

| | For the Year Ended | | Increase/ (Decrease) | % Change |
|--|--------------------|------------------|-------------------------|-------------|
| | 12/31/2012 | 12/31/2011 | | |
| Revenue: | | | | |
| Rental income | \$ 99.4 | \$ 110.1 | \$ (10.7) | (10)% |
| Tenant reimbursements | 50.9 | 53.6 | (2.7) | (5)% |
| Parking | 22.7 | 22.8 | (0.1) | —% |
| Management, leasing and development services | 2.4 | 6.8 | (4.4) | (65)% |
| Interest and other | 15.1 | 1.8 | 13.3 | 739% |
| Total revenue | <u>190.5</u> | <u>195.1</u> | <u>(4.6)</u> | <u>(2)%</u> |
| Expenses: | | | | |
| Rental property operating and maintenance | 43.3 | 42.3 | 1.0 | 2% |
| Real estate taxes | 15.5 | 15.4 | 0.1 | 1% |
| Parking | 6.1 | 6.2 | (0.1) | (2)% |
| General and administrative | 24.4 | 24.2 | 0.2 | 1% |
| Other expense | 4.8 | 1.9 | 2.9 | 153% |
| Depreciation and amortization | 48.5 | 51.7 | (3.2) | (6)% |
| Impairment of long-lived assets | 2.1 | — | 2.1 | 100% |
| Interest | 96.4 | 103.7 | (7.3) | (7)% |
| Total expenses | <u>241.1</u> | <u>245.4</u> | <u>(4.3)</u> | <u>(2)%</u> |
| Loss from continuing operations before equity in net income of unconsolidated joint venture and gain on sale of interest in unconsolidated joint venture | (50.6) | (50.3) | (0.3) | |
| Equity in net income of unconsolidated joint venture | 14.3 | 0.1 | 14.2 | |
| Gain on sale of interest in unconsolidated joint venture | 50.1 | — | 50.1 | |
| Income (loss) from continuing operations | <u>\$ 13.8</u> | <u>\$ (50.2)</u> | <u>\$ 64.0</u> | |
| Income from discontinued operations | <u>\$ 382.1</u> | <u>\$ 148.5</u> | <u>\$ 233.6</u> | |

Rental Income

Rental income decreased \$10.7 million, or 10%, for the year ended December 31, 2012 as compared to December 31, 2011, primarily due to decreases in occupancy as a result of lease expirations during 2012.

Tenant Reimbursements Revenue

Tenant reimbursements revenue decreased \$2.7 million, or 5%, for the year ended December 31, 2012 as compared to December 31, 2011, primarily due to lower occupancy as a result of lease expirations during 2012.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Management, Leasing and Development Services Revenue

Management, leasing and development services revenue decreased \$4.4 million, or 65%, for the year ended December 31, 2012 as compared to December 31, 2011, mainly due to a reduction in leasing commissions earned from the joint venture. Additionally, management and advisory fee revenue earned from the joint venture declined due to fewer properties under management as a result of the disposition by the joint venture of Wells Fargo Center–Denver and San Diego Tech Center on March 30, 2012.

Interest and Other Revenue

Interest and other revenue increased \$13.3 million for the year ended December 31, 2012 as compared to December 31, 2011, primarily due to a termination payment received from Beacon Capital related to the joint venture.

Other Expense

Other expense increased \$2.9 million, or 153%, for the year ended December 31, 2012 as compared to December 31, 2011, primarily due to the accrual of alternative minimum tax resulting from taxable income generated by property dispositions during 2012, for which there was no comparable activity during 2011.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased \$3.2 million, or 6%, for the year ended December 31, 2012 as compared to December 31, 2011, primarily due to lower amortization of lease related costs during 2012 as a result of lease terminations and the sale of the Westin® Pasadena Hotel during 2011.

Impairment of Long–Lived Assets

For the year ended December 31, 2012, MPG recorded a \$2.1 million impairment charge to reduce the carrying amount of an investment in real estate to estimated fair value, less costs to sell, for which there was no comparable activity during 2011.

Interest Expense

Interest expense decreased \$7.3 million, or 7%, for the year ended December 31, 2012 as compared to December 31, 2011, primarily due to the expiration of the Wells Fargo Center–South Tower interest rate swap on August 9, 2012.

Equity in Net Income of Unconsolidated Joint Venture

Equity in net income of unconsolidated joint venture increased \$14.2 million for the year ended December 31, 2012 reflecting MPG's 20% share of the gain on sale of Wells Fargo Center–Denver by the joint venture, for which there was no comparable activity during 2011.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Gain on Sale of Interest in Unconsolidated Joint Venture

Gain on sale of interest in unconsolidated joint venture increased \$50.1 million for the year ended December 31, 2012 as a result of the sale of MPG's remaining 20% interest in the joint venture to an affiliate of Beacon Capital, for which there was no comparable activity during 2011.

Discontinued Operations

Income from discontinued operations of \$382.1 million for the year ended December 31, 2012 is comprised primarily of gains on settlement of debt related to the disposition of 700 North Central, 801 North Brand, the Brea Campus, Stadium Towers Plaza, Glendale Center, 500 Orange Tower, Two California Plaza and 3800 Chapman and gains on sale of real estate related to the disposition of the properties mentioned above and the City Tower development site. Income from discontinued operations of \$148.5 million for the year ended December 31, 2011 is comprised primarily of gains on settlement of debt related to the disposition of 550 South Hope, City Tower, 2600 Michelson and 701 North Brand and gains on sale of real estate related to the disposition of the Westin® Pasadena Hotel, City Tower, 550 South Hope and 701 North Brand.

Cash Flow

The following summary discussion of Brookfield DTLA's cash flow is based on the consolidated and combined statements of cash flows in Item 8. "Financial Statements and Supplementary Data" and is not meant to be an all-inclusive discussion of the changes in its cash flow for the periods presented below.

| | For the Year Ended December 31, | | Increase/ (Decrease) |
|---|---------------------------------|----------------|-------------------------|
| | 2014 | 2013 | |
| | | (In thousands) | |
| Net cash provided by (used in) operating activities | \$ 22,962 | \$ (2,208) | \$ 25,170 |
| Net cash used in investing activities | (68,050) | (39,868) | 28,182 |
| Net cash (used in) provided by financing activities | (25,979) | 232,440 | (258,419) |

Operating Activities

Brookfield DTLA's cash flow from operating activities is primarily dependent upon (1) the occupancy level of its portfolio, (2) the rental rates achieved on its leases, and (3) the collectability of rent and other amounts billed to tenants and is also tied to the level of operating expenses. Net cash provided by operating activities for the year ended December 31, 2014 totaled \$23.0 million compared to net cash used in operating activities of \$2.2 million for the year ended December 31, 2013. The \$25.2 million increase in cash provided by operating activities was primarily the result of a full year of ownership of the MPG portfolio during 2014, combined with \$6.8 million for acquisition and transaction costs related to the acquisition of MPG that were incurred by Brookfield DTLA Holdings on behalf of the Company during 2013, for which there was no comparable expenditure during 2014.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Investing Activities

Brookfield DTLA's cash flow from investing activities is generally impacted by the amount of capital expenditures for its properties. Net cash used in investing activities totaled \$68.1 million for the year ended December 31, 2014, compared to net cash used in investing activities of \$39.9 million during the year ended December 31, 2013. The \$28.2 million increase in cash used in investing activities was primarily a result of increases in expenditures for improvements to real estate of \$19.4 million and restricted cash of \$42.3 million during 2014, partially offset by net cash used to acquire the MPG portfolio that totaled \$33.5 million, for which there was no comparable expenditure during 2014.

Financing Activities

Brookfield DTLA's cash flow from financing activities is generally impacted by our loan activity, less any dividends and distributions paid to stockholders and distributions to affiliated companies, if any. Net cash used in financing activities totaled \$26.0 million for the year ended December 31, 2014, compared to net cash provided by financing activities of \$232.4 million during the year ended December 31, 2013. The \$258.4 million decrease in cash provided by financing activities was mainly a result of a \$220.0 million distribution to holders of the senior participating preferred interest and a reduction in principal payments on mortgage loans due to fewer loans refinanced during 2014 as compared to 2013, which was partially offset by a reduction in proceeds from mortgage loans combined with the \$189.2 million contributed by Brookfield DTLA Holdings to the Company to fund the acquisition of the common stock of MPG during 2013, for which there was no comparable activity during 2014.

Off-Balance Sheet Arrangements

Brookfield DTLA did not have any off-balance sheet arrangements as of December 31, 2014 and 2013, respectively.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Contractual Obligations

The following table provides information with respect to Brookfield DTLA's commitments as of December 31, 2014, including any guaranteed or minimum commitments under contractual obligations (in thousands):

| | 2015 | 2016 | 2017 | 2018 | 2019 | Thereafter | Total |
|--|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|---------------------|
| Principal payments on mortgage loans | \$ 311 | \$ 751,831 | \$ 589,026 | \$ 204,232 | \$ 4,449 | \$ 568,151 | \$ 2,118,000 |
| Interest payments – | | | | | | | |
| Fixed–rate debt (1) | 71,886 | 62,866 | 24,781 | 16,425 | 16,425 | 76,770 | 269,153 |
| Variable–rate swapped to fixed–rate debt | 7,378 | 7,306 | 7,130 | 6,985 | 6,783 | 6,311 | 41,893 |
| Variable–rate debt (2) | 10,391 | 9,945 | 4,365 | 3,152 | — | — | 27,853 |
| Tenant–related commitments (3) | 56,870 | 2,942 | 18,064 | — | — | 7,831 | 85,707 |
| | <u>\$ 146,836</u> | <u>\$ 834,890</u> | <u>\$ 643,366</u> | <u>\$ 230,794</u> | <u>\$ 27,657</u> | <u>\$ 659,063</u> | <u>\$ 2,542,606</u> |

- (1) Interest payments on fixed–rate debt are calculated based on contractual interest rates and scheduled maturity dates.
- (2) Interest payments on variable–rate debt are calculated based on scheduled maturity dates and the one–month LIBOR rate in place on the debt as of December 31, 2014 plus the contractual spread per the loan agreements.
- (3) Tenant–related commitments include tenant improvements and leasing commissions and are based on executed leases as of December 31, 2014.

Related Party Transactions

Intercompany Loan

Brookfield DTLA was indebted to BOP Management Inc. under a \$25.0 million promissory note dated October 11, 2013 that bore interest at 3.25%. For the years ended December 31, 2014 and 2013, the Company accrued \$0.6 million and \$0.2 million, respectively, of interest expense related to this note.

During September 2014, Brookfield DTLA paid \$25.8 million in full settlement of the principal and interest outstanding on the intercompany loan using proceeds from the mortgage loan secured by the Figueroa at 7th retail property.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Management Agreements

The Predecessor Entities entered into arrangements with Brookfield Properties Management LLC, which is affiliated with the Company through common ownership through BPO, under which the affiliate provides property management and various other services. On October 15, 2013, these agreements were transferred to BOP Management Inc., an affiliate of BPO. The MPG properties entered into similar arrangements with BOP Management Inc. after the closing of the acquisition on October 15, 2013. Property management fees under these agreements are calculated based on 2.75% of rents collected (as defined in the management agreements). In addition, the Company pays BOP Management Inc. an asset management fee, which is calculated based on 0.75% of the capital contributed to Brookfield DTLA Holdings.

A summary of costs incurred by Brookfield DTLA and the Predecessor Entities under these arrangements is as follows (in thousands):

| | For the Year Ended December 31, | | |
|---|---------------------------------|----------|----------|
| | 2014 | 2013 | 2012 |
| Property management fee expense | \$ 8,135 | \$ 3,667 | \$ 2,670 |
| Asset management fee expense | 6,109 | 1,320 | — |
| General, administrative and reimbursable expenses | 2,509 | 1,190 | 1,278 |
| Leasing and construction management fees | 3,626 | 786 | 1,137 |

Insurance Agreements

Brookfield DTLA's properties are covered under an insurance policy entered into by BPO that provides all risk property and business interruption for BPO's commercial portfolio with an aggregate limit of \$2.5 billion per occurrence as well as an aggregate limit of \$300.0 million of earthquake insurance for California properties. In addition, Brookfield DTLA's properties are covered by a terrorism insurance policy that provides aggregate coverage of \$4.0 billion for all of BPO's U.S. properties. Brookfield DTLA is in compliance with the contractual obligations regarding terrorism insurance contained in such policies.

Prior to their expiration, which became effective on April 19, 2014, the MPG properties were covered under an insurance policy that provided all risk property and business interruption with an aggregate limit of \$1.25 billion and a \$130.0 million aggregate limit of earthquake insurance, and a terrorism insurance policy with a \$1.25 billion aggregate limit. Effective April 19, 2014, the MPG properties were added to the existing BPO insurance policies described above.

Insurance premiums for Brookfield DTLA are paid by an affiliate company under common control through BPO. Brookfield DTLA reimburses the affiliate company for the actual cost of such premiums.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

A summary of costs incurred by Brookfield DTLA and the Predecessor Entities under this arrangement is as follows (in thousands):

| | For the Year Ended December 31, | | |
|-------------------|---------------------------------|----------|----------|
| | 2014 | 2013 | 2012 |
| Insurance expense | \$ 8,466 | \$ 4,949 | \$ 4,664 |

Litigation

See Part I, Item 3. "Legal Proceedings."

Critical Accounting Policies

Critical accounting policies are those that are both significant to the overall presentation of Brookfield DTLA's financial condition and results of operations and require management to make difficult, complex or subjective judgments. Brookfield DTLA considers the following to be its critical accounting policies:

Business Combinations

Purchase accounting is applied to the assets and liabilities related to all real estate investments acquired from third parties. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805, Business Combinations, the purchase price of the real estate acquired is allocated to the acquired tangible assets, consisting primarily of land, building and tenant improvements, and identifiable intangible assets and liabilities, consisting of the value of above- and below-market leases, in-place leases, and tenant relationships, based in each case on their fair value. Management may be required to use considerable judgment when allocating the fair value of assets and liabilities acquired.

The principal valuation technique employed by Brookfield DTLA in determining the fair value of identified assets acquired and liabilities assumed is the income approach, which is then compared to the cost approach. Tangible values for investments in real estate are calculated based on replacement costs for like type quality assets. Above- and below-market lease values are determined by comparing in-place rents with current market rents. In place lease amounts are determined by calculating the potential lost revenue during the replacement of the current leases in place. Leasing commissions and legal/marketing fees are determined based upon market allowances pro-rated over the remaining lease terms. Mortgage loans assumed in an acquisition are analyzed using current market terms for similar debt.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Consolidation

The Company consolidates entities in which it has a controlling financial interest. In determining whether Brookfield DTLA has a controlling financial interest in an entity and the requirement to consolidate the accounts of that entity, management considers factors such as ownership interest, board representation, management representation, authority to make decisions, and contractual and substantive participating rights of the partners/members as well as whether the entity is a variable interest entity ("VIE") and Brookfield DTLA is the primary beneficiary.

A VIE is broadly defined as an entity where either (i) the equity investors as a group, if any, lack the power through voting or similar rights to direct the activities of an entity that most significantly impact the entity's economic performance or (ii) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support.

A variable interest holder is considered to be the primary beneficiary of a VIE if it has the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and has the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to the VIE. Brookfield DTLA qualitatively assesses whether it is (or is not) the primary beneficiary of a VIE.

The Company determined that New OP is a VIE and as a result of having the power to direct the significant activities of New OP and exposure to the economic performance of New OP, Brookfield DTLA meets the two conditions for being the primary beneficiary. Brookfield DTLA is required to continually evaluate its VIE relationships and consolidation conclusion.

Impairment Evaluation

Real estate is reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the real estate may not be recoverable. In such an event, a comparison is made of the current and projected operating cash flows of the property into the foreseeable future on an undiscounted basis to the carrying amount of the real estate. If the undiscounted cash flows expected to be generated by an asset are less than its carrying amount, an impairment provision would be recorded to write down the carrying amount of such asset to its fair value. Brookfield DTLA assesses fair value based on estimated cash flow projections utilizing appropriate discount and capitalization rates and available market information. Projections of future cash flow take into account the specific business plan for the property and management's best estimate of the most probable set of economic conditions expected to prevail in the market. The assessment as to whether our investment in real estate is impaired is highly subjective. The calculations involve management's best estimate of the holding period, market comparables, future occupancy levels, rental rates, capitalization rates, lease up periods and capital requirements for each property. A change in any one of more of these factors could materially impact whether a property is impaired as of any given valuation date. Management believes no impairment of Brookfield DTLA's real estate assets existed at December 31, 2014 and 2013.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Revenue Recognition

Rental income from leases providing for periodic increases in base rent is recognized on a straight-line basis over the noncancelable term of the respective leases. Any amounts paid to a tenant for improvements owned or costs incurred by the tenant are treated as tenant inducements. Amortization of tenant inducements is recorded on a straight-line basis over the term of the related lease as a reduction of rental income.

Differences between rental income and the contractual amounts due are recorded as deferred rents receivable. Recoveries of operating expenses and real estate taxes are recorded as tenant reimbursements in the period during which the expenses are incurred.

Allowance for Doubtful Accounts

Brookfield DTLA periodically evaluates the collectability of amounts due from tenants and maintains an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required payments under the lease agreements. Management exercises judgment in establishing these allowances and considers payment history and current credit status in developing these estimates. Brookfield DTLA also evaluates its deferred rent receivable to consider if an allowance is necessary. The allowance for doubtful accounts totaled \$0.4 million and \$0.4 million as of December 31, 2014 and 2013, respectively.

Effects of Inflation

Substantially all of Brookfield DTLA's office leases provide for separate real estate tax and operating expense escalations. In addition, many of the leases provide for fixed base rent increases. Brookfield DTLA believes that inflationary increases may be at least partially offset by the contractual rent increases and expense escalations described above.

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2014-8, Presentation of Financial Statements and Property, Plant, and Equipment: Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, which requires entities to disclose only disposals representing a strategic shift in operations as discontinued operations. The new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The new standard is effective in the first quarter of 2015 for public organizations with calendar year-ends. Early adoption is permitted but only for disposals (or classifications as held for sale) that have not been reported in the financial statements previously issued. We do not believe that this update will have a material effect on Brookfield DTLA's consolidated financial statements in future periods.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

In May 2014, the FASB issued ASU 2014-09 establishing Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. ASU 2014-09 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. ASU 2014-09 requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration that the entity expects to be entitled to receive in exchange for those goods or services and also requires certain additional disclosures. ASU 2014-09 is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2016. We are currently evaluating the impact of the adoption of ASU 2014-09 on Brookfield DTLA's consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15. Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. This topic provides guidance on management's responsibility to evaluate whether there is substantial doubt about a company's ability to continue as a going concern and requires related footnote disclosures. The amendments in this ASU are effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. We are currently evaluating the impact of the adoption of ASU 2014-09 on Brookfield DTLA's consolidated financial statements.

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

Interest rate fluctuations may impact Brookfield DTLA's results of operations and cash flow. As of December 31, 2014, \$525.0 million, or 24.8%, of Brookfield DTLA's debt bears interest at variable rates based on one-month LIBOR. Brookfield DTLA does not trade in financial instruments for speculative purposes.

Brookfield DTLA's interest rate swap and cap agreements outstanding as of December 31, 2014 are as follows (in thousands, except rate and date information):

| | Notional Value | Strike Rate | Effective Date | Expiration Date | Fair Value |
|--------------------|-------------------|----------------|-------------------|--------------------|-------------------|
| Interest rate swap | \$ 185,000 | 2.178% | 11/27/2013 | 11/2/2020 | \$ (4,337) |
| Interest rate cap | 290,000 | 4.750% | 11/8/2013 | 12/1/2016 | 15 |
| Interest rate cap | 200,000 | 5.750% | 10/15/2013 | 10/15/2018 | 175 |
| | | | | | <u>\$ (4,147)</u> |

Interest Rate Sensitivity

The impact of an assumed 50 basis point movement in interest rates would have had the following impact during the year ended December 31, 2014 (in thousands):

| | Interest Expense | Fair Value of | |
|-------------------------|---------------------|-------------------|-----------------------|
| | | Mortgage Loans | Interest Rate Swap |
| 50 basis point increase | \$ 2,625 | \$ (25,265) | \$ 4,837 |
| 50 basis point decrease | (841) | 25,775 | (4,918) |

The impact of a 50 basis point increase or decrease in interest rates would have an immaterial effect on the fair value of Brookfield DTLA's interest rate cap agreements as of December 31, 2014.

These amounts were determined considering the impact of hypothetical interest rates on Brookfield DTLA's financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur in that environment. Furthermore, in the event of a change of the magnitude discussed above, management may take actions to further mitigate Brookfield DTLA's exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in Brookfield DTLA's financial structure.

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Item 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Brookfield DTLA Fund Office Trust Investor Inc.
New York, NY

We have audited the accompanying consolidated balance sheets of Brookfield DTLA Fund Office Trust Investor Inc. and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated and combined statements of operations, comprehensive (loss) income, stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated and combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

New York, New York
March 30, 2015

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

CONSOLIDATED BALANCE SHEETS

| | December 31, 2014 | December 31, 2013 |
|---|--------------------------------------|---------------------|
| | (In thousands, except share amounts) | |
| ASSETS | | |
| Investments in real estate: | | |
| Land | \$ 229,555 | \$ 229,039 |
| Buildings and improvements | 2,155,040 | 2,141,821 |
| Tenant improvements | 234,827 | 187,005 |
| | <u>2,619,422</u> | <u>2,557,865</u> |
| Less: accumulated depreciation | (189,108) | (121,612) |
| Investments in real estate, net | 2,430,314 | 2,436,253 |
| Cash and cash equivalents | 125,004 | 196,071 |
| Restricted cash | 47,118 | 22,797 |
| Rents, deferred rents and other receivables, net | 74,332 | 53,306 |
| Intangible assets, net | 125,827 | 157,088 |
| Deferred charges, net | 63,825 | 61,371 |
| Prepaid and other assets | 11,516 | 19,310 |
| Total assets | <u>\$ 2,877,936</u> | <u>\$ 2,946,196</u> |
| LIABILITIES AND (DEFICIT) EQUITY | | |
| Liabilities: | | |
| Mortgage loans, net | \$ 2,111,135 | \$ 1,885,605 |
| Accounts payable and other liabilities | 85,125 | 60,637 |
| Due to affiliates, net | 2,749 | 35,615 |
| Intangible liabilities, net | 37,725 | 44,801 |
| Total liabilities | <u>2,236,734</u> | <u>2,026,658</u> |
| Commitments and Contingencies (See Note 14) | | |
| Mezzanine Equity: | | |
| 7.625% Series A Cumulative Redeemable Preferred Stock, \$0.01 par value, 9,730,370 shares issued and outstanding as of December 31, 2014 and 2013 | 357,649 | 339,101 |
| Noncontrolling Interests: | | |
| Series A-1 preferred interest | 331,871 | 314,658 |
| Senior participating preferred interest | 50,080 | 257,780 |
| Total mezzanine equity | <u>739,600</u> | <u>911,539</u> |
| Stockholders' (Deficit) Equity: | | |
| Common stock, \$0.01 par value, 1,000 shares issued and outstanding as of December 31, 2014 and 2013 | — | — |
| Additional paid-in capital | 191,710 | 191,710 |
| Accumulated deficit | (137,339) | (89,177) |
| Accumulated other comprehensive (loss) income | (2,066) | 480 |
| Noncontrolling interest – Series B common interest | (150,703) | (95,014) |
| Total stockholders' (deficit) equity | <u>(98,398)</u> | <u>7,999</u> |
| Total liabilities and (deficit) equity | <u>\$ 2,877,936</u> | <u>\$ 2,946,196</u> |

See accompanying notes to consolidated and combined financial statements.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS

| | For the Year Ended December 31, | | |
|---|---------------------------------|--------------------|---------------|
| | 2014 | 2013 | 2012 |
| | (In thousands) | | |
| Revenue: | | | |
| Rental income | \$ 152,372 | \$ 78,031 | \$ 51,815 |
| Tenant reimbursements | 95,931 | 40,933 | 28,041 |
| Parking | 33,774 | 16,531 | 10,143 |
| Interest and other | 12,084 | 3,227 | 2,918 |
| Total revenue | <u>294,161</u> | <u>138,722</u> | <u>92,917</u> |
| Expenses: | | | |
| Rental property operating and maintenance | 100,264 | 47,454 | 33,346 |
| Real estate taxes | 38,340 | 14,604 | 8,579 |
| Parking | 7,411 | 3,977 | 2,690 |
| Other expense | 3,325 | 9,096 | 1,191 |
| Depreciation and amortization | 105,058 | 46,682 | 29,013 |
| Interest | 92,755 | 32,183 | 17,850 |
| Total expenses | <u>347,153</u> | <u>153,996</u> | <u>92,669</u> |
| Net (loss) income | (52,992) | (15,274) | 248 |
| Net (income) attributable to TRZ Holdings IV LLC | — | (2,335) | (248) |
| Net loss attributable to noncontrolling interests: | | | |
| Series A-1 preferred interest – current dividends | (17,213) | — | — |
| Series A-1 preferred interest – cumulative dividends | — | (3,586) | — |
| Series A-1 preferred interest – redemption measurement adjustment | — | (76,305) | — |
| Senior participating preferred interest – current dividends | (10,044) | — | — |
| Senior participating preferred interest – cumulative dividends | — | (3,500) | — |
| Senior participating preferred interest – redemption measurement adjustment | (2,256) | — | — |
| Series B common interest – allocation of net loss | 52,891 | 97,934 | — |
| Net loss attributable to Brookfield DTLA | <u>(29,614)</u> | <u>(3,066)</u> | <u>—</u> |
| Series A preferred stock – current dividends | (18,548) | — | — |
| Series A preferred stock – cumulative dividends | — | (3,864) | — |
| Series A preferred stock – redemption measurement adjustment | — | (82,247) | — |
| Net loss available to common interest holders of Brookfield DTLA | <u>\$ (48,162)</u> | <u>\$ (89,177)</u> | <u>\$ —</u> |

See accompanying notes to consolidated and combined financial statements.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

| | For the Year Ended December 31, | | |
|--|---------------------------------|-------------------|-------------|
| | 2014 | 2013 | 2012 |
| | (In thousands) | | |
| Net (loss) income | \$ (52,992) | \$ (15,274) | \$ 248 |
| Other comprehensive (loss) income: | | | |
| Derivative transactions: | | | |
| Derivative holding (losses) gains | <u>(5,344)</u> | <u>1,007</u> | <u>—</u> |
| Comprehensive (loss) income | (58,336) | (14,267) | 248 |
| Comprehensive (income) attributable to TRZ Holdings IV LLC | — | (2,335) | (248) |
| Comprehensive loss attributable to noncontrolling interests | <u>26,176</u> | <u>14,016</u> | <u>—</u> |
| Comprehensive (loss) available to common interest holders of Brookfield DTLA | <u>\$ (32,160)</u> | <u>\$ (2,586)</u> | <u>\$ —</u> |

See accompanying notes to consolidated and combined financial statements.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

CONSOLIDATED AND COMBINED STATEMENTS OF
STOCKHOLDERS' EQUITY (DEFICIT)

| | Number of Shares | | Additional Paid-in Capital | Accumulated Deficit | TRZ Holdings IV LLC's Interest | Accumulated Other Comprehensive Income (Loss) | Non-controlling Interest | Total Stockholders' Equity (Deficit) |
|--|------------------|--------------|----------------------------|---------------------|--------------------------------|---|--------------------------|--------------------------------------|
| | Common Stock | Common Stock | | | | | | |
| (In thousands, except share amounts) | | | | | | | | |
| Balance, December 31, 2011 | — | \$ — | \$ — | \$ — | \$ 477,751 | \$ — | \$ — | \$ 477,751 |
| Net income attributable to TRZ Holdings IV LLC | | | | | 248 | | | 248 |
| Contributions from TRZ Holdings IV LLC, net | | | | | 30,704 | | | 30,704 |
| Balance, December 31, 2012 | — | — | — | — | 508,703 | — | — | 508,703 |
| Net (loss) income | | | | (3,066) | 2,335 | | (14,543) | (15,274) |
| Other comprehensive income | | | | | | 480 | 527 | 1,007 |
| Contributions from TRZ Holdings IV LLC, net | | | | | 5,402 | | | 5,402 |
| Non-cash distribution to TRZ Holdings IV LLC | | | | | (25,000) | | | (25,000) |
| Exchange of predecessor equity | | | | | (491,440) | | 2,393 | (489,047) |
| Issuance of common stock, net of offering costs | 1,000 | — | 191,710 | | | | | 191,710 |
| Dividends on Series A Preferred Stock, Series A-1 preferred interest and senior participating preferred interest | | | | (86,111) | | | (83,391) | (169,502) |
| Balance, December 31, 2013 | 1,000 | — | 191,710 | (89,177) | — | 480 | (95,014) | 7,999 |
| Net loss | | | | (29,614) | | | (23,378) | (52,992) |
| Other comprehensive loss | | | | | | (2,546) | (2,798) | (5,344) |
| Dividends on Series A Preferred Stock, Series A-1 preferred interest and senior participating preferred interest | | | | (18,548) | | | (29,513) | (48,061) |
| Balance, December 31, 2014 | 1,000 | \$ — | \$ 191,710 | \$ (137,339) | \$ — | \$ (2,066) | \$ (150,703) | \$ (98,398) |

See accompanying notes to consolidated and combined financial statements.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

| | For the Year Ended December 31, | | |
|--|---------------------------------|-------------------|-----------------|
| | 2014 | 2013 | 2012 |
| | (In thousands) | | |
| Cash flows from operating activities: | | | |
| Net (loss) income | \$ (52,992) | \$ (15,274) | \$ 248 |
| Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 105,058 | 46,682 | 29,013 |
| Provision for doubtful accounts | 24 | 357 | — |
| Amortization of below-market leases/above-market leases | (3,059) | (5,321) | (2,159) |
| Straight-line rent amortization | (15,849) | (8,541) | (6,426) |
| Deemed contribution from Brookfield DTLA Holdings for costs related to the acquisition of MPG | — | 6,314 | — |
| Amortization of tenant inducements | 1,209 | 987 | 804 |
| Amortization of debt discounts | 5,042 | 799 | 610 |
| Amortization of deferred financing costs | 1,007 | 152 | — |
| Changes in assets and liabilities: | | | |
| Rents, deferred rents and other receivables | (6,409) | (5,422) | (840) |
| Due to (from) affiliates, net | (13,712) | — | (1,870) |
| Deferred charges | (12,832) | (7,323) | (4,206) |
| Prepaid and other assets | 6,787 | (10,757) | (2,805) |
| Accounts payable and other liabilities | 8,688 | (4,861) | 2,790 |
| Net cash provided by (used in) operating activities | <u>22,962</u> | <u>(2,208)</u> | <u>15,159</u> |
| Cash flows from investing activities: | | | |
| Acquisition of MPG | — | (189,202) | — |
| Cash acquired in acquisition of MPG | — | 155,685 | — |
| Expenditures for improvements to real estate | (43,729) | (24,297) | (40,989) |
| (Increase) decrease in restricted cash | (24,321) | 17,946 | — |
| Net cash used in investing activities | <u>(68,050)</u> | <u>(39,868)</u> | <u>(40,989)</u> |
| Cash flows from financing activities: | | | |
| Proceeds from mortgage loans | 435,000 | 475,000 | — |
| Principal payments on mortgage loans | (214,512) | (441,364) | (6,679) |
| (Distributions to) contributions from Brookfield DTLA Holdings | (220,000) | 189,202 | — |
| Contributions from TRZ Holdings IV LLC, net | — | 5,402 | 30,704 |
| Due to affiliates | (25,000) | 12,400 | — |
| Financing fees paid | (1,467) | (4,366) | — |
| Offering costs | — | (3,834) | — |
| Net cash (used in) provided by financing activities | <u>(25,979)</u> | <u>232,440</u> | <u>24,025</u> |
| Net change in cash and cash equivalents | <u>(71,067)</u> | <u>190,364</u> | <u>(1,805)</u> |
| Cash and cash equivalents at beginning of year | 196,071 | 5,707 | 7,512 |
| Cash and cash equivalents at end of year | <u>\$ 125,004</u> | <u>\$ 196,071</u> | <u>\$ 5,707</u> |

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS (continued)

| | For the Year Ended December 31, | | |
|--|---------------------------------|------------|-----------|
| | 2014 | 2013 | 2012 |
| | (In thousands) | | |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid for interest | \$ 86,990 | \$ 26,337 | \$ 17,256 |
| Supplemental disclosure of non-cash investing and financing activities: | | | |
| Issuance of Series A preferred stock in connection with the acquisition of MPG | \$ — | \$ 252,990 | \$ — |
| Issuance of note to TRZ Holdings IV LLC | — | 25,000 | — |
| Accrual for deferred leasing costs | 2,585 | 3,844 | 1,120 |
| Accrual for real estate improvements | 18,588 | 7,074 | 2,992 |
| (Decrease) increase in fair value of interest rate swap, net | (5,344) | 1,007 | — |

See accompanying notes to consolidated and combined financial statements.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

Note 1—Organization and Description of Business

General

Brookfield DTLA Fund Office Trust Investor Inc. (“Brookfield DTLA” or the “Company”) is a Maryland corporation and was incorporated on April 19, 2013. Brookfield DTLA was formed for the purpose of consummating the transactions contemplated in the Agreement and Plan of Merger dated as of April 24, 2013, as amended (the “Merger Agreement”), and the issuance of shares of 7.625% Series A Cumulative Redeemable Preferred Stock (the “Series A preferred stock”) in connection with the acquisition of MPG Office Trust, Inc. and MPG Office, L.P. (together, “MPG”). Brookfield DTLA is a direct subsidiary of Brookfield DTLA Holdings LLC (“Brookfield DTLA Holdings”), a Delaware limited liability company, and an indirect subsidiary of Brookfield Office Properties Inc. (“BPO”).

Prior to October 15, 2013, 333 South Hope Co. LLC (“333 South Hope”) and EYP Realty LLC (“EYP Realty”) were controlled by BPO through its indirect ownership interest in TRZ Holdings IV LLC (“TRZ”). TRZ owned 100% of the member units of 333 South Hope and EYP Realty, and BPO indirectly owned approximately 84% of the member units of TRZ.

On October 15, 2013, through a series of formation transactions, TRZ’s interests in 333 South Hope and EYP Realty were contributed to subsidiaries of Brookfield DTLA in exchange for preferred and common interests in Brookfield DTLA Fund Properties II LLC (“New OP”) and a preferred interest in Brookfield DTLA Fund Properties III LLC (“DTLA OP”). 333 South Hope owned Bank of America Plaza (“BOA Plaza”) and EYP Realty owned Ernst & Young Plaza (“EY Plaza”). Both of these Class A commercial properties are located in the Los Angeles Central Business District (the “LACBD”).

MPG Acquisition

On October 15, 2013, Brookfield DTLA completed the acquisition of MPG (the “merger”) pursuant to the terms of the Merger Agreement. As part of the transaction, MPG was contributed to New OP in exchange for a preferred interest in New OP. See Note 3 “Acquisition of MPG Office Trust, Inc.” In addition to BOA Plaza and EY Plaza, Brookfield DTLA now owns Wells Fargo Center–North Tower, Wells Fargo Center–South Tower, Gas Company Tower and 777 Tower, each of which are Class A office properties located in the LACBD that were formerly owned by MPG.

At the effective time of the merger, (i) each issued and outstanding share of MPG common stock was automatically converted into, and canceled in exchange for, the right to receive \$3.15 in cash, without interest and less any required withholding tax and (ii) each issued and outstanding share of 7.625% Series A Cumulative Redeemable Preferred Stock of MPG (the “MPG Preferred Stock”) automatically, and without a vote by the holders of MPG Preferred Stock, was converted into and canceled in exchange for, the right to receive one share of the Company’s Series A preferred stock.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

In connection with the acquisition, DTLA Fund Holding Co., a subsidiary of Brookfield DTLA Holdings, made a tender offer to purchase all of the issued and outstanding shares of MPG Preferred Stock for cash consideration of \$25.00 per share (the “offer price”). A total of 372,901 shares of MPG Preferred Stock were validly tendered into the offer and the holders thereof received the offer price for such shares. At the effective time of the merger, each share of MPG Preferred Stock that was issued and outstanding immediately prior to the merger, including each share of MPG Preferred Stock acquired by DTLA Fund Holding Co. in the offer, was exchanged for one share of Series A preferred stock with rights, terms and conditions substantially identical to those of the MPG Preferred Stock.

Note 2—Basis of Presentation and Summary of Significant Accounting Policies

Predecessor Entities

Prior to October 15, 2013, Brookfield DTLA had not conducted any business as a separate company and had no material assets or liabilities. In accordance with accounting principles generally accepted in the United States of America (“GAAP”), the contribution of 333 South Hope and EYP Realty (together, the “Predecessor Entities”) constitute a transaction between entities under common control. A combination between entities that already share the same parent is not considered a business combination because there is no change in control at the parent level. Accordingly, the operations of the Predecessor Entities contributed to Brookfield DTLA by TRZ on October 15, 2013 are presented in the accompanying consolidated and combined financial statements as if they were owned by Brookfield DTLA for all historical periods presented and the assets and liabilities of BOA Plaza and EY Plaza were recorded at the carrying values reflected in the books and records of 333 South Hope and EYP Realty. As such, no gain or loss has been recorded in the consolidated statement of operations for the year ended December 31, 2013 due to this transaction. As a result of the transaction, TRZ’s interest in the Predecessor Entities was exchanged for a preferred and common interest in New OP and a preferred interest in DTLA OP. As a result of certain redemption features in the preferred instruments, these instruments have been classified in the consolidated balance sheet as mezzanine equity. See Note 6 “Mezzanine Equity.”

As used in these consolidated and combined financial statements and related notes, unless the context requires otherwise, the terms “Brookfield DTLA,” the “Company,” “us,” “we” and “our” refer to the combination of Brookfield DTLA Fund Office Trust Investor Inc. and the Predecessor Entities.

Principles of Consolidation and Combination and Basis of Presentation

The accompanying consolidated and combined financial statements are prepared in accordance with GAAP. The consolidated balance sheets as of December 31, 2014 and 2013 include the accounts of Brookfield DTLA and subsidiaries in which it has a controlling financial interest. The accompanying consolidated and combined statements of operations for the year ended December 31, 2013 include the accounts of the Predecessor Entities on a combined basis from January 1, 2013 through October 15, 2013 (the date of the merger); and the consolidated accounts of Brookfield DTLA from October 15, 2013 (the date of the merger) through December 31, 2013. The accompanying combined statements of operations

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2012 include the accounts of the Predecessor Entities on a combined basis. All intercompany transactions have been eliminated in consolidation and combination as of and for the years ended December 31, 2014, 2013 and 2012.

In determining whether Brookfield DTLA has a controlling financial interest in an entity and the requirement to consolidate the accounts of that entity, management considers factors such as ownership interest, board representation, management representation, authority to make decisions, and contractual and substantive participating rights of the partners/members as well as whether the entity is a variable interest entity ("VIE") and Brookfield DTLA is the primary beneficiary.

A VIE is broadly defined as an entity where either (i) the equity investors as a group, if any, lack the power through voting or similar rights to direct the activities of an entity that most significantly impact the entity's economic performance or (ii) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support.

A variable interest holder is considered to be the primary beneficiary of a VIE if it has the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and has the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to the VIE. Brookfield DTLA qualitatively assesses whether it is (or is not) the primary beneficiary of a VIE.

Consideration of various factors includes, but is not limited to, Brookfield DTLA's ability to direct the activities that most significantly impact the VIE's economic performance, its form of ownership interest, its representation on the VIE's governing body, the size and seniority of its investment, its ability and the rights of other investors to participate in policy making decisions and its ability to replace the manager of and/or liquidate the entity.

The Company earns a return through an indirect investment in New OP. Brookfield DTLA Holdings, the parent of Brookfield DTLA, owns all of the common interest in New OP. Brookfield DTLA has an indirect preferred stock interest in New OP and its wholly owned subsidiary is the managing member of New OP.

The Company determined that New OP is a VIE and as a result of having the power to direct the significant activities of New OP and exposure to the economic performance of New OP, Brookfield DTLA meets the two conditions for being the primary beneficiary. Brookfield DTLA is required to continually evaluate its VIE relationships and consolidation conclusion.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Use of Estimates

The preparation of consolidated and combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated and combined financial statements and accompanying notes. For example, estimates and assumptions have been made with respect to fair values of assets and liabilities for purposes of applying the acquisition method of accounting, the useful lives of assets, recoverable amounts of receivables, impairment of long lived assets and fair value of debt. Actual results could ultimately differ from such estimates.

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2014⁸, Presentation of Financial Statements and Property, Plant, and Equipment: Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, which requires entities to disclose only disposals representing a strategic shift in operations as discontinued operations. The new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The new standard is effective in the first quarter of 2015 for public organizations with calendar year-ends. Early adoption is permitted but only for disposals (or classifications as held for sale) that have not been reported in the financial statements previously issued. We do not believe that this update will have a material effect on Brookfield DTLA’s consolidated financial statements in future periods.

In May 2014, the FASB issued ASU 2014–09 establishing Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. ASU 2014–09 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. ASU 2014–09 requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration that the entity expects to be entitled to receive in exchange for those goods or services and also requires certain additional disclosures. ASU 2014–09 is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2016. We are currently evaluating the impact of the adoption of ASU 2014–09 on Brookfield DTLA’s consolidated financial statements.

In August 2014, the FASB issued ASU 2014–15. Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern. This topic provides guidance on management’s responsibility to evaluate whether there is substantial doubt about a company’s ability to continue as a going concern and requires related footnote disclosures. The amendments in this ASU are effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. We are currently evaluating the impact of the adoption of ASU 2014–09 on Brookfield DTLA’s consolidated financial statements.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Significant Accounting Policies

Business Combinations—

Purchase accounting is applied to the assets and liabilities related to all real estate investments acquired from third parties. In accordance with FASB Accounting Standards Codification (“ASC”) Topic 805, Business Combinations, the purchase price of the real estate acquired is allocated to the acquired tangible assets, consisting primarily of land, building and tenant improvements, and identifiable intangible assets and liabilities, consisting of the value of above- and below-market leases, in-place leases, and tenant relationships, based in each case on their fair value.

The principal valuation technique employed by Brookfield DTLA in determining the fair value of identified assets acquired and liabilities assumed is the income approach, which is then compared to the cost approach. Tangible values for investments in real estate are calculated based on replacement costs for like type quality assets. Above- and below-market lease values are determined by comparing in-place rents with current market rents. In place lease amounts are determined by calculating the potential lost revenue during the replacement of the current leases in place. Leasing commissions and legal/marketing fees are determined based upon market allowances pro-rated over the remaining lease terms. Mortgage loans assumed in an acquisition are analyzed using current market terms for similar debt.

The value of the acquired above-market and below-market leases are amortized and recorded as either a decrease (in the case of above-market leases) or an increase (in the case of below-market leases) to rental income in the consolidated and combined statements of operations over the remaining term of the associated lease. The value of tenant relationships is amortized over the expected term of the relationship, which includes an estimated probability of lease renewal. The value of in-place leases is amortized as an expense over the remaining life of the leases. Amortization of tenant relationships and in place leases is included in depreciation and amortization in the consolidated and combined statements of operations.

Investments in Real Estate—

Land is carried at cost. Buildings are recorded at historical cost and are depreciated on a straight-line basis over the estimated useful life of the building, which is 60 years with an estimated salvage value of 5%. Building improvements are recorded at historical cost and are depreciated on a straight-line basis over their estimated useful lives, which range from 7 years to 13 years. Tenant improvements that are determined to be assets of Brookfield DTLA are recorded at cost; amortization is included in depreciation and amortization expense in the consolidated and combined statements of operations on a straight-line basis over the shorter of the useful life or the applicable lease term.

Depreciation expense related to investments in real estate during the years ended December 31, 2014, 2013 and 2012 was \$67.5 million, \$29.1 million and \$19.3 million, respectively.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Real estate is reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the real estate may not be recoverable. In such an event, a comparison is made of the current and projected operating cash flows of the property into the foreseeable future on an undiscounted basis to the carrying amount of the real estate. If the undiscounted cash flows expected to be generated by an asset are less than its carrying amount, an impairment provision would be recorded to write down the carrying amount of such asset to its fair value. Brookfield DTLA assesses fair value based on estimated cash flow projections utilizing appropriate discount and capitalization rates and available market information. Projections of future cash flow take into account the specific business plan for the property and management's best estimate of the most probable set of economic conditions expected to prevail in the market. Management believes no impairment of Brookfield DTLA's real estate assets existed at December 31, 2014 and 2013.

Cash and Cash Equivalents—

Cash and cash equivalents include all cash and short-term investments with an original maturity of three months or less.

Restricted Cash—

Restricted cash consists primarily of deposits for tenant improvements and leasing commissions, real estate taxes and insurance reserves, debt service reserves and other items as required by our loan agreements.

Rents, Deferred Rents and Other Receivables, Net—

Differences between rental income and the contractual amounts due are recorded as deferred rents receivable in the consolidated balance sheet. Brookfield DTLA evaluates its deferred rents receivable to consider if an allowance is necessary.

Rents, deferred rents and other receivables, net also includes any amounts paid to a tenant for improvements owned or costs incurred by the tenant are treated as tenant inducements and are presented in the consolidated balance sheet net of accumulated amortization totaling \$3.9 million and \$2.7 million as of December 31, 2014 and 2013, respectively. Amortization of tenant inducements is recorded on a straight-line basis over the term of the related lease as a reduction of rental income in the consolidated and combined statements of operations.

Brookfield DTLA periodically evaluates the collectability of amounts due from tenants and maintains an allowance for doubtful accounts in the consolidated balance sheet for estimated losses resulting from the inability of tenants to make required payments under the lease agreements. Management exercises judgment in establishing these allowances and considers payment history and current credit status in developing these estimates.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

The allowance for doubtful accounts for Brookfield DTLA totaled \$0.4 million and \$0.4 million as of December 31, 2014 and 2013, respectively. For the years ended December 31, 2014 and 2013, Brookfield DTLA recorded provisions for doubtful accounts of \$24 thousand and \$0.4 million, respectively. There was no provision for doubtful accounts recorded during the year ended December 31, 2012.

Due (to) from Affiliates, Net—

Amounts due to/from affiliates, net consist of related party receivables and payables from affiliates of BPO for advances made primarily for trade purposes. These amounts are due on demand and are non interest bearing.

Brookfield DTLA was indebted to BOP Management Inc. under a \$25.0 million promissory note, which was included in due to affiliates, net in the consolidated balance sheet as of December 31, 2013.

During September 2014, Brookfield DTLA paid \$25.8 million in full settlement of the principal and interest outstanding on the intercompany loan using proceeds from the mortgage loan secured by the Figueroa at 7th retail property. See Note 12 “Related Party Transactions.”

Deferred Charges, Net—

Leasing costs, primarily commissions related to leasing activities, are deferred and are presented as deferred charges in the consolidated balance sheet net of accumulated amortization totaling \$28.3 million and \$17.9 million as of December 31, 2014 and 2013, respectively. Deferred leasing costs amortized on a straight-line basis over the terms of the related leases as part of depreciation and amortization in the consolidated and combined statements of operations.

Prepaid and Other Assets, Net—

Prepaid and other assets include prepaid insurance, prepaid real estate taxes and other operating costs.

Mortgage Loans, Net—

Mortgage loans are presented in the consolidated balance sheet net of unamortized debt discounts totaling \$6.9 million and \$11.9 million as of December 31, 2014 and 2013, respectively.

Debt discounts totaling \$5.0 million, \$0.8 million and \$0.6 million were amortized during the years ended December 31, 2014, 2013 and 2012, respectively, over the terms of the related mortgage loans on a basis that approximates the effective interest method and were included as part of interest expense in the consolidated and combined statements of operations.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Revenue Recognition—

Rental income from leases providing for periodic increases in base rent is recognized on a straight-line basis over the noncancelable term of the respective leases. Recoveries of operating expenses and real estate taxes are recorded as tenant reimbursements in the consolidated and combined statements of operations in the period during which the expenses are incurred.

Income Taxes—

Brookfield DTLA has elected to be taxed as a real estate investment trust (“REIT”) pursuant to Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”), commencing with its tax year ended December 31, 2013. Brookfield DTLA intends to conduct its operations so as to continue to qualify as a REIT. Accordingly, Brookfield DTLA is not subject to U.S. federal income tax, provided that it continues to qualify as a REIT and distributions to its stockholders, if any, generally equal or exceed its taxable income.

Qualification and taxation as a REIT depends upon Brookfield DTLA’s ability to meet the various qualification tests imposed under the Code related to annual operating results, asset diversification, distribution levels and diversity of stock ownership. Accordingly, no assurance can be given that Brookfield DTLA will be organized or be able to operate in a manner so as to continue to qualify as a REIT. If Brookfield DTLA fails to qualify as a REIT in any taxable year, it will be subject to federal and state income tax on its taxable income at regular corporate tax rates, and it may be ineligible to qualify as a REIT for four subsequent tax years. Brookfield DTLA may also be subject to certain state or local income taxes, or franchise taxes on its REIT activities.

Brookfield DTLA has made no provision for income taxes in its consolidated and combined financial statements for the years ended December 31, 2014, 2013 and 2012. Brookfield DTLA’s taxable income or loss is different than its financial statement income or loss.

Brookfield DTLA recognizes tax benefits from uncertain tax positions when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more likely than not recognition threshold. Brookfield DTLA had no unrecognized tax benefits of December 31, 2014 and 2013, and Brookfield DTLA does not expect its unrecognized tax benefits balance to change during the next 12 months. Brookfield DTLA’s 2013 tax year remains open due to the statute of limitations and may be subject to examination by federal, state and local authorities. The Predecessor Entities’ 2010, 2011 and 2012 tax years as well as the Predecessor Entities’ short tax period ended October 15, 2013 remain open due to the statute of limitations and may be subject to examination by federal, state and local tax authorities.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Derivative Financial Instruments—

Brookfield DTLA uses interest rate swap and cap contracts to manage risk from fluctuations in interest rates as well as to hedge anticipated future financing transactions. Interest rate swaps involve the receipt of variable-rate amounts in exchange for fixed-rate payments over the life of the agreements without exchange of the underlying principal amount. Interest rate caps involve the receipt of variable-rate amounts beyond a specified strike price over the life of the agreements without exchange of the underlying principal amount. The Company believes these agreements are with counterparties who are creditworthy financial institutions.

Brookfield DTLA adheres to the provisions of ASC Subtopic 815-10-15, Derivatives and Hedging (“ASC 815-10-15”). ASC 815-10-15 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires the recognition of all derivative instruments as assets or liabilities in the Company’s consolidated balance sheet at fair value. Changes in the fair value of derivative instruments that are not designated as hedges, or that do not meet the hedge accounting criteria in ASC 815-10-15, are required to be reported through the statement of operations. Brookfield DTLA has elected to designate its interest rate swap as a cash flow hedge.

Segment Reporting

Brookfield DTLA operates in a single reportable segment referred to as its office segment, which includes the operation and management of commercial office properties. Each of Brookfield DTLA’s operating properties is considered a separate operating segment, as each property earns revenues and incurs expenses, individual operating results are reviewed and discrete financial information is available. Management does not distinguish or group Brookfield DTLA’s consolidated operations based on geography, size or type. Brookfield DTLA’s operating properties have similar economic characteristics and provide similar products and services to tenants. As a result, Brookfield DTLA’s operating properties are aggregated into a single reportable segment.

Accounting for Conditional Asset Retirement Obligations

Brookfield DTLA has evaluated whether it has any conditional asset retirement obligations, which are a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional upon future events that may or may not be within an entity’s control. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. Accordingly, Brookfield DTLA recognized a liability for a conditional asset retirement obligation.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Note 3—Acquisition of MPG Office Trust, Inc.

On October 15, 2013, Brookfield DTLA completed the acquisition of MPG. At the effective time of the merger, (i) each issued and outstanding share of MPG common stock was automatically converted into, and canceled in exchange for, the right to receive \$3.15 in cash, without interest and less any required withholding tax and (ii) each issued and outstanding share of 7.625% Series A Cumulative Redeemable Preferred Stock of MPG (the “MPG Preferred Stock”) automatically, and without a vote by the holders of MPG Preferred Stock, was converted into and canceled in exchange for, the right to receive one share of the Company’s Series A preferred stock.

The components of the purchase price paid by Brookfield DTLA in connection with the MPG acquisition are as follows:

| | |
|--|----------------|
| MPG common stock and noncontrolling common units | 57,540,216 |
| MPG in-the-money equity awards | 2,524,079 |
| | <hr/> |
| Merger consideration per common share | \$ 60,064,295 |
| Cash consideration – common stock | \$ 3.15 |
| | <hr/> |
| | \$ 189,202,529 |
| | <hr/> |
| Fair value of Series A preferred stock issued by Brookfield DTLA | 252,989,620 |
| Total purchase price | <hr/> |
| | \$ 442,192,149 |

The cash consideration paid was settled using cash contributed to Brookfield DTLA by Brookfield DTLA Holdings. The fair value of the 9,730,370 shares of Series A preferred stock issued by the Company in the merger was based on an estimate of fair value of \$26.00 per share. The valuation was based on available trading information for the MPG Preferred Stock and the Company’s Series A preferred stock on the day prior to and subsequent to the transaction, respectively.

In connection with the acquisition, DTLA Fund Holding Co., a subsidiary of Brookfield DTLA Holdings, made a tender offer to purchase all of the issued and outstanding shares of MPG Preferred Stock for cash consideration of \$25.00 per share (the “offer price”). A total of 372,901 shares of MPG Preferred Stock were validly tendered into the offer and the holders thereof received the offer price for such shares. At the effective time of the merger, each share of MPG Preferred Stock that was issued and outstanding immediately prior to the merger, including each share of MPG Preferred Stock acquired by DTLA Fund Holding Co. in the offer, was exchanged for one share of Series A preferred stock of the Company with rights, terms and conditions substantially identical to those of the MPG Preferred Stock.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

The acquisition of MPG is being accounted for in accordance with ASC Topic 805, Business Combinations. Brookfield DTLA recognized the assets and liabilities of MPG at fair value in its consolidated balance sheet as of October 15, 2013. The following is the final fair value assigned to the identified assets acquired and liabilities assumed (in millions):

| | | |
|---|----|---------|
| Purchase price | \$ | 442 |
| Identified Assets Acquired: | | |
| Investments in real estate | \$ | 1,685 |
| Cash and cash equivalents | | 156 |
| Restricted cash | | 41 |
| Rents, deferred rents and other receivables | | 3 |
| Intangible assets | | 142 |
| Deferred charges | | 32 |
| Prepaid and other assets | | 2 |
| Liabilities Assumed: | | |
| Mortgage loans | | (1,532) |
| Accounts payable and other liabilities | | (47) |
| Intangible liabilities | | (40) |
| Total identified assets acquired, net | | 442 |
| Residual amount | \$ | — |

Brookfield DTLA incurred acquisition and transaction-related costs of \$6.8 million, which are included in other expense in the consolidated statement of operations for the year ended December 31, 2013. Of that amount, \$6.3 million was paid by Brookfield DTLA Holdings and was treated as a contribution in the consolidated statement of stockholders' equity for the year ended December 31, 2013. No transaction costs were incurred during the year ended December 31, 2012.

Pro Forma Financial Information

The results of operations of MPG are included in the consolidated statement of operations from October 15, 2013 (the date of acquisition). During the year ended December 31, 2013, Brookfield DTLA recorded \$38.8 million of total revenue and \$16.4 million of net loss generated by the properties acquired from MPG.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Condensed pro forma financial information for the years ended December 31, 2013 and 2012, assuming the MPG acquisition had occurred as of January 1, 2012, is presented below for comparative purposes (in millions):

| | For the Year Ended December 31, | |
|---------------|---------------------------------|----------|
| | 2013 | 2012 |
| Total revenue | (Unaudited) | |
| Net loss | \$ 272.8 | \$ 280.0 |
| | (103.4) | (86.6) |

The condensed pro forma financial information is not necessarily indicative of what the actual results of operations of Brookfield DTLA would have been assuming the MPG acquisition had been consummated as of January 1, 2012, nor does it purport to represent the results of operations for future periods. Pro forma adjustments include the amortization of acquired intangible assets and liabilities, and depreciation and amortization.

Note 4—Intangible Assets and Liabilities

Brookfield DTLA's intangible assets and liabilities are summarized as follows (in thousands):

| | December 31, 2014 | December 31, 2013 |
|-------------------------------|-------------------|-------------------|
| Intangible Assets | | |
| In-place leases | \$ 110,519 | \$ 110,380 |
| Tenant relationships | 46,248 | 46,248 |
| Above-market leases | 39,936 | 38,913 |
| | <u>196,703</u> | <u>195,541</u> |
| Accumulated amortization | <u>(70,876)</u> | <u>(38,453)</u> |
| Intangible assets, net | <u>\$ 125,827</u> | <u>\$ 157,088</u> |
| Intangible Liabilities | | |
| Below-market leases | \$ 76,344 | \$ 76,438 |
| Accumulated amortization | <u>(38,619)</u> | <u>(31,637)</u> |
| Intangible liabilities, net | <u>\$ 37,725</u> | <u>\$ 44,801</u> |

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

The impact of the amortization of acquired below-market leases, net of acquired above-market leases, on rental income and of acquired in-place leases and tenant relationships on depreciation and amortization expense is as follows (in thousands):

| | For the Year Ended December 31, | | |
|---------------------------------------|---------------------------------|----------|----------|
| | 2014 | 2013 | 2012 |
| Rental income | \$ 3,059 | \$ 5,321 | \$ 2,159 |
| Depreciation and amortization expense | 26,872 | 10,111 | 5,745 |

As of December 31, 2014, the estimate of the amortization/accretion of intangible assets and liabilities during the next five years and thereafter is as follows (in thousands):

| | In-Place Leases | Other Intangible Assets | Intangible Liabilities |
|------------|--------------------|----------------------------|---------------------------|
| 2015 | \$ 16,652 | \$ 8,776 | \$ 7,457 |
| 2016 | 13,879 | 7,896 | 6,597 |
| 2017 | 10,776 | 5,701 | 5,944 |
| 2018 | 7,787 | 4,600 | 4,176 |
| 2019 | 6,526 | 4,363 | 3,515 |
| Thereafter | 20,926 | 17,945 | 10,036 |
| | <u>\$ 76,546</u> | <u>\$ 49,281</u> | <u>\$ 37,725</u> |

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Note 5—Mortgage Loans

Brookfield DTLA's debt is as follows (in thousands, except percentage amounts):

| | Contractual Maturity Date | Interest Rate | Principal Amount as of | |
|---|------------------------------|---------------|------------------------|---------------------|
| | | | December 31, 2014 | December 31, 2013 |
| Floating-Rate Debt | | | | |
| Variable-Rate Loans: | | | | |
| Wells Fargo Center-South Tower (1) | 12/1/2016 | 1.96% | \$ 290,000 | \$ 290,000 |
| 777 Tower (2) | 11/1/2018 | 1.86% | 200,000 | 200,000 |
| Figueroa at 7th (3) | 9/10/2017 | 2.41% | 35,000 | — |
| Total variable-rate loans | | | <u>525,000</u> | <u>490,000</u> |
| Variable-Rate Swapped to Fixed-Rate Loan: | | | | |
| EY Plaza (4) | 11/27/2020 | 3.93% | 185,000 | 185,000 |
| Total floating-rate debt | | | <u>710,000</u> | <u>675,000</u> |
| Fixed-Rate Debt: | | | | |
| Wells Fargo Center-North Tower | 4/6/2017 | 5.70% | 550,000 | 550,000 |
| Gas Company Tower | 8/11/2016 | 5.10% | 458,000 | 458,000 |
| BOA Plaza | 9/1/2024 | 4.05% | 400,000 | — |
| Total fixed-rate debt | | | <u>1,408,000</u> | <u>1,008,000</u> |
| Debt Refinanced: | | | | |
| BOA Plaza | | | — | 170,191 |
| BOA Plaza | | | — | 44,321 |
| Total debt refinanced | | | <u>—</u> | <u>214,512</u> |
| Total debt | | | 2,118,000 | 1,897,512 |
| Debt discounts | | | (6,865) | (11,907) |
| Total debt, net | | | <u>\$ 2,111,135</u> | <u>\$ 1,885,605</u> |

- (1) This loan bears interest at LIBOR plus 1.80%. As required by the loan agreement, we have entered into an interest rate cap agreement that limits the LIBOR portion of the interest rate to 4.75%. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).
- (2) This loan bears interest at LIBOR plus 1.70%. As required by the loan agreement, we have entered into an interest rate cap agreement that limits the LIBOR portion of the interest rate to 5.75%. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).
- (3) This loan bears interest at LIBOR plus 2.25%. Brookfield DTLA has two options to extend the maturity date of this loan, each for a period of 12 months, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).
- (4) This loan bears interest at LIBOR plus 1.75%. As required by the loan agreement, we have entered into an interest rate swap agreement to hedge this loan, which effectively fixes the LIBOR portion of the interest rate at 2.178%. The effective interest rate of 3.93% includes interest on the swap.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

The weighted average interest rate of our debt was 4.17% as of December 31, 2014 and 4.36% as of December 31, 2013.

As of December 31, 2014, our debt to be repaid during the next five years and thereafter is as follows (in thousands):

| | | |
|------------|----|------------------|
| 2015 | \$ | 311 |
| 2016 | | 751,831 |
| 2017 | | 589,026 |
| 2018 | | 204,232 |
| 2019 | | 4,449 |
| Thereafter | | 568,151 |
| | \$ | <u>2,118,000</u> |

As of December 31, 2014, \$220.0 million of our debt may be prepaid without penalty, \$458.0 million may be defeased (as defined in the underlying loan agreements), \$550.0 million may be prepaid with prepayment penalties or defeased (as defined in the underlying loan agreement) at our option, \$290.0 million may be prepaid with prepayment penalties, \$200.0 million is locked out from prepayment until November 1, 2015, and \$400.0 million locked out from defeasance until September 30, 2016.

Secured Debt Financing during 2014

On September 10, 2014, Brookfield DTLA completed a \$35.0 million mortgage loan secured by the Figueroa at 7th retail property and received net proceeds totaling \$34.6 million, which will be used for general corporate purposes, including the repayment of Brookfield DTLA's \$25.0 million intercompany loan with BOP Management Inc. See Note 12 "Related Party Transactions—Intercompany Loan."

The loan bears interest at a rate equal to LIBOR plus 2.25%, matures on September 10, 2017, and requires the payment of interest-only until maturity. The mortgage loan can be repaid at any time prior to maturity, in whole or in part, without penalty.

Brookfield DTLA has two options to extend the maturity date of this loan, each for a period of 12 months, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement). If the maturity date of the loan is extended, the loan will require the monthly payment of a principal reduction amount (as defined in the loan agreement) and interest until maturity.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Mortgage Loan Refinancings during 2014

On August 7, 2014, Brookfield DTLA Holdings refinanced the mortgage loans secured by the BOA Plaza office property and received net proceeds totaling \$399.4 million, of which \$211.8 million was used to repay the mortgage loans that previously encumbered the property and \$7.7 million was used to fund the loan reserves discussed below, with the remaining \$179.9 million to be used for general corporate purposes, including a \$150.0 million cash distribution from Brookfield DTLA to Brookfield DTLA Holdings to the holders of the senior preferred participating interest. See Note 6 “Mezzanine Equity—Senior Participating Preferred Interest.”

The new \$400.0 million mortgage loan bears interest at a fixed rate equal to 4.05%, matures on September 1, 2024, and requires the payment of interest—only until maturity. The mortgage loan can be defeased beginning on September 30, 2016 until March 1, 2024, after which the loan can be repaid in full without penalty.

In connection with the refinancing, Brookfield DTLA Holdings was required to fund a \$4.2 million tax reserve, a \$3.0 million tenant improvement and leasing commission reserve, and a \$0.5 million rent concession reserve at closing.

Mortgage Loans Assumed in Connection with the MPG Acquisition in 2013

Wells Fargo Center—North Tower—

In connection with the MPG acquisition, Brookfield DTLA Holdings assumed the \$550.0 million mortgage loan secured by the Wells Fargo Center—North Tower office property on October 15, 2013. The mortgage loan bears interest at a fixed rate of 5.70%, matures on April 6, 2017 and requires the payment of interest—only until maturity. The mortgage loan can be repaid at any time prior to maturity, in whole or in part, with the payment of a prepayment fee (as specified in the loan agreement) until October 6, 2016, after which the loan can be repaid without penalty. The mortgage loan can also be defeased at any time prior to maturity.

In connection with the loan assumption, Brookfield DTLA Holdings agreed to deposit a total of \$10.0 million into a collateral reserve account held by the lender, of which \$5.0 million was deposited when the loan was assumed during 2013 and \$1.25 million was funded by Brookfield DTLA in April and October 2014, respectively. The remaining \$2.5 million will be paid in installments of \$1.25 million in each of April and October 2015. The collateral reserve is included as part of restricted cash in the consolidated balance sheet.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Gas Company Tower—

In connection with the MPG acquisition, Brookfield DTLA Holdings assumed the \$458.0 million mortgage loan secured by the Gas Company Tower office property on October 15, 2013. The mortgage loan bears interest at a fixed rate of 5.10%, matures on August 11, 2016 and requires the payment of interest—only until maturity. The mortgage loan can be defeased at any time prior to maturity (as specified in the loan agreement). On or after May 11, 2016, the loan can be repaid, in whole or in part, without penalty.

In connection with tax indemnification agreements entered into with MPG Office, L.P. prior to the acquisition of MPG by Brookfield DTLA, Robert F. Maguire III, certain entities owned or controlled by Mr. Maguire, and other contributors to MPG at the time of its initial public offering guaranteed a portion of the Wells Fargo Center—North Tower and Gas Company Tower mortgage loans. As of December 31, 2014 and 2013, \$591.8 million of these loans is subject to such guarantees.

Wells Fargo Center—South Tower—

In connection with the MPG acquisition, Brookfield DTLA Holdings assumed the \$334.6 million mortgage loan secured by the Wells Fargo Center—South Tower office property on October 15, 2013. The mortgage loan bore interest at a variable rate of LIBOR plus 3.00% on the A—Note and LIBOR plus 5.10% on the B—Note and was scheduled to mature on January 9, 2014. As discussed below, this loan was refinanced by Brookfield DTLA Holdings on November 8, 2013.

777 Tower—

In connection with the MPG acquisition, Brookfield DTLA Holdings assumed the \$200.0 million mortgage loan secured by the 777 Tower office property on October 15, 2013.

The loan bears interest at a rate equal to LIBOR plus 1.70%, matures on November 1, 2018 and requires the payment of interest—only until maturity. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement). The mortgage loan is locked out from prepayment until November 1, 2015. Thereafter, the mortgage loan can be repaid at any time prior to maturity, in whole or in part, with the payment of a prepayment fee (as specified in the loan agreement) until November 1, 2017, after which the loan can be repaid without penalty.

Mortgage Loan Refinancings during 2013

Wells Fargo Center—South Tower—

On November 8, 2013, Brookfield DTLA Holdings refinanced the \$334.6 million mortgage loan secured by Wells Fargo Center—South Tower. In connection with the refinancing, Brookfield DTLA repaid \$44.6 million of principal.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

The new \$290.0 million mortgage loan bears interest at a rate equal to LIBOR plus 1.80%, matures on December 1, 2016 and requires the payment of interest-only until maturity. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement). The mortgage loan can be repaid at any time prior to maturity, in whole or in part, with the payment of a prepayment fee (as specified in the loan agreement) until December 1, 2015, after which the loan can be repaid without penalty.

EY Plaza—

On November 27, 2013, Brookfield DTLA Holdings refinanced the mortgage loan secured by the EY Plaza office property and received net proceeds totaling \$183.3 million, of which \$99.5 million was used to repay the mortgage loan that previously encumbered the property with the remaining \$83.8 million to be used for general corporate purposes, including a \$70.0 million cash distribution from Brookfield DTLA to Brookfield DTLA Holdings to the holders of the senior preferred participating interest. See Note 6 “Mezzanine Equity—Senior Participating Preferred Interest.”

The new \$185.0 million mortgage loan bears interest at a rate equal to LIBOR plus 1.75%, matures on November 27, 2020 and requires the payment of interest-only until December 1, 2015, when the loan will require the payment of principal and interest until maturity. The mortgage loan can be repaid at any time prior to maturity, in whole or in part, without penalty.

Non-Recourse Carve Out Guarantees

All of Brookfield DTLA’s \$2.1 billion of mortgage debt is subject to “non-recourse carve out” guarantees that expire upon elimination of the underlying loan obligations. Under these guarantees, these otherwise non recourse loans can become partially or fully recourse against Brookfield DTLA Holdings if certain triggering events occur as defined in the loan agreements. Although these events differ from loan to loan, some of the common events include:

- The special purpose property-owning subsidiary’s or Brookfield DTLA Holdings’ filing a voluntary petition for bankruptcy;
- The special purpose property-owning subsidiary’s failure to maintain its status as a special purpose entity;
- Subject to certain conditions, the special purpose property-owning subsidiary’s failure to obtain the lender’s written consent prior to any subordinate financing or other voluntary lien encumbering the associated property; and
- Subject to certain conditions, the special purpose property-owning subsidiary’s failure to obtain the lender’s written consent prior to a transfer or conveyance of the associated property, including, in some cases, indirect transfers in connection with a change in control of Brookfield DTLA Holdings or Brookfield DTLA.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

In addition, other items that are customarily recourse to a non-recourse carve out guarantor include, but are not limited to, the payment of real property taxes, the breach of representations related to environmental issues or hazardous substances, physical waste of the property, liens which are senior to the mortgage loan and outstanding security deposits.

The maximum amount Brookfield DTLA Holdings would be required to pay under a “non recourse carve out” guarantee is the principal amount of the loan (or a total of \$2.1 billion as of December 31, 2014 for all loans). This maximum amount does not include liabilities related to environmental issues or hazardous substances. Losses resulting from the breach of our loan agreement representations related to environmental issues or hazardous substances are generally recourse to Brookfield DTLA Holdings pursuant to the “non-recourse carve out” guarantees and any such losses would be in addition to the total principal amounts of the loans. The potential losses are not quantifiable and can be material in certain circumstances, depending on the severity of the environmental or hazardous substance issues. Since each of our non-recourse loans is secured by the office building owned by the special purpose property-owning subsidiary, the amount due to the lender from Brookfield DTLA Holdings in the event a “non-recourse carve out” guarantee is triggered could subsequently be partially or fully mitigated by the net proceeds received from any disposition of the office building; however, such proceeds may not be sufficient to cover the maximum potential amount due, depending on the particular asset.

Debt Reporting

Pursuant to the terms of certain of our mortgage loan agreements, Brookfield DTLA is required to report a debt service coverage ratio (“DSCR”) calculated using the formulas specified in the underlying loan agreements. We have submitted the required reports to the lenders for the measurement periods ended December 31, 2014 and were in compliance with the amounts required by the loan agreements, with the exception of Gas Company Tower.

Under the Gas Company Tower mortgage loan, we reported a DSCR of 0.70 to 1.00, calculated using actual debt service under the loan, and a DSCR of 0.56 to 1.00, calculated using actual debt service plus a hypothetical principal payment using a 30-year amortization schedule. Because the reported DSCR using the actual debt service plus a hypothetical principal payment was less than 1.00 to 1.00, the lender could seek to remove Brookfield Properties Management (CA) Inc. as property manager of Gas Company Tower, which is the only recourse available to the lender as a result of such breach.

Pursuant to the terms of the Gas Company Tower, Wells Fargo Center-South Tower, Wells Fargo Center-North Tower, EY Plaza, and Figueroa at 7th mortgage loan agreements, we are required to provide annual audited financial statements of Brookfield DTLA Holdings to the lenders or agents. The receipt of any opinion other than an “unqualified” audit opinion on our annual audited financial statements is an event of default under the loan agreements for the properties listed above. If an event of default occurs, the lenders have the right to pursue the remedies contained in the loan documents, including acceleration of all or a portion of the debt and foreclosure.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Note 6—Mezzanine Equity

Mezzanine equity in the consolidated balance sheets as of December 31, 2014 and 2013 is comprised of the Series A preferred stock, a Series A-1 preferred interest and a senior participating preferred interest (the “Preferred Interests”). The Series A-1 preferred interest and senior participating preferred interest are held by a noncontrolling interest holder. The Preferred Interests are classified in mezzanine equity because they are callable and the holder of the Series A-1 preferred interest and senior participating preferred interest (which also owns some of the Series A preferred stock) indirectly controls the ability to elect to redeem such instruments, through its controlling interest in the Company and its subsidiaries. There is no commitment or obligation on the part of Brookfield DTLA or Brookfield DTLA Holdings to redeem the Preferred Interests. See “—Senior Participating Preferred Interest” below for a discussion of the distributions paid related to the senior participating preferred interest during 2014.

The Preferred Interests included within mezzanine equity were recorded at fair value on the date of issuance and have been adjusted to the greater of their carrying amount or redemption value as of December 31, 2014 and 2013. Adjustments to increase the carrying amount to redemption value are recorded in the consolidated statement of operations as a redemption measurement adjustment.

Other than the distributions paid to the senior participating preferred interest described below, Brookfield DTLA has not paid any cash dividends in the past. Any future dividends declared would be at the discretion of Brookfield DTLA’s board of directors and would depend on its financial condition, results of operations, contractual obligations and the terms of its financing agreements at the time a dividend is considered, and other relevant factors.

Series A Preferred Stock

Brookfield DTLA is authorized to issue up to 10,000,000 shares of Series A preferred stock, \$0.01 par value per share, with a liquidation preference of \$25.00 per share.

As of December 31, 2014 and 2013, 9,730,370 shares of Series A preferred stock were outstanding, of which 9,357,469 shares were issued to third parties and 372,901 shares were issued to DTLA Fund Holding Co., a subsidiary of Brookfield DTLA Holdings.

The fair value of the 9,730,370 shares of Series A preferred stock issued by the Company on October 15, 2013 in connection with the merger with MPG was based on an estimate of fair value of \$26.00 per share. The valuation was based on available trading information for the MPG Preferred Stock and the Company’s Series A preferred stock on the day prior to and subsequent to the transaction, respectively.

No dividends were declared on the Series A preferred stock during the years ended December 31, 2014 and 2013. Dividends on the Series A preferred stock are cumulative, and therefore, will continue to accrue at an annual rate of \$1.90625 per share. As of December 31, 2014, the cumulative amount of unpaid dividends totals \$114.4 million and has been reflected in the carrying amount of the Series A preferred stock.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

The Series A preferred stock does not have a stated maturity and is not subject to any sinking fund or mandatory redemption provisions. Upon liquidation, dissolution or winding up, the Series A preferred stock will rank senior to our common stock with respect to the payment of distributions. We may, at our option, redeem the Series A preferred stock, in whole or in part, for cash at a redemption price of \$25.00 per share, plus all accumulated and unpaid dividends on such Series A preferred stock up to and including the redemption date. The Series A preferred stock is not convertible into or exchangeable for any other property or securities of Brookfield DTLA.

As of December 31, 2014, the Series A preferred stock is reported at its redemption value of \$357.6 million calculated using the redemption price of \$25.00 per share plus all accumulated and unpaid dividends on such Series A preferred stock through December 31, 2014.

Series A-1 Preferred Interest

On October 15, 2013, New OP issued a Series A-1 preferred interest to Brookfield DTLA Holdings or wholly owned subsidiaries of Brookfield DTLA Holdings with a stated value of \$225.7 million in connection with the formation of Brookfield DTLA and the MPG acquisition.

The Series A-1 preferred interest has mirror rights to the Series A preferred interests issued by New OP, which are held by a wholly owned subsidiary of Brookfield DTLA, but only with respect to their respective preferred liquidation preferences, and share pro rata with 48.13% to the Series A-1 preferred interest and 51.87% to the Series A preferred interest based on their current liquidation preferences in accordance with their respective preferred liquidation preferences in distributions from New OP, until their preferred liquidation preferences have been reduced to zero. Thereafter, distributions will be made 47.66% to the Series A preferred interest and 52.34% to the Series B preferred interest, which is held by Brookfield DTLA Holdings. The economic terms of the Series A preferred stock mirror those of the New OP Series A preferred interests, including distributions in respect of the preferred liquidation preference.

As of December 31, 2014, the Series A-1 preferred interest is reported at its redemption value of \$331.9 million calculated using its liquidation value of \$225.7 million plus \$106.2 million of accumulated and unpaid dividends on such Series A-1 preferred interest through December 31, 2014.

Senior Participating Preferred Interest

On October 15, 2013, DTLA OP issued a senior participating preferred interest to Brookfield DTLA Holdings in connection with the formation of Brookfield DTLA and the MPG acquisition. The senior participating preferred interest was comprised of \$240.0 million in preferred interests with a 7.0% coupon and a 4.0% participating interest in the residual value of DTLA OP, which owns 333 South Hope and EYP Realty.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

BOA Plaza and EY Plaza were contributed to DTLA OP, directly and indirectly, by Brookfield DTLA in connection with the merger. As of the merger date, these properties had a leverage ratio that was lower than the leverage ratio of the MPG properties acquired, as well as the target leverage ratio that the Company's management sought to achieve for its properties, as they were refinanced, of approximately 60% to 65%. The size of the preferred interest component of the senior participating preferred interest issued to Brookfield DTLA was based, in part, on the expected net proceeds from the refinancing of the properties owned by 333 South Hope (which holds BOA Plaza) and EYP Realty (which holds EY Plaza) at a leverage ratio in this range and represented a portion of the approximately \$595 million fair market value as of the merger date of BOA Plaza and EY Plaza, reduced by the outstanding principal balances of the mortgage loans secured by BOA Plaza and EY Plaza and the \$25.0 million promissory note due to BOP Management Inc.

On March 21, 2014, Brookfield DTLA made a cash distribution to Brookfield DTLA Holdings totaling \$70.0 million, in respect of the senior participating preferred interest held by Brookfield DTLA Holdings, which was comprised of \$7.3 million in settlement of preferred dividends on the senior participating preferred interest through March 21, 2014 and a return of investment of \$62.7 million using proceeds generated by the refinancing of EY Plaza.

On August 28, 2014, Brookfield DTLA made a cash distribution to Brookfield DTLA Holdings totaling \$150.0 million, in respect of the senior participating preferred interest held by Brookfield DTLA Holdings, which was comprised of \$5.5 million in settlement of preferred dividends on the senior participating preferred interest through August 28, 2014 and a return of investment of \$144.5 million using proceeds generated by the refinancing of BOA Plaza.

As of December 31, 2014, the senior participating preferred interest is reported at its redemption value of \$50.1 million calculated using the value of the preferred and participating interests totaling \$49.3 million plus \$0.8 million of accumulated and unpaid dividends on the preferred interest through December 31, 2014.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Change in Mezzanine Equity

A summary of the change in mezzanine equity is as follows (in thousands, except share amounts):

| | Number of Shares of Series A Preferred Stock | Series A Preferred Stock | Noncontrolling Interests Series A-1 Preferred Interest | Noncontrolling Interests Senior Participating Preferred Interest | Total Mezzanine Equity |
|---|--|--------------------------------|---|--|---------------------------|
| Balance, December 31, 2012 | — | \$ — | \$ — | \$ — | \$ — |
| Issuance of Series A preferred stock | 9,730,370 | 252,990 | | | 252,990 |
| Issuance of Series A-1 preferred interest | | | 234,767 | | 234,767 |
| Issuance of senior participating preferred interest | | | | 254,280 | 254,280 |
| Cumulative dividends | | 3,864 | 3,586 | 3,500 | 10,950 |
| Redemption measurement adjustment | | 82,247 | 76,305 | | 158,552 |
| Balance, December 31, 2013 | 9,730,370 | 339,101 | 314,658 | 257,780 | 911,539 |
| Current dividends | | 18,548 | 17,213 | 10,044 | 45,805 |
| Redemption measurement adjustment | | | | 2,256 | 2,256 |
| Cash distributions | | | | (220,000) | (220,000) |
| Balance, December 31, 2014 | 9,730,370 | \$ 357,649 | \$ 331,871 | \$ 50,080 | \$ 739,600 |

Note 7—Stockholders' (Deficit) Equity

Brookfield DTLA is authorized to issue up to 1,000,000 shares of common stock, \$0.01 par value per share.

On April 24, 2013, Brookfield DTLA received an initial contribution of \$1,000 from Brookfield DTLA Holdings in exchange for 1,000 shares of Brookfield DTLA common stock. An additional \$27,000 was contributed by Brookfield DTLA Holdings during 2013. As of December 31, 2014 and 2013, 1,000 shares of common stock were outstanding. No dividends were declared on the common stock during the years ended December 31, 2014 and 2013.

Brookfield DTLA has not paid any cash dividends on its common stock in the past. Any future dividends declared would be at the discretion of Brookfield DTLA's board of directors and would depend on its financial condition, results of operations, contractual obligations and the terms of its financing agreements at the time a dividend is considered, and other relevant factors.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Note 8—Noncontrolling Interests

Mezzanine Equity Component

The Series A-1 preferred interest and senior participating preferred interest consist of equity interests of New OP and DTLA OP, respectively, which are owned directly by Brookfield DTLA Holdings. These noncontrolling interests are presented in mezzanine equity in the consolidated balance sheet. See Note 6 “Mezzanine Equity.”

Stockholders’ Equity Component

The Series B common interest ranks junior to the Series A preferred stock as to dividends and upon liquidation and is presented in the consolidated balance sheet as noncontrolling interest.

Note 9—Accumulated Other Comprehensive (Loss) Income

A summary of the change in accumulated other comprehensive (loss) income related to Brookfield DTLA’s cash flow hedges is as follows (in thousands):

| | For the Year Ended December 31, | | |
|---|---------------------------------|-----------------|-------------|
| | 2014 | 2013 | 2012 |
| Balance at beginning of year | \$ 1,007 | \$ — | \$ — |
| Other comprehensive (loss) gain before reclassifications | (5,344) | 1,007 | — |
| Amounts reclassified from accumulated other comprehensive (loss) income | — | — | — |
| Net current-period other comprehensive (loss) gain | (5,344) | 1,007 | — |
| Balance at end of year | <u>\$ (4,337)</u> | <u>\$ 1,007</u> | <u>\$ —</u> |

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Note 10—Fair Value Measurements

ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value and establishes a framework for measuring fair value. The objective of fair value is to determine the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price).

ASC Topic 820 established a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three categories:

- Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date.
- Level 2—Observable prices that are based on inputs not quoted in active markets, but corroborated by market data.
- Level 3—Unobservable prices that are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. Brookfield DTLA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible, as well as consider counterparty credit risk in its assessment of fair value.

Recurring Measurements

The valuation of Brookfield DTLA's interest rate swap is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flow of the derivative. This analysis reflects the contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. We have incorporated credit valuation adjustments to appropriately reflect both our own and the respective counterparty's non-performance risk in the fair value measurements.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Brookfield DTLA's (liabilities) assets measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows (in thousands):

| | Total Fair Value | Fair Value Measurements Using | | |
|------------------------|------------------------|---|---|---|
| | | Quoted Prices in Active Markets for Identical (Liabilities) Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Interest rate swap at: | | | | |
| December 31, 2014 | \$ (4,337) | \$ — | \$ (4,337) | \$ — |
| December 31, 2013 | 1,007 | — | 1,007 | — |
| December 31, 2012 | — | — | — | — |
| Interest rate caps at: | | | | |
| December 31, 2014 | \$ 190 | \$ — | \$ 190 | \$ — |
| December 31, 2013 | 1,600 | — | 1,600 | — |
| December 31, 2012 | — | — | — | — |

Note 11—Financial Instruments

Derivative Financial Instruments

A summary of the fair value of Brookfield DTLA's derivative financial instruments is as follows (in thousands):

| | Fair Value as of | |
|--|-------------------|-------------------|
| | December 31, 2014 | December 31, 2013 |
| Derivatives designated as cash flow hedging instruments: | | |
| Interest rate swap | \$ (4,337) | \$ 1,007 |

The interest rate swap liability as of December 31, 2014 is included in accounts payable and other liabilities in the consolidated balance sheet, while the interest rate swap asset as of December 31, 2013 is included in prepaid and other assets in the consolidated balance sheet.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

A summary of the effect of derivative financial instruments reported in the consolidated and combined financial statements is as follows (in thousands):

| | Amount of (Loss) Gain Recognized in AOCL | Amount of Gain (Loss) Reclassified from AOCL to Statement of Operations |
|--|---|--|
| Derivatives designated as cash flow hedging instruments: | | |
| Interest rate swap for the year ended: | | |
| December 31, 2014 | \$ (5,344) | \$ — |
| December 31, 2013 | 1,007 | — |
| December 31, 2012 | — | — |

Interest Rate Swap—

As of December 31, 2014 and 2013, Brookfield DTLA held an interest rate swap with a notional amount of \$185.0 million, which was assigned to the EY Plaza mortgage loan. The swap requires net settlement each month and expires on November 2, 2020.

Interest Rate Caps—

Brookfield DTLA holds interest rate caps pursuant to the terms of certain of its mortgage agreements with the following notional amounts (in thousands):

| | December 31, 2014 | December 31, 2013 |
|--------------------------------|-------------------|-------------------|
| Wells Fargo Center–South Tower | \$ 290,000 | \$ 290,000 |
| 777 Tower | 200,000 | 200,000 |
| | <u>\$ 490,000</u> | <u>\$ 490,000</u> |

Other Financial Instruments

Brookfield DTLA's other financial instruments that are exposed to concentrations of credit risk consist primarily of cash and accounts receivable. Management routinely assesses the financial strength of its tenants and, as a consequence, believes that its accounts receivable credit risk exposure is limited. Brookfield DTLA places its temporary cash investments with federally insured institutions. Cash balances with any one institution may at times be in excess of the federally insured limits.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

The estimated fair value and carrying amount of Brookfield DTLA's mortgage loans are as follows (in thousands):

| | December 31, 2014 | | December 31, 2013 |
|----------------------|-------------------|----|-------------------|
| Estimated fair value | \$ 2,133,158 | \$ | 1,890,436 |
| Carrying amount | 2,118,000 | | 1,897,512 |

We calculated the estimated fair value of our mortgage loans by discounting the future contractual cash flows of the loans using current risk adjusted rates available to borrowers with similar credit ratings. The estimated fair value of mortgage loans is classified as Level 3.

Note 12—Related Party Transactions

Intercompany Loan

Brookfield DTLA was indebted to BOP Management Inc. under a \$25.0 million promissory note dated October 11, 2013. The note bore interest at 3.25%. For the years ended December 31, 2014 and 2013, the Company accrued \$0.6 million and \$0.2 million of interest expense, respectively, related to this note. Given the short-term nature of this instrument, fair value was determined to approximate carrying value as of December 31, 2013.

During September 2014, Brookfield DTLA paid \$25.8 million in full settlement of the principal and interest outstanding on the intercompany loan using proceeds from the mortgage loan secured by the Figueroa at 7th retail property.

Management Agreements

The Predecessor Entities entered into arrangements with Brookfield Properties Management LLC, which is affiliated with the Company through common ownership through BPO, under which the affiliate provides property management and various other services. On October 15, 2013, these agreements were transferred to BOP Management Inc., an affiliate of BPO. The MPG properties entered into similar arrangements with BOP Management Inc. after the closing of the acquisition on October 15, 2013. Property management fees under these agreements are calculated based on 2.75% of rents collected (as defined in the management agreements). In addition, the Company pays BOP Management Inc. an asset management fee, which is calculated based on 0.75% of the capital contributed to Brookfield DTLA Holdings.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

A summary of costs incurred by Brookfield DTLA and the Predecessor Entities under these arrangements, which are included in rental property operating and maintenance expense in the consolidated and combined statements of operations, is as follows (in thousands):

| | For the Year Ended December 31. | | |
|---|---------------------------------|----------|----------|
| | 2014 | 2013 | 2012 |
| Property management fee expense | \$ 8,135 | \$ 3,667 | \$ 2,670 |
| Asset management fee expense | 6,109 | 1,320 | — |
| General, administrative and reimbursable expenses | 2,509 | 1,190 | 1,278 |
| Leasing and construction management fees | 3,626 | 786 | 1,137 |

Insurance Agreements

Brookfield DTLA's properties are covered under an insurance policy entered into by BPO that provides all risk property and business interruption for BPO's commercial portfolio with an aggregate limit of \$2.5 billion per occurrence as well as an aggregate limit of \$300.0 million of earthquake insurance for California properties. In addition, Brookfield DTLA's properties are covered by a terrorism insurance policy that provides aggregate coverage of \$4.0 billion for all of BPO's U.S. properties. Brookfield DTLA is in compliance with the contractual obligations regarding terrorism insurance contained in such policies.

Prior to their expiration, which became effective on April 19, 2014, the MPG properties were covered under an insurance policy that provided all risk property and business interruption with an aggregate limit of \$1.25 billion and a \$130.0 million aggregate limit of earthquake insurance, and a terrorism insurance policy with a \$1.25 billion aggregate limit. Effective April 19, 2014, the MPG properties were added to the existing BPO insurance policies described above.

Insurance premiums for Brookfield DTLA are paid by an affiliate company under common control through BPO. Brookfield DTLA reimburses the affiliate company for the actual cost of such premiums.

A summary of costs incurred by Brookfield DTLA and the Predecessor Entities under this arrangement, which are included in rental property operating and maintenance expense in the consolidated and combined statements of operations, is as follows (in thousands):

| | For the Year Ended December 31. | | |
|-------------------|---------------------------------|----------|----------|
| | 2014 | 2013 | 2012 |
| Insurance expense | \$ 8,466 | \$ 4,949 | \$ 4,664 |

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Note 13—Rental Income

Brookfield DTLA's properties are leased to tenants under net operating leases with initial expiration dates ranging from 2015 to 2033. The future minimum rental income (on a non-straight-line basis) to be received under noncancelable tenant operating leases in effect as of December 31, 2014 is as follows (in thousands):

| | | |
|------------|----|------------------|
| 2015 | \$ | 133,021 |
| 2016 | | 132,017 |
| 2017 | | 130,626 |
| 2018 | | 116,079 |
| 2019 | | 106,995 |
| Thereafter | | 471,958 |
| | \$ | <u>1,090,696</u> |

The future minimum rental income shown above excludes amounts that are not fixed in accordance with a tenant's lease, but are based upon a percentage of reimbursement of actual operating expenses and amortization of above- and below-market leases.

Note 14—Commitments and Contingencies

Tenant Concentration

Brookfield DTLA generally does not require collateral or other security from its tenants, other than security deposits or letters of credit. Our credit risk is mitigated by the high quality of our existing tenant base, review of prospective tenants' risk profiles prior to lease execution, and frequent monitoring of our tenant portfolio to identify problem tenants. However, since we have a significant concentration of rental revenue from certain tenants, the inability of those tenants to make their lease payments could have a material adverse effect on our results of operations, cash flow or financial condition.

A significant portion of Brookfield DTLA's rental income and tenant reimbursements revenue is generated by a small number of tenants. During the years ended December 31, 2013 and 2012, one tenant, The Capital Group Companies, accounted for more than 10% of our consolidated and combined rental income and tenant reimbursements revenue. No tenant accounted for more than 10% of our consolidated rental income and tenant reimbursements revenue during the year ended December 31, 2014.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

During the years ended December 31, 2013 and 2012, BOA Plaza and EY Plaza each contributed more than 10% of Brookfield DTLA's consolidated and combined revenue. The revenue generated by these properties totaled 72% and 100% of Brookfield DTLA's consolidated and combined revenue during the years ended December 31, 2013 and 2012, respectively. During the year ended December 31, 2014, EY Plaza, BOA Plaza, Wells Fargo Center–North Tower, Wells Fargo Center–South Tower, Gas Company Tower and 777 Tower each contributed more than 10% of Brookfield DTLA's consolidated revenue.

Litigation

General—

Brookfield DTLA and its subsidiaries may be subject to pending legal proceedings and litigation incidental to its business. After consultation with legal counsel, management believes that any liability that may potentially result upon resolution of such matters is not expected to have a material adverse effect on the Company's business, financial condition or consolidated financial statements as a whole.

Merger–Related Litigation—

Following the announcement of the execution of the Agreement and Plan of Merger dated as of April 24, 2013, as amended (the "Merger Agreement"), seven putative class actions were filed against Brookfield Office Properties Inc. ("BPO"), Brookfield DTLA, Brookfield DTLA Holdings LLC, Brookfield DTLA Fund Office Trust Inc., Brookfield DTLA Fund Properties (collectively, the "Brookfield Parties"), MPG Office Trust, Inc., MPG Office, L.P., and the members of MPG Office Trust, Inc.'s board of directors. Five of these lawsuits were filed on behalf of MPG Office Trust, Inc.'s common stockholders: (i) two lawsuits, captioned *Coyne v. MPG Office Trust, Inc., et al.*, No. BC507342 (the "Coyne Action"), and *Masih v. MPG Office Trust, Inc., et al.*, No. BC507962 (the "Masih Action"), were filed in the Superior Court of the State of California in Los Angeles County (the "California State Court") on April 29, 2013 and May 3, 2013, respectively; and (ii) three lawsuits, captioned *Kim v. MPG Office Trust, Inc. et al.*, No. 24 C–13–002600 (the "Kim Action"), *Perkins v. MPG Office Trust, Inc., et al.*, No. 24–C–13–002778 (the "Perkins Action") and *Dell'Osso v. MPG Office Trust, Inc., et al.*, No. 24 C–13–003283 (the "Dell'Osso Action") were filed in the Circuit Court for Baltimore City, Maryland on May 1, 2013, May 8, 2013 and May 22, 2013, respectively (collectively, the "Common Stock Actions"). Two lawsuits, captioned *Cohen v. MPG Office Trust, Inc. et al.*, No. 24–C–13–004097 (the "Cohen Action") and *Donlan v. Weinstein, et al.*, No. 24 C–13–004293 (the "Donlan Action"), were filed on behalf of MPG Office Trust, Inc.'s preferred stockholders in the Circuit Court for Baltimore City, Maryland on June 20, 2013 and July 2, 2013, respectively (collectively, the "Preferred Stock Actions").

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

In each of the Common Stock Actions, the plaintiffs allege, among other things, that MPG Office Trust, Inc.'s board of directors breached their fiduciary duties in connection with the merger by failing to maximize the value of MPG Office Trust, Inc. and ignoring or failing to protect against conflicts of interest, and that the relevant Brookfield Parties named as defendants aided and abetted those breaches of fiduciary duty. The Kim Action further alleges that MPG Office, L.P. also aided and abetted the breaches of fiduciary duty by MPG Office Trust, Inc.'s board of directors, and the Dell'Osso Action further alleges that MPG Office Trust, Inc. and MPG Office, L.P. aided and abetted the breaches of fiduciary duty by MPG Office Trust, Inc.'s board of directors. On June 4, 2013, the Kim and Perkins plaintiffs filed identical, amended complaints in the Circuit Court for Baltimore City, Maryland. On June 5, 2013, the Masih plaintiffs also filed an amended complaint in the Superior Court of the State of California in Los Angeles County. The three amended complaints, as well as the Dell'Osso Action complaint, allege that the preliminary proxy statement filed by MPG Office Trust, Inc. with the SEC on May 21, 2013 is false and/or misleading because it fails to include certain details of the process leading up to the merger and fails to provide adequate information concerning MPG Office Trust, Inc.'s financial advisors.

In each of the Preferred Stock Actions, which were brought on behalf of MPG Office Trust, Inc.'s preferred stockholders, the plaintiffs allege, among other things, that, by entering into the Merger Agreement and tender offer, MPG Office Trust, Inc. breached the Articles Supplementary, which governs the issuance of the MPG preferred shares, that MPG Office Trust, Inc.'s board of directors breached their fiduciary duties by agreeing to a merger agreement that violated the preferred stockholders' contractual rights and that the relevant Brookfield Parties named as defendants aided and abetted those breaches of contract and fiduciary duty. On July 15, 2013, the plaintiffs in the Preferred Stock Actions filed a joint amended complaint in the Circuit Court for Baltimore City, Maryland that further alleged that MPG Office Trust, Inc.'s board of directors failed to disclose material information regarding BPO's extension of the tender offer.

The plaintiffs in the seven lawsuits sought an injunction against the merger, rescission or rescissory damages in the event the merger has been consummated, an award of fees and costs, including attorneys' and experts' fees, and other relief.

On July 10, 2013, solely to avoid the costs, risks and uncertainties inherent in litigation, the Brookfield Parties and the other named defendants in the Common Stock Actions signed a memorandum of understanding (the "MOU"), regarding a proposed settlement of all claims asserted therein. The parties subsequently entered into a stipulation of settlement dated November 21, 2013 providing for the release of all asserted claims, additional disclosures by MPG concerning the merger made prior to the merger's approval, and the payment, by defendants, of an award of attorneys' fees and expenses in an amount not to exceed \$475,000. After a hearing on June 4, 2014, the California State Court granted plaintiffs' motion for final approval of the settlement and entered a Final Order and Judgment, awarding plaintiffs' counsel's attorneys' fees and expenses in the amount of \$475,000, which was paid by MPG Office LLC on June 18, 2014. BPO is seeking reimbursement for the settlement payment from MPG's insurers.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

In the Preferred Stock Actions, at a hearing on July 24, 2013, the Maryland State Court denied plaintiffs' motion for preliminary injunction seeking to enjoin the tender offer. The plaintiffs filed a second amended complaint on November 22, 2013 that added additional arguments in support of their allegations that the new preferred shares do not have the same rights as the MPG preferred shares. The defendants moved to dismiss the second amended complaint on December 20, 2013, and briefing on the motion concluded on February 28, 2014. At a hearing on June 18, 2014, the Maryland State Court heard oral arguments on the defendants' motion to dismiss and reserved judgment on the decision. On October 21, 2014, the parties sent a joint letter to the Maryland State Court stating that since the June 18 meeting, the parties have commenced discussions towards a possible resolution of the lawsuit, requesting that the court temporarily refrain from deciding the pending motion to dismiss to facilitate the discussions, and stating that the parties will report to the court within 45 days of the October 21 letter regarding the status of their discussions.

Counsel for the parties have reached an agreement to settle the Preferred Stock Actions on a class-wide basis and dismiss the case with prejudice in exchange for the payment of \$2.25 per share of Series A preferred stock of accumulated and unpaid dividends to holders of record on a record date to be set after final approval of the settlement by the Maryland State Court, plus any attorneys' fees awarded by the Maryland State Court to the plaintiffs' counsel. The dividend will reduce the amount of accumulated and unpaid dividends on the Series A preferred stock, and the terms of the Series A preferred stock will otherwise remain unchanged. The agreement is subject to a number of conditions precedent, further documentation, and approval of the Maryland State Court, after notice to the class. The parties entered into a Memorandum of Understanding on March 30, 2015 memorializing the agreement to settle the Preferred Stock Actions, which has been filed with the Maryland State Court.

While the final outcome with respect to the Preferred Stock Actions cannot be predicted with certainty, in the opinion of management after consultation with external legal counsel, any liability that may arise from such contingencies would not have a material adverse effect on the financial position, results of operations or liquidity of Brookfield DTLA.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Note 15—Quarterly Financial Information (Unaudited)

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|--------------------|--------------------|--------------------|--------------------|
| | (In thousands) | | | |
| Year Ended December 31, 2014 | | | | |
| Revenue | \$ 68,677 | \$ 74,358 | \$ 75,697 | \$ 75,429 |
| Expenses | <u>84,002</u> | <u>85,757</u> | <u>90,601</u> | <u>86,793</u> |
| Net loss | (15,325) | (11,399) | (14,904) | (11,364) |
| Net loss attributable to noncontrolling interests: | | | | |
| Series A-1 preferred interest – current dividends | (4,303) | (4,303) | (4,303) | (4,304) |
| Senior participating preferred interest – current dividends | (4,133) | (3,102) | (2,232) | (577) |
| Senior participating preferred interest – redemption measurement adjustment | (198) | (930) | (97) | (1,031) |
| Series B common interest – allocation of net loss | <u>14,967</u> | <u>12,756</u> | <u>13,699</u> | <u>11,469</u> |
| Net loss attributable to Brookfield DTLA | (8,992) | (6,978) | (7,837) | (5,807) |
| Series A preferred stock – current dividends | <u>(4,637)</u> | <u>(4,637)</u> | <u>(4,637)</u> | <u>(4,637)</u> |
| Net loss available to common interest holders of Brookfield DTLA | <u>\$ (13,629)</u> | <u>\$ (11,615)</u> | <u>\$ (12,474)</u> | <u>\$ (10,444)</u> |
| Year Ended December 31, 2013 ⁽¹⁾ | | | | |
| Revenue | \$ 23,920 | \$ 25,124 | \$ 25,234 | \$ 64,444 |
| Expenses | <u>23,374</u> | <u>24,522</u> | <u>24,203</u> | <u>81,897</u> |
| Net income (loss) | 546 | 602 | 1,031 | (17,453) |
| Net income attributable to TRZ Holdings IV LLC | (546) | (602) | (1,031) | (156) |
| Net loss attributable to noncontrolling interests: | | | | |
| Series A-1 preferred interest – cumulative dividends | — | — | — | (3,586) |
| Series A-1 preferred interest – redemption measurement adjustment | — | — | — | (76,305) |
| Senior participating preferred interest – cumulative dividends | — | — | — | (3,500) |
| Series B common interest – allocation of net loss | <u>—</u> | <u>—</u> | <u>—</u> | <u>97,934</u> |
| Net loss attributable to Brookfield DTLA | — | — | — | (3,066) |
| Series A preferred stock – cumulative dividends | — | — | — | (3,864) |
| Series A preferred stock – redemption measurement adjustment | <u>—</u> | <u>—</u> | <u>—</u> | <u>(82,247)</u> |
| Net loss available to common interest holders of Brookfield DTLA | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ (89,177)</u> |

(1) On October 15, 2013, Brookfield DTLA completed the acquisition of MPG pursuant to the terms of the Merger Agreement. See Note 3 “Acquisition of MPG Office Trust, Inc.”

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

Note 16—Investments in Real Estate

A summary of information related to Brookfield DTLA's investments in real estate as of December 31, 2014 is as follows (in thousands):

| | Encumbrances | Initial Cost to Company | | Costs Capitalized Subsequent to Acquisition | | | Gross Amount at Which Buildings and Improvements Carried at Close of Period | | | Accumulated Depreciation (2) | Year Acquired (a) or Constructed (c) |
|---|---------------------|-------------------------|----------------------------|---|----------------|-------------------|---|---------------------|---------------------|------------------------------|--------------------------------------|
| | | Land | Buildings and Improvements | Improvements | Carrying Costs | Land | Improvements | Total (1) | | | |
| Los Angeles, CA | | | | | | | | | | | |
| Wells Fargo Center—North Tower 333 S. Grand Avenue | \$ 550,000 | \$ 41,024 | \$ 456,363 | \$ 19,134 | \$ — | \$ 41,024 | \$ 475,497 | \$ 516,521 | \$ (18,488) | 2013 (a) | |
| BOA Plaza 333 S. Hope Street | 400,000 | 54,163 | 354,422 | 43,430 | — | 54,163 | 397,852 | 452,015 | (73,684) | 2006 (a) | |
| Wells Fargo Center—South Tower 355 S. Grand Avenue | 290,000 | 21,231 | 401,149 | 9,598 | — | 21,231 | 410,747 | 431,978 | (13,192) | 2013 (a) | |
| Gas Company Tower 525–555 W. Fifth Street | 458,000 | 20,742 | 396,159 | 5,668 | — | 20,742 | 401,827 | 422,569 | (11,222) | 2013 (a) | |
| EY Plaza (3) 725 S. Figueroa Street | 220,000 | 47,385 | 286,982 | 104,372 | — | 47,385 | 391,354 | 438,739 | (60,795) | 2006 (a) | |
| 777 Tower 777 S. Figueroa Street | 200,000 | 38,010 | 303,697 | 8,878 | — | 38,010 | 312,575 | 350,585 | (11,727) | 2013 (a) | |
| Miscellaneous investments | — | 7,000 | — | 15 | — | 7,000 | 15 | 7,015 | — | | |
| | <u>\$ 2,118,000</u> | <u>\$ 229,555</u> | <u>\$ 2,198,772</u> | <u>\$ 191,095</u> | <u>\$ —</u> | <u>\$ 229,555</u> | <u>\$ 2,389,867</u> | <u>\$ 2,619,422</u> | <u>\$ (189,108)</u> | | |

- (1) The aggregate gross cost of Brookfield DTLA's investments in real estate for federal income tax purposes approximated \$2.8 billion as of December 31, 2014.
- (2) Depreciation in the consolidated and combined statements of operations is computed on a straight-line basis over the following estimated useful lives: buildings (60 years, with an estimated salvage value of 5%), building improvements (ranging from 7 years to 13 years), and tenant improvements (the shorter of the useful life or the applicable lease term).
- (3) Includes the mortgage loan encumbering the Figueroa at 7th retail property.

BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (continued)

The following is a reconciliation of Brookfield DTLA's and the Predecessor Entities' investments in real estate and accumulated depreciation (in thousands):

| | For the Year Ended December 31. | | |
|--------------------------------|---------------------------------|---------------------|--------------------|
| | 2014 | 2013 | 2012 |
| Investments in Real Estate | | | |
| Balance at beginning of period | \$ 2,557,865 | \$ 848,572 | \$ 821,648 |
| Additions during period: | | | |
| Acquisitions | — | 1,685,375 | — |
| Improvements | 61,557 | 23,918 | 40,566 |
| Deductions during period: | | | |
| Other | — | — | (13,642) |
| Balance at close of period | <u>\$ 2,619,422</u> | <u>\$ 2,557,865</u> | <u>\$ 848,572</u> |
| Accumulated Depreciation | | | |
| Balance at beginning of period | \$ (121,612) | \$ (92,500) | \$ (86,804) |
| Additions during period: | | | |
| Depreciation expense | (67,496) | (29,112) | (19,338) |
| Deductions during period: | | | |
| Other | — | — | 13,642 |
| Balance at close of period | <u>\$ (189,108)</u> | <u>\$ (121,612)</u> | <u>\$ (92,500)</u> |

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Brookfield DTLA maintains disclosure controls and procedures (as defined in Rule 13a–15(e) or Rule 15d–15(e) under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”)), that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost–benefit relationship of possible controls and procedures.

As required by SEC Rule 13a–15(b), Brookfield DTLA carried out an evaluation, under the supervision and with the participation of its management, including its principal executive officer and its principal financial officer, of the effectiveness of the design and operation of Brookfield DTLA’s disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, Paul L. Schulman, our principal executive officer, and Bryan K. Davis, our principal financial officer, concluded that these disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2014.

Management’s Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)). Our management, including Messrs. Schulman and Davis, evaluated the effectiveness of Brookfield DTLA’s internal control over financial reporting using the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2014.

Changes in Internal Control over Financial Reporting

There have been no changes in Brookfield DTLA’s internal control over financial reporting (as defined in Rule 13a–15(f) and 15d–15(f) under the Exchange Act) during the fiscal quarter ended December 31, 2014 that have materially affected, or that are reasonable likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Executive Officers of the Registrant

Brookfield DTLA does not directly employ any of the persons responsible for managing its business. Brookfield Office Properties Inc. (“BPO”), through Brookfield DTLA Holdings LLC (“Brookfield DTLA Holdings”), a Delaware limited liability company, manages our operations and activities, and it, together with its board of directors and officers, makes decisions on our behalf. Our executive officers are employed by BPO and we do not directly or indirectly pay any compensation to them. BOP Management Inc. (“BOP”), an affiliate of BPO, is affiliated with the Company because certain subsidiaries of the Company have entered into arrangements with BOP, pursuant to which BOP provides property management and various other services to the Company.

Our current executive officers are as follows:

| <u>Name</u> | <u>Age</u> | <u>Position</u> | <u>Executive Officer Since</u> |
|------------------|------------|---|--------------------------------|
| Bryan K. Davis | 41 | Chief Financial Officer | 2013 |
| Paul L. Schulman | 46 | President and Chief Operating Officer, U.S. Commercial Operations) | 2014 |

Bryan K. Davis has held his principal occupation as Chief Financial Officer of BPO since 2007 and has served as a member of the board of directors since the Company was formed in April 2013.

Paul L. Schulman has served on the board of directors since November 2013 and was elected Chairman of the Board and appointed as President of the Company in August 2014. Mr. Schulman was appointed Chief Operating Officer, U.S. Commercial Operations of BPO in 2009. Prior to this position, he served as Senior Vice President, Regional Head of the Washington, DC Region for BPO. He joined Trizec Properties, Inc. (which was acquired by BPO) in 1998 as Portfolio Manager for the Washington, DC and northern Virginia portfolios.

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Directors of the Registrant

Our current board of director is as follows:

| Name | Age | Position | Director Since |
|----------------------|-----|---|----------------|
| G. Mark Brown | 50 | Director (also Global Chief Investment Officer) | 2013 |
| Michelle L. Campbell | 44 | Director (also Vice President, Secretary) | 2014 |
| Alan Carr | 45 | Director | 2014 |
| Bryan K. Davis | 41 | Director (also Chief Financial Officer) | 2013 |
| Craig Perry | 35 | Director | 2014 |
| Paul L. Schulman | 46 | Director (also Chairman of the Board, President, and Chief Operating Officer, U.S. Commercial Operations) | 2013 |
| Robert L. Stelzl | 70 | Director | 2014 |

G. Mark Brown has served on the board of directors since the Company was formed in April 2013. Mr. Brown was appointed Global Chief Investment Officer of BPO in July 2012. Previously he was Head of Global Strategic Initiatives and Finance of BPO, prior to which he was Senior Vice President, Strategic Initiatives and Finance of BPO since 2005. The board of directors nominated Mr. Brown to serve as a director based, among other factors, on his knowledge of the Company and his experience in commercial real estate.

Michelle L. Campbell has served on the board of directors since August 2014. Ms. Campbell has also served as Vice President and Secretary of the Company since the Company was formed April 2013 and has served in her principal occupation as Vice President, Counsel of BPO since 2007. The board of directors nominated Ms. Campbell to serve as a director based, among other factors, on her knowledge of the Company and her experience in legal matters and commercial real estate.

Alan Carr is an investment professional with 20 years of experience working from the principal and advisor side on complex, process-intensive financial situations. Mr. Carr is the founder of Drivetrain Advisors, a fiduciary services firm that supports the investment community in legally- and process intensive investments as a representative, director, or trustee. Prior to founding Drivetrain Advisors in 2013, Mr. Carr was a Managing Director at Strategic Value Partners, LLC (“Strategic Value Partners”), where he led financial restructurings for companies in North America and Europe, working in both the U.S. and Europe over nine years. Prior to joining Strategic Value Partners, Mr. Carr was a corporate attorney at Skadden, Arps, Slate, Meagher & Flom. Mr. Carr currently serves on the board of directors of Tanker Investments Ltd., a specialized investment company organized under the laws of the Republic of the Marshall Island and traded on the Oslo Stock Exchange, which is focused on the oil tanker market, a position he has held since January 2014. On March 9, 2015, Mr. Carr was elected to the board of directors of Midstates Petroleum Company, Inc., an oil and gas exploration and production company that is traded on the New York Stock Exchange (“NYSE”). Mr. Carr currently does and has previously served on boards of a variety of companies in North America, Europe and Asia. Mr. Carr was nominated by holders of the Series A preferred stock to serve as a director and was elected to the board of directors on October 17, 2014 at the 2014 annual meeting of stockholders.

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Bryan K. Davis has served on the board of directors since the Company was formed in April 2013. See “Executive Officers of the Registrant” for Mr. Davis’ biographical information. The board of directors nominated Mr. Davis to serve as a director based, among other factors, on his knowledge of the Company and his experience in commercial real estate.

Craig Perry is the Chief Executive Officer and founder of Haloroc Holdings Corporation, a private holding company with a focus on investing in the real estate, financial and energy markets. Prior to founding Haloroc, Mr. Perry was a Managing Director at Panning Capital from the firm's inception in October 2012 until June 2014. From 2008 to 2012, Mr. Perry was a founding partner at Sabretooth Capital Partners, an investment management firm, and served as the co-portfolio manager of Sabretooth’s event-driven and macro investment team. Previously, Mr. Perry held positions at Swiss Re Financial Products Corporation and Credit Suisse Group as a portfolio manager with a focus on equities and distressed credit. Mr. Perry began his career as an analyst at King Street Capital Management. Mr. Perry is a board member of Cortland Partners, a private multifamily real estate firm with over 25,000 units under management. Mr. Perry holds a Bachelor of Arts in Economics from Princeton University. Mr. Perry was nominated by holders of the Series A preferred stock to serve as a director and was elected to the board of directors on October 17, 2014 at the 2014 annual meeting of stockholders.

Paul L. Schulman has served on the board of directors since November 2013 and was elected Chairman of the Board in August 2014. See “Executive Officers of the Registrant” for Mr. Schulman’s biographical information. The board of directors nominated Mr. Schulman to serve as a director and Chairman based, among other factors, on his knowledge of the Company, leadership capabilities and his experience in commercial real estate.

Robert L. Stelzl has served on the board of directors since January 2014. Mr. Stelzl is a private real estate investor and investment manager. In 2003, he retired from Colony Capital, LLC, a global real estate private equity investor, after 14 years as a principal and member of the Investment Committee. The board of directors nominated Mr. Stelzl to serve as a director based, among other factors, on his experience in commercial real estate.

Board Leadership Structure and Risk Oversight

The Second Amended and Restated Bylaws give the board of directors the flexibility to determine whether the roles of principal executive officer and Chairman of the Board should be held by the same person or two separate individuals. The board of directors determined that having one person serve as both principal executive officer and Chairman of the Board is in the best interest of the Company’s stockholders. We believe this structure makes the best use of the principal executive officer’s extensive knowledge of the Company and fosters real-time communication between management and the board of directors. Currently, Mr. Schulman serves as Chairman of the Board and President of the Company since August 2014 and is considered our principal executive officer.

The board of directors is actively involved in overseeing Brookfield DTLA’s risk management. Under our Corporate Governance Guidelines, the board of directors is responsible for assessing the major risks facing the Company and its business and approving and monitoring appropriate systems to manage those risks. Under its charter, the Audit Committee is responsible for reviewing and approving the Company’s policies with respect to risk assessment and management, particularly financial risk exposure, and discussing with management the steps taken to monitor and control risks.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) requires that our executive officers and directors, and beneficial owners of more than 10% of a registered class of our equity securities, file reports of ownership and changes in ownership of such securities with the U.S. Securities and Exchange Commission (“SEC”). Such officers, directors and greater than 10% stockholders are also required to furnish us with copies of all Section 16(a) forms they file.

Based on our review of the copies of all Section 16(a) forms received by us and other information, we believe that with regard to the fiscal year ended December 31, 2014, all of our executive officers, directors and greater than 10% stockholders complied with all applicable filing requirements, except as follows: due to inadvertence by the Company, the following director of the Company was late in filing a Form 3 with respect to his ownership of Series A preferred stock upon his appointment to the board of directors: Robert L. Stelzl. The required form was filed on April 24, 2014.

Changes to Nominating Procedures for Use by Security Holders

There were no material changes to the procedures by which stockholders may recommend nominees to the board of directors during 2014.

Board Governance Documents

The board of directors maintains a charter for its Audit Committee, has adopted written policies regarding the Approval of Audit and Non-Audit Services Provided by the External Auditor and has adopted Corporate Governance Guidelines. The board of directors has also adopted the Code of Business Conduct and Ethics and Personal Trading Policy of Brookfield Asset Management Inc. (“BAM”), each applicable to the directors, officers and employees of BAM and its subsidiaries. Brookfield DTLA is an indirect subsidiary of BAM. These documents are available in print to any person who sends a written request to that effect to the attention of Michelle L. Campbell, Vice President and Secretary, Brookfield DTLA Fund Office Trust Investor Inc., 250 Vesey Street, 15th Floor, New York, NY 10281.

Audit Committee

The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act. Currently, Mr. Stelzl is chair and Mr. Perry is a member of the Audit Committee. Each of Messrs. Stelzl and Perry is an independent director. Mr. Stelzl has served on the Audit Committee since his election to the board of directors on January 20, 2014, and he was appointed chair on March 27, 2014. Mr. Perry was appointed to serve on the Audit Committee on November 11, 2014. Prior to Mr. Perry’s appointment, Edward J. Ratinoff served on the Audit Committee from its formation on October 15, 2013 in connection with the consummation of the acquisition of MPG by Brookfield DTLA and the listing of the Series A preferred stock on the NYSE until October 17, 2014 when his service on the board of directors ended when he did not stand for re-election.

The composition of the Audit Committee meets NYSE requirements for a special purpose entity, including the requirements dealing with financial literacy and financial sophistication. As a special purpose entity under NYSE Rules, the board of directors is not required to determine whether any members of the Audit Committee qualify as an “audit committee financial expert” as defined by the SEC. Each of Mr. Perry and Mr. Stelzl satisfies the enhanced independence standards applicable to audit committees set forth in Rule 10A-3(b)(i) under the Exchange Act and the NYSE listing standards.

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Certifications

Our Chief Executive Officer has filed his annual certification with the NYSE for 2014, as required pursuant to Section 303A.12(a) of the NYSE Listed Company Manual. In addition, the Sarbanes–Oxley Act Section 302 certifications of our principal executive officer and principal accounting officer are filed with the Annual Report on Form 10–K as Exhibits 31.1 and 31.2, respectively.

Item 11. Executive Compensation.

Compensation Discussion and Analysis

Brookfield DTLA does not directly employ any of the persons responsible for managing its business. BPO, through DTLA Holdings, manages our operations and activities, and it, together with its board of directors and officers, makes decisions on our behalf. Our executive officers are employed by BPO and we do not directly or indirectly pay any compensation to them. The compensation of the executive officers is set by BPO and we have no control over the determination of their compensation. Our executive officers participate in employee benefit plans and arrangements sponsored by BPO and its parent company. We have not established any employee benefit plans or entered into any employment agreements with any of our executive officers.

BPO determines the total compensation paid to our executive officers. In determining this compensation, BPO considers, among other things, BPO’s business, results of operations and financial condition taken as a whole. For a detailed discussion of the objectives of BPO’s compensation program, the elements of its compensation program and how compensation is determined, please refer to BPO’s most recently filed Annual Information Form which is available on BPO’s website at www.brookfieldofficeproperties.com under the heading “Investors—Financial Reports & Shareholder Information—Annual Information Form.”

Compensation of Directors

The following table summarizes the compensation earned by each of our current and former independent directors during the fiscal year ended December 31, 2014:

| Name (1) | Fees Earned or Paid in Cash (\$) (2) | Total (\$) |
|--------------------------|---|------------|
| (a) | (b) | (g) |
| Alan Carr (3) | 25,755 | 25,755 |
| Robert M. Deutschman (4) | 99,245 | 99,245 |
| Craig Perry (3) | 26,786 | 26,786 |
| Edward J. Ratinoff (4) | 103,214 | 103,214 |

- (1) Each non-independent member of the board of directors does not receive any additional compensation from the Company for his or her services as a director.
- (2) Amounts shown in Column (b) are those earned during the fiscal year ended December 31, 2014 for annual retainer fees, committee fees and/or chair fees.
- (3) Messrs. Carr and Perry were elected to the board of directors by holders of the Series A preferred stock on October 17, 2014.
- (4) Messrs. Deutschman and Ratinoff did not stand for re-election to the board of directors at the Company’s 2014 annual meeting of stockholders. Their terms as directors ended on October 17, 2014.

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Compensation Risk Assessment

The Company believes that the compensation policies and practices of the Company, and of BPO with respect to the executive officers of the Company, appropriately balance risk in connection with the achievement of annual and long-term goals and that they do not encourage unnecessary or excessive risk taking. The Company believes that the compensation policies and practices of the Company, and of BPO with respect to the executive officers of the Company, are not reasonably likely to have a material adverse effect on its financial position or results of operations.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Principal Stockholders

Common Stock

As of March 27, 2015, DTLA Holdings owns 100% of the issued and outstanding shares of the Company's common stock.

Series A Preferred Stock

Based on our review of all forms filed by holders of Series A preferred stock with the SEC with respect to ownership of shares of Series A preferred stock and other information, as of March 27, 2015, set forth below is a table that shows how much of our Series A preferred stock was beneficially owned on March 27, 2015, by each person known to us to beneficially own more than 5% of our Series A preferred stock. Please note that under U.S. securities laws, the Series A preferred stock is generally not considered voting stock and, therefore, persons beneficially owning more than 5% of our Series A preferred stock have no obligation to notify us or the SEC of their beneficial ownership of such Series A preferred stock. Consequently, there may be other holders of more than 5% of the Series A preferred stock that are not known to us.

| Name and Address of Beneficial Owner (a) | Amount and Nature of Beneficial Ownership (1) (b) | Percent of Class (1) (c) |
|--|---|--------------------------------|
| Panning Capital Management, LP (2) 510 Madison Avenue Suite 2400 New York, NY 10022 | 914,375 | 9.40% |

(1) Under Rule 13d-3 of the Exchange Act, certain shares may be deemed to be beneficially owned by more than one person (if, for example, a person shares the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of Series A preferred stock actually outstanding as of March 27, 2015.

(2) Information regarding Panning Capital Management LP ("Panning") was obtained from a Schedule 13D, filed with the SEC by Panning on July 24, 2014. Panning reported that, at July 22, 2014, the following entities and natural persons possessed shared power to vote, and shared power to direct the disposition of, the respective amount of shares that follow: Panning-914,375; Panning Holdings GP, LLC-914,375; William M. Kelly-914,375; Kiernan W. Goodwin-914,375; and Franklin S. Edmonds-914,375.

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Security Ownership of our Directors and Executive Officers

None of our directors or executive officers own any shares of capital stock of the Company.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Policies and Procedures for Related Party Transactions

Under Brookfield DTLA's Corporate Governance Guidelines, each director is required to inform the board of directors of any potential or actual conflicts, or what might appear to be a conflict of interest he or she may have with the Company. If a director has a personal interest in a matter before the board of directors or a committee, he or she must not participate in any vote on the matter except where the board of directors or the committee has expressly determined that it is appropriate for him or her to do so. Under BAM's Code of Business Conduct and Ethics, officer and employee conflicts of interest are generally prohibited as a matter of Company policy.

Intercompany Loan

Brookfield DTLA was indebted to BOP Management Inc. under a \$25.0 million promissory note dated October 11, 2013. The note bore interest at 3.25%. For the years ended December 31, 2014 and 2013, the Company accrued \$0.6 million and \$0.2 million of interest expense, respectively, related to this note.

During September 2014, Brookfield DTLA paid \$25.8 million in full settlement of the principal and interest outstanding on the intercompany loan using proceeds from the mortgage loan secured by the Figueroa at 7th retail property.

Management Agreements

The Predecessor Entities entered into arrangements with Brookfield Properties Management LLC, which is affiliated with the Company through common ownership through BPO, under which the affiliate provides property management and various other services. On October 15, 2013, these agreements were transferred to BOP Management Inc., an affiliate of BPO. The MPG properties entered into similar arrangements with BOP Management Inc. after the closing of the acquisition on October 15, 2013. Property management fees under these agreements are calculated based on 2.75% of rents collected (as defined in the management agreements). In addition, the Company pays BOP Management Inc. an asset management fee, which is calculated based on 0.75% of the capital contributed to Brookfield DTLA Holdings.

A summary of costs incurred by Brookfield DTLA and the Predecessor Entities under these arrangements is as follows (in thousands):

| | For the Year Ended December 31, | | |
|---|---------------------------------|----------|----------|
| | 2014 | 2013 | 2012 |
| Property management fee expense | \$ 8,135 | \$ 3,667 | \$ 2,670 |
| Asset management fee expense | 6,109 | 1,320 | — |
| General, administrative and reimbursable expenses | 2,509 | 1,190 | 1,278 |
| Leasing and construction management fees | 3,626 | 786 | 1,137 |

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Insurance Agreements

Brookfield DTLA's properties are covered under an insurance policy entered into by BPO that provides all risk property and business interruption for BPO's commercial portfolio with an aggregate limit of \$2.5 billion per occurrence as well as an aggregate limit of \$300.0 million of earthquake insurance for California properties. In addition, Brookfield DTLA's properties are covered by a terrorism insurance policy that provides aggregate coverage of \$4.0 billion for all of BPO's U.S. properties. Brookfield DTLA is in compliance with the contractual obligations regarding terrorism insurance contained in such policies.

Prior to their expiration, which became effective on April 19, 2014, the MPG properties were covered under an insurance policy that provided all risk property and business interruption with an aggregate limit of \$1.25 billion and a \$130.0 million aggregate limit of earthquake insurance, and a terrorism insurance policy with a \$1.25 billion aggregate limit. Effective April 19, 2014, the MPG properties were added to the existing BPO insurance policies described above.

Insurance premiums for Brookfield DTLA are paid by an affiliate company under common control through BPO. Brookfield DTLA reimburses the affiliate company for the actual cost of such premiums.

A summary of costs incurred by Brookfield DTLA and the Predecessor Entities under this arrangement is as follows (in thousands):

| | For the Year Ended December 31, | | |
|-------------------|---------------------------------|----------|----------|
| | 2014 | 2013 | 2012 |
| Insurance expense | \$ 8,466 | \$ 4,949 | \$ 4,664 |

Director Independence

Because the Series A Preferred Stock is the only publicly listed security of the Company, the Company is a special purpose entity as defined by the NYSE rules on corporate governance (the "NYSE Rules") and has chosen to rely on the NYSE Rules' "special purpose entity exemption" with respect to certain independence requirements. Of the Company's seven directors, three are currently independent of management and of DTLA Holdings and BPO. The board of directors has adopted independence standards as part of its Corporate Governance Guidelines, which is available in print to any person who sends a written request to that effect to the attention of our Secretary, as provided for above under the heading "—Board Governance Documents."

The independence standards contained in our Corporate Governance Guidelines incorporate the categories of relationships between a director and a listed company that would make a director ineligible to be independent according to the standards issued by the NYSE.

In accordance with NYSE Rules and our Corporate Governance Guidelines, on March 26, 2015 the board of directors affirmatively determined that each of the following directors is and was independent within the meaning of both our and the NYSE's director independence standards, as then in effect:

Alan Carr
Craig Perry
Robert L. Stelzl

Item 14. Principal Accounting Fees and Services.

The following table summarizes the fees for professional services rendered by Deloitte & Touche LLP:

| | For the Year Ended December 31, | |
|------------------------|---------------------------------|---------------------|
| | 2014 | 2013 |
| Audit fees (1) | \$ 651,500 | \$ 805,000 |
| Audit-related fees (2) | — | 753,000 |
| Tax fees (3) | — | 449,000 |
| All other fees | — | — |
| | <u>\$ 651,500</u> | <u>\$ 2,007,000</u> |

- (1) Audit fees consist of fees for professional services provided in connection with the audits of the Company's annual consolidated and combined financial statements, audits of the Company's subsidiaries required for statute or otherwise, the performance of interim reviews of the Company's quarterly unaudited consolidated and combined financial statements and the performance of an interim review of the Company's combined financial statements for the quarterly period ended September 30, 2013.
- (2) Audit-related fees consist of fees for reviews of filings or registration statements under the Securities Act of 1933 or the Exchange Act during 2013.
- (3) Tax fees include fees for tax compliance and advisory services provided by Deloitte Tax LLP including tax advisory services in connection with the IRS audit, tax compliance services related to U.S. federal, state, and local tax returns, and tax advisory services for federal, foreign, state and local tax matters, post-merger tax consulting and compliance services related to the acquisition of MPG Office Trust, Inc. during 2013.

Pre-approval Policies and Procedures

The Company has adopted written policies that provide that the Audit Committee is to pre approve all audit services and permitted non-audit services to be performed for us by our independent registered public accounting firm in accordance with applicable law. During the fiscal years ended December 31, 2014 and 2013, all audit and non-audit services provided to us by Deloitte & Touche LLP were pre-approved by the Audit Committee.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1. Financial Statements

See Part II, Item 8. “Financial Statements and Supplementary Data.”

2. Financial Statement Schedules for the Years Ended December 31, 2014, 2013 and 2012

All financial statement schedules are omitted because they are not applicable, or the required information is included in the consolidated and combined financial statements or notes thereto. See Part II, Item 8. “Financial Statements and Supplementary Data.”

3. Exhibits (listed by number corresponding to Item 601 of Regulation S-K)

| Exhibit No. | Exhibit Description | Incorporated by Reference | | | Filing Date |
|-------------|---|---------------------------|-----------|-------------|----------------|
| | | Form | File No. | Exhibit No. | |
| 2.1† | Agreement and Plan of Merger by and among MPG Office Trust, Inc., MPG Office, L.P., Brookfield DTLA Holdings L.P., Brookfield DTLA Fund Office Trust Investor Inc., DTLA Fund Office Trust Inc., and Brookfield DTLA Fund Properties LLC dated as of April 24, 2013 | 8-K | 001-31717 | 2.1 | April 25, 2013 |
| 2.2 | Waiver and First Amendment to Agreement and Plan of Merger, dated as of May 19, 2013, by and among MPG Office Trust, Inc., MPG Office, L.P., Brookfield DTLA Holdings LLC (which was converted from a Delaware limited partnership on May 10, 2013), Brookfield DTLA Fund Office Trust Investor Inc., Brookfield DTLA Fund Office Trust Inc., and Brookfield DTLA Fund Properties LLC | 8-K | 001-31717 | 2.1 | May 20, 2013 |

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| Exhibit No. | Exhibit Description | Incorporated by Reference | | | |
|-------------|---|---------------------------|------------|-------------|-----------------|
| | | Form | File No. | Exhibit No. | Filing Date |
| 2.3 | Second Amendment to Agreement and Plan of Merger, dated as of July 10, 2013, by and among MPG Office Trust, Inc., MPG Office, L.P., Brookfield DTLA Holdings LLC (which was converted from a Delaware limited partnership on May 10, 2013), Brookfield DTLA Fund Office Trust Investor Inc., Brookfield DTLA Fund Office Trust Inc., and Brookfield DTLA Fund Properties LLC | 8-K | 001-31717 | 2.1 | July 11, 2013 |
| 2.4 | Third Amendment to Agreement and Plan of Merger, dated as of August 14, 2013, by and among MPG Office Trust, Inc., MPG Office, L.P., Brookfield DTLA Holdings LLC (which was converted from a Delaware limited partnership on May 10, 2013), Brookfield DTLA Fund Office Trust Investor Inc., Brookfield DTLA Fund Office Trust Inc., and Brookfield DTLA Fund Properties LLC | 8-K | 001-31717 | 2.1 | August 15, 2013 |
| 3.1 | Articles of Incorporation of Brookfield DTLA Fund Office Trust Investor Inc. | S-4 | 333-189273 | 3.1 | June 12, 2013 |
| 3.2 | Second Amended and Restated Bylaws of Brookfield DTLA Fund Office Trust Investor Inc. | 8-K | 001-36135 | 3.2 | August 14, 2014 |
| 3.3 | Articles of Incorporation of Brookfield DTLA Fund Office Trust Inc. | S-4 | 333-189273 | 3.3 | June 12, 2013 |

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| Exhibit No. | Exhibit Description | Incorporated by Reference | | | |
|-------------|--|---------------------------|------------|-------------|------------------|
| | | Form | File No. | Exhibit No. | Filing Date |
| 3.4 | Bylaws of Brookfield DTLA Fund Office Trust Inc. | S-4 | 333-189273 | 3.4 | June 12, 2013 |
| 3.5 | Articles of Amendment of Brookfield DTLA Fund Office Trust Inc. | S-4/A | 333-189273 | 3.5 | October 9, 2013 |
| 3.6 | Articles Supplementary of Brookfield DTLA Fund Office Trust Investor Inc. 7.625% Series A Cumulative Redeemable Preferred Stock | S-4/A | 333-189273 | 4.1 | August 27, 2013 |
| 3.7 | Articles Supplementary of Brookfield DTLA Fund Office Trust Investor Inc. 15% Series B Cumulative Nonvoting Preferred Stock | S-4/A | 333-189273 | 4.2 | August 27, 2013 |
| 3.8 | Articles Supplementary of Brookfield DTLA Fund Office Trust Inc. 7.625% Series A Cumulative Redeemable Preferred Stock | S-4/A | 333-189273 | 4.3 | August 27, 2013 |
| 3.9 | Articles Supplementary of Brookfield DTLA Fund Office Trust Inc. 15% Series B Cumulative Nonvoting Preferred Stock | S-4/A | 333-189273 | 4.4 | August 27, 2013 |
| 4.1 | Form of Certificate of Series A Preferred Stock of Brookfield DTLA Fund Office Trust Investor Inc. | 10-K | 001-36135 | 4.1 | April 7, 2014 |
| 10.1 | Form of Indemnity Agreement | 8-K | 001-36135 | 10.1 | November 4, 2013 |
| 10.2 | Exhibit F to Contribution Agreement between Robert F. Maguire III, certain other contributors and MPG Office, L.P., dated as of November 11, 2002, as amended effective May 31, 2003 | 10-K | 001-31717 | 10.25 | March 31, 2010 |

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| Exhibit No. | Exhibit Description | Incorporated by Reference | | | |
|-------------|--|---------------------------|-----------|-------------|----------------|
| | | Form | File No. | Exhibit No. | Filing Date |
| 10.3 | Exhibit G to Contribution Agreement between Philadelphia Plaza–Phase II and MPG Office, L.P., dated as of November 8, 2002, as amended effective May 31, 2003 | 10–K | 001–31717 | 10.27 | March 31, 2010 |
| 10.4†† | Loan Agreement, dated as of April 4, 2007, between North Tower, LLC, as Borrower, and Lehman Ali Inc. and Greenwich Capital Financial Products, Inc., together, as Lender | 10–K | 001–31717 | 10.47 | March 18, 2013 |
| 10.5 | Assignment and Assumption Agreement, dated as of January 2, 2014, between Wells Fargo Bank, National Association and PNC Bank, National Association | 8–K | 001–36135 | 10.10 | April 7, 2014 |
| 10.6 | Consent and Acknowledgment Agreement, dated as of October 15, 2013, by and among U.S. Bank National Association, as Trustee, Successor–in–Interest to Bank of America, N.A., as Trustee for the registered holders of GS Mortgage Securities Corporation II, commercial mortgage pass–through certificates, Series 2007–GG10, as Lender, North Tower, LLC, as Borrower, MPG Office, L.P., as Old Guarantor, and Brookfield DTLA Holdings LLC, as New Guarantor | 8–K | 001–36135 | 10.11 | April 7, 2014 |

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| Exhibit No. | Exhibit Description | Incorporated by Reference | | | Filing Date |
|-------------|---|---------------------------|-----------|-------------|-----------------|
| | | Form | File No. | Exhibit No. | |
| 10.7†† | Loan Agreement, dated as of August 7, 2006, between Maguire Properties – 555 W. Fifth, LLC, Maguire Properties – 350 S. Figueroa, LLC and Nomura Credit & Capital, Inc. | 10-K/A | 001-31717 | 10.48 | July 26, 2013 |
| 10.8 | Promissory Note A-1, dated as of August 7, 2006, between Maguire Properties – 555 W. Fifth, LLC, Maguire Properties – 350 S. Figueroa, LLC and Nomura Credit & Capital, Inc. | 8-K | 001-31717 | 99.2 | August 11, 2006 |
| 10.9 | Promissory Note A-2, dated as of August 7, 2006, between Maguire Properties – 555 W. Fifth, LLC, Maguire Properties – 350 S. Figueroa, LLC and Nomura Credit & Capital, Inc. | 8-K | 001-31717 | 99.3 | August 11, 2006 |
| 10.10 | Guaranty Agreement, dated as of August 7, 2006, by MPG Office, L.P. in favor of Nomura Credit & Capital, Inc. | 8-K | 001-31717 | 99.4 | August 11, 2006 |
| 10.11 | Omnibus Amendment to Loan Documents, dated as of July 2, 2010, by and among Maguire Properties – 555 W. Fifth, LLC and Maguire Properties – 350 S. Figueroa, LLC, as Borrower, MPG Office, L.P., as Manager and Guarantor, and Bank of America, National Association, as Lender | 8-K | 001-31717 | 99.1 | July 7, 2010 |

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| Exhibit No. | Exhibit Description | Incorporated by Reference | | | |
|-------------|---|---------------------------|-----------|-------------|---------------|
| | | Form | File No. | Exhibit No. | Filing Date |
| 10.12 | Deed of Trust, Security Agreement and Fixture Filing by Maguire Properties – 777 Tower, LLC, as Trustor to Fidelity National Title Insurance Company, as Trustee for the benefit of Metropolitan Life Insurance Company, as Beneficiary, dated October 15, 2013 | 8-K | 001-36135 | 10.2 | April 7, 2014 |
| 10.13 | Promissory Note, dated as of October 15, 2013, between Maguire Properties – 777 Tower, LLC and Metropolitan Life Insurance Company | 8-K | 001-36135 | 10.3 | April 7, 2014 |
| 10.14 | Deed of Trust, Security Agreement and Fixture Filing by Maguire Properties – 355 S. Grand, LLC, as Trustor to Fidelity National Title Insurance Company, as Trustee for the benefit of Metropolitan Life Insurance Company, as Beneficiary, dated November 8, 2013 | 8-K | 001-36135 | 10.4 | April 7, 2014 |
| 10.15 | Promissory Note, dated as of November 8, 2013, between Maguire Properties – 355 S. Grand, LLC and Metropolitan Life Insurance Company | 8-K | 001-36135 | 10.5 | April 7, 2014 |
| 10.16 | Loan Agreement, between EYP Realty, LLC, as Borrower and Wells Fargo Bank, National Association, as Administrative Agent, Wells Fargo Securities, LLC, as Sole Lead Arranger and Sole Bookrunner and the financial institutions now or hereafter signatories hereto and their assignees pursuant to Section 13.12, as Lenders, entered into as of November 27, 2013 | 8-K | 001-36135 | 10.6 | April 7, 2014 |

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| Exhibit No. | Exhibit Description | Incorporated by Reference | | | |
|-------------|---|---------------------------|-----------|-------------|---------------|
| | | Form | File No. | Exhibit No. | Filing Date |
| 10.17 | Promissory Note, dated as of January 2, 2014, between EYP Realty, LLC and Wells Fargo Bank, National Association | 8-K | 001-36135 | 10.7 | April 7, 2014 |
| 10.18 | Promissory Note, dated as of January 2, 2014, between EYP Realty, LLC and PNC Bank, National Association | 8-K | 001-36135 | 10.8 | April 7, 2014 |
| 10.19 | Promissory Note, dated as of December 18, 2013, between EYP Realty, LLC and Aozora Bank, Ltd. | 8-K | 001-36135 | 10.9 | April 7, 2014 |
| 10.20* | Loan Agreement, effective as of September 10, 2014, by and among BOP Figat7th LLC, as Borrower, and the financial institutions that are or may from time to time become parties hereto, as Lenders, and Compass Bank, as Administrative Agent | | | | |
| 10.21* | Promissory Note, effective as of September 10, 2014, between BOP Figat7th LLC and Compass Bank | | | | |
| 10.22* | Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing by BOP Figat7th LLC, as Borrower, and Compass Bank, as Administrative Agent, effective as of September 10, 2014 | | | | |

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| Exhibit No. | Exhibit Description | Incorporated by Reference | | | |
|-------------|---|---------------------------|----------|-------------|-------------|
| | | Form | File No. | Exhibit No. | Filing Date |
| 10.23* | Limited Recourse Guaranty, effective as of September 10, 2014, by Brookfield DTLA Holdings LLC, as Guarantor, for the benefit of Compass Bank, as lender, and as Administrative Agent for itself and those other Lenders as defined in the Loan Agreement | | | | |
| 10.24* | Loan Agreement, dated as of August 7, 2014, among 333 South Hope Co. LLC and 333 South Hope Plant LLC collectively, as Borrower, Wells Fargo Bank, National Association, as Lender, and Citigroup Global Markets Realty Corp., as Lender | | | | |
| 10.25* | Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of August 7, 2014, by 333 South Hope Co. LLC and 333 South Hope Plant LLC, collectively, as grantor, to Fidelity National Title Company, as trustee, for the benefit of Wells Fargo Bank, National Association and Citigroup Global Markets Realty Corp., collectively, as beneficiary | | | | |
| 10.26* | Guaranty of Recourse Obligations dated as of August 7, 2014 | | | | |

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| Exhibit No. | Exhibit Description | Incorporated by Reference | | | |
|-------------|--|---------------------------|----------|-------------|-------------|
| | | Form | File No. | Exhibit No. | Filing Date |
| 10.27* | Reserve Guaranty dated as of August 7, 2014 | | | | |
| 10.28* | Side Letter regarding Reserve Guaranty dated as of August 7, 2014 | | | | |
| 21.1* | List of Subsidiaries of the Registrant as of December 31, 2014 | | | | |
| 31.1* | Certification of Principal Executive Officer dated March 31, 2015 pursuant to Section 302 of the Sarbanes–Oxley Act of 2002 | | | | |
| 31.2* | Certification of Principal Financial Officer dated March 31, 2015 pursuant to Section 302 of the Sarbanes–Oxley Act of 2002 | | | | |
| 32.1** | Certification of Principal Executive Officer and Principal Financial Officer dated March 31, 2015 pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002 (1) | | | | |
| 99.1* | Memorandum of Understanding In Re MPG Office Trust Inc. Preferred Shareholder Litigation entered into as of March 30, 2015 | | | | |
| 101.INS** | XBRL Instance Document | | | | |
| 101.SCH** | XBRL Taxonomy Extension Schema Document | | | | |

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| Exhibit No. | Exhibit Description | Incorporated by Reference | | | |
|-------------|--|---------------------------|----------|-------------|-------------|
| | | Form | File No. | Exhibit No. | Filing Date |
| 101.CAL** | XBRL Taxonomy Extension Calculation Linkbase Document | | | | |
| 101.DEF** | XBRL Taxonomy Extension Definition Linkbase Document | | | | |
| 101.LAB** | XBRL Taxonomy Extension Label Linkbase Document | | | | |
| 101.PRE** | XBRL Taxonomy Extension Presentation Linkbase Document | | | | |

(b) Exhibits Required by Item 601 of Regulation S–K
See Item 3 above.

(c) Financial Statement Schedules
See Item 2 above.

* Filed herewith.

** Furnished herewith.

† Pursuant to Regulation S–K 601(b)(2), we have not filed exhibits and schedules related to this agreement. Copies of such exhibits and schedules will be furnished supplementally to the SEC upon request.

‡ Confidential treatment has been requested with respect to certain portions of this agreement.

(1) This exhibit should not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 31, 2015

BROOKFIELD DTLA FUND OFFICE
TRUST INVESTOR INC.

Registrant

By: /s/ PAUL L. SCHULMAN

Paul L. Schulman
President and Chief Operating Officer,
U.S. Commercial Operations
(Principal executive officer)

By: /s/ BRYAN K. DAVIS

Brian K. Davis
Chief Financial Officer
(Principal financial officer)

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| | | |
|-------|----------------|--|
| Date: | March 31, 2015 | By: <u> /s/ PAUL L. SCHULMAN </u> Paul L. Schulman President and Chief Operating Officer, U.S. Commercial Operations, and Chairman of the Board (Principal executive officer) |
| | March 31, 2015 | By: <u> /s/ BRYAN K. DAVIS </u> Bryan K. Davis Chief Financial Officer and Director (Principal financial and accounting officer) |
| | March 31, 2015 | By: <u> /s/ G. MARK BROWN </u> G. Mark Brown Global Chief Investment Officer and Director |
| | March 31, 2015 | By: <u> /s/ MICHELLE L. CAMPBELL </u> Michelle L. Campbell Vice President, Secretary and Director |
| | March 31, 2015 | By: <u> /s/ ALAN CARR </u> Alan Carr Director |
| | March 31, 2015 | By: <u> /s/ CRAIG PERRY </u> Craig Perry Director |
| | March 31, 2015 | By: <u> /s/ ROBERT L. STELZL </u> Robert L. Stelzl Director |

LOAN AGREEMENT

This LOAN AGREEMENT (“Agreement”) is made and entered into effective as of September 10, 2014, by and among BOP FIGAT7TH LLC, a Delaware limited liability company (“Borrower”), and the financial institutions that are or may from time to time become parties hereto and are described on Schedule 1 hereto (collectively and expressly together with Compass and its successors and assigns, from time to time a party hereto, “Lender” or “Lenders”), and COMPASS BANK, an Alabama banking corporation (in its individual capacity, “Compass”), as Administrative Agent for itself, and for each of the Lenders from time to time a party hereto.

ARTICLE I

DEFINITION OF TERMS

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

Accounts: Collectively, the Lockbox Account, Operating Account, Tax and Insurance Reserve and the Security Deposit Account and any other accounts of Borrower with Lender or Administrative Agent on behalf of Lender as may be required by this Agreement or any of the other Loan Documents.

Administrative Agent: As of the Effective Date, Compass, in its capacity as Administrative Agent for itself and each of the Lenders under this Agreement, and any permitted successor or assign of Compass in such capacity.

Administrative Fee: The administrative fee to be paid by Borrower to Compass, for—itself and not as either co—agent nor as on behalf of any of the other Lenders, to the extent provided in the Fee Letter Agreement, in consideration for Compass to administer the Loan.

Advance: A disbursement by Administrative Agent or any Lender, deposit to Borrower’s account, check to third party on Borrower’s behalf of any of the proceeds of the Loans or any insurance proceeds; provided that any disbursements of such insurance proceeds shall not be considered an Advance of Loan proceeds.

Affiliate: A Person controlling, controlled by, or under common control with the Person in question whether such control is direct or indirect or through one or more intermediaries.

Aggregate Commitment: The Commitments of all Lenders.

Agreement: This Loan Agreement, as the same may from time to time be amended or supplemented.

Annual Budget: As defined in Section 5.16 hereof.

Applicable Bank Rate: As defined in the Note.

Applicable LIBOR Rate: As defined in the Note.

Appraisal: A written appraisal of the Mortgaged Property and Land (Parking) in the aggregate prepared by an independent MAI appraiser properly certified by the state where the Land is located, as approved and retained by Administrative Agent, which appraisal shall be prepared in accordance with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended.

Approved Lease: Leases existing as of the date hereof and included in the rent roll delivered pursuant to Subsection 3.1(1)(13) hereof and any new Lease or renewal lease arrangements with third party Tenants conforming

in all material respects with the requirements of the Loan Documents which has been approved or deemed approved by Lender or which does not require the approval of Lender pursuant to the terms hereof.

Approved Lease Form: That form of lease agreement that Borrower presently utilizes or any subsequent form of lease agreement that Borrower utilizes in leasing all or any part of the Mortgaged Property for which Borrower obtains Lender's prior written consent thereto for Borrower's use of such form, which consent shall not be unreasonably withheld, conditioned or delayed. Lender acknowledges that it approves the Approved Lease Form delivered pursuant to Subsection 3.1(l)(11) hereof.

Approved Letter of Credit: A freely assignable, unconditional and irrevocable letter of credit issued by an Approved Letter of Credit Bank, all in a form approved by Administrative Agent in Administrative Agent's sole and absolute discretion.

Approved Letter of Credit Bank: A United States financial institution with a Standard & Poor's rating of "A-" or better and a Moody's rating of "A2" or better, or a comparable rating from another nationally recognized statistical rating agency that is otherwise acceptable to Lender, provided that, in the event that any such financial institution's Standard & Poor's or Moody's rating is either reduced below "A-" in respect to a Standard & Poor's rating or below "A2" in respect to a Moody's rating, then such financial institution shall no longer be deemed to be an Approved Letter of Credit Bank.

Architectural Barrier Laws: Any and all architectural barrier laws, including, without limitation, the Americans with Disabilities Act of 1990, P.L. 101-36 or any successor thereto.

Assignee: As defined in Subsection 11.7(a) hereof.

Assignment Agreement: As defined in Subsection 11.7(a) hereof.

Assignment of Interest Rate Protection Agreement: An Assignment of Interest Rate Protection Agreement among Borrower, Administrative Agent and the Counterparty, in a form reasonably approved by Administrative Agent.

Assignment of Title Insurance Proceeds: An Assignment of Title Insurance Proceeds by Borrower and Land (Parking) Owner to and for the benefit of Administrative Agent.

Available Commitment: As to any Lender at any time, the difference between (i) the amount of such Lender's Commitment and (ii) the Outstanding Principal Balance under such Lender Notes; provided that, upon the initial Advance of the Lender's Commitment as of the Effective Date, the Available Commitment shall equal zero.

Business Day: Any day other than a Saturday, Sunday, or other day on which commercial banks located in Dallas, Texas, Los Angeles, California, or New York, New York, are authorized by law to close.

Calendar Period: Collectively, for the Debt Coverage Ratio (Extension), (i) in regards to the calculation of Gross Income attributable to those Leases that are not a Qualified Lease (Partial Percentage Rent) or Qualified Lease (Total Percentage Rent), each trailing three (3) consecutive calendar month period, (ii) in regards to the calculation of Gross Income attributable to those Leases that are a Qualified Lease (Partial Percentage Rent), for that portion of the Gross Income that is not related to a percentage calculation, each trailing three (3) consecutive calendar month period and for that portion of the Gross Income that is related to a percentage calculation, each trailing twelve (12) consecutive calendar month period, which shall be annualized in the event that such percentage rent portion is for a period less than such twelve (12) month period, (iii) in regards to the calculation of Gross Income attributable to those Leases that are a Qualified Lease (Total Percentage Rent), each trailing twelve (12) consecutive calendar month period, which shall be annualized in the event that such percentage rent is for a period less than such twelve (12) month period, (iv) in regards to the calculation of Gross Income attributable to normal and regular income with respect to the Mortgaged Property and the Land (Parking), including, without limitation, any income generated from the use of amenities within the Mortgaged Property and the Land (Parking), each trailing three (3) consecutive calendar month period, (v) in regards to the calculation of the Operating Expenses, each trailing

twelve (12) consecutive calendar month period and (vi) in regards to the calculation of the Debt Service Requirements, each trailing twelve (12) consecutive calendar month period.

Capital Expenses: Those expenses that are capital in nature or required under GAAP to be capitalized.

Carry Obligations: The payment of all (i) customary or necessary operating expenses of the Mortgaged Property reasonably incurred, including without limitation, Taxes and Insurance Premiums and which would be incurred with respect to the Mortgaged Property during the period from and after the Effective Date through and including the Carry Obligations Date and (ii) all scheduled interest payments which has accrued and which would accrue from and after the Effective Date through and including the Carry Obligations Date.

Carry Obligations Date: The earlier to occur of (i) the Original Maturity Date or (ii) the Transfer Date, as may be extended.

Cash Trap Event: The occurrence of an Event of Default.

Cash Trap Event Cure: The cure or waiver of all continuing Events of Default. Notwithstanding the foregoing, in the event multiple Cash Trap Events have occurred, no Cash Trap Event Cure shall be deemed effective unless a Cash Trap Event Cure has occurred for each such Cash Trap Event.

Cash Trap Event Period: A period commencing upon the occurrence of a Cash Trap Event and terminating upon the occurrence of a Cash Trap Event Cure.

Casualty: Any material damage to or destruction of the Mortgaged Property or any part thereof.

Code: The Uniform Commercial Code, as amended from time to time, in effect in the State of Texas and the state in which the Mortgaged Property is located, as applicable.

Commitment: With respect to any Lender, such Lender's commitment to make Loans under this Agreement. The initial amount of each Lender's Pro Rata Share of the Commitment Amount is set forth below on Schedule 1 attached hereto.

Commitment Amount: At any time, the aggregate principal amount of the Loans outstanding at such time plus the sum of the Available Commitment of each Lender at such time. The maximum Commitment Amount is equal to \$35,000,000.00, and will be reduced by any principal payments made under the Loans.

Commitment Fee: The commitment fee to be paid by Borrower to Administrative Agent pursuant to the applicable provisions of this Agreement and the Fee Letter Agreement, in consideration for Lenders agreeing to make the Loans.

Compass: COMPASS BANK, an Alabama banking corporation whose mailing address for notice hereunder is 8080 North Central Expressway, Suite 310, Dallas, Texas 75206, Attention: Institutional Real Estate Lending Department, its successors and assigns.

Condemnation: Any condemnation proceeding instituted or threatened in writing affecting the Mortgaged Property or any part thereof.

Constituent Party: Any signatory to this Agreement that signs on Borrower's behalf that is a corporation, limited liability company, general partner, general partnership, limited partnership, joint venture, trust, or other type or business organization.

Construction Contracts: Any and all contracts, subcontracts, and agreements, written or oral, between Borrower and any other party, and between parties other than Borrower, in any way relating to the construction of any Improvements on the Land or the supplying of material (specially fabricated or otherwise), labor, supplies or other services therefor.

Contested Item: Any imposition, mechanic's or materialman's lien asserted against all or any portion of the Mortgaged Property or the Land (Parking) if, and so long as (i) Borrower shall diligently and in good faith contest the same by appropriate legal proceedings which shall operate to prevent the enforcement of collection of the same and the sale of the Mortgaged Property or any part thereof, to satisfy the same, (ii) subject to the immediately succeeding sentence, Borrower shall have furnished to Administrative Agent a cash deposit, an indemnity bond satisfactory to Administrative Agent with a surety satisfactory to Administrative Agent or an indemnity satisfactory to Administrative Agent from an indemnitor satisfactory to Administrative Agent in the amount equal to one hundred ten percent (110%) of the amount of such imposition or lien claim to ensure payment of the matters under contest and to prevent any sale or forfeiture of the Mortgaged Property or any part thereof, (iii) Borrower shall promptly upon final determination thereof pay the amount of any such imposition or lien claim so determined, together with all costs, interest and penalties which may be payable in connection therewith, (iv) the failure to pay such imposition or lien claim does not constitute a default under any other deed of trust, mortgage or security interest covering or affecting any part of the Mortgaged Property, and (v) notwithstanding the foregoing, Borrower shall (from its own funds or Loan proceeds available in accordance with this Agreement) immediately upon request of Administrative Agent pay any such imposition or lien claim notwithstanding such contest, if in the reasonable opinion of Administrative Agent the Mortgaged Property is in imminent jeopardy or in imminent danger of being forfeited or foreclosed. Administrative Agent may pay over any such cash deposit or part thereof to the claimant entitled thereto at any time when, in the reasonable judgment of Administrative Agent, (x) the entitlement of such claimant is established and (y) such payment is necessary to protect Lenders' interest in the Mortgaged Property. Notwithstanding anything in this definition or as otherwise provided in any of the Loan Documents, the Lien (Tenant) shall also qualify as and constitute a Contested Item until that date that is one hundred twenty (120) days from the Effective Date.

Contractor: Collectively, any other person or entity with whom Borrower contracts for the development, construction and completion of the Improvements or any portion thereof, excluding, for the avoidance of doubt, Tenants.

Contracts: All of the right, title, and interest of Borrower in, to, and under any and all: (i) agreements relating in any way to the construction of the Improvements or provision of materials therefor (including, without limitation, the Construction Contracts); (ii) contracts for the sale of all or any portion of the Mortgaged Property, whether such Contracts are now or at any time hereafter existing, together with all payments, earnings, income, and profits arising from sale of all or any portion of the Mortgaged Property or from the Contracts and all other sums due or to become due under and pursuant thereto; (iii) contracts, licenses, permits, and rights relating to utility services whether executed, granted, or issued by a private person or entity or a governmental or quasi-governmental agency, which are directly or indirectly related to, or connected with, the Mortgaged Property and (iv) all other contracts which in any way relate to the design, use, enjoyment, occupancy, operation, maintenance, or ownership of the Mortgaged Property (save and except any and all leases, subleases or other agreements pursuant to which Borrower is granted a possessory interest in the Land), including but not limited to engineer contracts, architect's contracts, maintenance agreements, construction contracts and service contracts.

Control: The ability, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise (including by being the sole general partner or sole managing member of the Person in question), to (i) direct or cause the direction of the management and policies of the Person in question and (ii) conduct the day-to-day business operations of the Person in question. "Controlling" and "Controlled" have meanings correlative thereto.

Counterparty: Each counterparty to, or issuer of, any Interest Rate Protection Agreement (other than Borrower or an Affiliate of Borrower) reasonably approved by Administrative Agent in accordance with Section 6.9 hereof.

Counterparty Consent: As defined in Section 6.9 hereof.

DCR Compliance Certificate: A certificate to be furnished to Lender, in the form of Exhibit G attached hereto and incorporated herein by this reference, prepared, executed, and sworn to by Borrower, showing the calculation of Debt Coverage Ratio (Extension) for the applicable Calendar Period, together with such documentation as necessary to substantiate such calculation.

DCR Compliance Date(s): Collectively, the Original Maturity Date and the expiration of the First Extension Period, as required pursuant to the terms and conditions relating to an Extension Option.

Debt Coverage Ratio (Extension): The ratio of Net Operating Income for a Calendar Period divided by Debt Service Requirements with respect to such same Calendar Period as described in Subsection 2.5(e) hereof.

Debt Coverage Ratio (Extension) Minimum: 1.30 to 1.00.

Debt Service Requirements: means the greater of (i) all principal and interest payments which would be owing during the immediately prior Calendar Period in accordance with the Loan Documents and (ii) all principal and interest payments which would be owing during the immediately prior Calendar Period, based upon a hypothetical payment schedule calculated using (a) the Outstanding Principal Balance, (b) a mortgage style level-payment amortization schedule of twenty-five (25) years and (c) a per annum interest rate equal to the greater of (1) that effective Note Rate per annum being borne on the Loan as of the date that is five (5) Business Days prior to the date when such calculation is to be determined, (2) the Treasury Rate plus two and one-half percent (2.50%) and (3) six percent (6.00%).

Debtor Relief Laws: Title 11 of the United States Code, as now or hereafter in effect, or any other applicable law, domestic or foreign, as now or hereafter in effect, relating to bankruptcy, insolvency, liquidation, receivership, reorganization, arrangement or composition, extension or adjustment of debts, or similar laws affecting the rights of creditors.

Default Rate: As defined in the Note.

Defaulting Lender: As defined in Subsection 9.2(c) hereof.

Design Professional: Any person or entity with whom Borrower contracts for the providing of planning, design, architectural, engineering or other similar services relating to the Improvements, if any.

Design Services Contract: Collectively, all contracts and agreements entered into between Borrower and each Design Professional pertaining to the design, development and construction of the Improvements, if any.

Development Contracts: Collectively, the Contracts, Construction Contracts, the Plans and Design Services Contracts.

Disposition: Except for a Permitted Disposition, any sale, lease (except as expressly permitted pursuant to the Loan Documents including Section 5.17 hereof), exchange, assignment, conveyance, transfer, trade, or other disposition of all or any portion of the Mortgaged Property (or any interest therein, whether equitable or legal) including, without limitation, transfers by contract for deed, transactions in the nature of assumption, transactions in the nature of a taking subject to, and transactions using a wrap-around technique, or all or any part, indirectly, of the beneficial ownership of any manager or managing member in Borrower, including, without limitation, any sale, pledge or assignment of any interest in any manager, managing member or general partner of Borrower, any managing membership interest or general partnership in Borrower or any manager, managing member or general partner of Borrower, or the withdrawal from or admission into Borrower or any manager, managing member or general partner of Borrower of any new or additional manager, managing member or general partner, any alteration of the distribution of managing, managing membership or general partner interest of Borrower or any manager, managing member or general partner of Borrower, whether same be a change in the distribution of profits interests, capital interests or a combination of same; or any such attempted sale, pledge, assignment, transfer, admission or alteration, or any direct or indirect change of ownership or control of any manager, managing member or general partner of Borrower.

Distributions: Those distributions from Borrower to any Interest Holder other than to Administrative Agent, on behalf of the Lenders of any property, capital, contributions, money, or consideration whatsoever except as expressly provided for in this Agreement.

Effective Date: September 10, 2014.

Eligible Assignee: Any Person who is: (i) a Lender; (ii) an Affiliate of a Lender; (iii) a commercial bank, a savings and loan association or savings bank or similar financial institutions, trust company, insurance company, investment bank, mutual fund or pension fund organized under the laws of the United States of America, or any state thereof, and having total assets in excess of \$5,000,000,000.00 and (iv) any other Person (other than a natural person) approved by the Administrative Agent; provided, that unless an Event of Default has occurred and is continuing, Borrower shall have the right to approve any assignee under clauses (iii) and (iv) hereof (each such approval not to be unreasonably withheld, conditioned or delayed).

Environmental Liabilities Agreement: That certain Environmental Liabilities Agreement of even date herewith executed by Borrower and Guarantor for the benefit of Lenders.

Equity Contribution: Borrower's equity contribution to the Mortgaged Property from Borrower's equity funds comprised by except for the Loan, (i) the debt and lien free ownership of the Mortgaged Property and (ii) the funding of all Leasing Expenses due and payable as of the date hereof.

ERISA: The Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereof.

Event of Default: Any happening or occurrence described in Section 7.1 hereof.

Excluded Taxes: Any of the following taxes imposed on or with respect to a Lender or required to be withheld or deducted from a payment to a Lender: (a) taxes imposed on or measured by net income (however denominated), franchise taxes, and branch profits taxes, in each case (i) imposed as a result of such Lender being organized under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding taxes imposed on amounts payable to or for the account of a Lender with respect to an applicable interest in a Loan or Commitment pursuant to an applicable law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 9.5, amounts with respect to such taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) taxes attributable to such Lender's failure to comply with Section 9.6 and (d) any U.S. federal withholding taxes imposed under FATCA.

Extension Curative Amount: As defined in Subsection 2.5(g) hereof.

Extension Curative Rights: As defined in Subsection 2.5(g) hereof.

Extension Fee: Collectively, (i) a fee in the amount equal to the product of fifteen hundredths percent (0.15%) multiplied by the Outstanding Principal Balance (less any Extension Curative Amount paid in connection with the First Extension Option pursuant to Section 2.5) as of the date of the Original Maturity Date to be paid by Borrower to Lender for the First Extension Option and (ii) a fee to be paid in the amount equal to the product of fifteen hundredths percent (0.15%) multiplied by the Outstanding Principal Balance (less any Extension Curative Amount paid in connection with the Second Extension Option pursuant to Section 2.5) as of the expiration of the First Extension Period to be paid by Borrower to Lender for the Second Extension Option.

Extension Option: The First Extension Option and/or the Second Extension Option, as the case may be, as defined in Section 2.5 hereof.

Extension Period: The First Extension Period or the Second Extension Period, as the case may be.

Extension Request: As defined in Section 2.5 hereof.

FATCA: Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code.

Federal Funds Rate: for any day, a fluctuating interest rate equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent. The Administrative Agent's determination of such rate shall be binding and conclusive absent manifest error.

Fee Letter Agreement: That certain Fee Letter Agreement dated of even date herewith, executed by Borrower and Compass, for Compass' own account.

Financial Covenants: Those financial covenants as set forth in Section 3.7 of the Guaranty.

Financial Covenants Compliance Certificate: A financial covenants compliance certificate of Guarantor in the form of Exhibit H attached hereto and incorporated herein by this reference, certified by the appropriate officer of Guarantor pursuant to the applicable provisions of this Agreement, certifying that as of the date thereof, the calculation of the Financial Covenants, together with such documentation as necessary to substantiate such calculation.

Financial Covenants Curative Amount: As defined in Section 5.22 hereof.

Financial Covenants Curative Rights: As defined in Section 5.22 hereof.

Financial Statement Certificate: A financial statement certificate of Borrower in the form of Exhibit E attached hereto and incorporated herein by this reference.

Financing Statement: Collectively, the financing statement or financing statements (on Standard Form UCC-1 or otherwise) delivered by Borrower in connection with the Loan Documents.

First Extension Option: As defined in Section 2.5 hereof.

First Extension Period: If exercised, the period of twelve (12) months commencing on the first day after the Original Maturity Date.

Fixtures: All materials, supplies, equipment, systems, apparatus, and other items now owned or hereafter acquired by Borrower and now or hereafter attached to, installed in, or used in connection with (temporarily or permanently) any of the Improvements or the Land, which are now owned or hereafter acquired by Borrower and are now or hereafter attached to the Land or the Improvements, together with all accessions, appurtenances, replacements, betterments, and substitutions for any of the foregoing and the proceeds thereof.

Foreign Lender: A Lender that is not a U.S. person as defined in Section 7701(a)(30) of the Internal Revenue Code.

GAAP: Generally accepted accounting principles, applied on a consistent basis, set forth in Opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and/or in statements of the Financial Accounting Standards Board which are applicable in the circumstances as of the date in question; and the requisite that such principles be applied on a consistent basis means that the accounting principles observed in a current period are comparable in all material respects to those applied in a preceding period, except to the extent that a deviation therefrom is expressly permitted by this Agreement.

Governmental Authority: Any and all courts, boards, agencies, commissions, offices, or authorities of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise), whether now or hereafter in existence.

Governmental Requirements: All statutes, laws, ordinances, rules, regulations, orders, writs, injunctions or decrees of any Governmental Authority, including, without limitation, any Architectural Barrier Law, applicable to Borrower, Guarantor or the Mortgaged Property.

Gross Income: The sum of (a) the rentals, revenues and other cash forms of consideration from Qualified Leases including, without duplication, Tenant Reimbursements, received by, or paid to or for the account of or for the benefit of Borrower resulting from or attributable to the operation, leasing and occupancy of the Mortgaged Property, determined on a cash basis (except as specified herein) in accordance with a modified GAAP basis approved by Administrative Agent, during the applicable Calendar Period (any such amount shall be annualized if such Calendar Period is less than the full trailing twelve (12) consecutive calendar month period), (b) all other normal and regular income with respect to the Mortgaged Property and the Land (Parking), determined on a cash basis in accordance with a modified GAAP basis, including, without limitation, any income generated from the use of amenities within the Property during the applicable Calendar Period (any such amount shall be annualized if such Calendar Period is less than the full trailing twelve (12) consecutive calendar month period), and (c) the rentals, revenues and other cash forms of consideration, including, without duplication, Tenant Reimbursements, from any Qualified Lease that, on the date of determination, is then in a rent abatement or free rent period, to the extent the tenant is in occupancy and such rent and expense recoveries would have been paid under such Qualified Lease during the applicable Calendar Period, if such rent abatement or free rent period were not then in effect during such applicable Calendar Period (any such amount shall be annualized if such Calendar Period is less than the full trailing twelve (12) consecutive calendar month period). Notwithstanding anything included within the above definition of Gross Income, there shall be excluded from Gross Income the following: (i) any security or other deposits of lessees and Tenants, unless and until the same actually are either applied to actual rentals owed or other charges or fees; (ii) any security and other type deposits and advance rentals relating to the Mortgaged Property which have not been forfeited or other non-recurring income; (iii) the proceeds of any financing or refinancing with respect to all or any part of the Mortgaged Property; (iv) the proceeds of any sale or other capital transaction of all or any portion of the Mortgaged Property; (v) any insurance or condemnation proceeds paid with respect to the Mortgaged Property, except for rental loss or business interruption insurance; (vi) any Lease Termination Payments; (vii) all sales taxes, excise taxes or similar taxes collected as direct taxes payable to any taxing authority; (viii) proceeds of sale of depreciable Personalty (ix) any insurance and condemnation proceeds applied in reduction of the principal of the Note in accordance with the terms of the Lien Instrument or the other Loan Documents; provided, however, nothing set forth herein shall in any manner imply Lender's consent to a sale, refinancing or other capital transaction.

Guarantor: BROOKFIELD DTLA HOLDINGS LLC, a Delaware limited liability company.

Guaranty: That or those instruments of guaranty now or hereafter in effect from Guarantor to Administrative Agent on behalf of Lender guaranteeing the repayment of all or any part of the Loan, the satisfaction of, or continued compliance with, the covenants contained in the Loan Documents, or both.

Hard Costs: All costs of the construction or renovation of Improvements other than Soft Costs.

Improvements: Any and all buildings, covered garages, air conditioning towers, open parking areas, structures and other improvements, and any and all additions, alterations, betterments or appurtenances thereto, now or at any time hereafter situated, placed, or constructed upon the Land or any part thereof, including that certain three-level, 332,293 square foot open-air retail center with related amenities.

Indebtedness: (i) The principal of, interest on, or other sums evidenced by the Note otherwise due or owing from Borrower under the Loan Documents; (ii) any other amounts, payments, or premiums payable by Borrower under the Loan Documents; (iii) such additional sums, with interest thereon, as may hereafter be borrowed from Lender, its successors or assigns, by Borrower or the then record owner of the Mortgaged Property, when evidenced by a promissory note which, by its terms, is secured hereby (it being contemplated by Borrower and Lender that such future indebtedness may be incurred); (iv) any and all sums due and owing to Compass or an Affiliate of Compass under and pursuant to an Interest Rate Protection Agreement (Compass), if applicable; and

(v) any and all renewals, modifications, amendments, restatements, rearrangements, consolidations, substitutions, replacements, enlargements, and extensions of any of the foregoing, it being contemplated by Borrower and Lender that Borrower may hereafter become indebted to Lender in further sum or sums.

Indemnified Liabilities: As defined in Section 10.7.

Indemnified Taxes: (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Borrower or any other loan party under any Loan Document and (b) to the extent not otherwise described in the immediately preceding clause (a), Other Taxes.

Inspecting Person: A person reasonably designated by Administrative Agent from time to time who may inspect the Improvements from time to time pursuant to and in accordance with the terms of this Agreement for the benefit of Administrative Agent.

Insurance Policy(ies): A policy of insurance or those policies of insurance as described in the Insurance Requirements.

Insurance Premiums: The amount of insurance premiums required for Borrower's compliance with the Insurance Requirements; provided that the amount of Insurance Premiums shall not include those Insurance Premiums related to a blanket Insurance Policy maintained in accordance with the Loan Documents.

Insurance Requirements: Those insurance requirements as described in Section 5.12 hereof.

Insured Casualty: Any Casualty covered by an Insurance Policy.

Interest Holder: Any individual or entity who owns or has rights to a direct, indirect or beneficial interest in Borrower, Guarantor, a Constituent Party, a manager, or member of Borrower.

Interest Period: As defined in the Note.

Interest Rate Option Selection: An irrevocable written notice in the form of Exhibit D attached hereto and incorporated herein by this reference evidencing Borrower's election to designate or redesignate all or certain portions of the Outstanding Principal Balance to bear interest at the Applicable Bank Rate or the Applicable LIBOR Rate, subject to the terms, conditions and requirements of the Note and, to the extent Borrower should elect that such portions bear interest at the Applicable LIBOR Rate, designating a duration for the Interest Period for such portion.

Interest Rate Protection Agreement: Any interest rate swap agreement, International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, or any similar agreement or arrangement now existing or hereafter entered into by Borrower, at Borrower's option, in connection with the loan evidenced by the Note to hedge the risk of variable interest rate volatility or fluctuations of interest rates, as any such agreement or arrangement may be modified, supplemented, and in effect from time to time.

Interest Rate Protection Agreement (Compass): An Interest Rate Protection Agreement entered into by Borrower and Compass or an Affiliate of Compass.

Land: The real property or interest therein described in Exhibit A attached hereto and incorporated herein by this reference, which has an address of 735 South Figueroa Street, Los Angeles, Los Angeles County, California, 90017, together with all right, title, interest, and privileges of Borrower in and to (i) all streets, ways, roads, alleys, easements, rights-of-way, licenses, rights of ingress and egress, vehicle parking rights and public places, existing or proposed, abutting, adjacent, used in connection with or pertaining to such real property or the improvements thereon; (ii) any strips or gores of real property between such real property and abutting or adjacent properties; (iii) all water and water rights, timber, crops, pertaining to such real property and (iv) all appurtenances and all reversions and remainders in or to such real property, which for the avoidance of doubt, excludes the Land (Parking); provided that, in the event that Borrower subsequently acquires title to the Land (Parking), then at all times subsequent to the date of such acquisition, the term "Land" shall include the Land (Parking) in all respects.

Land (Parking): The real property or interest therein described in Exhibit A-1 attached hereto and incorporated herein by this reference, together with all right, title, interest, and privileges in and to (i) all streets, ways, roads, alleys, easements, rights-of-way, licenses, rights of ingress and egress, vehicle parking rights and public places, existing or proposed, abutting, adjacent, used in connection with or pertaining to such real property or the improvements thereon; (ii) any strips or gores of real property between such real property and abutting or adjacent properties; (iii) all water and water rights, timber, crops, pertaining to such real property; and (iv) all appurtenances and all reversions and remainders in or to such real property.

Land (Parking) Owner: BOP FIGAT7TH PARKING LLC, a Delaware limited liability company

LC Release Conditions: The earlier of (a) the payment in full to Lender of all sums due and owing with respect to the Indebtedness and the performance of the Obligations under the Loan Documents or (b) the simultaneous satisfaction of the following condition: receipt by Administrative Agent of a LC Release Request at least ten (10) Business Days prior to Borrower's requested effective date of such release, with such written request by Borrower accompanied by the following certifications: (i) no Event of Default or Potential Default has occurred and is then existing and (ii) no Material Adverse Change is existing.

LC Release Request: A written request from Borrower to Administrative Agent requesting the release of any of the Letter of Credit (Extension Curative Amount) and/or the Letter of Credit (Financial Covenants).

Leases: Any and all leases, master leases, subleases, licenses, concessions, or other agreements (written or oral, now or hereafter in effect) which grant to third parties a possessory interest in and to, or the right to use, all or any part of the Mortgaged Property, together with all security and other deposits or payments made in connection therewith.

Lease Termination Payments: (i) All fees, penalties, commissions or other payments made to Borrower in connection with or relating to the rejection, buy-out, termination, surrender or cancellation of any Lease (including in connection with any bankruptcy proceeding), (ii) any security deposits or proceeds of letters of credit held by Borrower in lieu of cash security deposits, which Borrower is permitted to retain pursuant to the applicable provisions of any Lease and (iii) any payments made to Borrower relating to unamortized Leasing Expenses under any Lease.

Leasing Expenses: Actual out-of-pocket expenses incurred by Borrower and payable to third parties that are not Affiliates of Borrower or Guarantor (unless such Affiliate has been previously approved by Administrative Agent, it being acknowledged that Manager has been approved by Administrative Agent) in connection with leasing space at the Mortgaged Property pursuant to Approved Leases, including brokerage commissions and tenant improvements and allowances, (i) in connection with an Approved Lease, (ii) incurred in the ordinary course of business and on market terms and conditions in connection with Leases which do not require Administrative Agent's approval under the Loan Documents or a Lease otherwise approved by Administrative Agent, which approval shall not be unreasonably withheld or delayed and (iii) are substantiated by executed Lease documents.

Leasing Expenses Obligations: The contribution to Borrower and Borrower's obligation to fund the Leasing Expenses pursuant to the terms and conditions of this Agreement, in each case, as and when due and payable in a total aggregate amount not to exceed \$7,660,807.00.

Legal Requirements: Any and all present and future judicial decisions, statutes, rulings, rules, regulations, permits, certificates, or ordinances of any Governmental Authority in any way applicable to Borrower, any Guarantor or the Mortgaged Property.

Lender Default Obligation: As defined in Subsection 9.2(c) hereof.

Lender Reply Period: As defined in Subsection 10.2(f) hereof.

Lender(s): Collectively and expressly together with Compass and the financial institutions that are or may from time to time become parties hereto and are described on Schedule 1 hereto and their respective permitted successors and assigns, from time to time a party hereto.

Letter of Credit: Collectively, the Letter of Credit (Extension Curative Amount) and the Letter of Credit (Financial Covenants).

Letter of Credit (Extension Curative Amount): That certain Approved Letter of Credit or Approved Letters of Credit in an amount not less than the Extension Curative Amount as provided in accordance with Section 2.5 hereof.

Letter of Credit (Financial Covenants): That certain Approved Letter of Credit or Approved Letters of Credit in an amount not less than the Financial Covenant Curative Amount as provided in accordance with Section 5.22 hereof.

Liabilities: Collectively, the payment of the Indebtedness and the performance and discharge of the Obligations in accordance with the terms and conditions of the Loan Documents.

Lien: Any valid and enforceable interest in any property securing an indebtedness, obligation, or liability owed to or claimed by any Person other than the owner of that property, whether that indebtedness is based on the common law, statute, or contract, including, without limitation, liens created by or pursuant to a security interest, pledge, mortgage, assignment, conditional sale, trust receipt, lease, consignment, or bailment for security purposes.

Lien (Tenant): The Lien created pursuant to that certain Mechanic's Lien dated on or about August 20, 2014 filed of record as Document # 20140875934 in the Official Records of the Recorder's Office in Los Angeles County, California.

Lien Instrument: The Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing of even date herewith pursuant to which Borrower mortgages the Mortgaged Property to secure the Loan.

Loan Amount: That amount equal to the lesser of (i) Thirty-Five Million and No/100 Dollars (\$35,000,000.00), (ii) seventy percent (70%) of the "as is" "real estate only" fair market value of the Mortgaged Property (excluding any value that may be attributable to any of business enterprise intangible value, furniture, equipment, trade fixtures or other fixtures that are not permanently incorporated in the Improvements) and the Land (Parking) as indicated by an Appraisal and (iii) sixty-five percent (65%) of the "as stabilized" "real estate only" fair market value of the Mortgaged Property (excluding any value that may be attributable to any of business enterprise intangible value, furniture, equipment, trade fixtures or other fixtures that are not permanently incorporated in the Improvements) and the Land (Parking) as indicated by an Appraisal.

Loan Documents: The Note, the Lien Instrument, this Agreement, the Security Agreement, the Financing Statement, the Environmental Liabilities Agreement, the Guaranty, the Pledge Documents, the Assignment of Title Insurance Proceeds, the Interest Rate Protection Agreement (Compass), if any, and any and all other documents now or hereafter executed by Borrower or Guarantor in connection with the Loan, the Indebtedness evidenced by the Note, or the covenants contained in this Agreement.

Loan(s): Collectively, the loans to be made by Lenders to Borrower pursuant to this Agreement as evidenced by the Notes.

Loan-to-Value Ratio (As-Is): The quotient of (i) the Outstanding Principal Balance divided by (ii) the "as-is" "real estate only" fair market value of the Mortgaged Property and Land (Parking) in the aggregate (excluding any value that may be attributable to any of business enterprise intangible value, furniture, equipment, trade fixtures or other fixtures that are not permanently incorporated in the Improvements) as indicated by an Appraisal.

Loan to Value Ratio (As-Is) (Maximum): Sixty-Five Percent (65%).

Local Issues: As defined in Section 11.4 hereof.

Lockbox Account: A blocked, restricted deposit account No. 6720286589 for Borrower maintained with Administrative Agent, into which all revenues, receipts and profits received from the Mortgaged Property shall be directly deposited.

Losses: Any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement of whatever kind or nature (including, but not limited to, reasonable outside attorneys' fees and other costs of defense).

Major Contract: Any Contract (other than the Loan Documents) as to which the breach, nonperformance, cancellation or failure to renew by any party thereto is reasonably expected to result in a Material Adverse Change.

Major Lease: Any other Lease covering 20,000 or more net rentable square feet of the Mortgaged Property; provided further that one or more Leases with a Person and its Affiliates shall be considered together in determining whether such Leases are collectively a Major Lease for purposes of this Agreement.

Major Lease Tenant: A Tenant under a Major Lease.

Management Agreement: A property management agreement between Borrower and the Manager with respect to the management of the Mortgaged Property.

Manager: BROOKFIELD PROPERTIES MANAGEMENT (CA) INC., a Delaware corporation.

Material Adverse Change: Any material and adverse effect on (i) the ability of Borrower to perform its obligations under any Loan Documents to which it is a party, (ii) the financial condition of Guarantor which results in a failure of Guarantor to maintain the Financial Covenants; provided, however, if Borrower or Guarantor cures any such failure as herein provided, such failure shall not be deemed a Material Adverse Change or (iii) the validity, enforceability or binding effect of any of the Loan Documents, if Borrower does not execute and deliver such documents as may be required to correct the material and adverse change in the validity, enforceability or binding effect of the Loan Documents within thirty (30) days after receipt thereof from Lender.

Maturity Date: The Original Maturity Date; subject, however, to (a) the Extension Option and (b) the right of acceleration as herein provided and as provided in the Loan Documents.

Maximum Lawful Rate: The rate utilized by Lender pursuant to either (i) the weekly rate ceiling from time to time in effect as provided in Chapter 303, as amended, of the Texas Finance Code or (ii) United States federal law which permits Lender to contract for, charge, or receive a greater amount of interest than that provided by such Chapter 303, as amended, for the purpose of determining the maximum lawful rate allowed by applicable laws. Additionally, to the extent permitted by applicable law now or hereinafter in effect, Lender may, at its option and from time to time, implement any other method of computing the Maximum Lawful Rate under such Chapter 303, as amended, or under other applicable law by giving notice, if required, to Borrower as provided by applicable law now or hereafter in effect.

Minerals: All substances in, on, or under the Land which are now, or may become in the future, intrinsically valuable, that is, valuable in themselves, and which now or may be in the future enjoyed through extraction or removal from the Land, including without limitation, oil, gas, and all other hydrocarbons, coal, lignite, carbon dioxide and all other nonhydrocarbon gases, uranium and all other radioactive substances, and gold, silver, copper, iron and all other metallic substances or ores.

Mortgaged Property: The Land, Minerals, Fixtures, Improvements, Personalty, Contracts, Construction Contracts, Plans, Leases, Rents and Reserves and any interest of Borrower now owned or hereafter acquired in and to the Land, Minerals, Fixtures, Improvements, Personalty, Contracts, Construction Contracts, Plans, Leases, Rents and Reserves, together with any and all other security and collateral of any nature whatsoever, now or hereafter

given for the repayment of the Indebtedness or the performance and discharge of the Obligations. As used in this Agreement, the term “Mortgaged Property” shall be expressly defined as meaning all or, where the context permits or requires, any portion of the above and all or, where the context permits or requires, any interest therein.

Net Operating Income: For each applicable Calendar Period, Gross Income annualized, less Operating Expenses annualized, determined on a cash basis of accounting except as otherwise provided herein.

Net Worth: The meaning of the term “net worth” as used in accordance with GAAP, except (i) in computing Net Worth any intangible assets (i.e. goodwill) shall be excluded, (ii) notes or obligations receivable from Affiliates shall be given no value as assets, (iii) the other notes or obligations receivable shall be properly valued based upon the creditworthiness of the obligated party and any security for such obligation and (iv) with assets being limited to only those assets calculated on an unconsolidated and unrestricted basis

Net Worth (Minimum): \$500,000,000.00.

Note Rate: The Applicable Bank Rate and the Applicable LIBOR Rate, as may be applicable.

Note(s): Collectively, one or more promissory notes in the form as set forth on Exhibit B attached hereto and incorporated herein by reference, payable to the order of the Lenders in the aggregate amount of the Commitments and executed by Borrower to evidence the Loans, and any and all renewals, modifications, rearrangements, reinstatements, enlargements, or extensions of such promissory notes or of any promissory note or notes given in renewal, substitution or replacement therefor.

Obligations: Any and all of the covenants, conditions, warranties, representations, and other obligations (other than to repay the Indebtedness) made or undertaken by Borrower or Guarantor to Lender, as set forth in the Loan Documents.

Operating Account: That certain deposit account No. 6720286074 for Borrower maintained with Administrative Agent, as Borrower’s principal bank account for Borrower and the Mortgaged Property.

Operating Certificate: An operating and rent roll certificate of Borrower in the form of Exhibit F attached hereto and incorporated herein by this reference.

Operating Expenses: Collectively, the aggregate of those amounts actually incurred and paid with respect to the ownership, operation, management, leasing and occupancy of the Mortgaged Property and the Land (Parking), determined on a cash basis, except as otherwise specified herein, in accordance with a modified GAAP basis with respect to the Mortgaged Property and the Land (Parking) for the immediately preceding Calendar Period including, but not limited to, any and all of the following (but without duplication of any item): (i) Taxes calculated on an accrual basis (and not on the cash basis) of accounting for the Calendar Period; such accrual accounting for Taxes shall be based upon taxes actually assessed for the current calendar year, or if such assessment for the current calendar year has not been made, then until such assessment has been made (and with any retroactive adjustments for prior calendar months as may ultimately be needed when the actual assessments has been made) Taxes for the Calendar Period shall be estimated based on the last such assessment for the Mortgaged Property; (ii) foreign, U.S., state and local sales, use or other taxes, except for taxes measured by net income; (iii) special assessments or similar charges against the Mortgaged Property and the Land (Parking); (iv) costs of utilities, air conditioning and heating for the Mortgaged Property and the Land (Parking) to the extent not directly paid by lessees or Tenants; (v) maintenance and repair costs for the Mortgaged Property and the Land (Parking); (vi) to the extent such amount is not actually incurred by Borrower as part of its repair and maintenance line item, an imputed reserve for capital replacement reserves equal to the amount of \$0.15 per square foot of net leasable area of the Mortgaged Property; (vii) management fees for the Mortgaged Property and the Land (Parking); provided, however, the amount of such management fees which may be charged hereunder shall be equal to the greater of (a) actual aggregate management fees paid to Manager and (b) an amount equal to two and three-quarters percent (2.75%) of the Gross Income for each applicable calendar month; (viii) all salaries, wages and other benefits to “on-site” employees of Borrower or Borrower’s property manager (excluding all salaries, wages and other benefits of officers and supervisory personnel, and other general overhead expenses of Borrower, Borrower’s property manager, Land (Parking) Owner and Land

(Parking) Owner's property manager) employed in connection with the leasing, maintenance and management of the Mortgaged Property and the Land (Parking) which are specifically not included within the management fee outlined in subdefinition (vii) above; (ix) Insurance Premiums calculated on an accrual basis (and not on the cash basis) of accounting for the Calendar Period; such accrual accounting for insurance premiums shall be based upon the insurance premiums for the Mortgaged Property and the Land (Parking) which was last billed to Borrower, adjusted to an annualized premium if necessary; (x) an amortized and prorated allocation of Leasing Expenses, excluding Capital Expenses and replacements; (xi) outside accounting and audit fees and costs and administrative expenses in connection with the direct operation and management of the Mortgaged Property and the Land (Parking); (xii) any payments, and any related interest thereon, to lessees or Tenants of the Mortgaged Property with respect to security deposits or other deposits required to be paid to Tenants but only to the extent any such security deposits and related interest thereon have been previously included in Gross Income and (xiii) to the extent not otherwise included in items (i) through (xii) above, amounts reimbursable as Tenant Reimbursements. Notwithstanding anything to the contrary as being included in the definition of Operating Expenses, there shall be excluded from Operating Expenses the following: (i) depreciation, amortization and any other non-cash deduction allowed to Borrower for income tax purposes; (ii) any and all principal, interest or other costs paid under or with respect to the Note or Loan, (iii) any Leasing Expenses or Capital Expenses which are capitalized in accordance with GAAP of which are not recovered as a Tenant Reimbursement, (iv) bad debts not related to the then current Calendar period, (v) corporate overhead costs allocated or charged to the Mortgaged Property, (vi) those audit fees incurred by Borrower in connection with the terms and conditions of the Loan Documents and (vii) those marketing expenses incurred on a national or regional basis including, without limitation, with respect to arts and events allocated to the Mortgaged Property.

Original Maturity Date: September 10, 2017.

Other Connection Taxes: Taxes imposed as a result of a present or former connection between a Lender and the jurisdiction imposing such tax (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

Other Taxes: All present or future stamp, court or documentary, intangible, recording, filing or similar taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such taxes that are Other Connection Taxes imposed with respect to an assignment.

Outstanding Principal Balance: The outstanding principal balance of the Note(s).

Participant: As defined in Subsection 11.7(b) hereof.

Patriot Act: The USA Patriot Act Title III of Pub. L.107-56 (signed into law October 26, 2001).

Payment Date: As defined in the Note.

Permitted Disposition: Collectively means (i) an Approved Lease, (ii) a Contested Item, (iii) a Permitted Disposition (Brookfield), (iv) any Permitted Exceptions (which, for purposes of this definition, shall also include (a) Liens, if any, for Taxes or other charges not yet due and payable and not delinquent, and (b) any workers', mechanics' or other similar Liens on the Mortgaged Property, provided that any such Lien is bonded or discharged within sixty (60) days after Borrower first receives notice of such Lien), (v) the sale of any of Borrower's assets (other than the Land, the Minerals, the Improvements, the Leases, the Rents and the Reserves) no longer used or useful in its business, (vi) the sale or lease of any of Borrower's other assets in the ordinary course of business as presently conducted, provided that such sale or lease shall not be for materially less than the fair market value of such assets or be on terms which are not commercially reasonable, and provided further that such sale or lease shall not constitute or give rise to a default under any agreement to which Borrower is a party or by which Borrower is bound, and (vii) the removal of obsolete personal property and replacement non-obsolete personal property with equipment of generally the same character and quality.

Permitted Disposition (Brookfield): Collectively means any of the following transfers: (i) transfers of direct or indirect equity interests in the Borrower, provided that: (a) Sponsor shall at all times Control the Borrower, (b) Sponsor shall at all times following such transfer own, directly or indirectly, at least twenty-five percent (25%) of the beneficial interests in Borrower and (c) to the extent applicable, each proposed transferee shall otherwise satisfy Lender's Patriot Act requirements and (ii) transfers of (a) direct or indirect ownership interests in Sponsor and (b) ownership interests held by the Series A Preferred Shareholders in BROOKFIELD DTLA FUND OFFICE TRUST, INC., a Delaware corporation, or the accommodation shareholders of any Real estate investment trust in Borrower's organizational structure shall not be restricted.

Permitted Exceptions: As defined in the Lien Instrument.

Permitted Investments: Any one or more of the following "cash," "cash items", or "government securities" within the meaning of Section 856(c)(4)(A) of the Internal Revenue Code: (i) direct obligations of the United States of America, or any agency thereof, or obligations fully guaranteed as to payment of principal and interest by the United States of America, or any agency thereof, provided such obligations are backed by the full faith and credit of the United States of America, and provided, however, that any such investment must have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change; (ii) deposit accounts with or certificates of deposit which are (a) fully FDIC-insured issued by any bank or trust company organized under the laws of the United States of America or any state thereof and short term unsecured certificates of deposits and time deposits which are rated A1 or better by Standard & Poor's Corporation or P1 or better by Moody's Investors Service, Inc., in each case maturing not more than 90 days from the date of acquisition thereof, and (b) in the case of certificates of deposit, are negotiable and have a ready secondary market in which such investment can be disposed of and (iii) money market funds that are subject to regulation under the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq., and comply with the requirements of Rule 2a-7 thereof, as amended.

Person: An individual, partnership, joint venture, corporation, limited liability company, trust, estate, unincorporated association, government or any instrumentality thereof, or other legal entity, as applicable.

Personalty: All of the right, title, and interest of Borrower in and to (i) the Plans; (ii) all building and construction materials and equipment; (iii) furniture, furnishings, equipment, machinery, goods (including, but not limited to, crops, farm products, timber and timber to be cut, and extracted Minerals); (iv) general intangibles (including payment intangibles), money, insurance proceeds, accounts, contract and subcontract rights, trademarks, trade names, inventory, monetary obligations, chattel paper (including electronic chattel paper), investment property, instruments, documents, letter of credit rights, and commercial tort claims; (v) all refundable, returnable, or reimbursable fees, deposits or other funds or evidences of credit or indebtedness deposited by or on behalf of Borrower with any governmental agencies, boards, corporations, providers of utility services, public or private, including specifically, but without limitation, all refundable, returnable, or reimbursable tap fees, utility deposits, commitment fees and development costs, any awards, remunerations, reimbursements, settlements, or compensation heretofore made or hereafter to be made by any Governmental Authority pertaining to the Land, Improvements, Fixtures, Construction Contracts, Contracts, Plans or Personalty, including but not limited to those for any vacation of, or change of grade in, any streets affecting the Land or the Improvements and those for municipal utility district or other utility costs incurred or deposits made in connection with the Land and (vi) all other personal property of any kind or character as defined in and subject to the provisions of the Code (Article 9 – Secured Transactions); any and all of which are now owned or hereafter acquired by Borrower, and which are now or hereafter situated in, on, or about the Land or the Improvements, or used in or necessary to the complete and proper planning, development, construction, financing, use, occupancy, or operation thereof, or acquired (whether delivered to the Land or stored elsewhere) for use in or on the Land or the Improvements, together with all accessions, replacements, and substitutions thereto or therefor and the proceeds thereof.

Plans: Any and all plans, specifications, shop drawings, or other technical descriptions prepared for construction of the Improvements, and all supplements thereto and amendments and modifications thereof.

Pledge Agreement: That certain Pledge Agreement of even date herewith by Borrower, as pledger for the benefit of Lender, the terms of which include the pledging of a continuing security interest in, among other things, all of Borrower's membership interest in Land (Parking) Owner, as acknowledged and agreed to by Land (Parking) Owner.

Pledge Documents: The Pledge Agreement, The Pledge (Proxy), the Pledge (Financing Statement) and any and all other documents now or hereafter executed by Borrower or Land (Parking) Owner in connection with the Pledge Agreement.

Pledge (Financing Statement): The Financing Statement related to the Pledge Agreement.

Pledge (Proxy): That certain Irrevocable Proxy Agreement of even date herewith by Borrower to Lender.

Post-Foreclosure Plan: As defined in Section 10.11 hereof.

Potential Default: Any event, circumstance or action has occurred and is then existing which, with the giving of notice, passage of time or failure to cure would give rise to an Event of Default.

Pro Rata Share: As to any Lender at any time, the percentage which such Lender's Commitment then constitutes of the Aggregate Commitments (or, at any time after the Commitments shall have expired or terminated, the percentage which the Outstanding Principal Balance of such Lender's Note(s) bears to the Outstanding Principal Balance of the Note(s)), as described on Schedule 1 attached hereto.

Prohibited Distributions: Those Distributions that occur during those periods when (i) Lender has provided written notice to Borrower that a continuing Event of Default exists or (ii) Guarantor fails to comply with the Financial Covenants, taking into account applicable notice and cure rights set forth in Section 5.22 hereof. Notwithstanding the foregoing, in order to permit Borrower's indirect Interest Holder that is a real estate investment trust to retain its qualification as a real estate investment trust and to eliminate potential income and excise tax liability, Borrower shall be eligible to make any Distribution limited to the extent of its net taxable income for any period in order to pay dividends or other Distributions to its Interest Holder.

Property Condition Report: That certain Property Condition Report (No. 14-116397.1) dated March 17, 2014, prepared by Partner Engineering & Science, Inc.

Proposed Lease: As defined in Section 5.17 hereof.

Qualified Lease: Each Approved Lease which meets the following additional criteria: (i) the commencement date of such Approved Lease has occurred and the Tenant has commenced the payment of all rentals due under such Approved Lease; (ii) landlord is not in material default (beyond any applicable grace or cure period) of its obligations under the Approved Lease; (iii) Tenant is not in default of a monetary obligation under such Approved Lease for a period greater than forty-five (45) days in duration; (iv) Tenant is not in material non-monetary default under such Approved Lease and has not failed to pay contractual rent under such Approved Lease for a period greater than forty-five (45) days in duration; (v) Tenant is not then subject to any pending voluntary or involuntary state or federal bankruptcy or insolvency proceeding regarding its assets and operations; (vi) such Approved Lease has not been terminated and (vii) the term of such Approved Lease is scheduled to expire at least three (3) months following the date of determination (or, if an Approved Lease is scheduled to expire within three (3) months, such Approved Lease, prior to the date of determination, has been renewed or extended in writing to a date which is greater than three (3) months following the date of determination).

Qualified Lease (Partial Percentage Rent): Any Qualified Lease the terms of which provide for the payment of a portion of the Lease rental being related to a percentage basis of calculation.

Qualified Lease (Total Percentage Rent): Any Qualified Lease the terms of which provide for the payment of the Lease rental being solely related to a percentage basis of calculation.

Qualified Manager: A reputable and experienced professional management organization reasonably approved by Administrative Agent.

REA: Collectively, the REA (Master) and the REA (Sub).

REA (Master): Collectively, that certain Amended and Restated Owners' Operating and Reciprocal Easement Agreement by and among Seventh Street Plaza Associates, The Community Redevelopment Agency of the City of Los Angeles, California, and PPLA Plaza Limited Partnership, dated June 20, 1986, recorded June 4, 1987 as instrument no. 87-885291 in the Official Records of Los Angeles County, California, as modified by Amendment No. 1 to Amended and Restated Owners' Operating and Reciprocal Easement Agreement by and between PPLA Plaza Limited Partnership and South Figueroa Plaza Associates (as successor in interest to Seventh Street Plaza Associates), dated December 5, 1990, recorded December 21, 1990 as instrument no. 90-21082821, and re-recorded April 30, 1991 as instrument no. 91-619078 in the Official Records of Los Angeles County, California, and as further modified by Amendment No. 2 to Amended and Restated Owners' Operating and Reciprocal Easement Agreement by and among PPLA Plaza Limited Partnership, South Figueroa Plaza Associates, and The Community Redevelopment Agency of the City of Los Angeles, California, dated January 1, 1993, recorded January 30, 1995 as instrument no. 95-150496 in the Official Records of Los Angeles County, California, as the same may be further amended, supplemented or modified from time to time pursuant to the terms thereof and the terms of this Agreement.

REA (Sub): That certain Reciprocal Easement Agreement by and among EYP Realty, LLC, a Delaware limited liability company, Borrower, and Land (Parking) Owner, dated as of the date hereof, as the same may be further amended, supplemented or modified from time to time pursuant to the terms thereof and the terms of this Agreement.

Recourse Obligations: Collectively, the sum of (i) any Losses actually incurred or expended by Lender as a result of the following: (1) Borrower's failure to apply any rents, issues or profits of any of the Mortgaged Property which are collected by or on behalf of Borrower during the continuance of an Event of Default under the Loan Agreement (a) to or for the benefit of the Mortgaged Property (including the construction thereof) and/or (b) to pay the Indebtedness or perform the Obligations; (2) subsequent to a foreclosure of the Lien Instrument, Borrower's failure to deliver to Administrative Agent in accordance with the provisions of the Loan Documents, any security deposits, advance deposits or any other deposits which are received by or on behalf of Borrower with respect to the Mortgaged Property (except to the extent such security deposits, advance deposits or any other deposits are being held in the Security Deposit Account); (3) Borrower's failure to deliver to Administrative Agent or otherwise apply (as required or permitted under the terms of the Loan Agreement) the amount of any insurance and/or condemnation proceeds which are received by or on behalf of Borrower with respect to the Mortgaged Property; (4) Borrower's failure to keep the Mortgaged Property free from intentional physical waste as required under the Loan Documents; (5) upon foreclosure of the Lien Instrument, Borrower's failure to surrender to the purchaser of the Mortgaged Property, at or immediately following such foreclosure, any of the real and personal property covered by the Lien Instrument or any other Loan Document; (6) Borrower's failure to discharge or properly bond around any mechanic's lien filed against the Mortgaged Property for work performed in connection with the Mortgaged Property prior to a foreclosure of the Lien Instrument, in accordance with the terms and conditions of the Loan Documents (subject to Lender's ability to use any security posted by Borrower in connection therewith), unless such mechanic's lien is (x) the subject of a bona fide dispute in which Borrower is contesting the amount or validity thereof in accordance with the terms of the Loan Documents or (y) a Permitted Disposition; (7) Borrower's failure to perform all obligations and pay all amounts owed by Borrower under the Environmental Liabilities Agreement; (8) Borrower completing any Prohibited Distributions in violation of the terms of the Loan Documents; (9) any fraud by Borrower or Guarantor in connection with the Loan or intentional material misrepresentation made to Lender by Borrower or Guarantor in the Loan Documents; (10) any real estate taxes and special assessments levied or assessed against the Mortgaged Property, which are not paid prior to being delinquent in accordance with the Loan Documents where (a) there is sufficient cash flow from the Mortgaged Property to pay for such real estate taxes and special assessments and (b) funds to pay for such real estate taxes and special assessments are not otherwise escrowed under the Loan Documents, unless such real estate taxes and/or special assessments are the subject of a bona fide dispute in which Borrower is contesting the amount or validity thereof in accordance with the terms of the Loan Documents; (11) any premiums for insurance required pursuant to the Loan Documents, which are not paid when due in accordance with the Loan Documents where (a) there is sufficient cash flow from the Mortgaged Property to pay for such insurance premiums and (b) funds to pay for such insurance premiums are not otherwise escrowed under the Loan Documents; (12) a Disposition in violation of any provision of any of the Loan Documents (but, for avoidance of doubt, Lender's exercise of its rights pursuant to the Pledge Documents shall in no event be deemed a Disposition in violation of the Loan Documents); (13) Borrower's failure to obtain Lender's prior consent (if and to the extent required under the Loan Documents) to any subordinate financing or other voluntary, monetary lien encumbering

the ownership interests of Borrower or Mortgaged Property; (14) any monetary lien that is superior to the lien of the Lien Instrument and the occurrence of a judgment or lien encumbering the Mortgaged Property in violation of the Loan Documents, unless any of the foregoing is the subject of a bona fide dispute in which Borrower is contesting the amount or validity thereof in accordance with the terms of the Loan Documents; (15) Borrower's breach of the Single Purpose Entity Requirements, unless such breach is a result of insufficient cash flow from the Mortgaged Property; (16) all physical damage to the Mortgaged Property due to Casualty, which is uninsured because of Borrower's failure to maintain the insurance coverage required by the Loan Documents, where funds to pay for such insurance coverage are not otherwise escrowed under the Loan Documents; and (17) Borrower's failure to perform all obligations or pay any indebtedness arising under the Interest Rate Protection Agreement (Compass), if any; (18) the REA being modified, amended, transferred, assigned, terminated, or rescinded by Borrower or Land (Parking) Owner, without the prior written consent of Administrative Agent, such consent not to be unreasonably withheld, conditioned or delayed; provided that, (a) any amendment or modification to the REA (Sub) to reflect a transfer in the Land (Parking) to Borrower is hereby pre-approved by Administrative Agent, and (b) in the event Administrative Agent approves an amendment to the REA (Master) which adds Borrower (and, if Land (Parking) Owner continues to own the Land (Parking), the Land (Parking) Owner), as direct parties thereto, Administrative Agent shall be deemed to have approved the termination of the REA (Sub)); and (19) the TIC Agreement being modified, amended, transferred, assigned, terminated, or rescinded by Borrower or Land (Parking) Owner, without the prior written consent of Administrative Agent, such consent not to be unreasonably withheld, conditioned or delayed; provided that, any amendment or modification to the TIC Agreement to reflect a transfer in the Land (Parking) to Borrower is hereby pre-approved by Administrative Agent, (ii) the Indebtedness and the Obligations in the event that: (a) Borrower files a voluntary petition under any Debtor Relief Law; (b) any Borrower, Guarantor, Land (Parking) Owner or any Affiliate, officer, director, or representative of Borrower, Guarantor or Land (Parking) Owner, files, or joins in the filing of, an involuntary petition against Borrower or Land (Parking) Owner under any Debtor Relief Law, or Borrower, Guarantor or Land (Parking) Owner solicits or causes to be solicited petitioning creditors for any involuntary petition against Borrower from any Person; (c) Borrower files an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under any Debtor Relief Law, or solicits or causes to be solicited petitioning creditors for any involuntary petition from any Person; (d) Borrower, Guarantor, Land (Parking) Owner or any Affiliate, officer, director, or representative of Borrower, Guarantor or Land (Parking) Owner consents to or acquiesces in or joins in an application for the appointment of a custodian, receiver, trustee, or examiner for Borrower or Land (Parking) Owner or any portion of the Mortgaged Property (other than an application initiated by Lender); (e) Borrower or Land (Parking) Owner makes an assignment for the benefit of creditors, or admits, in writing or in any legal proceeding, its insolvency or inability to pay its debts as they become due; and (iii) all costs, expenses and fees, including but not limited to court costs and reasonable attorneys' fees, arising in connection with the collection of any or all amounts, indebtedness, obligations and liabilities of Borrower to Lender described in items (i) and (ii) of this definition of Recourse Obligations. The term "damages" as used above shall mean actual damages.

Regulatory Authority: As defined in Section 2.4 hereof.

Rents: All of the rents, revenues, income, proceeds, profits, security and other types of deposits (after Borrower acquires title thereto), and other benefits paid or payable by parties to the Contracts and/or Leases, other than Borrower for using, leasing, licensing, possessing, operating from, residing in, selling, or otherwise enjoying all or any portion of the Mortgaged Property.

Required Lenders: Lenders having Pro Rata Shares aggregating fifty-one percent (51%) or more; provided that, in the event that there is one or more Defaulting Lenders at time of a "Required Lender" calculation, then the consent of such Defaulting Lenders shall not be required and such Defaulting Lender's Commitment or the Outstanding Principal Balance of such Defaulting Lender's Note(s), as the case may be shall not be utilized in the calculation of the Pro Rata Share requirements for the purposes of this Required Lenders definition (in either the numerator or the denominator thereof).

Reserves: Collectively, all sums on deposit or due under this Agreement, the Lien Instrument and the other Loan Documents including, without limitation: (i) the Accounts, (ii) any reserves or deposits pursuant to any of the Loan Documents, (iii) the accounts into which the Reserves have been deposited, (iv) all insurance on said accounts, (v) all accounts, contract rights and general intangibles or other rights and interests pertaining thereto, (vi) all sums now or hereafter therein or represented thereby, (vii) all replacements, substitutions or proceeds

thereof, (viii) all instruments and documents now or hereafter evidencing the Reserves or such accounts, (ix) all powers, options, rights, privileges and immunities pertaining to the Reserves (including the right to make withdrawals therefrom), and (x) all proceeds of the foregoing.

Restoration Casualty: An Insured Casualty which either (i) has a likely cost of full restoration of the Improvements as determined by Administrative Agent equal to or less than \$5,000,000.00 and occurs when no Event of Default has occurred and is continuing and for which Borrower promptly commences and is diligently pursuing restoration of such Improvements, or (ii) has a likely cost of full restoration of the Improvements as determined by Administrative Agent that exceeds \$5,000,000.00, so long as the following conditions have been satisfied:

(a)Such Insured Casualty occurs when no Event of Default has occurred and is continuing;

(b)Not more than 30% of the total floor area of the Improvements has been damaged, destroyed or rendered unusable as a result of such Insured Casualty;

(c)In the reasonable judgment of Administrative Agent, the Mortgaged Property can be restored to an economic unit no less valuable than the same was prior to the Insured Casualty and adequately securing the Indebtedness;

(d)Administrative Agent determines that the Net Operating Income during restoration will be sufficient to pay scheduled payments of principal and interest on the Loan during the restoration as reasonably estimated by Administrative Agent; provided, however, that if Administrative Agent makes the determination that the Net Operating Income is not sufficient, Administrative Agent shall notify Borrower thereof and of the amount of the deficiency and Borrower may, at its option, satisfy this clause (d) by depositing with Administrative Agent not later than twenty (20) days after such notice from Administrative Agent, a cash reserve in an amount equal to such deficiency;

(e)Administrative Agent determines that there are sufficient funds available to restore and repair the Mortgaged Property;

(f)Administrative Agent determines that restoration and repair of the Improvements to a condition approved by Agent will be completed not less than ninety (90) days prior to the Maturity Date; and

(g)Borrower promptly commences and is diligently pursuing restoration of such Improvements.

Restoration Condemnation: A Condemnation which (i) relates to less than ten percent (10%) of the net rentable square feet of the Mortgaged Property, (ii) occurs when no Event of Default has occurred and is then continuing; and (iii) Administrative Agent determines that restoration and repair of the Improvements to a condition approved by Agent will be completed not less than ninety (90) days prior to the Maturity Date.

Restrictive Covenants: Any and all covenants, conditions, and restrictions contained in any deeds, other forms of conveyance, or in any other instruments of any nature that relate in any way or are applicable to the Mortgaged Property or the ownership, use, or occupancy thereof, including without limitation, the REA and the TIC Agreement.

Second Extension Option: As defined in Section 2.5 hereof.

Second Extension Period: A period of twelve (12) months commencing on the first day after the expiration of the First Extension Period.

Security Agreement: The Security Agreement shall mean all security agreements, whether contained in the Lien Instrument, a separate security agreement or otherwise creating a security interest in all personal property

and fixtures of Borrower (including replacements, substitutions and after-acquired property) now or hereafter located in or upon the Land or Improvements, or used or intended to be used in the operation thereof, to secure the Loan.

Security Deposit Account: As defined in Subsection 5.17(g) hereof.

Single Purpose Entity Requirements: Those representations, warranties and covenants as required pursuant to Sections 4.18 and 5.24 hereof.

Soft Costs: All architectural, engineering, interior and landscape design, legal, consulting and other related fees relating to construction or renovation of Improvements.

Sponsor: BROOKFIELD OFFICE PROPERTIES INC., a Delaware corporation.

Subordinate Mortgage: Any mortgage, deed of trust, pledge, lien (statutory, constitutional, or contractual), security interest, encumbrance or charge, or conditional sale or other title retention agreement, covering all or any portion of the Mortgaged Property executed and delivered by Borrower, the lien of which is subordinate and inferior to the lien of the Lien Instrument.

Subsidiary Interest: As defined in Section 4.18 hereof.

Substitute Guarantor: An individual or entity which, subject to the requirements of Section 5.22 hereof, becomes a new guarantor of the Indebtedness and Obligations.

Tax and Insurance Reserve: As defined in Section 6.5 hereof.

Taxes: All real estate and personal property taxes, now or hereafter levied or assessed or imposed against all or part of the Mortgaged Property.

Tenant: A tenant under a Lease.

Tenant Bankruptcy Event: Collectively, (i) a Major Lease Tenant files a petition for relief under any Debtor Relief Law, (ii) an involuntary petition for relief is filed against Major Lease Tenant, which is not dismissed within sixty (60) days of commencement, (iii) an order for relief naming a Major Lease Tenant is entered under any Debtor Relief Law or (iv) any composition, rearrangement, extension, reorganization or other relief of debtors now or hereafter existing is requested or consented to by a Major Lease Tenant.

Tenant Reimbursements: All amounts paid by Tenants under any Qualified Lease as reimbursements for operating expenses billed separately from the gross rent payable under such Approved Leases, such as by way of example but not limitation, taxes, insurance and common area maintenance charges, but excluding capital expenses and construction or tenant finish expenses incurred by Borrower which are amortized and reimbursed by the Tenant as part of the base or minimum rent payable under an Qualified Lease during the term of such Qualified Lease.

TIC Agreement: That certain Amended and Restated Lot 4 Co-Ownership Agreement dated as of the date hereof, by and among EYP REALTY, LLC, a Delaware limited liability company, Borrower, MAGUIRE PROPERTIES-777 TOWER, LLC, a Delaware limited liability company, and MAGUIRE PROPERTIES-755 S. FIGUEROA, LLC, a Delaware limited liability company, [as the same may be further amended, supplemented or modified from time to time pursuant to the terms thereof and the terms of this Agreement.](#)

Title Company: The title company (and its issuing agent, if applicable) issuing the Title Insurance, which shall be acceptable to Administrative Agent in its sole and absolute discretion, it being acknowledged that Administrative Agent hereby approves Chicago Title Company as the Title Company.

Title Insurance: Collectively, (i) the title insurance policy, as Administrative Agent may require, issued by the Title Company, on a coinsurance or reinsurance basis (with direct access endorsement or rights) if and as

required by Administrative Agent, in the maximum amount of the Loan insuring or committing to insure that the Lien Instrument constitutes a valid first lien covering the fee simple title to the Land and Improvements subject only to the Permitted Exceptions (which, for purposes of this definition, shall also include: (a) Approved Leases, (b) Liens, if any, for Taxes or other charges not yet due and payable and not delinquent, and (c) any workers', mechanics' or other similar Liens on the Mortgaged Property, provided that any such Lien is bonded or discharged within sixty (60) days after Borrower first receives notice of such Lien) and (ii) the title insurance coverages and endorsements as Administrative Agent may reasonably require, issued by the Title Company, including the following: (a) a UCC endorsement (insuring Borrower's ownership of and perfection of Lender's liens in the Collateral (as defined in the Pledge Agreement) and (b) a mezzanine pledged equity endorsement (insuring Lender's status as a protected purchaser of the Collateral).

Transfer Date: The date of the occurrence of a Transfer Event; provided, however, upon a Transfer Event being set aside, rescinded or invalidated as a result of the insolvency, bankruptcy or reorganization of Borrower or any of Borrower's Affiliates or otherwise, if as a result thereof, either (i) Guarantor has the power to Control Borrower following the set aside, rescission or invalidation, or (ii) the insolvency, bankruptcy or reorganization of Borrower or any of its Affiliates or otherwise which gave rise to the set aside, rescission or invalidation was due to Guarantor or any Affiliate of Guarantor filing a voluntary bankruptcy petition or colluding on an involuntary bankruptcy filing, then the Transfer Date shall be automatically extended until the occurrence of the next Transfer Event, if any.

Transfer Event: Any entry of a judgment of foreclosure of the Lien Instrument, delivery and acceptance by Lenders of a deed in lieu of foreclosure of the Lien Instrument or delivery of a deed in lieu of foreclosure of the Lien Instrument which is refused by Administrative Agent but which is on terms which would be reasonably acceptable to a prudent institutional mortgage lender under substantially similar circumstances.

Treasury Rate: The percentage that is the yield to maturity of the most recently issued ten (10) year U.S. Treasury Security as reported in Federal Reserve Statistical Release H.15 – Selected Interest Rates under the heading "U.S. Government Securities/Treasury Constant Maturities." In the event Release H.15 is no longer published, Administrative Agent shall select a comparable publication to determine the Treasury Rate.

ARTICLE II

THE LOAN

2.1 **Agreement to Lend.** Lender hereby agrees to lend the Loan Amount, but not in excess thereof, to Borrower, and Borrower hereby agrees to borrow such sum from Lender, all upon and subject to the terms and provisions of this Agreement and the other Loan Documents, such sum to be evidenced by the Note. No principal amount repaid by Borrower may be reborrowed by Borrower. Borrower's liability for repayment of the interest on account of the Loan shall be limited to and calculated with respect to Loan proceeds actually disbursed to Borrower pursuant to the terms of this Agreement and the Note and only from the date or dates of such disbursements. Lender may, in Lender's reasonable discretion, disburse Loan proceeds directly to third parties to pay costs or expenses required to be paid by Borrower pursuant to this Agreement upon Borrower's request or, upon notice to Borrower if Borrower fails to timely pay the same. Loan proceeds disbursed directly by Lender to pay costs or expenses required to be paid by Borrower pursuant to this Agreement, shall constitute disbursement of a portion of the Loan Amount to Borrower. As evidence of the Loans, Borrower agrees to execute the Notes payable to each of the Lenders in the form of Exhibit B attached hereto in the aggregate principal sum of no more than the Loan Amount with interest on the unpaid balance of principal advanced thereunder accruing as specified therein.

2.2 **Advance.** Except as may otherwise be permitted in the Loan Documents, the entire amount of the Loan shall be disbursed to Borrower in a single Advance upon satisfaction, deemed satisfaction or waiver of the terms and conditions of the Loan Documents.

2.3 **Repayment of Principal and Interest on Loan.** The Indebtedness outstanding under and evidenced by the Note shall bear interest at a rate per annum equal to the Note Rate, as specified in the Note until the

occurrence of an Event of Default and then at the Default Rate until such Event of Default is cured, as specified in the Note and shall otherwise be repaid in accordance with the terms of the Note.

2.4 Appraisal. Within thirty (30) days after Borrower's receipt of written request of Administrative Agent, Borrower agrees to reimburse Lender for the full out-of-pocket cost of any Appraisals being required by the Federal Deposit Insurance Corporation, the Office of Comptroller of Currency or any other governmental entity or quasi governmental entity which has the authority and power to regulate the business and other activities of Lender ("Regulatory Authority"). Each Appraisal shall be ordered directly by Administrative Agent from an appraiser reasonably satisfactory to Administrative Agent and shall be in form and substance necessary to comply with all laws and regulations affecting Administrative Agent. Borrower shall reimburse Administrative Agent for any requested Appraisal expense within thirty (30) days from the date of the written request by Administrative Agent. Appraisals may be ordered by Administrative Agent at any time in its sole discretion, but Borrower is required to reimburse Administrative Agent for only one Appraisal in any two (2) year period.

2.5 Extension Option. Borrower shall have the right and option (the "First Extension Option") to extend the Original Maturity Date to a date ending upon the expiration of the First Extension Period, and the further option (the "Second Extension Option") upon expiration of the First Extension Period to a date ending upon the expiration of the Second Extension Period. Such Extension Options shall be granted to Borrower only if all of the following conditions have been satisfied (or deemed satisfied or waived) in each case.

(a) Extension Request. Receipt by Lender of a written request of Borrower ("Extension Request") given to Lender not less than forty-five (45) days and not greater than one hundred twenty (120) days prior to (i) the Original Maturity Date, in the case of the First Extension Option, and (ii) the expiration of the First Extension Period, in the case of the Second Extension Option;

(b) Extension Fee. Payment to Lender, in cash, of the Extension Fee promptly upon receipt of notice of Lender's granting of each Extension Option;

(c) Enforceability. The Loan Documents shall remain outstanding and enforceable in accordance with their terms, all as required in the Loan Documents;

(d) Event of Default. No Potential Default or Event of Default has occurred and is then existing; and

(e) Debt Coverage Ratio (Extension). Receipt by Lender of a DCR Compliance Certificate and other written evidence being provided by Borrower and reasonably satisfactory to Lender indicating that the Debt Coverage Ratio (Extension) is greater than or equal to the Debt Coverage Ratio (Extension) Minimum in the case of each of the First Extension Option and the Second Extension Option; provided, however, this Subsection 2.5(e) may be deemed alternatively satisfied as described in Subsection 2.5(g) hereof;

(f) Loan-to Value. Receipt by Lender (at Borrower's sole cost and expense) an Appraisal in form and substance reasonably acceptable to Lender as of an effective date not more than forty-five (45) days prior to (1) the date of the Original Maturity Date, in the case of the First Extension Option and (2) the date of the expiration of the First Extension Period, in the case of the Second Extension Option, evidencing a Loan to Value Ratio (As-Is) of less than or equal to the Loan to Value Ratio (As-Is) (Maximum); provided, however, this Subsection 2.5(f) may be deemed alternatively satisfied as described in Subsection 2.5(g) hereof;

(g) Extension Curative Rights. In the event that Borrower fails to satisfy either or both of Subsections 2.5(e) or (f) hereof, such subsections may be deemed alternatively satisfied if Borrower should elect, in its sole discretion (the "Extension Curative Rights"), to either (A) prepay a portion of the Loan in the amount (the "Extension Curative Amount") such that (x) the Debt Coverage Ratio (Extension) is increased to not less than the Debt Coverage Ratio (Extension) Minimum and (y) the Loan-to-Value Ratio (As-Is) is reduced to not more than the Loan to Value Ratio (As-Is) (Maximum), or

(B) deliver to Administrative Agent a Letter of Credit (Extension Curative Amount) in an amount equal to the Extension Curative Amount; and

(h) Letter of Credit. To the extent applicable, each Letter of Credit shall be extended or replaced by Borrower or Guarantor (as applicable) with a new Letter of Credit continuing to satisfy the requirements hereof and expiring not sooner than the earlier of one (1) year from its issuance date or thirty (30) days beyond (i) the expiration of the First Extension Period in the case of the First Extension Option and (ii) the expiration of the First Extension Period in the case of the Second Extension Option.

ARTICLE III

ADVANCE

3.1 Conditions to Advance. The obligation of Lender to make the initial Advance hereunder, is subject to the prior or simultaneous occurrence of each of the following conditions:

(a) Administrative Agent shall have received from Borrower all of the Loan Documents duly executed by Borrower and, if applicable, by Guarantor;

(b) Administrative Agent shall have received certified copies of resolutions of the board of directors of Borrower authorizing execution, delivery and performance of all of the Loan Documents and authorizing the borrowing hereunder, along with such certificates of existence, certificates of good standing and other certificates or documents as Administrative Agent may reasonably require to evidence Borrower's authority;

(c) Administrative Agent shall have received true copies of organizational documents of Borrower, including all amendments or supplements thereto, along with such certificates or other documents as Administrative Agent may reasonably require to evidence Borrower's authority;

(d) Administrative Agent shall have received certified copies of resolutions authorizing Guarantor's execution, delivery and performance of the Guaranty and authorizing the guaranty thereunder, along with such certificates of existence, certificates of good standing and other certificates or documents as Administrative Agent may reasonably require to evidence Guarantor's authority;

(e) Administrative Agent shall have received true copies of organizational documents of Guarantor, including all amendments or supplements thereto, along with such certificates or other documents as Administrative Agent may reasonably require to evidence Guarantor's authority;

(f) Administrative Agent shall have received evidence that the Improvements are not located within any flood elevations;

(g) Administrative Agent shall have received evidence of compliance with all Governmental Requirements and Restrictive Covenants in all material respects;

(h) Administrative Agent shall have received a full-size copy of all recorded subdivision or plat maps of the Land approved (to the extent required by Governmental Requirements) by all Governmental Authorities, if applicable, and legible copies of all instruments representing exceptions to the state of title to the Mortgaged Property;

(i) Administrative Agent shall have received evidence of Borrower's compliance with the Insurance Requirements under Section 5.12 hereof;

(j) Administrative Agent shall have received the Title Insurance, at the sole expense of Borrower;

(k) Borrower shall have provided the Equity Contribution;

(l) Administrative Agent shall have received from Borrower such other instruments, evidence and certificates as Administrative Agent may reasonably require, including the items indicated below:

- (1) Evidence that all the streets furnishing access to the Mortgaged Property have been dedicated to public use;
- (2) A current survey reflecting that the Improvements are entirely within the boundary lines of the Land, do not encroach upon any set back line, easement or right of way in violation of the terms thereof and that no part of the Land is in any flood hazard area and otherwise showing no state of facts objectionable to Administrative Agent other than the Permitted Exceptions;
- (3) Evidence satisfactory to Administrative Agent showing the availability of all necessary utilities at the boundary lines of the Land, including sanitary and storm sewer facilities, potable water, telephone, electricity, gas, and municipal services;
- (4) An opinion of counsel for Borrower;
- (5) Evidence that the Improvements comply with all applicable zoning ordinances and Restrictive Covenants affecting the Mortgaged Property, including certificates of occupancy;
- (6) A current financial statement of Borrower, reasonably acceptable to Administrative Agent;
- (7) A current financial statement of Guarantor, reasonably acceptable to Administrative Agent;
- (8) A Guaranty and Environmental Liabilities Agreement executed by Guarantor;
- (9) Environmental site assessment report with respect to the Mortgaged Property prepared by a firm of engineers approved by Administrative Agent, which report shall be satisfactory in form and substance to Administrative Agent;
- (10) The Property Condition Report, which report shall be satisfactory in form and substance to Administrative Agent;
- (11) The Approved Lease Form;
- (12) A true and correct copy of the Management Agreement and subordination of management agreement;
- (13) A true and correct copy of the current rent roll of the Mortgaged Property;
- (14) A true and correct copy of each Lease;
- (15) An original estoppel certificate in form acceptable to Lender executed by the Tenant of each Major Lease;
- (16) An original subordination, non disturbance and attornment agreement in form acceptable to Lender executed by the Tenant under each Major Lease and such other

Leases, the terms of which require, as a precondition to such subordination, such a subordination, non-disturbance and attornment agreement; and

(17) Such other instruments, evidence or certificates as Administrative Agent may reasonably request.

(m) Administrative Agent shall have ordered and received, at Borrower's expense, an Appraisal of the Mortgaged Property, prepared by an appraiser acceptable to Administrative Agent, presented and based upon such standards as may be required by Administrative Agent, and provide for an appraised value of the Mortgaged Property satisfactory to Administrative Agent, in its reasonable discretion, the receipt of which is hereby acknowledged by Administrative Agent; and

(n) Administrative Agent shall have received payment of the Commitment Fee and the Administrative Fee.

In the event that the initial Advance hereunder is disbursed by Administrative Agent in accordance with the terms and conditions of this Agreement, such initial Advance shall be deemed as evidence that, as of the date of such initial Advance, Borrower and Guarantor, if applicable, has satisfied, or Administrative Agent has otherwise waived the requirements to those conditions contained in this Section 3.1.

3.2 Advance Not A Waiver. Subject to the last paragraph of Section 3.1, no Advance of the proceeds of the Loan shall constitute a waiver of any of the conditions of Lender's obligation to make further Advances, if any, nor, in the event Borrower is unable to satisfy any such condition, shall any such Advance have the effect of precluding Administrative Agent from thereafter declaring such inability to be an Event of Default.

3.3 Advance Not An Approval. The making of any Advance or part thereof shall not be deemed an approval or acceptance by Administrative Agent of the work theretofore done. Lender shall have no obligation to make any Advance or part thereof after the happening and during the existence of any Event of Default, but shall have the right and option so to do; provided that, if Lender elects to make any such Advance, no such Advance shall be deemed to be either a waiver of the right to demand payment of the Loan, or any part thereof, or an obligation to make any other Advance.

3.4 No Third Party Beneficiaries. The benefits of this Agreement shall not inure to any third party, nor shall this Agreement be construed to make or render Lender liable to any materialmen, subcontractors, contractors, laborers or others for goods and materials supplied or work and labor furnished in connection with the construction of any Improvements or for debts or claims accruing to any such persons or entities against Borrower. Lender shall not be liable for the manner in which any Advances under this Agreement may be applied by Borrower. Notwithstanding anything contained in the Loan Documents, or any conduct or course of conduct by the parties hereto, before or after signing the Loan Documents, this Agreement shall not be construed as creating any rights, claims or causes of action against Lender, or any of its officers, directors, agents or employees, in favor of any person or entity other than Borrower. Without limiting the generality of the foregoing, Advances made to any person or entity other than Borrower, shall not be deemed a recognition by Lender of a third-party beneficiary status of any such person or entity.

ARTICLE IV

WARRANTIES AND REPRESENTATIONS

Borrower hereby unconditionally warrants and represents to Lender, as of the Effective Date, as follows:

4.1 Incorporation of Warranties and Representations. All the warranties and representations contained in (a) the Lien Instrument, (b) the Note and (c) any of the other Loan Documents, are hereby made a part of this Agreement to the same extent and with the same force as if fully set forth herein.

4.2 Organization and Power. Borrower (a) is a limited liability company with a legal status separate from its affiliates, duly organized, validly existing, and in good standing under the laws of the state of its formation or existence, and to the extent required by applicable law, has complied with all conditions prerequisite to its doing business in the state in which the Mortgaged Property is located, and (b) except for the construction and operational licenses, permits and certificates of occupancy which will be obtained as and when required, has all requisite power and all governmental certificates of authority, licenses, permits, qualifications, and documentation to own, lease, and operate its properties and to carry on its business as now being, and as proposed to be, conducted.

4.3 Validity of Loan Documents. As of the effective date of each of such documents, the execution, delivery, and performance by Borrower of the Loan Documents (other than the Guaranty), (a) are within Borrower's powers and have been duly authorized by Borrower's board of directors or other necessary parties, and all other requisite action for such authorization has been taken, (b) have received any and all requisite prior governmental approvals in order to be legally binding and enforceable in accordance with the terms thereof, and (c) will not violate, be in conflict with or constitute (with due notice or lapse of time, or both) a default under or violation of any Legal Requirement or Restrictive Covenant in any material respect or result in the creation or imposition of any lien, charge, or encumbrance of any nature whatsoever upon any of Borrower's or Guarantor's property or assets, except as contemplated by the provisions of the Loan Documents or except for the Permitted Exceptions. The Loan Documents constitute the legal, valid, and binding obligations of Borrower and Guarantor enforceable in accordance with their respective terms, except as limited by bankruptcy, insolvency, or other laws of general application relating to the enforcement of creditor's rights and general principles of equity.

4.4 Information. All information, financial statements, reports, papers, and data given or to be given to Administrative Agent with respect to Borrower, the Land (Parking) Owner, each Constituent Party, Guarantor, the Mortgaged Property or the Land (Parking) are, or at the time of delivery will be, to the knowledge of Borrower, accurate, complete, and correct in all material respects, and to Borrower's knowledge, do not, or will not, omit any material fact, the inclusion of which is necessary to prevent the facts contained therein from being materially misleading. Since the date of the financial statements of Borrower, any Constituent Party and any Guarantor, heretofore furnished to Administrative Agent, to the knowledge of Borrower, no Material Adverse Change has occurred.

4.5 Business Purposes. The Loan is solely for the purpose of carrying on or acquiring a business of Borrower and Land (Parking) Owner including the development, ownership, management, etc. of an apartment community or project, and is not for personal, family, household, or agricultural purposes.

4.6 Taxes. Borrower and Guarantor have filed all federal, and all material state, county, municipal, and city income and other tax returns required to have been filed by them (subject to any extensions) and have paid all taxes and related liabilities which have become due pursuant to such returns or pursuant to any assessments received by them. Neither Borrower nor Guarantor has received written notice of any additional assessment in respect of any such taxes and related liabilities.

4.7 Mailing Address. Borrower's mailing address, as set forth in Section 11.5 hereof or as changed pursuant to the provisions hereof, is true and correct.

4.8 Relationship of Borrower and Lender. The relationship between Borrower and Lender is solely that of debtor and creditor, and Lender has no fiduciary or other special relationship with Borrower, and no term or condition of any of the Loan Documents shall be construed so as to deem the relationship between Borrower and Lender to be other than that of debtor and creditor.

4.9 No Reliance by Lender. The principals of Borrower are experienced in the ownership and operation of properties similar to the Mortgaged Property, and Borrower and Lender have and are relying solely upon the expertise and business plan of its principals, advisers and consultants in connection with the ownership and operation of the Mortgaged Property. Borrower is not relying on Lender's expertise or business acumen in connection with the Mortgaged Property.

4.10 No Litigation. Except for the Contested Items or as otherwise disclosed in writing to Lender, to the knowledge of Borrower, there are no (a) actions, suits, or proceedings, at law or in equity, before any

Governmental Authority or arbitrator pending or threatened in writing or affecting Borrower or, to Borrower's knowledge, involving the Mortgaged Property which if adversely determined is reasonably expected to result in a Material Adverse Change; (b) outstanding or unpaid judgments against Borrower or, to Borrower's knowledge, the Mortgaged Property which are reasonably expected to result in a Material Adverse Change; or (c) to Borrower's knowledge, material defaults after passage of grace and notice periods by Borrower with respect to any order, writ, injunction, decree, or demand of any Governmental Authority or arbitrator.

4.11 Governmental Requirements. To Borrower's knowledge and except as previously disclosed in writing to Administrative Agent, no material violation of any Governmental Requirements exists with respect to the Mortgaged Property and neither Borrower nor Guarantor are in default in any material respect with respect to any Governmental Requirements.

4.12 Utility Services. All utility services of sufficient size and capacity necessary for the operation of the Mortgaged Property, including potable water, storm and sanitary sewer, gas, electric and telephone facilities currently serve the Mortgaged Property.

4.13 Access. All roads necessary for the full utilization of the Improvements for their intended purposes have been completed and have been dedicated to the public use and accepted by the appropriate Governmental Authority.

4.14 Financial Statements. Each financial statement of Borrower (which, for avoidance of doubt, shall include financials of Land (Parking) Owner) and Guarantor delivered heretofore, concurrently herewith to Administrative Agent was and will be prepared in conformity with sound accounting principles, or other good accounting principles approved by Administrative Agent in writing, applied on a basis consistent with that of previous statements and accurately disclose the financial condition of Borrower, Land (Parking) Owner and Guarantor in all material respects as of the date thereof and for the period covered thereby, as of the Effective Date, and there has been no material adverse change in either Borrower's, Land (Parking) Owner's or Guarantor's financial condition subsequent to the date of the most recent financial statement of Borrower and Guarantor delivered to Administrative Agent.

4.15 Statements. No certificate, statement, report or other information delivered heretofore, concurrently herewith or hereafter by Borrower or Guarantor to Administrative Agent in connection herewith, or in connection with any transaction contemplated hereby, contains or will contain any untrue statement of a material fact or fails to state any material fact necessary to keep the statements contained therein (when taken as a whole with all other certificates, statements, reports, and other information delivered) from being misleading in any material respect, and same were true, complete and accurate as of the date thereof.

4.16 Disclaimer of Extension Rights. Except for the Extension Option, that may be exercised in accordance with Section 2.5 hereof, Borrower otherwise acknowledges and agrees that Lender has not made any commitments, either express or implied, to extend the term of the Loan past the Maturity Date.

4.17 ERISA. Neither Borrower nor Guarantor are an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, and the assets of such parties do not constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3%01, as amended by Section 3(42) of ERISA.

4.18 Indebtedness, Operations and Fundamental Changes of Borrower. Borrower: (a) does not own any encumbered asset other than (i) the Mortgaged Property, (ii) incidental personal property necessary for the operation of the Mortgaged Property, and (iii) one hundred percent (100%) of the membership interest in Land (Parking) Owner (the "Subsidiary Interest"); (b) is not engaged in any business other than the development, ownership, management and operation of the Mortgaged Property, including the ownership of the Subsidiary Interest; (c) has not incurred any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation) that has not been approved in writing by Administrative Agent, other than (i) loans or advances from any Affiliate that Controls (directly or indirectly) Borrower (ii) the Indebtedness, (iii) trade payables or accrued expenses incurred in the ordinary course of business of operating the Mortgaged Property and (iv) derivative or swap agreement; no debt whatsoever may be secured (senior, subordinate or pari passu) by the Mortgaged Property except

the Indebtedness; (d) has not made any loans or advances to any third party (including any Constituent Party, principal or affiliate of Borrower, or any Guarantor); (e) is solvent and has, in all material respects, paid its debts and liabilities from its assets; provided that it shall not be a breach of this Section 4.18 to the extent that Borrower did not pay such debts or liabilities because it did not have sufficient cash flow (and for avoidance of doubt, beneficial interest holders shall have no obligation to contribute equity to Borrower); (f) has done all things necessary to preserve its existence and corporate and partnership formalities; (g) has maintained its assets in such a manner that it is not costly or difficult to segregate, ascertain or identify its individual assets from those of any affiliate or any other person, other than with respect to Land (Parking) Owner; (h) has, at all times since their respective formation, observed all legal and customary formalities in all material respects regarding their respective formation, other than with respect to Land (Parking) Owner; and (i) does not hold itself out to be responsible for the debts and obligations of any other person, other than with respect to Land (Parking) Owner.

4.19 Federal Reserve Regulations; Investment Company Act. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other regulation of such Board of Governors, or for any purpose prohibited by Legal Requirements or any Loan Document. Borrower is not (a) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (b) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or (c) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

ARTICLE V

COVENANTS OF BORROWER

Borrower hereby unconditionally covenants and agrees with Lender, until the Loan shall have been paid in full and the lien of the Lien Instrument shall have been released, as follows:

5.1 Incorporation of Affirmative Covenants, Conditions and Agreements. All the covenants, conditions and agreements contained in (a) the Lien Instrument, (b) the Note and (c) all and any of the other Loan Documents, are hereby made a part of this Agreement to the same extent and with the same force as if fully set forth herein.

5.2 Payment and Performance. Borrower will pay the Indebtedness as and when specified in the Loan Documents (taking into account grace and notice periods, and will perform and discharge all of the Obligations, in full and on or before the dates same are to be performed.

5.3 Existence. Borrower will and will cause each Constituent Party, if any, to preserve and keep in full force and effect its existence (separate and apart from its affiliates), rights, franchises, and trade names.

5.4 Compliance with Governmental Requirements. Borrower will promptly and faithfully comply with, conform to, and obey all Governmental Requirements in all material respects, whether the same shall necessitate structural changes in, improvements to, or materially interfere with the use or enjoyment of the Mortgaged Property; provided that Borrower may diligently and in good faith contest the same by appropriate legal proceedings which shall operate to prevent the enforcement of same.

5.5 Administrative Agent's Expenses. Borrower will reimburse Administrative Agent for all reasonable expenses of Administrative Agent, including reasonable attorneys' fees of outside legal counsel, incurred in connection with the preparation, execution, delivery, administration and performance of the Loan Documents.

5.6 Intentionally Deleted.

5.7 Estoppel Certificates. Borrower will deliver to Administrative Agent, promptly after request therefor (but not more than once per calendar year), estoppel certificates or written statements, duly acknowledged, stating whether any offsets or defenses exist against the Note or any of the other Loan Documents.

5.8 BROKERS. BORROWER WILL INDEMNIFY LENDER, WHETHER OR NOT AS THE RESULT OF THE NEGLIGENCE OF ANY PARTY SO INDEMNIFIED, FROM CLAIMS OF BROKERS ARISING BY REASON OF THE EXECUTION HEREOF OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREBY (EXCEPTING, HOWEVER, CLAIMS OF BROKERS BASED UPON AN AGREEMENT OR ALLEGED AGREEMENT WITH LENDER AND WITHOUT JOINDER OF BORROWER OR ANY AFFILIATE OF BORROWER). NOTWITHSTANDING THE FORGOING, BORROWER SHALL HAVE NO OBLIGATION TO INDEMNIFY LENDER ON ACCOUNT OF ANY CLAIM ARISING FROM THE LENDER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

5.9 Personalty and Fixtures. Borrower will deliver to Administrative Agent, promptly on written demand, any contracts, bills of sale, statements, receipted vouchers or agreements under which Borrower claims title to any materials, fixtures or articles incorporated in the Improvements or subject to the lien of the Lien Instrument or to the security interest of the Security Agreement.

5.10 Compliance with Legal Requirements. Borrower will comply promptly in all material respects with all Legal Requirements.

5.11 Compliance with Restrictive Covenants. Borrower will comply in all material respects with all Restrictive Covenants. Borrower shall not modify, amend, transfer, assign, terminate, or rescind any Restrictive Covenants to which it is a party, without the prior written consent of Administrative Agent, such consent not to be unreasonably withheld, conditioned or delayed; provided that, (a) any amendment or modification to the REA (Sub) and/or the TIC Agreement to reflect a transfer in the Land (Parking) to Borrower is hereby pre-approved by Administrative Agent and (b) in the event Administrative Agent approves an amendment to the REA (Master) which adds Borrower (and, if Land (Parking) Owner continues to own the Land (Parking), the Land (Parking) Owner) as direct parties thereto, Administrative Agent shall be deemed to have approved the termination of the REA (Sub). The construction of any improvements will be performed in a good and workmanlike manner, in accordance with all Governmental Requirements and Restrictive Covenants.

5.12 Insurance. Borrower shall, at Borrower's expense, maintain in force and effect on the Mortgaged Property and the Land (Parking) at all times while this Agreement continues in effect the following insurance:

(a) "All risk" or "Special Form" coverage insurance against loss or damage to the Mortgaged Property from all risk perils. All "Property" coverages are to name Administrative Agent, on behalf of Lender as "Mortgagee". The amount of such insurance shall be not less than one hundred percent (100%) of the full replacement cost of the Improvements, furniture, furnishings, fixtures, equipment and other items (whether personalty or fixtures) included in the Mortgaged Property and owned by Borrower from time to time, without reduction for depreciation. Full replacement cost, as used herein, means, with respect to the Improvements, the cost of replacing the Improvements without regard to deduction for depreciation, exclusive of the cost of excavations, foundations and footings below the lowest basement floor, and means, with respect to such furniture, furnishings, fixtures, equipment and other items, the cost of replacing the same. Each policy or policies shall contain a replacement cost endorsement and either an agreed amount endorsement (to avoid the operation of any co insurance provisions) or a waiver of any co insurance provisions, all subject to Administrative Agent's approval.

(b) Commercial general liability insurance on an occurrence basis for personal injury, bodily injury, death and property damage liability in amounts not less than \$1,000,000.00 per occurrence, \$2,000,000.00 aggregate with a deductible or self-insured retention not in excess of \$25,000 and with an umbrella coverage of not less than \$15,000,000.00 or such lesser amount as Administrative Agent in Administrative Agent's reasonable discretion may accept, for bodily injury, personal injury and property damage. Administrative Agent hereby retains the right to periodically review the amount of said liability insurance being maintained by Borrower and to require an increase in the amount of said liability insurance

should Administrative Agent deem that an increase to be reasonably prudent under then existing circumstances, so long as such increase consistent with the requirements of other financial institutions in conjunction with lending facilities that are similar to the Loan and the Mortgaged Property. All "Liability" coverages are to name Administrative Agent, on behalf of Lender as "Additional Insured".

(c) Insurance covering the major components of the central heating, air conditioning and ventilating systems, boilers, other pressure vessels, high pressure piping and machinery, elevators and escalators, if any, and other similar equipment installed in the Improvements, in an amount equal to one hundred percent (100%) of the full replacement cost of the Improvements which policies shall insure against physical damage to and loss of occupancy and use of the Improvements arising out of an accident or breakdown covered thereunder.

(d) If the Land or any part thereof is identified by the Secretary of Housing and Urban Development as being situated in an area now or subsequently designated as having special flood hazards (including, without limitation, those areas designated as Zone A or Zone V), flood insurance in an amount equal to one hundred percent (100%) of the replacement cost of the Improvements or the maximum amount of flood insurance available or such other amount as deemed reasonably appropriate by Administrative Agent with a deductible not in excess of \$250,000.00.

(e) During the period of any construction on the Land or renovation or alteration of the Improvements, a so called "Builder's All Risk Completed Value" or "Course of Construction" insurance policy in non reporting form for any Improvements under construction, renovation or alteration in an amount approved by Administrative Agent and Worker's Compensation Insurance covering all persons engaged in such construction, renovation or alteration.

(f) Rental value or rental income insurance in amounts sufficient to compensate Borrower for all Rents and profits during a period of not less than twelve (12) months in which the Mortgaged Property may be damaged or destroyed plus an extended period of indemnity of not less than six (6) months. All of these coverages are to name Administrative Agent, on behalf of Lender as "Lenders Loss Payee".

(g) Law and ordinance coverage in an amount satisfactory to Administrative Agent if the Mortgaged Property, or any part thereof, shall constitute a nonconforming use or structure under applicable zoning ordinances, sub division and building codes or other laws, ordinances, orders and requirements.

(h) Such other insurance on the Mortgaged Property or on any replacements or substitutions thereof or additions thereto as may from time to time be required by Administrative Agent against other insurable hazards or casualties which at the time are commonly insured against in the case of property similarly situated, due regard being given to the height and type of buildings, their construction, location, use and occupancy.

All such insurance shall (i) be with insurers authorized to do business in the state within which the Land is located and who have and maintain a rating of at least A , V or better from Best, (ii) contain the complete address of the Land (or a complete legal description), (iii) be for a term of at least one (1) year and (iv) contain deductibles no greater than \$50,000.00 or as otherwise set forth above or approved by Administrative Agent.

5.13 Continuous Requirement for Insurance During Term. Borrower shall as of the Effective Date deliver to Administrative Agent evidence that said Insurance Policies have been paid current as of the Effective Date and original certificates of insurance signed by an authorized agent evidencing such insurance satisfactory to Administrative Agent. Borrower shall renew all such insurance and deliver to Administrative Agent certificates evidencing such renewals at least thirty (30) days before any such insurance shall expire. Without limiting the required endorsements to Insurance Policies, Borrower further agrees that all such Insurance Policies shall provide that proceeds thereunder shall be payable to Administrative Agent, its successors and assigns, pursuant and subject to a mortgagee clause (without contribution) of standard form attached to, or otherwise made a part of, the applicable policy and that Administrative Agent, its successors and assigns, shall be named as an additional insured under all liability insurance policies. Borrower further agrees that all such insurance policies: (a) shall provide for

at least thirty (30) days' prior written notice to Administrative Agent prior to any cancellation or termination thereof and prior to any modification thereof which affects the interest of Administrative Agent; (b) shall contain an endorsement or agreement by the insurer that any loss shall be payable to Administrative Agent in accordance with the terms of such Insurance Policy notwithstanding any act or negligence of Borrower which might otherwise result in forfeiture of such insurance; and (c) shall either name Administrative Agent as an additional insured or waive all rights of subrogation against Administrative Agent. The delivery to Administrative Agent of the certificates of insurance as provided above shall constitute an assignment of all proceeds payable under such Insurance Policies by Borrower to Administrative Agent as further security for the indebtedness secured hereby. In the event of foreclosure of the Lien Instrument, or other transfer of title to the Mortgaged Property in extinguishment in whole or in part of the secured indebtedness, all right, title and interest of Borrower in and to all proceeds payable under such Insurance Policies then in force concerning the Mortgaged Property shall thereupon vest in the purchaser at such foreclosure, or in Administrative Agent or other transferee in the event of such other transfer of title. Approval of any insurance by Administrative Agent shall not be a representation of the solvency of any insurer or the sufficiency of any amount of insurance. In the event Borrower fails to provide, maintain, keep in force or deliver and furnish to Administrative Agent the Insurance Policies required by this Agreement or evidence of their renewal as required herein, Administrative Agent may, but shall not be obligated to, following notice to Borrower, procure such insurance and Borrower shall pay all amounts advanced by Administrative Agent, together with interest thereon at the Default Rate from and after the date advanced by Administrative Agent until actually repaid by Borrower, promptly upon demand by Administrative Agent. Any amounts so advanced by Administrative Agent, together with interest thereon, shall be secured by this Agreement, the Lien Instrument and by all of the other Loan Documents securing all or any part of the Indebtedness. Administrative Agent shall not be responsible for nor incur any liability for the insolvency of the insurer or other failure of the insurer to perform, even though Administrative Agent has caused the insurance to be placed with the insurer after failure of Borrower to furnish such insurance.

5.14 Payment of Expenses. Borrower shall pay or reimburse to Administrative Agent all reasonable costs and expenses relating to the Mortgaged Property and the Land (Parking) and for which an Advance is made, including (without limitation), title insurance and examination charges, survey costs, Insurance Premiums, reasonable attorneys' fees, filing and recording fees, and other expenses payable to third parties incurred by Administrative Agent in connection with the consummation of the transactions contemplated by this Agreement.

5.15 Notices Received. Borrower will promptly deliver to Administrative Agent a true and correct copy of all notices received by Borrower from any person or entity with respect to Borrower, Guarantor, Land (Parking) Owner, the Mortgaged Property or any or all of them, which either (a) adversely affects Borrower's rights under the REA, (b) adversely affects Borrower's rights under the TIC Agreement or (c) is reasonably expected to result in a Material Adverse Change.

5.16 Annual Budget. Borrower shall prepare and submit (or shall cause Manager to prepare and submit) to Administrative Agent by December 31 of each calendar year for informational purposes only, a budget for the Mortgaged Property and the Land (Parking) for the succeeding calendar year (the "Annual Budget"). The Annual Budget shall include Borrower's anticipated operating income and operating expenses and Leasing Expenses for the succeeding calendar year.

5.17 Leasing Matters.

(a) Leases. Borrower shall furnish Administrative Agent with executed copies of all Leases then in effect. All renewals of Leases and all proposed leases shall provide for rental rates and terms comparable to existing local market rates and shall be arm's-length transactions with bona fide, independent third-party Tenants. At Administrative Agent's request, Borrower shall use commercially reasonable efforts to obtain and furnish to Administrative Agent, not more than one (1) time in any twelve (12) month period, (i) an original estoppel certificate executed by each Tenant, stating that to such Tenant's knowledge, there are no defaults under such Lease (nor does there exist any event or conditions, which with the passage of time or the giving of notice, or both, could result in such a default) and (ii) an original subordination, non disturbance and attornment agreement in form reasonably acceptable to Administrative Agent executed by each Tenant, in favor of Administrative Agent, on behalf of Lender, with such modifications thereto as may be reasonably requested by Tenant. Upon Borrower's request, Administrative Agent shall execute and deliver a subordination, non-disturbance and attornment agreement in form to be agreed upon by

Administrative Agent, Borrower and Tenant with such modifications thereto as may be reasonably requested by Tenant;

(b) Borrower's Right to Enter into Leases. Provided that no Event of Default is continuing, Borrower shall be able to enter into new leases and renewals, amendments and modifications of existing Leases without the prior approval of Administrative Agent; provided that: (i) the new Lease is not a Major Lease or the existing Lease as amended or modified or the renewal Lease is not a Major Lease, (ii) the new Lease shall be written substantially in accordance with the Approved Lease Form subject to any commercially reasonable changes made in the course of negotiation with the applicable Tenant (or a lease form required by the applicable Tenant), in each case, taking into consideration the size and creditworthiness of the applicable Tenant and then-existing market conditions, (iii) the Lease as amended or modified or the renewal Lease or series of leases or proposed lease or series of leases: (a) shall provide for net effective rental rates comparable to existing local market rates, (b) shall have an initial term of not less than three (3) years (excluding any Leases entered into in connection with the food court at the Mortgaged Property, which Leases may have an initial term of less than three (3) years but nonetheless qualify as an Approved Lease if all other conditions in this Section 5.17(b) are satisfied) or greater than twelve (12) years, (c) shall provide for automatic self-operative subordination to the Mortgage or contemplate that such Tenant and Landlord enter into a subordination, non-disturbance and attornment agreement with Lender, and, at Lender's option, the unilateral right by Lender, at the option of Lender, to subordinate the lien of the Lien Instrument to the Lease, and (d) shall not contain any option to purchase, any right of first refusal to purchase, any right to terminate (except (x) in the event of the destruction or condemnation of substantially all of the Mortgaged Property and (y) customary termination rights for retail Tenants as a result of "going dark", co-tenancy, and other similar customary provisions), any requirement for a non-disturbance or recognition agreement, or any other provision which might adversely affect the rights of Lender under the Loan Documents in any material respect. Notwithstanding the foregoing, provided that no Event of Default is continuing, Borrower shall be able to enter into any renewal, amendment, or modification of an Approved Lease without the prior approval of Administrative Agent if such renewal, amendment or modification is expressly contemplated pursuant to the terms of such Approved Lease. Borrower shall deliver to Administrative Agent copies of all Leases which are entered into pursuant to the preceding sentence together with Borrower's certification that it has satisfied all of the conditions of the preceding sentence within thirty (30) days after the execution of the Lease. Borrower shall be obligated to fund any Leasing Expenses related to any Leases.

(c) Leases Requiring Lender's Approval. Without the prior written consent of Administrative Agent, on behalf of Lender, which consent shall not, so long as no Event of Default is continuing, be unreasonably withheld, conditioned or delayed, Borrower shall not enter into a proposed Major Lease, a proposed renewal, extension or modification of an existing Major Lease (except to the extent such renewal, extension or modification is expressly contemplated under the terms of the Major Lease) or any proposed new Lease or renewal, amendment or modification of any existing Lease which is not allowed in accordance with the preceding Subsection 4.7(b) (all, a "Proposed Lease"). Prior to seeking Lender's consent to any Proposed Lease, Borrower shall deliver to Lender a copy of such Proposed Lease blacklined to show changes from the Approved Lease Form, if applicable, and then being used by Borrower, along with, in the case of a Proposed Lease which is a Major Lease, appropriate financial or other information which Tenant is obligated to deliver to Borrower under such lease, if applicable, and for which Borrower is not otherwise subject to non-disclosure obligations, which shall allow Administrative Agent to evaluate the creditworthiness of the proposed Tenant. Following receipt of such information, Administrative Agent, on behalf of Lender shall approve or disapprove each Proposed Lease for which Lender's approval is required under this Agreement within ten (10) Business Days of the submission by Borrower to Administrative Agent of a written request for such approval, accompanied by a final copy of the Proposed Lease, provided such request includes the following at the header of the first page in bold, capitalized font "REQUEST FOR PROPOSED LEASE APPROVAL – RESPONSE REQUIRED WITHIN TEN (10) BUSINESS DAYS OTHERWISE SUCH PROPOSED LEASE WILL BE DEEMED AN APPROVED LEASE". In the event that Administrative Agent fails to respond to the leasing matter in question within such time, Lender's approval shall be deemed given for all purposes. If requested by Borrower, Administrative Agent on behalf of Lender will grant conditional approvals of Proposed Leases at any stage of the leasing process, from initial "term sheet" through negotiated lease

drafts; provided that, Administrative Agent shall retain the right to disapprove any such Proposed Lease, if subsequent to any preliminary approval material changes are made to the terms previously approved by Administrative Agent, or additional material terms are added that had not previously been considered and approved by Administrative Agent in connection with such Proposed Lease.

(d) Assignments and Subletting. Notwithstanding anything to the contrary contained in Section 5.17(b) or Section 5.17(c), Borrower shall not permit or consent to any assignment or sublease of any Approved Lease without prior written approval of Administrative Agent, on behalf of Lender (other than assignments or subleases expressly contemplated under any Approved Lease pursuant to a unilateral right of the Tenant thereunder not requiring the consent of Borrower), which approval shall not be unreasonably withheld, conditioned or delayed; provided however, Administrative Agent's consent shall not be required in connection with the assignment or sublease of an Approved Lease if (i) no Event of Default is continuing, (ii) the assignment or sublease is effectuated in accordance with the terms of such Approved Lease, (iii) pursuant to the terms of such Approved Lease, Borrower is required to be reasonable or exercise reasonable discretion in considering the approval of such assignment or sublease, (iv) not later than ten (10) Business Days after the effective date of any assignment Borrower delivers to Administrative Agent written notice describing in reasonable detail such assignment of such Approved Lease and (v) the assigning or subletting Tenant continues to remain liable for all obligations and liabilities under such Approved Lease following such assignment or sublease.

(e) Additional Covenants with Respect to Leases. Borrower (i) shall observe and perform the material obligations imposed upon the lessor under the Leases in a commercially reasonable manner and shall not do anything to impair the value of the Leases as security for the Liabilities; (ii) shall promptly send copies to Administrative Agent of all written notices of default that Borrower shall send or receive under any Lease; (iii) shall enforce, in accordance with commercially reasonable practices for properties similar to the Mortgaged Property, the terms, covenants and conditions in the Leases to be observed or performed by the lessees, short of termination thereof; (iv) shall not collect any of the Rents more than one month in advance (other than security deposits); (v) shall not execute any other assignment of lessor's interest in the Leases or the Rents (except as contemplated by the Loan Documents); (vi) shall not modify any Lease in a manner inconsistent with the Loan Documents; (vii) shall not convey or transfer or suffer or permit a conveyance or transfer of the Mortgaged Property so as to effect a merger of the estates and rights of, or a termination or diminution of the obligations of, lessees under Leases; (viii) shall not consent to any assignment of or subletting under any Major Lease unless required in accordance with its terms without the prior consent of Administrative Agent, on behalf of Lender, which, with respect to a subletting, may not, so long as no Event of Default has occurred and is continuing, be unreasonably withheld, conditioned or delayed; and (ix) shall not cancel or terminate any Major Lease or accept a surrender thereof (except in the exercise of Borrower's commercially reasonable judgment in connection with a Tenant default under a Lease which is not a Major Lease and provided any termination payment in connection thereto is deposited pursuant to this Section 5.17(e) hereof without the prior consent of Administrative Agent, which consent shall not, so long as no Event of Default has occurred and is continuing, be unreasonably conditioned, withheld or delayed.

(f) Lease Termination Payments. All Lease Termination Payments (other than any security deposits or proceeds of letters of credit held by Borrower in lieu of cash security deposits, which Borrower is permitted to retain pursuant to the applicable provisions of any Lease) shall be promptly remitted to Lender and deposited into the Lockbox Account. Such amounts shall be disbursed to Borrower unless an Event of Default has occurred and is continuing, in which case Lender may elect to apply the same to the Indebtedness.

(g) Security Deposits. During the continuance of an Event of Default, Borrower shall, upon Administrative Agent's written request, if permitted by applicable Legal Requirements, turn over to Administrative Agent the security deposits (and any interest theretofore earned thereon which Borrower is required to return to each such Tenant under applicable law upon the return of each such security deposit) under Leases, to be held by Administrative Agent, on behalf of Lender in an Account (the "Security Deposit Account") subject to the terms of the Leases. Security deposits held in the Security Deposit Account will be released by Administrative Agent upon notice from Borrower together with such evidence

as Administrative Agent may reasonably request that such security deposit is required to be returned to a Tenant pursuant to the terms of a Lease or may be applied as Rent pursuant to the rights of Borrower under the applicable Lease. Any letter of credit or other instrument that Borrower receives in lieu of a cash security deposit under any Lease entered into after the date hereof shall be maintained in full force and effect in the full amount unless replaced by a cash deposit as hereinabove described.

(h) Letters of Credit. During the continuance of an Event of Default, Borrower will take all commercially reasonable actions, and execute all documents, necessary or appropriate to give Administrative Agent control (as defined in the Code, as enacted by any relevant jurisdiction, including but not limited to such jurisdiction's version of Section 9-107 thereof) of such letter of credit and all letter of credit rights thereunder and to constitute Administrative Agent, on behalf of Lender the transferee beneficiary of such letter of credit. In the event that Borrower or any other party is in receipt of any funds or proceeds that relate to any such letter of credit, then Borrower shall promptly remit or cause the remittance of any such funds or proceeds to Administrative Agent, on behalf of Lender. Upon receipt of funds or proceeds from any presentment of any such letter of credit, such funds shall be deposited into the Lockbox Account, and such amounts shall be disbursed to Borrower unless an Event of Default has occurred and is continuing, in which case Lender may elect to apply the same to the Indebtedness.

(i) Tenant Bankruptcy Event. In the event of a Tenant Bankruptcy Event, Borrower agrees that if a Major Lease rejected in connection with any such proceeding, no settlement for damages shall be made without the prior written consent of Administrative Agent, on behalf of Lender. Any check or other form of payment in payment of damages for rejection of any such Major Lease will be made payable to both Borrower and Administrative Agent, on behalf of Lender. Borrower hereby assigns any such payment to Lender and further covenants and agrees that upon the request of Administrative Agent, it will duly endorse to the order of Administrative Agent any such check or other form of payment, the proceeds of which will be deposited into the Lockbox Account and such amounts shall be disbursed to Borrower unless an Event of Default has occurred and is continuing, in which case Lender may elect to apply the same to the Indebtedness.

5.18 Property Management.

(a) Management Agreement. Borrower shall (i) use commercially reasonable efforts to cause the Mortgaged Property to be managed pursuant to the Management Agreement; (ii) promptly perform and observe all of the material covenants required to be performed and observed in all material respects by it under the Management Agreement and do all things necessary to preserve and to keep unimpaired its rights thereunder; (iii) promptly notify Administrative Agent of any material default under the Management Agreement of which it is aware; (iv) promptly deliver to Administrative Agent a copy of each financial statement, business plan, capital expenditure plan, and property improvement plan and any other notice, report and estimate received by Borrower under the Management Agreement; and (v) promptly enforce the performance and observance of all of the material covenants required to be performed and observed in all material respects by Manager under the Management Agreement. Without Administrative Agent's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed), Borrower shall not (i) surrender, terminate, cancel, extend or renew the Management Agreement or otherwise replace the Manager or enter into any other management agreement (except pursuant to Subsection 5.18(b)); (ii) reduce or consent to the reduction of the term of the Management Agreement; (iii) increase or consent to the increase of the amount of any charges under the Management Agreement; (iv) otherwise modify, change, supplement, alter or amend in any material respect, or waive or release any of its material rights and remedies under, the Management Agreement; or (v) suffer or permit the occurrence and continuance of a material default beyond any applicable cure period under the Management Agreement (or any successor management agreement) if such default permits the Manager to terminate the Management Agreement (or such successor management agreement).

(b) Termination of Manager. If (i) Manager is in material default beyond any applicable notice and cure periods under the Management Agreement, or (ii) Borrower may otherwise terminate the Management Agreement pursuant to its terms, then Borrower may terminate the Management Agreement and replace Manager with a Replacement Manager. Borrower's failure to appoint a Replacement Manager

within thirty (30) days after terminating the Manager or the Management Agreement shall constitute an immediate Event of Default; provided, however, Borrower shall be entitled to an additional thirty (30) days if Borrower provides evidence reasonably acceptable to Administrative Agent showing that Borrower is diligently pursuing the appointment of a Replacement Manager within such thirty (30) day period and stating the state of negotiation with such Replacement Manager. Further, Borrower may from time to time appoint a successor manager to manage the Mortgaged Property ("Replacement Manager"); provided that such successor manager is a Qualified Manager and the Management Agreement conforms to the applicable terms and conditions hereof and the other Loan Documents. Replacement Manager shall be engaged by Borrower pursuant to a written management agreement that complies with the terms and conditions hereof and is otherwise reasonably satisfactory to Lender in all material respects. If requested by Administrative Agent, Replacement Manager and Borrower shall execute an assignment of management agreement substantially in the form then used by Administrative Agent.

5.19 USA Patriot Act. Lender hereby notifies Borrower and Guarantor that pursuant to the requirements of the Patriot Act, Lender is required to obtain, verify and record information that identifies Borrower and Guarantor and which information includes the name and address of Borrower and Guarantor and other information that will allow Lender to identify Borrower and Guarantor, if any, in accordance with the Patriot Act. Without the prior written consent of Lender, neither Borrower nor Guarantor will: (a) be or become subject at any time to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Lender from making any advance or extension of credit to Borrower or Guarantor or from otherwise conducting business with Borrower or Guarantor, or (b) fail to provide documentary and other evidence of Borrower's or Guarantor's identity as may be requested by Lender at any time to enable Lender to verify Borrower's and Guarantor's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318. Notwithstanding anything to the contrary contained herein, Borrower makes no covenant with respect to public shareholders.

5.20 Statements and Reports. Borrower agrees to deliver to Administrative Agent, during the term of the Loan and until the Loan has been fully paid and satisfied, the following statements and reports:

(a) Annually, unaudited financial statements, balance sheets and income statements of Borrower and the Land (Parking) Owner, within one hundred twenty (120) days after the end of each fiscal year, prepared in accordance with sound accounting practices, consistently applied, which are reasonably acceptable to Administrative Agent and certified to by Borrower in the form of a Financial Statement Certificate;

(b) Quarterly, unaudited financial statements of Borrower and the Land (Parking) Owner, including operating statements and rent rolls with respect to the Mortgaged Property and the Land (Parking) within sixty (60) days after the end of each calendar quarter, prepared on a modified cash basis and otherwise in accordance with sound accounting principles consistently applied, which are reasonably acceptable to Administrative Agent and certified to by Borrower in the form of an Operating Certificate;

(c) Annually, audited financial statements of Guarantor within one hundred twenty (120) days after the end of each calendar year, prepared and certified to by Deloitte & Touche LLP or any other independent certified public accountant acceptable to Administrative Agent;

(d) Quarterly, unaudited financial statements of Guarantor, within sixty (60) days after the end of each calendar quarter, prepared on a modified cash basis and otherwise in accordance with sound accounting principles consistently applied which are reasonably acceptable to Administrative Agent and certified to by Guarantor;

(e) Quarterly, a Financial Covenants Compliance Certificate, within sixty (60) days after the end of each calendar quarter, prepared in accordance with the Guaranty and this Agreement, evidencing Guarantor's compliance with the Financial Covenants and Section 5.21 hereof; and

(f) Such other reports and statements as Administrative Agent may reasonably require from time to time.

5.21 Financial Covenants. Borrower shall cause Guarantor to maintain the Financial Covenants in accordance with the terms and conditions of the Guaranty, including without limitation, the delivery to Administrative Agent of the Financial Covenants Compliance Certificate, dated as of the end of each calendar quarter evidencing Guarantor's compliance with such Financial Covenants.

5.22 Financial Covenants Curative Action. During any period of time in which all or any portion of the Loan remains outstanding, the Net Worth should be less than the Net Worth (Minimum) as required under Section 5.21 hereof then, within thirty (30) days after written notice from Administrative Agent to Borrower, Borrower or Guarantor shall either (the "Financial Covenants Curative Rights"):

(a) deposit with Administrative Agent cash funds (each a "Financial Covenants Curative Amount") in the amount that the Net Worth (Minimum) exceeds the then current Net Worth of Guarantor, and execute such documentation as Administrative Agent shall require to provide Administrative Agent with a perfected security interest and/or common law pledge in and to such cash funds deposited with Administrative Agent, which sums shall be additional collateral for the Loan; provided, however, that such cash funds shall be increased (by additional deposits to Administrative Agent) or decreased (with refund back to Borrower or Guarantor, as applicable) in an amount necessary to maintain the Net Worth of Guarantor at the Net Worth (Minimum) required under Section 5.21 hereof the level required under Section 5.21 hereof for all subsequent periods of time in which all or any portion of the Loan remains outstanding; or

(b) provide Administrative Agent with a Letter of Credit in the amount of the Financial Covenants Curative Amount which shall be held by Administrative Agent as additional security for the Loan in accordance with the terms and conditions hereof; provided, however, that such Letter of Credit (Financial Covenants) shall be increased or decreased in an amount necessary to maintain the Net Worth at the level required under Section 5.21 hereof for all subsequent periods of time in which all or any portion of the Loan remains outstanding; or

(c) provide a Substitute Guarantor in accordance with the following provisions: (i) Borrower shall provide Administrative Agent in writing with notice of the identity of Borrower's proposed Substitute Guarantor including adequate financial information in reasonable detail as Administrative Agent may require in order to make an informed decision; (ii) Substitute Guarantor shall execute a Guaranty instrument substantially identical in form of the Guaranty and Borrower shall execute such amendments to the Loan Documents or other documents, as Administrative Agent may request, acknowledging the substitution and reconfirming all of Borrower's obligations under the Loan Documents; and (iii) Administrative Agent shall approve such proposed Substitute Guarantor in Administrative Agent's sole and absolute discretion.

5.23 ERISA. Borrower shall not engage in any transaction which would cause any obligation, or action taken or to be taken hereunder (or the exercise by Administrative Agent of any of its rights under the Note, this Agreement or any of the other Loan Documents) to be a non exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA. Borrower further covenants and agrees to deliver to Administrative Agent such certifications or other evidence from time to time throughout the term of the Agreement, as requested by Administrative Agent in its reasonable discretion (but in no event more frequently than annually), that: (a) Borrower is not an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(3) of ERISA; (b) Borrower is not subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans (however, New York State Teachers Retirement System holds an indirect interest in the Borrower and is a "governmental plan" subject to such statutes); and (c) one or more of the following circumstances is true: (1) Equity interests in Borrower are publicly offered securities within the meaning of 29 C.F.R. Section 2510.3%01(b)(2); (2) Less than twenty five percent (25%) of each outstanding class of equity interests in Borrower are held by "benefit plan investors" within the meaning of 29 C.F.R. Section 2510.3%01(f)(2), as modified by Section 3(42) of ERISA; or (3) Borrower

qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. Section 2510.3%01(c) or (e) or an investment company registered under the Investment Company Act of 1940.

5.24 Indebtedness, Operations and Fundamental Changes of Borrower. Borrower: (a) will not own any asset other than (i) the Mortgaged Property, (ii) incidental personal property necessary for the operation of the Mortgaged Property, and (iii) the Subsidiary Interest; (b) will not engage in any business other than the ownership, management and operation of the Mortgaged Property, including the ownership of the Subsidiary Interest; (c) will not enter into any contract or agreement with any member, manager, principal or affiliate of Borrower or any affiliate thereof (other than the Management Agreement), except upon terms and conditions that are substantially similar to those that would be available on an arm's length basis with third parties other than an affiliate; (d) will not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (i) the Indebtedness, (ii) trade payables or accrued expenses incurred in the ordinary course of business of operating the Mortgaged Property; no debt whatsoever may be secured (senior, subordinate or pari passu) by the Land or Improvements except the Indebtedness, and (iii) loan or advances which must be repaid from an Affiliate that Controls (directly or indirectly) Borrower, provided that such loans (A) are made in accordance with the limited liability company agreement of Borrower as of the Effective Date, (B) shall have no lien rights whatsoever to any portion of the Mortgaged Property, and (C) shall have no rights to receive any payments or consideration during a continuing Event of Default; (e) will not make any loans or advances to any third party (including any member, manager principal or affiliate of Borrower, or any Guarantor); (f) intends to remain solvent and Borrower, in all material respects, will pay its debts and liabilities from its assets; provided that nothing contained in this Section 5.24 shall require any direct or indirect member, partner or shareholder of Borrower to make any additional capital contributions to Borrower and provided further that it shall not be a breach of this Section 5.24 to the extent that (i) Borrower has sufficient cash flow (without giving effect to any Cash Trap Event Period) to pay such debts and liabilities but such funds are not made available to Borrower during a Cash Trap Event Period, (ii) Borrower compensates from its own funds or assets consultants and agents for services provided to or obligations incurred by Borrower, or (iii) Borrower does not pay such debts or liabilities because it does not have sufficient cash flow; (g) will do all things necessary to preserve its existence and corporate and partnership formalities, and will not, nor will any manager thereof, amend, modify or otherwise change its partnership certificate, partnership agreement, certificate, articles of incorporation or by laws in a manner which adversely affects Borrower or any such manager's existence as a single purpose, single asset entity; (h) will conduct and operate its business as presently conducted and operated; (i) will maintain books and records and bank accounts separate from those of its affiliates, including its managers, principals and members, other than Land (Parking) Owner; (j) will be, and at all times will hold itself out to the public as, a legal entity separate and distinct from any other entity (including any principal, member or affiliate thereof); (k) will maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations (provided, nothing herein shall be deemed a requirement that any direct or indirect interest holder of Borrower to fund capital calls to Borrower); (l) will not, nor will any member, manager, shareholder, partner, principal or affiliate, seek the dissolution or winding up, in whole or in part, of Borrower; (m) will not enter into any transaction of merger or consolidation, or acquire by purchase or otherwise all or substantially all of the business or assets of, or any stock or beneficial ownership of, any entity other than Land (Parking) Owner; (n) will not commingle the funds and other assets of Borrower with those of any member, manager, principal or affiliate or any other person, other than Land (Parking) Owner; (o) will maintain its assets in such a manner that it is not costly or difficult to segregate, ascertain or identify its individual assets from those of any affiliate or any other person; (p) will, and any manager of Borrower will, continue to observe all legal formalities; (q) will not hold itself out to be responsible for the debts and obligations of any other person, other than Land (Parking) Owner; and (r) upon the commencement of a voluntary or involuntary bankruptcy proceeding by or against Borrower, Borrower shall not seek a supplemental stay or otherwise pursuant to 11 U.S.C. 105 or any other Debtor Relief Law of any jurisdiction whatsoever, now or hereafter in effect, which may be or become applicable, to stay, interdict, condition, reduce or inhibit the ability of Administrative Agent to enforce any rights of Lender against any guarantor or indemnitor of the Indebtedness or the Obligations or any other party liable with respect thereto by virtue of any indemnity, guaranty or otherwise.

5.25 Statement of Unpaid Balance. At any time and from time to time but no more than one (1) time in any twelve (12) month period, Borrower will furnish promptly, at no cost to Borrower, upon the request of Administrative Agent, a written statement or affidavit, in form satisfactory to Administrative Agent, that there are no offsets or defenses against full payment of the Indebtedness and the terms hereof, or if there are any such offsets or defenses, specifying them.

5.26 Address. Borrower shall give written notice to Administrative Agent of any change of address of Borrower at least thirty (30) days prior to the effective date of such change of address. Absent such official written notice of a change in address for Borrower, then Administrative Agent shall be entitled for all purposes under the Loan Documents to rely upon Borrower's address as set forth in Section 11.5 hereof, as same may have been theretofore changed in accordance with the provisions hereof.

5.27 Disclosures. If at any time Borrower shall become aware of the existence or occurrence of any financial or economic conditions or natural disasters which might have a Material Adverse Change, Borrower shall promptly notify Administrative Agent of the existence or occurrence thereof and of Borrower's opinion as to what effects such may have on the Mortgaged Property or Borrower. Borrower shall also give prompt notice to Administrative Agent of any litigation or dispute, threatened in writing or pending against or affecting Borrower, the Mortgaged Property or any Guarantor which is reasonably expected to have a Material Adverse Change.

5.28 Delivery of Contracts. Within twenty (20) days after a request by Administrative Agent, Borrower shall deliver to Administrative Agent a copy of each Major Contract then in effect.

ARTICLE VI

ASSIGNMENTS, CASUALTY, CONDEMNATION, ACCOUNTS AND INTEREST RATE PROTECTION AGREEMENT

6.1 Assignment of Development Contracts. As additional security for the payment of the Loan, Borrower hereby collaterally transfers and assigns to Lender all of Borrower's rights and interest, but not its obligations, in, under and to each Development Contract (but only to the extent assignable without (x) consent from any other party to such Development Contract or (y) any payment or penalty in connection with any such assignment) upon the following terms and conditions:

(a) BORROWER AGREES TO INDEMNIFY AND HOLD LENDER, WHETHER OR NOT AS THE RESULT OF THE NEGLIGENCE OF ANY PARTY SO INDEMNIFIED, HARMLESS AGAINST AND FROM ANY LOSS, COST, LIABILITY OR EXPENSE (INCLUDING BUT NOT LIMITED TO REASONABLE ATTORNEYS' FEES) RESULTING FROM ANY FAILURE OF BORROWER TO SO PERFORM ALL MATERIAL OBLIGATIONS UNDER THE DEVELOPMENT CONTRACTS. NOTWITHSTANDING THE FORGOING, BORROWER SHALL NOT BE OBLIGATED TO INDEMNIFY LENDER HEREUNDER ON ACCOUNT OF ANY INDEMNIFIED CLAIM ARISING FROM LENDER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(b) From and after the occurrence and during the existence of an Event of Default, Administrative Agent shall have the right at any time (but shall have no obligation) to take in its name or in the name of Borrower such action as Administrative Agent may at any time determine to be necessary or advisable to cure any default under any Development Contract or to protect the rights of Borrower or Lender thereunder. LENDER SHALL INCUR NO LIABILITY IF ANY ACTION SO TAKEN BY IT OR IN ITS BEHALF SHALL PROVE TO BE INADEQUATE OR INVALID, AND BORROWER AGREES TO INDEMNIFY AND HOLD LENDER, WHETHER OR NOT AS THE RESULT OF THE NEGLIGENCE OF ANY PARTY SO INDEMNIFIED, HARMLESS AGAINST AND FROM ANY LOSS, COST, LIABILITY OR EXPENSE (INCLUDING BUT NOT LIMITED TO REASONABLE ATTORNEYS' FEES) INCURRED IN CONNECTION WITH ANY SUCH ACTION. NOTWITHSTANDING THE FORGOING, BORROWER SHALL NOT BE OBLIGATED TO INDEMNIFY LENDER HEREUNDER ON ACCOUNT OF ANY INDEMNIFIED CLAIM ARISING FROM LENDER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(c) Borrower hereby irrevocably constitutes and appoints Administrative Agent as Borrower's attorney-in-fact, in Borrower's or Lender's name, during a continuing Event of Default, to

enforce all rights of Borrower under each Development Contract. Such appointment is coupled with an interest and is therefore irrevocable.

(d) Except during the existence of an Event of Default, Borrower shall have the right to exercise its rights as owner under each Development Contract.

(e) This assignment shall inure to the benefit of Lender and its successors and assigns, which assumes Lender's rights and obligations under this Agreement.

6.2 Assignment of Proceeds. Borrower hereby further transfers and assigns to Lender and acknowledges that Administrative Agent shall be entitled to receive (i) any and all sums which may be awarded and become payable to Borrower for condemnation of all or any portion of the Mortgaged Property, or (ii) the proceeds of any and all insurance upon the Mortgaged Property (other than the proceeds of general public liability insurance), to be applied as set forth herein.

(a) Borrower shall, upon request of Administrative Agent, make, execute, acknowledge and deliver any and all additional assignments and documents as may be necessary from time to time to enable Administrative Agent to collect and receipt for any of such insurance or condemnation proceeds.

(b) Lender shall not be, under any circumstances, liable or responsible for failure to collect, or exercise diligence in the collection of, any of such sums.

(c) Any sums so received by Administrative Agent pursuant to this Section 6.2 shall, subject to Section 6.3 hereof, be provided back to Borrower for restoration of the Mortgaged Property, in the amounts, manner, method and pursuant to such requirements in documents as Administrative Agent may require, or shall be applied to the liquidation of the Indebtedness in accordance with the provisions of Section 7.4 of the Lien Instrument.

6.3 Limited Right to Use Casualty Insurance Proceeds. Borrower will give Administrative Agent prompt notice of any Casualty, and:

(a) In the event of any Insured Casualty which is not a Restoration Casualty, Administrative Agent (or, after foreclosure, the purchaser at the foreclosure sale) is hereby authorized, at Administrative Agent's option, either (1) in the event Borrower fails to elect Borrower's rights under Subsection 6.3(a)(2), to settle and adjust any claim under such policies without the consent of Borrower, or (2) allow Borrower to agree with the insurance company or companies on the amount to be paid upon the loss; provided that, notwithstanding the foregoing Subsection 6.3(a)(1) hereof, Borrower may adjust losses aggregating not in excess of \$1,500,000.00 if such adjustment is carried out in a competent and timely manner, and provided that in any case Administrative Agent shall and is hereby authorized to collect and receive any such insurance proceeds; and the expenses incurred by Administrative Agent in the adjustment and collection of insurance proceeds shall be so much additional indebtedness hereby secured and shall be reimbursed to Administrative Agent upon written demand;

(b) In the event of any Insured Casualty which is a Restoration Casualty, then, the proceeds of insurance shall be applied to pay for or reimburse Borrower for the cost of restoring, repairing, replacing or rebuilding the Mortgaged Property or part thereof subject to such Restoration Casualty, as provided for below; and Borrower hereby covenants and agrees to commence and diligently prosecute such restoring, repairing, replacing or rebuilding; provided always, that Borrower shall pay all costs (and if required by Administrative Agent, Borrower shall deposit the total thereof with Administrative Agent in advance) of such restoring, repairing, replacing or rebuilding in excess of the net proceeds of insurance made available pursuant to the terms hereof;

(c) Except as provided in Subsections 6.3(a) and (b) above, the proceeds of insurance consequent upon any Insured Casualty may be applied to the payment of the Indebtedness hereby secured or, at Administrative Agent's option, to the restoration of the Mortgaged Property pursuant to the terms

hereof; provided, however, in the event of a Restoration Casualty the proceeds of the business interruption insurance obtained by Borrower shall be made available to Borrower for payment of the indebtedness evidenced by the Note and the Operating Expenses of the Mortgaged Property; and.

(d) In the event that proceeds of insurance, if any, shall be made available to Borrower for the restoring, repairing, replacing or rebuilding of the Mortgaged Property, Borrower hereby covenants to substantially restore, repair, replace or rebuild the same as nearly as possible to the condition the Mortgaged Property was in immediately prior to damage or destruction, all to be effected in accordance with applicable law and plans and specifications approved in advance by Administrative Agent.

In the event Borrower is entitled to reimbursement out of insurance proceeds held by Administrative Agent, such proceeds shall be disbursed from time to time upon Administrative Agent being furnished with (1) evidence reasonably satisfactory to Administrative Agent of the estimated cost of completion of the restoration, repair, replacement and rebuilding, (2) funds, or, at Administrative Agent's option, assurances reasonably satisfactory to Administrative Agent that such funds are available, sufficient in addition to the proceeds of insurance to complete the proposed restoration, repair, replacement and rebuilding, and (3) such architect's certificates, waivers of lien, contractor's sworn statements, title insurance endorsements, plats of survey and such other evidences of cost as Administrative Agent may reasonably require and approve; and Administrative Agent may, in any event, require that all plans and specifications for such restoration, repair, replacement and rebuilding be submitted to and reasonably approved by Administrative Agent (such approval not to be unreasonably withheld, conditioned or delayed) prior to commencement of work if such plans and specifications are materially different from the Plans. No payment for Hard Costs made prior to the final completion of the restoration, repair, replacement and rebuilding shall exceed ninety percent (90%) of the value of the work performed from time to time (subject to other provisions regarding retainage, partial release, etc. as provided in this Agreement) except for payments for Hard Costs made when due and payable under contracts with any individual contractor after such contractor completes its obligations set forth therein. Following receipt of such plans and specifications, Administrative Agent, on behalf of Lender, shall approve or disapprove such plans and specifications within ten (10) days of the submission by Borrower to Administrative Agent of a written request for such approval, provided such request includes the following at the header of the first page in bold, capitalized font: "REQUEST FOR PLANS AND SPECIFICATIONS APPROVAL – RESPONSE REQUIRED WITHIN TEN (10) DAYS OTHERWISE SUCH PLANS AND SPECIFICATIONS WILL BE DEEMED APPROVED." In the event that Administrative Agent fails to respond within such ten (10) Business Day period, Lender's approval shall be deemed given for all purposes. Funds other than proceeds of insurance, if any, shall be disbursed prior to disbursement of such proceeds; and at all times, the undisbursed balance of such proceeds remaining in the hands of Administrative Agent, together with funds deposited for that purpose or irrevocably committed to the reasonable satisfaction of Administrative Agent by or on behalf of Borrower for that purpose, shall be at least sufficient in the reasonable judgment of Administrative Agent to pay for the cost of completion of the restoration, repair, replacement or rebuilding, free and clear of all liens or claims for lien, except for Permitted Exceptions (which, for purposes of this Section 6.3, shall also include (a) Approved Leases, (b) Liens, if any, for Taxes or other charges not yet due and payable and not delinquent, and (c) any workers', mechanics' or other similar Liens on the Mortgaged Property, provided that any such Lien is bonded or discharged within sixty (60) days after Borrower first receives notice of such Lien) and Contested Items. Any surplus which may remain out of insurance proceeds held by Administrative Agent after payment of such costs of restoration, repair, replacement or rebuilding shall be promptly paid to Borrower.

6.4 Limited Right to Use Condemnation Proceeds. Borrower will give Administrative Agent prompt notice of any Condemnation instituted or threatened in writing and if there shall occur any Condemnation of a part of the Mortgaged Property, and in the event of any Condemnation which is a Restoration Condemnation, Administrative Agent will make available to Borrower for restoration, proceeds of Condemnation, if any, collected by Administrative Agent because of the act or occurrence and not restricted by any adverse claim thereto.

6.5 Taxes and Insurance Reserve. At Administrative Agent's request, after the occurrence and during the continuance of any Event of Default, Borrower shall pay to Administrative Agent on each Payment Date (a) one-twelfth (1/12th) of the Taxes that Administrative Agent reasonably estimates will be payable during the next twelve (12) months in order to accumulate with Administrative Agent sufficient funds to pay all such Taxes at least ten (10) days prior to their respective due dates and (b) one-twelfth (1/12th) of the Insurance Premiums that Administrative Agent estimates will be payable for the renewal of the coverage afforded by the Insurance Policies upon the

expiration thereof in order to accumulate with Administrative Agent sufficient funds to pay all such Insurance Premiums at least ten (10) days prior to the expiration of the Insurance Policies. Such amounts will be deposited into a separate account with Administrative Agent or transferred by Administrative Agent to an Account with Administrative Agent (in either event, the "Tax and Insurance Reserve"). Administrative Agent will (a) apply funds in the Tax and Insurance Reserve to payments of Taxes and Insurance Premiums as required to be made by Borrower in accordance with the Loan Documents, provided that Borrower has promptly supplied Administrative Agent with notices of all Taxes and Insurance Premiums due, or (b) reimburse Borrower for such amounts upon presentation of evidence of payment. In making any payment relating to Taxes and Insurance Premiums, Administrative Agent may do so according to any bill, statement or estimate procured from the appropriate public office (with respect to Taxes) or insurer or agent (with respect to Insurance Premiums), without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof. If Administrative Agent determines in its reasonable judgment that the funds in the Tax and Insurance Reserve will be insufficient to pay (or in excess of) the Taxes or Insurance Premiums next coming due, Administrative Agent may increase (or decrease) the monthly contribution required to be made by Borrower to the Tax and Insurance Reserve upon the prompt delivery of written notice to Borrower of such determination and thereafter such monthly deposits for Taxes and Insurance Premiums shall be increased (or decreased) by the amount Administrative Agent reasonably estimates is sufficient to make up the deficiency at least ten (10) days prior to the respective due dates for such Taxes or Insurance Premiums. Notwithstanding anything to the contrary contained in this Agreement, Borrower shall not be required to escrow for Insurance Premiums to the extent such insurance is carried through a blanket policy. Any excess reserve shall be credited by Administrative Agent on subsequent reserve payments or subsequent payments to be made on the Note by the maker thereof, and any deficiency shall be paid by Borrower to Administrative Agent on or before the date when Administrative Agent demands such payment to be made, but in no event after the date when such Taxes and/or Insurance Premiums shall become delinquent. In the event there exists a deficiency in such fund or reserve at any time when Taxes and/or Insurance Premiums are due and payable, Administrative Agent may, but shall not be obligated to, advance the amount of such deficiency on behalf of Borrower and such amounts so advanced shall become a part of the Indebtedness, shall be immediately due and payable, and shall bear interest at the Default Rate from the date that is ten (10) days from written demand on Borrower for payment of such deficiency through and including the date of repayment. Transfer of legal title to the Mortgaged Property shall automatically transfer to the holder of legal title to the Mortgaged Property the interest of Borrower in all sums deposited with Administrative Agent under the provisions hereof or otherwise.

6.6 Operating Account. Borrower shall, at all times while the Loan continues in effect, maintain the Operating Account in a depository relationship with Administrative Agent, as Borrower's principal bank account and sole depository for Borrower and the Mortgaged Property, except as set forth in Section 6.7(a).

6.7 Cash Management; Lockbox Account.

(a) Borrower covenants and agrees that, except as expressly provided in this Agreement, all revenues, receipts and proceeds received from the Mortgaged Property shall be deposited into the Lockbox Account. Borrower covenants and agrees that Borrower will not maintain any bank or deposit accounts (of any kind or nature) with respect to the Mortgaged Property other than the Lockbox Account, the Operating Account or the Security Deposit Account without Administrative Agent's prior written consent. Notwithstanding anything contained in this Section 6.7(a) to the contrary, at all times that are not during a Cash Trap Event Period (i) Borrower may deposit security deposits under Leases in a comingled deposit account that is not in the name of Borrower and is not maintained with Administrative Agent and (ii) all funds deposited into the Lockbox Account shall be swept on daily basis to the Operating Account.

(b) Upon the occurrence of any Cash Trap Event Period, the daily sweep from the Lockbox Account to the Operating Account shall automatically cease, and the funds contained and otherwise deposited into the Lockbox Account and Borrower shall not have any right to withdraw funds from the Lockbox Account, the Operating Account or the Security Deposit Account except to the extent otherwise provided in this Agreement.

(c) During a Cash Trap Event Period, Administrative Agent shall have the right to apply the funds remaining in the Lockbox Account as a prepayment of principal of the Note, with no prepayment penalty to be due or payable as a result of any prepayment under the Note.

6.8 Letter of Credit. If Borrower elects to post a Letter of Credit pursuant to the terms hereof, the Letter of Credit shall be held by Administrative Agent as additional security for the Loan in accordance with the terms and conditions hereof. Each Letter of Credit is solely for the protection of Lender and entails no responsibility on Lender's part beyond application of the funds drawn thereunder in accordance with the terms hereof. Each such Letter of Credit (and any replacement or substitution therefor) shall be extended or replaced by a new substitute Approved Letter of Credit satisfying all of the requirements described herein on or before thirty (30) days prior to its expiry and, notwithstanding anything to the contrary contained herein, failing such timely replacement, may be immediately drawn upon by Administrative Agent with such funds being applied as provided in Subsection 6.8(c) hereof.

(a) Assignment. To the extent Administrative Agent should assign the Loan Documents, subject to Subsection 11.7(a), Borrower or Guarantor (as applicable) shall cause each Letter of Credit to be effectively assigned to the assignee of such Loan Documents or shall cause each such Letter of Credit to be reissued to such assignee, all within thirty (30) days request of Administrative Agent to Borrower and Guarantor to do so. All expenses whatsoever of the assignment or reissuance of such Letter of Credit shall be paid by Administrative Agent, Lender or their assignees. Any such assignment or reissuance must be undertaken in a form and pursuant to an arrangement acceptable to Administrative Agent, in Administrative Agent's reasonable discretion, and otherwise consistent with the terms of this Section 6.8. To the extent Borrower or Guarantor (as applicable) should fail to timely cause any Letter of Credit to be reissued or assigned as required herein, Administrative Agent (or its successor) may, but shall not be obligated to, draw upon each Letter of Credit and apply such funds as provided in Subsection 6.8(c) hereof. No such application of proceeds from the Letter of Credit shall be deemed to cure any Potential Default or Event of Default hereunder. Upon assignment of the Loan Documents by Administrative Agent, the Letter of Credit shall be turned over to the assignee and any responsibility of Lender, as assignor, with respect thereto shall terminate.

(b) Remedies of Lender Upon a Failure of Performance. Upon (i) Borrower's failure to pay, in full, any installment or portion of the Indebtedness, which such failure is not cured within the lesser of (1) thirty (30) days prior to the expiration of the Letter of Credit and (2) any applicable grace or cure period or (ii) Borrower's failure to replace the Letter of Credit with a replacement Letter of Credit meeting the requirements hereof, all within thirty (30) days subsequent to the date that Administrative Agent provides notice to Borrower that the institution that has issued the original Letter of Credit no longer satisfies the criteria of an Approved Letter of Credit Bank or (iii) upon the occurrence and during the continuance of an Event of Default (except for an Event of Default that has been cured by Borrower's delivery of a Letter of Credit to Administrative Agent in accordance with the terms and conditions of this Agreement), then the Administrative Agent (or its successor) may, but shall not be obligated to, draw upon the Letter of Credit and apply such funds as provided in Subsection 6.8(c) hereof. No such application of proceeds from the Letter of Credit shall be deemed to cure any Potential Default or Event of Default hereunder except for a Potential Default or Event of Default as may relate to Sections 5.21 and 5.22 hereof. Lender agrees with Borrower not to request funding of any such Letter of Credit except as provided in Subsection 6.8(c) hereof. Each Letter of Credit shall be replaced or extended by Borrower or Guarantor (as applicable) not less than thirty (30) days prior to its expiration date with a new Letter of Credit meeting the requirements hereof and expiring not sooner than the earlier of one (1) year from its issuance date or thirty (30) days beyond the Maturity Date, as may have been extended. Lender need not resort to any Letter of Credit, the Mortgaged Property or any other right, remedy or recourse, in any particular order.

(c) Application of Proceeds. Upon receipt of funds from any presentment of a Letter of Credit, Administrative Agent shall apply such funds in any order selected by Administrative Agent (1) to satisfy the payment of all or a portion of the Indebtedness or (2) to satisfy any of the Obligations and any and all other obligations under any of the Loan Documents.

(d) Conditions to Release—Letter of Credit (Extension Curative Amount). The Administrative Agent at the expense of Borrower, will release to Borrower the Letter of Credit (Extension Curative Amount) upon the simultaneous satisfaction of (a) the LC Release Conditions and (b) receipt by Administrative Agent of either (x) a DCR Compliance Certificate if the Letter of Credit (Extension Curative Amount) was delivered to Administrative Agent pursuant to Section 2.5(g) to satisfy the

requirement in Section 2.5(e), or (y) an Appraisal showing the Loan-to-Value Ratio (As-Is) is not more than the Loan-to-Value Ratio (As-Is)(Maximum) if the Letter of Credit (Extension Curative Amount) was delivered to Administrative Agent pursuant to Section 2.5(g) to satisfy the requirement in Section 2.5(f).

(e) Conditions to Release-Letter of Credit (Financial Covenants). The Administrative Agent at the expense of Borrower, will release to Borrower the Letter of Credit (Financial Covenants) upon the simultaneous satisfaction of (a) the LC Release Conditions and (b) receipt by Administrative Agent of a Financial Covenants Compliance Certificate and other written evidence being provided by Borrower or Guarantor and reasonably satisfactory to Administrative Agent indicating that the Net Worth of Guarantor is greater than or equal to the Net Worth (Minimum) as required in accordance with the terms and conditions of the Guaranty and Section 5.21 hereof, without the benefit of any Letters of Credit (Financial Covenants).

6.9 Interest Rate Protection Agreement. At Borrower's option, Borrower may but is not required to enter into and maintain Interest Rate Protection Agreements with financial institutions (having a Standard & Poor's credit rating of at least "A-" or better, or an equivalent rating from Moody's Financial Services) as Counterparty for the purpose of hedging and protecting against any interest rate fluctuation risks in excess an interest rate with respect to the Loan.

(a) Delivery. If at any time during the term of the Loan Borrower shall enter into one or more Interest Rate Protection Agreements, then promptly upon obtaining any Interest Rate Protection Agreement, Borrower shall deliver the same to Administrative Agent.

(b) Enforcement and Modification. Borrower shall comply with all of its monetary and material non-monetary obligations under the terms and provisions of any Interest Rate Protection Agreement. Borrower shall take all action reasonably requested by Administrative Agent to enforce Administrative Agent's and Borrower's rights under any such Interest Rate Protection Agreements in the event of a default by Counterparty and shall not terminate, waive, amend or otherwise modify any of its rights thereunder in any material respect.

(c) Assignment and Counterparty Consent. Unless otherwise specifically agreed in writing by Borrower and Compass, Borrower shall collaterally assign to Administrative Agent, pursuant to an Assignment of Interest Rate Protection Agreement, all of its right, title and interest to receive any and all payments under any Interest Rate Protection Agreement (and any related guarantee, if any) and shall deliver to Administrative Agent a copy of each such Interest Rate Protection Agreement, and an acknowledgment and agreement (either in such Interest Rate Protection Agreement or by separate instrument, in each case in the form attached to the Assignment of Interest Rate Protection Agreement or another form reasonably satisfactory to Agent) of such Counterparty acknowledging such assignment and agreeing during the continuance of an Event of Default to make any payments payable under or pursuant to the Interest Rate Protection Agreement directly to Administrative Agent (the "Counterparty Consent"). At such time as the Loan is repaid in full, all of Administrative Agent's right, title and interest in the related Interest Rate Protection Agreement shall terminate and Administrative Agent shall execute and deliver at Borrower's sole cost and expense, such documents as may be required to evidence Administrative Agent's release of such Interest Rate Protection Agreement and to notify the Counterparty of such release.

(d) Remedies. If Administrative Agent receives any payments under any Interest Rate Protection Agreement other than a payment by reason of a "Termination Event" (as defined in the applicable Interest Rate Protection Agreement) or any other payment during the existence of an Event of Default, Administrative Agent shall hold and deposit the same as additional security for the Loan and apply the same to interest payable on the next occurring Payment Date with respect to the Loan. If Administrative Agent receives any payments under any Interest Rate Protection Agreement during the existence of an Event of Default or by reason of a Termination Event under any Interest Rate Protection Agreement, Administrative Agent shall have the right to apply same to any portion of the Loan. Upon such date that the Loan becomes due by reason of an Event of Default, or otherwise, Administrative Agent may direct that all other existing Interest Rate Protection Agreements be broken and discontinued, and any and

all breakage fees, discontinuance fees and any other similar fees and costs with respect to such Interest Rate Protection Agreements shall become immediately due and payable by Borrower.

(e) Interest Rate Protection Agreement (Compass). Unless otherwise specifically agreed in writing by Borrower and Compass, Borrower's obligations (including any payment obligation) with respect to any Interest Rate Protection Agreement (Compass) pertaining to the Loan shall be secured by the Lien Instrument and any default by Borrower (after the expiration of any applicable notice and cure period) under any such Interest Rate Protection Agreement (Compass) shall, at the discretion of the Administrative Agent, constitute an Event of Default under this Agreement. Borrower's obligations with respect to any Interest Rate Protection Agreements that do not constitute an Interest Rate Protection Agreement (Compass) or not otherwise provided by Compass or an Affiliate of Compass shall not be secured by the Lien Instrument.

6.10 Security Interest in Reserves.

(a) As additional security for the payment and performance by Borrower of all duties, responsibilities and obligations under the Note and the other Loan Documents, Borrower hereby unconditionally and irrevocably assigns, conveys, pledges, mortgages, transfers, delivers, deposits, sets over and confirms unto Lender, and hereby grants to Lender a security interest in the Reserves. Borrower hereby authorizes and consents to the account into which the Reserves have been deposited being held in Borrower's name for the benefit of Lender and hereby acknowledges and agrees that Administrative Agent, or at Administrative Agent's election, such servicing agent, shall have exclusive control over said account. Notice of the assignment and security interest granted to Lender herein may be delivered by Administrative Agent at any time to the financial institution wherein the Reserves have been established, and Administrative Agent, or such servicing entity, shall have possession of all passbooks or other evidences of such accounts. Borrower hereby holds Lender harmless with respect to all risk of loss regarding amounts on deposit in the Reserves, except to the extent that any such loss is caused by the gross negligence or willful misconduct of Lender. Borrower hereby knowingly, voluntarily and intentionally stipulates, acknowledges and agrees that the advancement of the funds from the Reserves as set forth herein is at Borrower's direction and is not the exercise by Lender of any right of set off or other remedy upon a default. If an Event of Default occurred and is continuing hereunder or under any other of the Loan Documents which is not cured within any applicable grace or cure period, then Administrative Agent may, without notice or demand on Borrower, at its option (but subject to the terms of the Approved Leases): (i) withdraw any or all of the funds (including, without limitation, interest) then remaining in the Reserves and apply the same, after deducting all costs and expenses of safekeeping, collection and delivery (including, but not limited to, reasonable outside attorneys' fees, costs and expenses) to the indebtedness evidenced by the Note or any other obligations of Borrower under the other Loan Documents in such manner as Administrative Agent shall deem appropriate in its sole discretion, and the excess, if any, shall be paid to Borrower, (ii) exercise any and all rights and remedies of a secured party under the Code, or (iii) exercise any other remedies available at law or in equity. No such use or application of the funds contained in the Reserves shall be deemed to cure any default hereunder or under the other Loan Documents.

(b) The Reserves are solely for the protection of Lender and entail no responsibility on Lender's part beyond the payment of the respective costs and expenses in accordance with the terms thereof and beyond the allowing of due credit for the sums actually received. Upon assignment of this Loan Agreement by Lender, any funds in the Reserves shall be turned over to the assignee and any responsibility of Lender, as assignor, with respect thereto shall terminate. The Reserves shall not, unless otherwise explicitly required by applicable law, be or be deemed to be escrow or trust funds, but, at Administrative Agent's option and in Administrative Agent's discretion, may either be held in a separate account or be commingled by Administrative Agent with the general funds of Administrative Agent. Upon full payment of the indebtedness secured hereby in accordance with its terms (or if earlier, the completion of the applicable conditions to release of each Reserve to Administrative Agent's reasonable satisfaction) or at such earlier time as Administrative Agent may elect, the balance in the Reserves then in Administrative Agent's possession shall be paid over to Borrower and no other party shall have any right or claim thereto.

Any amounts received by Administrative Agent from Borrower may be invested by Administrative Agent (or its servicer) for its benefit, and Lender shall not be obligated to pay, or credit, any interest earned thereon to Borrower except as may be otherwise specifically provided in this Agreement. Notwithstanding the foregoing, so long as no Event of Default is continuing, any funds held in the Reserves shall be applied to those expenses for which such Reserves are being held and will be disbursed periodically to Borrower or on its behalf to timely pay for such expenses. Further, it is acknowledged by the parties that notwithstanding anything to the contrary in any Loan Documents any amounts invested pursuant to this Article 6 at all times shall be invested solely in Permitted Investments.

ARTICLE VII

EVENTS OF DEFAULT

7.1 Events of Default. The term "Event of Default" means the occurrence of any one of the following:

(a) Indebtedness. Any installment or portion of the Indebtedness is not paid when due and such failure continues for five (5) days after written notice thereof from Administrative Agent, or otherwise upon maturity or acceleration;

(b) Obligations. Any of the Obligations is not fully and timely performed and such failure continues for a period of thirty (30) days after written notice thereof from Administrative Agent to Borrower; provided, however, if such default is not reasonably curable within such thirty (30) day period, then no Event of Default shall be deemed to have occurred if Borrower commences same within such thirty (30) day period and thereafter diligently and continuously prosecutes the same to completion within ninety (90) days after such notice. Notwithstanding the foregoing, nothing in this Subsection 7.1(b) shall be construed or deemed to require any notice or opportunity to cure for any circumstance which constitutes an "Event of Default" pursuant to another subsection of this Section 7.1;

(c) Misrepresentation. Any statement, representation or warranty in the Loan Documents, any Financial Statement or any other writing delivered by Borrower or Guarantor to Administrative Agent in connection with the Loan is false, misleading or erroneous in any material respect when made, and as it relates solely to any future occurrence, Borrower does not cure the breach thereof within fifteen (15) days following written notice thereof from Administrative Agent to Borrower;

(d) Debtor Relief Laws. Borrower, any Guarantor, or any person obligated to pay any part of the Indebtedness (i) admits in writing (x) other than to Administrative Agent, and (y) through a general dissemination to the majority of its creditors its inability to pay its debts or makes a general assignment for the benefit of creditors; (ii) commences any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of its or its debts under any Debtor Relief Laws; (iii) has any involuntary case, proceeding or other action commenced against it which seeks to have any order for relief entered against it, as debtor, which is not dismissed within sixty (60) days of commencement, or seeks reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors; (iv) conceals, removes, or permits to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors or any of them, or makes or suffers a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or makes any assignment or any transfer of its property to or for the benefit of one or more creditors at a time when other creditors similarly situated have not been paid, or suffers or permits, while insolvent, any creditor to obtain a lien upon any of its property through legal proceedings which is not vacated within sixty (60) days from the date thereof; or (v) has an application filed in any court for a custodian, receiver, trustee, conservator or liquidator for it or the Mortgaged Property or substantially all of its other property, which such application is not dismissed or otherwise vacated within sixty (60) days from the date thereof or has any court take jurisdiction of the Mortgaged Property or substantially all of its other property or has any governmental authority or regulatory body condemn, seize or otherwise appropriate the Mortgaged Property or

substantially all of its other property which is not dismissed or otherwise vacated within sixty (60) days from the date thereof. Additionally, if a final non–appealable judgment or judgments against Borrower which is not dismissed, paid or bonded over within ninety (90) days thereafter in excess of \$1,000,000, in the aggregate (provided, however, that any such judgment shall not be an Event of Default if and for so long as (x) the amount of such judgment is covered by a valid and binding policy of insurance covering payment thereof, and (y) the insurer has been notified and has not disputed the claim for payment of, or the amount of such judgment); provided further, that if any such judgment shall constitute a Lien on the Mortgaged Property, the provisions of Section 7.1(h) shall apply;

(e)Disposition. If Borrower makes a Disposition other than (i) a Disposition that simultaneously results in the Loan being repaid in full or (ii) a Permitted Disposition, without the prior written consent of Administrative Agent;

(f)Subordinate Mortgage. Without the prior written consent of Administrative Agent, Borrower (i) creates or places, permits to be created or placed, attempts to create or place, through any act or failure to act, acquiesces in the creation or placing of, or allows to remain, any Subordinate Mortgage or (ii) grants any easement or dedication, seeks or obtains a zoning reclassification or variance, files any plat, condominium declaration, or restriction or enters into any Lease (other than as expressly permitted by the Loan Documents) which affects all or any portion of the Mortgaged Property;

(g)Abandonment. Borrower abandons any material portion of the Mortgaged Property, or suspends or discontinues its business operations for a period in excess of thirty (30) consecutive days;

(h)Security Interest Default. Except for Permitted Exceptions (which, for purposes of this Section 7.1(h), shall also include (a) Approved Leases, (b) Liens, if any, for Taxes or other charges not yet due and payable and not delinquent, and (c) any workers', mechanics' or other similar Liens on the Mortgaged Property provided that any such Lien is bonded or discharged within sixty (60) days after Borrower first receives notice of such Lien) and Contested Items, the holder of any lien or security interest on or assignment of the Land or Improvements (without hereby implying Administrative Agent's consent to the existence or creation of any such lien or security interest) (i) declares a default thereof and (ii) institutes foreclosure or other proceedings for the enforcement of its remedies thereunder;

(i)Liquidation; Dissolution. The liquidation, termination, dissolution, death or legal incapacity of (i) Borrower or (ii) Guarantor;

(j)Management Agreement. If the Management Agreement of the Mortgaged Property is terminated for any reason other than (x) in accordance with Section 5.18 or (y) a default by the Manager in the performance of its obligations under the Management Agreement, without the prior written consent of Administrative Agent, in Administrative Agent's reasonable discretion;

(k)REA. The REA is modified, amended, transferred, assigned, terminated, or rescinded by Borrower or Land (Parking) Owner, without the prior written consent of Administrative Agent, such consent not to be unreasonably withheld, conditioned or delayed; provided that, (a) any amendment or modification to the REA (Sub) to reflect a transfer in the Land (Parking) to Borrower is hereby pre–approved by Administrative Agent, and (b) in the event Administrative Agent approves an amendment to the REA (Master) which adds Borrower (and, if Land (Parking) Owner continues to own the Land (Parking), the Land (Parking) Owner), as direct parties thereto, Administrative Agent shall be deemed to have approved the termination of the REA (Sub));

(l)TIC Agreement. The TIC Agreement is modified, amended, transferred, assigned, terminated, or rescinded by Borrower or Land (Parking) Owner, without the prior written consent of Administrative Agent, such consent not to be unreasonably withheld, conditioned or delayed; provided that, any amendment or modification to the TIC Agreement to reflect a transfer in the Land (Parking) to Borrower is hereby pre–approved by Administrative Agent);

(m)Security Interest. Except for (x) a Permitted Disposition and a Subordinate Mortgage entered into with the prior written consent of Administrative Agent, whose consent shall be in Administrative Agent's sole and absolute discretion, and (y) the pledge of one hundred percent (100%) of the membership interests in Land (Parking) Owner pursuant to the Pledge Documents, the pledging, mortgaging, granting of a lien on or security interest in, or other hypothecating of all or any part of Borrower's assets (now or hereafter acquired) except to secure indebtedness to Lender;

(n)Pledge Documents. Land (Parking) Owner's failure to maintain those covenants and obligations under the Pledge Documents and such failure continues for a period of sixty (60) days after written notice thereof from Administrative Agent to Borrower and Land (Parking) Owner.

(o)Insurance. Borrower shall fail to maintain the casualty and hazard insurance in effect with respect to the Mortgaged Property in accordance with the Insurance Requirements as required by the Loan Documents;

(p)Intentionally Deleted.

(q)Execution; Attachment; Sequestration; Levy. The Mortgaged Property or any part thereof is taken by execution or other process of law (other than condemnation, but including, without limitation, attachment, sequestration, levy or other similar writ; provided that Administrative Agent shall give Borrower fifteen (15) days prior notice of any determination to declare an Event of Default under this Subsection 7.1(q) and Borrower may during such fifteen (15) day period, elect to prepay the Indebtedness in full within sixty (60) days after Administrative Agent's determination to declare an Event of Default under this Subsection 7.1(q) or cause any such sequestration, attachment or levy to be released or terminated;

(r)Non-Foreign Status. Any failure or breach of any representation or warranty made in any certification of non-foreign status furnished to Administrative Agent in connection with the Loan to be true and correct in all material aspects or any failure to perform or other breach of any covenant therein which is not cured within the notice and cure period set forth in this Agreement for a corresponding failure or breach;

(s)Interest Rate Protection Agreement. Any event of default by Borrower under an Interest Rate Protection Agreement and the continuation of such default or failure past any applicable grace or cure period therein;

(t)Guaranty; Financial Covenants. Any default, after applicable notice and cure periods have expired, of Guarantor under the Guaranty and the continuation of such default or failure (save and except any default or failure to pay money as and when required under the Guaranty) for a period of thirty (30) days after written notice from Administrative Agent to Guarantor; including, without limitation, a failure of Guarantor to maintain Guarantor's Financial Covenants required by Section 5.21 of this Agreement, which failure is not cured as set forth in Section 5.22 hereof within thirty (30) days of such occurrence or circumstance; or

(u)Letter of Credit. If Borrower or Guarantor should fail, refuse or neglect to maintain a Letter of Credit as required in accordance with the terms and conditions of the Loan Documents, and such failure continues for a period subsequent to the earlier of (1) thirty (30) days after written notice thereof from Administrative Agent to Borrower and (2) that date that is thirty (30) days prior to the expiration date of such Letter of Credit.

7.2 Remedies. The remedies available to Lender under Section 7 of the Lien Instrument are fully incorporated herein by reference as if they were listed in this Section 7.2. On the occurrence of and during the continuation of an Event of Default, Lender may, in its sole discretion, exercise any one or more remedies available to it under the Lien Instrument, this Agreement, the other Loan Documents, or otherwise at law or in equity.

ARTICLE VIII

LENDER'S DISCLAIMERS – BORROWER'S INDEMNITIES

8.1 No Obligation by Lender to Operate. Any term or condition of any of the Loan Documents to the contrary notwithstanding, Lender shall not have, and by its execution and acceptance of this Agreement hereby expressly disclaims, any obligation or responsibility for the management, conduct or operation of the business and affairs of Borrower or Guarantor. Any term or condition of the Loan Documents which permits Lender to disburse funds, whether from the proceeds of the Loan or otherwise, or to take or refrain from taking any action with respect to Borrower, Guarantor, the Mortgaged Property or any other collateral for repayment of the Loan, shall be deemed to be solely to permit Administrative Agent to audit and review the management, operation and conduct of the business and affairs of Borrower and Guarantor, and to maintain and preserve the security given by Borrower to Lender for the Loan, and may not be relied upon by any other person. Further, Lender shall not have, has not assumed and by its execution and acceptance of this Agreement hereby expressly disclaims any liability or responsibility for the payment or performance of any indebtedness or obligation of Borrower or Guarantor and no term or condition of the Loan Documents, shall be construed otherwise. Borrower hereby expressly acknowledges that no term or condition of the Loan Documents shall be construed so as to deem the relationship between Borrower, Guarantor and Lender to be other than that of borrower, guarantor and lender, and Borrower shall at all times represent that the relationship between Borrower, Guarantor and Lender is solely that of borrower, guarantors and lender. BORROWER HEREBY INDEMNIFIES AND AGREES TO HOLD LENDER, WHETHER OR NOT AS THE RESULT OF THE NEGLIGENCE OF ANY PARTY SO INDEMNIFIED, HARMLESS FROM AND AGAINST ANY COST, EXPENSE OR LIABILITY INCURRED OR SUFFERED BY LENDER AS A RESULT OF ANY ASSERTION OR CLAIM OF ANY OBLIGATION OR RESPONSIBILITY OF LENDER FOR THE MANAGEMENT, OPERATION AND CONDUCT OF THE BUSINESS AND AFFAIRS OF BORROWER OR GUARANTOR, OR AS A RESULT OF ANY ASSERTION OR CLAIM OF ANY LIABILITY OR RESPONSIBILITY OF LENDER FOR THE PAYMENT OR PERFORMANCE OF ANY INDEBTEDNESS OR OBLIGATION OF BORROWER OR GUARANTOR. NOTWITHSTANDING THE FOREGOING, BORROWER SHALL NOT BE OBLIGATED TO INDEMNIFY LENDER HEREUNDER ON ACCOUNT OF ANY INDEMNIFIED CLAIM ARISING FROM LENDER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

8.2 INDEMNITY BY BORROWER. BORROWER HEREBY INDEMNIFIES LENDER AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS FROM, AND HOLDS EACH OF THEM HARMLESS, WHETHER OR NOT AS THE RESULT OF THE NEGLIGENCE OF ANY PARTY SO INDEMNIFIED, AGAINST, ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, COSTS, AND EXPENSES TO WHICH ANY OF THEM MAY BECOME SUBJECT, ACTUALLY INCURRED INsofar AS SUCH LOSSES, LIABILITIES, CLAIMS, DAMAGES, COSTS, AND EXPENSES ARISE FROM OR RELATE TO ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY OR FROM ANY INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY THREATENED INVESTIGATION, LITIGATION, OR OTHER PROCEEDING RELATING TO ANY OF THE FOREGOING. WITHOUT INTENDING TO LIMIT THE REMEDIES AVAILABLE TO LENDER WITH RESPECT TO THE ENFORCEMENT OF ITS INDEMNIFICATION RIGHTS AS STATED HEREIN OR AS STATED IN ANY LOAN DOCUMENT, IN THE EVENT ANY CLAIM OR DEMAND IS MADE OR ANY OTHER FACT COMES TO THE ATTENTION OF LENDER IN CONNECTION WITH, RELATING OR PERTAINING TO, OR ARISING OUT OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, BORROWER SHALL, PROMPTLY UPON RECEIPT OF WRITTEN NOTIFICATION OF ANY SUCH CLAIM OR DEMAND, ASSUME IN FULL THE PERSONAL RESPONSIBILITY FOR AND THE DEFENSE OF ANY SUCH CLAIM OR DEMAND AND PAY IN CONNECTION THEREWITH ANY LOSS, DAMAGE, DEFICIENCY, LIABILITY OR OBLIGATION, INCLUDING, WITHOUT LIMITATION, REASONABLE OUTSIDE LEGAL FEES AND COURT COSTS INCURRED IN CONNECTION THEREWITH. IN THE EVENT OF COURT ACTION IN CONNECTION WITH ANY SUCH CLAIM OR DEMAND, BORROWER SHALL ASSUME IN FULL THE RESPONSIBILITY FOR THE DEFENSE OF ANY SUCH ACTION AND SHALL PROMPTLY SATISFY AND DISCHARGE ANY FINAL DECREE OR JUDGMENT RENDERED THEREIN. ADMINISTRATIVE AGENT MAY, IN ITS SOLE DISCRETION, MAKE ANY PAYMENTS

SUSTAINED OR INCURRED BY REASON OF ANY OF THE FOREGOING; AND BORROWER SHALL PROMPTLY REPAY TO ADMINISTRATIVE AGENT, IN CASH AND NOT WITH PROCEEDS OF THE LOAN, THE AMOUNT OF SUCH PAYMENT, WITH INTEREST THEREON AT THE MAXIMUM RATE OF INTEREST PERMITTED BY APPLICABLE LAW FROM THE DATE BORROWER RECEIVES WRITTEN NOTICE OF SUCH PAYMENT. ADMINISTRATIVE AGENT SHALL HAVE THE RIGHT TO JOIN BORROWER AS A PARTY DEFENDANT IN ANY LEGAL ACTION BROUGHT AGAINST LENDER, AND BORROWER HEREBY CONSENTS TO THE ENTRY OF AN ORDER MAKING BORROWER A PARTY DEFENDANT TO ANY SUCH ACTION. NOTWITHSTANDING THE FOREGOING, BORROWER SHALL NOT BE OBLIGATED TO INDEMNIFY LENDER HEREUNDER ON ACCOUNT OF ANY INDEMNIFIED CLAIM ARISING FROM LENDER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

8.3 No Agency. Nothing herein shall be construed as making or constituting Lender as the agent of Borrower in making payments pursuant to any construction contracts or subcontracts entered into by Borrower for construction of the Improvements or otherwise. The purpose of all requirements of Lender hereunder is solely to allow Administrative Agent to check and require documentation (including, but not limited to, lien waivers) sufficient to protect Lender and the Loan contemplated hereby. Borrower shall have no right to rely on any procedures required by Lender, Borrower hereby acknowledging that Borrower has sole responsibility for constructing the Improvements and paying for work done in accordance therewith and that Borrower has solely, on Borrower's own behalf, selected or approved each contractor, each subcontractor and each materialman, Lender having no responsibility for any such persons or entities or for the quality of their materials or workmanship.

ARTICLE IX

AGREEMENT TO LEND AND BORROWING PROCEDURES

9.1 Agreement to Lend. Subject to and upon the terms and conditions of this Agreement and the other Loan Documents, and relying on the representations and warranties made to Administrative Agent and Lenders in this Agreement and the other Loan Documents, each Lender severally agrees to lend to Borrower, their respective Pro Rata Share of the Loan Amount in an aggregate principal amount not to exceed the amount of the Commitment of such Lender indicated on Schedule I hereto; provided, however, the Aggregate Commitments shall not exceed the Loan Amount. The Loans shall be secured by a lien on the Mortgaged Property, and shall be for the acquisition of the Mortgaged Property. Borrower agrees to borrow and take down the Loans, subject to and upon the terms and conditions of this Agreement and the other Loan Documents. The aggregate Loans made by each Lender shall be evidenced by a Note executed by Borrower, substantially in the form of Exhibit B hereto, with appropriate insertions therein as to payee, date and principal amount, payable to the order of such Lender. The date, amount and type of each Advance and payment or prepayment of principal with respect thereto, each continuation thereof, each conversion of all or a portion thereof to another type and the length of any applicable interest period with respect thereto shall be recorded by each Lender on its books and records. The books and records of such Lender shall constitute prima facie evidence of the accuracy of the information so recorded in the absence of manifest error. The Note of each Lender shall be dated the Effective Date or, if a Lender's interest is hereafter assigned, the effective date of such assignment.

9.2 Borrowing Procedures.

(a) Provided all conditions to an Advance of Loan proceeds have been satisfied or waived or deemed satisfied, as determined by Administrative Agent, each Lender will make the amount of its Pro Rata Share of each borrowing available to Administrative Agent for the account of Borrower at the Dallas office of Administrative Agent specified in Section 11.5 hereof prior to 11:00 A.M., Dallas, Texas time on the date requested by Borrower in funds immediately available to Administrative Agent. Each borrowing will be made available to Borrower by Administrative Agent depositing the aggregate amounts made available to Administrative Agent by the Lenders into the Operating Account. The execution of this Agreement by Borrower constitutes an irrevocable authorization to Administrative Agent and the Lenders to Advance Loan proceeds as provided in this Section. No further authorization shall be necessary to warrant such direct Advances. All sums advanced by direct payment to third parties shall reduce the

Available Commitment, shall be evidenced by the Notes and shall be secured by the Loan Documents. Neither the Lenders nor Administrative Agent shall have any obligation to see to the disposition of any direct payments to any other Person.

(b) Unless Administrative Agent shall have been notified by any Lender prior to the date of any proposed borrowing that such Lender does not intend to make available to the Administrative Agent the Loan on such date, Administrative Agent may assume that such Lender has made the Loan available to the Administrative Agent on such date and Administrative Agent in its sole discretion may, but shall not be obligated to, make available to Borrower a corresponding amount on such date. If such corresponding amount is not in fact made available to Administrative Agent by such Lender by 1:00 P.M., Dallas, Texas time, on the Business Day of such proposed borrowing (it being understood that any such notice received after 1:00 P.M., Dallas, Texas time, on any Business Day shall be deemed to have been received the immediately following Business Day), such Lender agrees to pay and Borrower agrees to repay to Administrative Agent within two (2) Business Days of demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to Borrower until the date such amount is paid or repaid to Administrative Agent, at the interest rate applicable to such borrowing. If such Lender shall pay to Administrative Agent such amount, such amount so paid shall constitute such Lender's Loan, and if both such Lender and Borrower shall have paid and repaid, respectively, such corresponding amount, Administrative Agent shall promptly pay over to Borrower such corresponding amount in same day funds, but Borrower shall remain obligated for all interest thereon to the extent not already paid by Borrower pursuant to the preceding sentence. For avoidance of doubt, Borrower shall not be obligated to pay interest until such Advance is made, and nothing herein is intended to relieve any Lender of its obligation to make the Loans in accordance with the terms of the Loan Documents. Nothing in this Subsection 9.2(b) shall be deemed to relieve any Lender of its obligation hereunder to make its Loan on any date specified in any borrowing notice.

(c) If a Lender (a "Defaulting Lender") defaults in making any Advance or paying any other sum due and payable by it hereunder, such sum together with interest thereon at the interest rate applicable to such borrowing from the date such amount was due until repaid (such sum and interest thereon as aforesaid referred to, collectively, as the "Lender Default Obligation") shall be payable by the Defaulting Lender (i) to any Lender which elects, at its sole option (and with no obligation to do so), to fund the amount which the Defaulting Lender failed to fund or (ii) to Administrative Agent or any other Lender which under the terms of this Agreement is entitled to reimbursement from the Defaulting Lender for the amounts advanced or expended. Notwithstanding any provision hereof to the contrary, until such time as a Defaulting Lender has repaid the Lender Default Obligation in full, all amounts which would otherwise be distributed to the Defaulting Lender shall instead be applied first to repay the Lender Default Obligation (to be applied first to interest at the Federal Funds Rate and then to principal) until the Lender Default Obligation has been repaid in full (whether by such application or by cure by the Defaulting Lender), whereupon such Lender shall no longer be a Defaulting Lender. Any interest collected from Borrower on account of principal advanced by any Lender(s) on behalf of a Defaulting Lender shall be paid to the Lender(s) who made such Advance and shall be credited against the Defaulting Lender's obligation to pay interest on the amount advanced at the Federal Funds Rate. If no other Lender funds the amount which the Defaulting Lender was obligated to fund, then a portion of the Defaulting Lender's indebtedness hereunder equal to the Lender Default Obligation shall be subordinated to the Indebtedness of Borrower to the Lenders (other than the Defaulting Lender) and shall be repaid only after payment in full of all other Indebtedness hereunder. The provisions of this Section shall apply and be effective regardless of whether an Event of Default occurs and is then continuing, and notwithstanding (i) any other provision of this Agreement to the contrary or (ii) any instruction of Borrower as to its desired application of payments. Additionally, a Defaulting Lender's right to vote on matters which are subject to the consent or approval of the Required Lenders (other than the Defaulting Lender) shall be suspended until it ceases to be a Defaulting Lender, and during any such period in which a Defaulting Lender's voting rights have been suspended the Required Lenders shall be the requisite percentage of all other entities comprising the Lenders. Administrative Agent shall be entitled to (i) withhold or set off, and to apply to the payment of the Lender Default Obligation any amounts to be paid to such Defaulting Lender under this Agreement, and (ii) bring an action or suit against such Defaulting Lender in a court of competent jurisdiction to recover the Lender Default Obligation and, to the extent such recovery would not fully compensate Lender (other than

the Defaulting Lender) for the Defaulting Lender's breach of this Agreement, to collect damages. In addition, the Defaulting Lender shall indemnify, defend and hold Administrative Agent, Borrower and each of the other Lenders harmless from and against any and all claims, actions, liabilities, damages, costs and expenses (including reasonable attorneys' fees and expenses), plus interest thereon at the Default Rate, for funds advanced by Administrative Agent, Borrower or any other Lender on account of the Defaulting Lender or any other damages such entities may sustain by reason of the Defaulting Lender's failure or refusal to abide by its obligations under this Agreement. If a Lender becomes a Defaulting Lender, Borrower may find a replacement Lender and require the Defaulting Lender to assign its interests to such replacement in accordance with the terms of Section 11.7 of this Agreement, provided that there shall be deducted from the amount that would otherwise be paid to the Defaulting Lender an amount equal to the Lender Default Obligation and such other fees and expenses charged by such replacement lender. In addition, Defaulting Lender shall not be released of liability for any other claims due to the fact that a replacement lender has been obtained.

(d) Borrower hereby authorizes each Lender to make Advances directly to Administrative Agent for payment and reimbursement of all charges, costs and expenses incurred by Administrative Agent in connection with the Loans to the extent permitted by the Loan Documents and not previously paid by Borrower, including, but not limited to, (i) any points, loan fees, service charges, commitment fees or other fees due to Administrative Agent in connection with the Loans; (ii) all title examination, survey, escrow, filing, search, recording and registration fees and charges; (iii) all fees and disbursements of architects, engineers and consultants engaged by Borrower and/or Administrative Agent, including the fees and disbursements of the Design Professionals, the Inspecting Person and Administrative Agent's insurance consultant; (iv) all documentary stamp and other taxes and charges imposed by law on the issuance or recording of any of the Loan Documents; (v) all appraisal fees; (vi) all title, casualty, liability, payment, performance or other insurance or bond premiums and (vii) all reasonable fees and disbursements of outside legal counsel engaged by Administrative Agent in connection with the origination, negotiation, document preparation, consummation and administration of the Loans and all reasonable fees and disbursements of outside legal counsel engaged by the Administrative Agent in connection with the enforcement of this Agreement or any of the Loan Documents.

9.3 Pro Rata Treatment and Payments. Each borrowing by Borrower from the Lenders hereunder, and each payment by Borrower on account of any fees hereunder, shall be made pro rata according to the respective Pro Rata Shares of the Lenders. Each payment (including each prepayment but expressly excluding any payments related to any of (a) an Interest Rate Protection Agreement (Compass), (b) the Administrative Fee, (c) the Commitment Fee and (d) an Extension Fee) by Borrower on account of principal of and interest on the Loans shall be made pro rata according to the respective outstanding principal amounts of the Loans then held by the Lenders; provided that any payments related to (a) an Interest Rate Protection Agreement (Compass), (b) the Administrative Fee, (c) the Commitment Fee and (d) an Extension Fee) shall be solely for the account of Compass and none of the other Lenders or any successors or assignees of Compass or any other Lenders, shall have any right to receive any portion of any payments related to (a) an Interest Rate Protection Agreement (Compass), (b) the Administrative Fee, (c) the Commitment Fee or (d) an Extension Fee. All payments (including prepayments and any payments related to an Interest Rate Protection Agreement) to be made by Borrower hereunder and under the Notes, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 2:00 P.M., Dallas, Texas time, on the due date thereof. Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received; however, (i) to the extent that Administrative Agent does not distribute to the Lenders their respective Pro Rata Share of any payments due to the Lenders hereunder on the same Business Day as received by Administrative Agent, the amount due to the Lenders by Administrative Agent shall bear interest at the Federal Funds Rate until paid to the Lenders and (ii) any payment received by Administrative Agent from Borrower after 2:00 P.M. Dallas, Texas time shall be deemed to be received on the next Business Day. Borrower shall not be liable for any interest payable by Administrative Agent pursuant to the prior sentence.

9.4 Commitments Several. The failure of any Lender to make a requested Advance on any date shall not relieve any other Lender of its obligation (if any) to make an Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make any Advance to be made by such other Lender.

9.5 Taxes. All payments made by Borrower under this Agreement and any Note shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding Excluded Taxes. If any such levies, imposts, duties, charges, fees, deductions or withholdings are Indemnified Taxes, the amounts so payable to Administrative Agent or such Lender shall be increased to the extent necessary to yield to Administrative Agent or such Lender (after payment of all Indemnified Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement. Whenever any Indemnified Taxes are payable by Borrower, Borrower shall send to Administrative Agent as promptly as reasonably possible after receipt of written request from Administrative Agent, for Administrative Agent's own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by Borrower showing payment thereof. If Borrower fails to pay any Indemnified Taxes when due to the appropriate taxing authority (taking into account any extensions of time for filing made in compliance with applicable law) or fails to remit to Administrative Agent the required receipts or other required documentary evidence promptly after receipt of such written demand, Borrower shall indemnify Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by Administrative Agent or any Lender as a result of any such failures. The agreements in this subsection shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder. Notwithstanding anything to the contrary contained in this subsection, Borrower shall not be required to pay any additional amounts to any Lender pursuant to this Section to the extent such additional amounts result from such Lender's gross negligence or willful misconduct.

9.6 Forms. Any Lender that is entitled to an exemption from, or reduction of, withholding tax with respect to payments made under any Loan Document shall deliver to Borrower and Administrative Agent, at the time or times reasonably requested by Borrower or Administrative Agent, such properly completed and executed documentation reasonably requested by Borrower or Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender if reasonably requested by Borrower or Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrower or Administrative Agent as will enable Borrower to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Without limiting the generality of the foregoing, in the event that a Lender is a Foreign Lender, then such Foreign Lender shall:

(a) deliver to Borrower and Administrative Agent two (2) duly completed originals of United States Internal Revenue Service Forms W-8ECI and W-8BEN-E, as applicable, or successor applicable form, as the case may be;

(b) deliver to Borrower and Administrative Agent two (2) further originals of any such form or certification on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to Borrower or Administrative Agent; and

(c) obtain such extensions of time for filing and complete such forms or certifications as may reasonably be requested by Borrower or Administrative Agent; unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises Borrower and Administrative Agent. Such Lender shall certify that it is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes and is entitled to an exemption from United States backup withholding tax. Each party that shall become a transferee pursuant to Section 11.7 shall, upon the effectiveness of the related transfer, be required to provide all of the forms and statements required pursuant to this Section, provided that in the case of a participant such participant shall furnish all such required forms and statements to Lender from which the related participation shall have been purchased.

9.7 ERISA. No portion of any Loans shall be funded with plan assets of (i) any employee benefit plan subject to Title I of ERISA, (ii) any plan covered by Section 4975 of the internal revenue code, or (iii) any

government plan subject to state laws that are comparable to Title I of ERISA or Section 4975 of the internal revenue code.

ARTICLE X

ADMINISTRATIVE AGENT

10.1 Appointment and Authorization.

(a) Each Lender hereby irrevocably (subject to Section 10.9) appoints, designates and authorizes Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, Administrative Agent shall not have any duty or responsibility except those expressly set forth herein, nor shall Administrative Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "administrative agent" or "agent" herein and in other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects (REGARDLESS OF ANY NEGLIGENCE OR ALLEGED NEGLIGENCE OF ADMINISTRATIVE AGENT) in the absence of gross negligence or willful misconduct.

(c) Administrative Agent shall promptly deliver to Lenders (i) copies of financial statements of Borrower and Guarantor delivered to Administrative Agent under Section 5.20 of this Agreement and (ii) the occurrence of any monetary Events of Default under this Agreement and any notices of Events of Default received from Borrower.

10.2 Actions Requiring Consent and Approval.

(a) Subject to Subsection 10.2(g), Administrative Agent may amend or waive any of the provisions of this Agreement or any of the other Loan Documents, or consent to any departure by any party to the Loan Documents therefrom, which amendment, waiver or consent is intended to be within Administrative Agent's discretion or determination, or otherwise in Administrative Agent's reasonable determination shall not result in a material adverse change. Otherwise, subject to Subsection 10.2(g), no such amendment, waiver or consent shall be effective unless in writing, signed by the Required Lenders (or all of Lenders if required pursuant to subsection (b) below), and Borrower or the applicable party to the Loan Documents, as the case may be, and acknowledged by Administrative Agent and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Notwithstanding the foregoing, Administrative Agent shall not, without the prior approval or consent of the Required Lenders:

(1) Appoint a successor Administrative Agent, provided that no Lender shall unreasonably withhold, condition or delay its consent to the appointment of a successor Administrative Agent and further provided that nothing contained in this Section 10.2 shall limit the rights of Administrative Agent under Section 10.9 in the event a successor

Administrative Agent is not appointed within thirty (30) days of the retiring Administrative Agent giving notice of its resignation;
or

(2)Waive any non-monetary Event of Default on the part of Borrower or any Guarantor; or

(3)exercise any remedies in connection with an Event of Default, other than sending any demand notices and other notices which are a prerequisite to the complete or partial foreclosure of the Mortgaged Property; or

(4)Approve the bid amount made on behalf of Lenders at any complete or partial foreclosure of the Mortgaged Property.

(b) Administrative Agent shall not undertake any of the following actions without the prior approval or consent of each Lender:

(1) Forgive all or any portion of the principal amount of the Loans or any accrued interest thereon, or any other amendment of this Agreement or the other Loan Documents which would reduce the underlying interest rate or the rate at which fees are calculated or forgive any loan fee, or extend the time of payment of any principal, interest or fees;

(2) Amend the recourse provisions in any Guaranty;

(3) Modify the percentage specified in the definition of Required Lenders;

(4) Increase of the amount of the Loans or any Commitment;

(5)Amend this Subsection 10.2(b);

(6)Waive a monetary Event of Default under the Loan Documents;

(7)Consent to any additional indebtedness of Borrower secured by all or any portion of the Mortgaged Property, including without limitation, the approval of any subordinate financing secured by a lien on the Mortgaged Property or a pledge of any of the ownership interests of Borrower (whether directly or indirectly), except as may be provided for in the Loan Documents;

(8)Release Borrower or any Guarantor from any of their respective obligations under the Loan Documents, except as expressly contemplated by the Loan Documents;

(9)Release all or any portion of any collateral for the Loans except as contemplated under and in accordance with the terms and provisions of any other Loan Document; or

(10)Approve a Substitute Guarantor as provided in Section 5.22 hereof;

(c) No provision of this Article X or other provision of this Agreement affecting the Administrative Agent in its capacity as such shall be amended, modified or waived without the written consent of the Administrative Agent.

(d)In addition to the required consents or approvals referred to in Subsections 10.2 (a), (b) and (c) above, Administrative Agent may, but shall not be required to, at any time request instructions from the Required Lenders with respect to any actions or approvals which, by the terms of this Agreement or of any of the Loan Documents, Administrative Agent is permitted or required to take or to grant without

instructions from the Required Lenders, and if such instructions are promptly requested, Administrative Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever for refraining from taking any action or withholding any approval under any of the Loan Documents until it shall have received such instructions from the Required Lenders. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Administrative Agent as a result of Administrative Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of the Required Lenders (unless the consent of all of Lenders is required pursuant to this Agreement, in which case no Lender shall have any right of action whatsoever against Administrative Agent as a result of Administrative Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of all of Lenders). Administrative Agent shall promptly notify each Lender at any time that the Required Lenders have instructed Administrative Agent to act or refrain from acting pursuant hereto.

(e) If an Event of Default occurs hereunder or under any of the Loan Documents and is continuing, Administrative Agent may make the determination to accelerate the Loans and exercise or refrain from exercising remedies hereunder (and Administrative Agent shall do so at the written direction of the Required Lenders). Notwithstanding the foregoing, Administrative Agent may take any action it deems to be necessary from time to time to protect any collateral for the Loans.

(f) Each Lender authorizes and directs Administrative Agent to enter into the Loan Documents. Each Lender agrees that any action taken by Administrative Agent at the direction or with the consent of the Required Lenders in accordance with the provisions of this Agreement or any other Loan Document, and the exercise by Administrative Agent at the direction or with the consent of the Required Lenders of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of Lenders, except for actions specifically requiring the approval of all of Lenders. All communications from Administrative Agent to Lenders requesting a Lender's determination, consent, approval or disapproval (i) shall be given in the form of a written notice to each Lender, (ii) shall be accompanied by a description of the matter or item as to which such determination, approval, consent or disapproval is requested, or shall advise each Lender where such matter or item may be inspected, or shall otherwise describe the matter or issue to be resolved, (iii) shall include, if reasonably requested and to the extent not previously provided written materials and a summary of all oral information provided to Administrative Agent by Borrower in respect of the matter or issue to be resolved, and (iv) shall include Administrative Agent's recommended course of action or determination in respect thereof. Each Lender shall reply promptly, but in any event within five (5) Business Days after receipt of the request therefor from Administrative Agent (the "Lender Reply Period"). Unless written notice to Administrative Agent that a Lender objects to the recommendation or determination of Administrative Agent (together with a written explanation of the reasons behind such objection) within Lender Reply Period, such party shall be deemed to have approved of or consented to such recommendation or determination. With respect to decisions requiring the approval of the Required Lenders or all of Lenders, Administrative Agent shall submit its recommendation or determination for approval of or consent to such recommendation or determination to each Lender and upon receiving the required approval or consent shall, to the extent feasible, follow the course of action or determination recommended by Administrative Agent or such other course of action recommended by the Required Lenders, and each non-responding party shall be deemed to have concurred with such recommended course of action.

(g) Until such time as Borrower is otherwise instructed in writing by the Administrative Agent or the Required Lenders, Borrower may unconditionally, without further inquiry, rely on the direction, consent, waiver or approval of Administrative Agent as the direction, consent or approval of Lenders.

10.3 Liability of Administrative Agent. None of Administrative Agent nor any of its directors, officers, employees or agents shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby, REGARDLESS OF ANY NEGLIGENCE OR ALLEGED NEGLIGENCE OF ADMINISTRATIVE AGENT OR ANY SUCH DIRECTORS, OFFICERS, EMPLOYEES OR ADMINISTRATIVE AGENTS (except to the

extent resulting from its own gross negligence or willful misconduct in connection with the duties expressly set forth herein as determined by a final, non–appealable judgment by a court of competent jurisdiction), or (ii) be responsible in any manner to any of Lenders or any Participant for any recital, statement, representation or warranty made by Borrower, any Guarantor, or any member, partner, shareholder or officer of Borrower or any Guarantor, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document (or the creation, perfection or priority of any lien, mortgage or security interest therein), or for any failure of Borrower or any other party to any Loan Document to perform its obligations hereunder or thereunder. Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of Borrower or any Guarantor.

10.4 Reliance by Administrative Agent. Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper person or party, and upon advice and statements of legal counsel (including counsel to Borrower), independent accountants and other experts selected by the Administrative Agent. Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as is required pursuant to the terms of this Agreement and, if it so requests, confirmation from Lenders of their obligation to indemnify the Administrative Agent against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of Lenders. For purposes of determining compliance with the conditions specified in this Article X, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received written notice from such Lender prior to the Effective Date specifying its objection thereto.

10.5 Notice of Default. Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default except with respect to defaults in the payment of principal, interest and fees required to be paid to Administrative Agent for the account of Lenders, unless Administrative Agent shall have received written notice from a Lender or Borrower referring to this Agreement, describing such Event of Default and stating that such notice is a “notice of default”. Administrative Agent will notify Lenders of its receipt of any such notice. Administrative Agent shall take such action with respect to such Event of Default as may be requested by the Required Lenders in accordance with this Article X; provided that, unless and until Administrative Agent has received any such request, Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default as it shall deem advisable or in the best interest of Lenders.

10.6 Credit Decision. Each Lender acknowledges that Administrative Agent has not made any representation or warranty to it, and that no act by Administrative Agent hereafter taken, including any review of the affairs of Borrower and Guarantor, shall be deemed to constitute any representation or warranty by Administrative Agent to any Lender as to any matter, including whether the Administrative Agent has disclosed material information in its possession. Each Lender represents to Administrative Agent that it has, independently and without reliance upon Administrative Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower and Guarantors, and made its own decision to enter into this Agreement and to extend credit to Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon Administrative Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower. Except for notices, reports and other documents expressly herein required to be furnished to Lenders

by Administrative Agent, Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial or other condition or creditworthiness of Borrower or Guarantors which may come into the possession of the Administrative Agent.

10.7 Indemnification. Whether or not the transactions contemplated hereby are consummated, Lenders shall indemnify upon demand Administrative Agent and its directors, officers, employees and agents (to the extent not reimbursed by or on behalf of Borrower and without limiting the obligation of Borrower to do so), pro rata, from and against any and all actions, causes of action, suits, losses, liabilities, damages and expenses, including reasonable attorneys' fees and expenses, INCLUDING ANY CAUSES OF ACTION, SUITS, LOSSES, LIABILITIES, DAMAGES AND EXPENSES RESULTING FROM THE NEGLIGENCE OR ALLEGED NEGLIGENCE OF ADMINISTRATIVE AGENT (collectively, the "Indemnified Liabilities"); provided that no Lender shall be liable for any payment to Administrative Agent of any portion of the Indemnified Liabilities to the extent determined by a final, non-appealable judgment by a court of competent jurisdiction to have resulted from Administrative Agent's gross negligence or willful misconduct. No action taken in accordance with the direction of the Required Lenders shall constitute gross negligence or willful misconduct for purposes of this Agreement (unless the consent of all of Lenders is required pursuant to this Agreement, in which case no action taken in accordance with the direction of all of Lenders shall constitute gross negligence or willful misconduct for purposes of this Agreement). Without limitation of the foregoing, each Lender shall reimburse Administrative Agent upon written demand for its ratable share of any costs or out-of-pocket expenses incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of Borrower; provided, however, in the event that a final, non-appealable judgment is issued by a court of competent jurisdiction which determines that Administrative Agent was grossly negligent or committed willful misconduct, then Administrative Agent shall reimburse Lenders for any reasonable attorneys' fees and other payments made by Lenders to Administrative Agent under this Section 10.7 resulting from Administrative Agent's gross negligence or willful misconduct. The undertaking in this Section shall survive repayment of the Loans, cancellation of the Notes, any foreclosure under, or modification, release or discharge of, any or all of the Loan Documents, termination of this Agreement and the resignation or replacement of the Administrative Agent.

10.8 Administrative Agent in Individual Capacity. Compass and Compass' Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with Borrower and Guarantor as though Compass were not Administrative Agent hereunder and without notice to or consent of Lenders. Lenders acknowledge that, pursuant to such activities, Compass or its Affiliates may receive information regarding Borrower or Guarantor (including information that may be subject to confidentiality obligations in favor of Borrower or Guarantor) and acknowledge that Administrative Agent shall be under no obligation to provide such information to them. With respect to their Loans (if any), Compass and its Affiliates shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though Compass were not the Administrative Agent, and the terms "Lender" and "Lenders" include Compass and its Affiliates, to the extent applicable, in their individual capacities.

10.9 Successor Administrative Agent. Administrative Agent may resign as Administrative Agent upon thirty (30) days' notice to Lenders and Borrower. If Administrative Agent resigns under this Agreement, the Required Lenders shall, with (so long as no Event of Default exists) the consent of Borrower (which shall not be unreasonably withheld or delayed), appoint from among Lenders a successor agent for Lenders. If no successor agent is appointed prior to the effective date of the resignation of Administrative Agent, Administrative Agent may appoint, after consulting with Lenders (and subject to Borrower's approval, such approval not to be unreasonably withheld, conditioned or delayed), a successor agent from among Lenders. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor agent, and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article X shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent by the date which is thirty (30)

days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

10.10 Collateral Matters. Lenders irrevocably authorize Administrative Agent, at its option and in its discretion, to release any liens and security interests granted to or held by Administrative Agent under any Loan Document (i) upon termination of the Commitments and payment in full of all Loans and all other obligations of Borrower hereunder; (ii) constituting property sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder or (iii) if approved, authorized or ratified in writing by all of Lenders.

10.11 Foreclosure Plan. In the event that all or any portion of the Mortgaged Property is acquired by Administrative Agent as the result of a foreclosure or acceptance of a deed or assignment in lieu of foreclosure, or is retained in satisfaction of all or any part of the Obligations, title to any such Mortgaged Property or any portion thereof shall be held in the name of Administrative Agent or a nominee or subsidiary of Administrative Agent, as agent, for the benefit of Lenders. Administrative Agent shall prepare a recommended course of action for such Mortgaged Property (the "Post-Foreclosure Plan") and submit it to Lenders for approval by the Required Lenders. In the event that Administrative Agent does not obtain the approval of the Required Lenders to such Post-Foreclosure Plan, any Lender shall be permitted to submit an alternative Post-Foreclosure Plan to Administrative Agent, and Administrative Agent shall submit any and all such additional Post-Foreclosure Plan(s) to Lenders for evaluation and the approval by the Required Lenders. In accordance with the approved Post-Foreclosure Plan, Administrative Agent shall manage, operate, repair, administer, complete, construct, restore or otherwise deal with the Mortgaged Property acquired and administer all transactions relating thereto, including, without limitation, employing a management agent, leasing agent and other agents, contractors and employees, including agents for the sale of such Mortgaged Property, and the collecting of rents and other sums from such Mortgaged Property and paying the expenses of such Mortgaged Property. Upon demand therefore from time to time, each Lender will contribute its Pro Rata Share (based on their respective Commitments immediately prior to the termination thereof) of all reasonable costs and expenses incurred by Administrative Agent pursuant to the Post-Foreclosure Plan in connection with the construction, operation, management, maintenance, leasing and sale of the Mortgaged Property. In addition, Administrative Agent shall render or cause to be rendered by the managing agent, to each of Lenders, monthly, an income and expense statement for such Mortgaged Property, and each of Lenders shall promptly contribute its Pro Rata share (based on their respective Commitments immediately prior to the termination thereof) of any operating loss for the Mortgaged Property, and such other expenses and operating reserves as Administrative Agent shall deem reasonably necessary pursuant to and in accordance with the Post-Foreclosure Plan. To the extent there is net operating income from such Mortgaged Property, Administrative Agent shall, in accordance with the Post-Foreclosure Plan, determine the amount and timing of distributions to Lenders. All such distributions shall be made to Lenders in proportion to their respective Commitments immediately prior to the termination thereof. Lenders acknowledge that if title to any Mortgaged Property is obtained by Administrative Agent or its nominee, such Mortgaged Property will not be held as a permanent investment but will be liquidated as soon as practicable and within a time period consistent with the regulations applicable to national banks for owning real estate. Administrative Agent shall undertake to sell such Mortgaged Property at such price and upon such terms and conditions as the Required Lenders shall reasonably determine to be most advantageous. Any purchase money mortgage or deed of trust taken in connection with the disposition of such Mortgaged Property in accordance with the immediately preceding sentence shall name Administrative Agent, as agent for Lenders, as the beneficiary or mortgagee. In such case, Administrative Agent and Lenders shall enter into an agreement with respect to such purchase money mortgage defining the rights of Lenders in the same, which agreement shall be in all material respects similar to the rights of Lenders with respect to the Mortgaged Property.

10.12 Proof of Claims. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to Borrower or any Guarantor, the Administrative Agent (irrespective of whether the principal of any Loans shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, and all other obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due Lenders and the Administrative Agent) hereunder allowed in such judicial proceedings; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent hereunder. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Loans or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

ARTICLE XI

MISCELLANEOUS

11.1 Successors and Assigns. Subject to Subsections 11.7(a) and (b), this Agreement shall be binding upon, and shall inure to the benefit of, Borrower and Lender, and their respective heirs, legal representatives, successors and assigns; provided, however, that Borrower may not assign any rights or obligations under this Agreement without the prior written consent of Administrative Agent.

11.2 Headings. The Article, Section, and Subsection entitlements hereof are inserted for convenience of reference only and shall in no way alter, modify, define or be used in construing the text of such Articles, Sections or Subsections.

11.3 Survival. The provisions hereof shall survive the execution of all instruments herein mentioned, shall continue in full force and effect until the Loan has been paid in full and shall not be affected by any investigation made by any party.

11.4 APPLICABLE LAW. THE LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF TEXAS FROM TIME TO TIME IN EFFECT EXCEPT TO THE EXTENT PREEMPTED BY UNITED STATES FEDERAL LAW. ALL OF BORROWER'S OBLIGATIONS TO LENDER WERE NEGOTIATED, CREATED, EXECUTED AND DELIVERED IN TEXAS. THIS AGREEMENT, THE LIEN INSTRUMENT AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS (WITHOUT REGARD TO CHOICE OF LAW OR CONFLICT OF LAWS RULES) AND THE LAWS OF THE UNITED STATES APPLICABLE TO TRANSACTIONS IN THE STATE OF TEXAS, EXCEPT THAT THE LAWS OF THE STATE OF WHERE THE LAND IS LOCATED, INCLUDING LAWS GOVERNING FORECLOSURE, SHALL GOVERN THE LOCAL ISSUES. FOR PURPOSES HEREOF, THE TERM "LOCAL ISSUES" REFERS TO ANY PROVISION OF THIS AGREEMENT, THE LIEN INSTRUMENT AND THE OTHER LOAN DOCUMENTS WHICH PERTAINS TO (I) WHETHER A TRANSACTION TRANSFERS OR CREATES AN INTEREST IN REAL OR PERSONAL PROPERTY SITUATED IN THE STATE WHERE THE LAND IS LOCATED FOR SECURITY PURPOSES OR OTHERWISE, (II) THE NATURE OF AN INTEREST IN REAL OR PERSONAL PROPERTY SITUATED IN THE STATE WHERE THE LAND IS LOCATED THAT IS TRANSFERRED OR CREATED BY A TRANSACTION, (III) A METHOD FOR FORECLOSURE OF A LIEN OR SECURITY INTEREST IN REAL OR PERSONAL PROPERTY

SITUATED IN THE STATE WHERE THE LAND IS LOCATED, (IV) THE NATURE OF AN INTEREST IN REAL OR PERSONAL PROPERTY SITUATED IN THE STATE WHERE THE LAND IS LOCATED THAT RESULTS FROM A FORECLOSURE, (V) THE MANNER AND EFFECT OF RECORDING OR FAILING TO RECORD EVIDENCE OF A TRANSACTION THAT TRANSFERS OR CREATES AN INTEREST IN REAL OR PERSONAL PROPERTY SITUATED IN THE STATE WHERE THE LAND IS LOCATED, (VI) THE PRIORITY OF THE LIEN EVIDENCED BY THE LIEN INSTRUMENT AND OTHER LIENS THAT MAY BE CREATED ON THE MORTGAGED PROPERTY, OR (VII) ANY OTHER MATTERS CONTAINED IN THIS AGREEMENT, THE LIEN INSTRUMENT OR THE OTHER LOAN DOCUMENTS WHICH ARE PURPORTED TO BE GOVERNED BY THE UNIFORM COMMERCIAL CODE ADOPTED BY THE STATE WHERE THE LAND IS LOCATED OR NAMES EXPRESS REFERENCE TO LAWS, STATUTES OR THE LAWS OF THE STATE WHERE THE LAND IS LOCATED.

11.5 Notices. All notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly given if (i) mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested; (ii) by delivering same in person to the intended addressee; (iii) by delivery to an independent third party commercial delivery service for same day or next day delivery and providing for evidence of receipt at the office of the intended addressee, or (iv) by facsimile (provided an identical notice is also sent simultaneously by overnight courier or personal delivery as otherwise provided in this Section 11.5). Any notice required or given hereunder shall be deemed received the same Business Day if sent by hand delivery or facsimile, the next Business Day if sent by overnight courier, or three (3) Business Days after posting if sent by first class United States mail or certified mail, return receipt requested; provided that, any notice received after 5:00 P.M. local time at the location of delivery on any Business Day or received on any day that is not a Business Day shall be deemed to have been received on the following Business Day. For purposes of such notices, the addresses of the parties shall be as follows:

Administrative Agent: Compass Bank
8080 North Central Expressway, Suite 310
Dallas, Texas 75206
Attention: Institutional Real Estate Lending Department
Facsimile: (214) 706-8054

With a copy to: niles.holmes.pc
2609 Thomas Avenue
Dallas, TX 75204
Attention: Niles Holmes
Facsimile: (214) 853-5630

Borrower: BOPFigat7th LLC
c/o Brookfield Properties, Inc.
Brookfield Place
250 Vesey Street, 15th Floor
New York, New York 10281
Attention: Jason Kirschner
Facsimile: (646) 430-8556

With a copy to: BOPFigat7th LLC
c/o Brookfield Properties, Inc.
Brookfield Place
250 Vesey Street, 15th Floor
New York, New York 10281
Attention: General Counsel
Facsimile: (212) 417-7195

With a copy to:

Goodwin Proctor LLP
Exchange Place
53 State Street
Boston, Massachusetts 02109
Attention: Diane McCabe, Esq.
Facsimile: (617) 801-8623

provided, however, that either party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days' notice to the other party in the manner set forth herein.

11.6 Reliance by Lender. Lender is relying and is entitled to rely upon each and all of the provisions of this Agreement; and accordingly, if any provision or provisions of this Agreement should be held to be invalid or ineffective, then all other provisions hereof shall continue in full force and effect notwithstanding.

11.7 Assignment.

(a) Assignment. Any Lender may, with the prior written consent of Administrative Agent, and (so long as no Event of Default exists) of Borrower (which shall not be unreasonably withheld or delayed), at any time assign and delegate to one or more commercial banks or other financial institutions (any such entity to which such an assignment and delegation is to be made being herein called an "Assignee") all or any fraction of such Lender's Commitment (which assignment and delegation shall be of a constant, and not a varying, percentage of all the assigning Lender's Loans and Commitment) in a minimum aggregate amount equal to the lesser of (i) the amount of the assigning Lender's Pro Rata Share of the Commitment Amount and (ii) Two and One-Half Million and 00/100 Dollars (\$2,500,000.00); provided that, (x) such Assignee must be an Eligible Assignee, (y) any assignment by Administrative Agent shall not result in Administrative Agent holding a Lender's Commitment in an amount less than the lower of (1) \$2,500,000.00 or (2) the smallest amount of a Lender's Commitment held by any Lender a party to this Agreement and (z) Borrower and the Administrative Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned and delegated to an Assignee until the date when all of the following conditions shall have been met:

(1) five (5) Business Days (or such lesser period of time as Administrative Agent and the assigning Lender shall agree) shall have passed after written notice of such assignment and delegation, together with payment instructions, addresses and related information with respect to such Assignee, shall have been given to Borrower and Administrative Agent by such assigning Lender and the Assignee;

(2) the assigning Lender and the Assignee shall have executed and delivered to Borrower and the Administrative Agent an assignment agreement substantially in the form of Exhibit C (an "Assignment Agreement"), together with any documents required to be delivered thereunder, which Assignment Agreement shall have been accepted by Administrative Agent; and

(3) except in the case of an assignment by a Lender to one of its Affiliates, the assigning Lender or the Assignee shall have paid Administrative Agent a processing fee of Three Thousand Five Hundred and 00/100 Dollars (\$3,500.00). From and after the date on which the conditions described above have been met, (A) such Assignee shall be deemed automatically to have become a party hereto and, to the extent that rights and obligations hereunder have been assigned and delegated to such Assignee pursuant to such Assignment Agreement, shall have the rights and obligations of a Lender hereunder, and (B) the assigning Lender, to the extent that rights and obligations hereunder have been assigned and delegated by it pursuant to such Assignment Agreement, shall be released from its obligations hereunder arising from and after the effective date of such assignment. Within five (5) Business Days after effectiveness of any assignment and delegation and delivery by Administrative Agent to Borrower such Note or Notes for execution, so long as Borrower has received a

copy of the predecessor Note marked "exchanged" with an original to promptly follow thereafter, Borrower shall execute and deliver to Administrative Agent (for delivery to the Assignee and the Assignor, as applicable) a new Note in the principal amount of the Assignee's Pro Rata Share of the Commitment Amount and, if the assigning Lender has retained a Commitment hereunder, a replacement Note in the principal amount of the Pro Rata Share of the Commitment Amount retained by the assigning Lender (such Note to be in exchange for, but not in payment of, the predecessor Note held by such assigning Lender). Each such Note shall be dated the effective date of such assignment. The assigning Lender shall promptly mark the predecessor Note "exchanged" and deliver it to Borrower. Accrued interest on that part of the predecessor Note being assigned shall be paid as provided in the Assignment Agreement. Accrued interest and fees on that part of the predecessor Note not being assigned shall be paid to the assigning Lender. Accrued interest and accrued fees shall be paid at the same time or times provided in the predecessor Note and in this Agreement. Administrative Agent, acting for this purpose as an agent of Borrower, shall maintain at one of its offices a copy of each assignment delivered to it and a register for the recordation of the names and addresses of Lenders, and the Commitment of, and principal amount (and stated interest) of the Loan owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Borrower, the Administrative Agent and Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower and any Lender at any time and from time to time upon reasonable prior notice. The obligations of Borrower under the Loan Documents are registered obligations and the right, title and interest of Lender and its Assignees in and to such obligations shall be transferable only upon notation of such transfer in the Register. This Subsection 11.7(a) shall be construed so that such obligations are at all times maintained in "registered from" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Internal Revenue Code and any related regulations (and any other relevant or successor provisions of the Internal Revenue Code or such regulations). Any attempted assignment and delegation not made in accordance with this Subsection 11.7(a) shall be null and void.

(b)Participations. Any Lender may at any time sell to one or more commercial banks or other financial institutions participating interests in any Loans owing to such Lender, the Note held by such Lender, the Commitment of such Lender, or any other interest of such Lender hereunder (any Person purchasing any such participating interest being herein called a "Participant"). In the event of a sale by a Lender of a participating interest to a Participant, (i) such Lender shall remain the holder of its Note for all purposes of this Agreement, (ii) Borrower and Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations hereunder, and (iii) all amounts payable by Borrower shall be determined as if such Lender had not sold such participation and shall be paid directly to such Lender. No Participant shall have any direct or indirect voting rights hereunder and participants shall not have the right to further participate their interests. Each Lender agrees to incorporate the requirements of the preceding sentence into each participation agreement which such Lender enters into with any Participant. Borrower agrees that if amounts outstanding under this Agreement and the Notes are due and payable (as a result of acceleration or otherwise), each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement, any Note; provided that such right of setoff shall be subject to the obligation of each Participant to share with the Lenders, and the Lenders agree to share with each Participant, as provided herein. Notwithstanding any provision contained herein to the contrary, except for those costs or expenses incurred as a result of an Event of Default, Borrower shall not otherwise be required to pay any costs or expenses incurred by or in connection with any Participant. Each Lender that sells a participation shall, acting solely for this purpose as an agent of Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans, Commitments or other obligations under any Loan Document from time to time (the "Participant Register"). The obligations of Borrower under the Loan Documents are registered obligations within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Internal Revenue Code and any related regulations and any other relevant or successor provisions of the Internal Revenue Code or such regulations (and shall be construed as such) and the right, title and interest of each Participant in and to such obligations shall be transferable only upon notation of such transfer in the Participant Register. No Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, or its

other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, or other obligation is in registered form under Sections 163(f), 871(h)(2) and 881(c)(2) of the Internal Revenue Code. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(c)Pledge. Notwithstanding any other provision in this Agreement, any Lender may at any time pledge or grant a security interest in all or any portion of its rights under this Agreement, its Note and the other Loan Documents to any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR Section 203.14 without notice to or consent of Borrower. No such pledge or grant of a security interest shall release such Lender of its obligations hereunder or under any other Loan Document or alter any of the rights or obligations of the parties hereto.

(d)Costs and Expenses. Except for those costs or expenses incurred by Administrative Agent, solely in its capacity as Administrative Agent, Borrower shall not be liable or responsible for any costs and expenses associated with, or arising out of, any assignment or participation by a Lender hereunder, including, without limitation, any title insurance–related costs, transfer or other taxes, recording or escrow fees or legal fees.

11.8 Controlling Agreement. It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply with applicable Texas law or applicable United States federal law (to the extent that it permits Lender to contract for, charge, take, reserve, or receive a greater amount of interest than under Texas law) and that this section shall control every other covenant and agreement in this Agreement. If the applicable law is ever judicially interpreted so as to render usurious any amount called for under the Note or under any of the other Loan Documents, or contracted for, charged, taken, reserved, or received with respect to the Indebtedness, or if Lender’s exercise of the option to accelerate the maturity of the Note, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable law, then it is Borrower’s and Lender’s express intent that all excess amounts theretofore collected by Lender shall be credited on the principal balance of the Note and all other Indebtedness (or, if the Note and all other Indebtedness have been or would thereby be paid in full, refunded to Borrower), and the provisions of the Note and the other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the Indebtedness shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Indebtedness until payment in full so that the rate or amount of interest on account of the Indebtedness does not exceed the Maximum Lawful Rate from time to time in effect and applicable to the Indebtedness for so long as the Indebtedness is outstanding. In no event shall the provisions of Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving tri–party accounts) apply to the loan evidenced and/or secured by the Loan Documents. Borrower hereby agrees that as a condition precedent to any claim seeking usury penalties against Lender, Borrower will provide written notice to Lender, advising Lender in reasonable detail of the nature and amount of the violation, and Lender shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to Borrower or crediting such excess interest against this Note and/or any other indebtedness then owing by Borrower to Lender. Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, it is not the intention of Lender to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

11.9 Controlling Document. In the event of a conflict between the terms and conditions of this Agreement and the terms and conditions of any other Loan Document, the terms and conditions of this Agreement shall control.

11.10 Construction of Agreement. All pronouns, whether in masculine, feminine or neuter form, shall be deemed to refer to the object of such pronoun whether same is masculine, feminine or neuter in gender, as the context may suggest or require. All terms used herein, whether or not defined in Section 1.1 hereof, and whether

used in singular or plural form, shall be deemed to refer to the object of such term, whether such is singular or plural in nature, as the context may suggest or require.

11.11 Counterpart Execution. To facilitate execution, this instrument may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this instrument to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

11.12 WAIVER OF RIGHT TO TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND LENDER, BY ITS ACCEPTANCE HEREOF, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT OF ANY OF THE LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT OF OR BY LENDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS.

11.13 NOTICE OF INDEMNIFICATION. BORROWER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT CONTAINS CERTAIN INDEMNIFICATION PROVISIONS PURSUANT TO SECTIONS 5.8, 6.1, 8.1, 8.2, 10.1, 10.3 AND 10.7 HEREOF.

11.14 ENTIRE AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. THIS INSTRUMENT MAY BE AMENDED ONLY BY AN INSTRUMENT IN WRITING EXECUTED BY THE PARTIES HERETO.

11.15 Exculpation. In no event shall Guarantor or any Interest Holder have any personal or other liability under this Agreement or any of the other Loan Documents, except as expressly provided for in the Guaranty and/or the Environmental Liabilities Agreement.

List of Attachments:

- Schedule 1 – Pro Rata Shares of Lenders
 - Exhibit A – Land Description
 - Exhibit A-1 – Land Description (Parking)
 - Exhibit B – Form of Note
 - Exhibit C – Form of Assignment and Acceptance
 - Exhibit D – Interest Rate Option Selection
 - Exhibit E – Form of Financial Statement Certificate
 - Exhibit F – Form of Operating Certificate
 - Exhibit G – Form of DCR Compliance Certificate
 - Exhibit H – Form of Financial Covenants Compliance Certificate
- [Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year first above written.
BORROWER:

BOP FIGAT7TH LLC,
a Delaware limited liability company

By: /s/ JASON KIRSCHNER
Name: Jason Kirschner
Title: Vice President, Finance

LOAN AGREEMENT – SIGNATURE PAGE

ADMINISTRATIVE AGENT:

COMPASS BANK,
an Alabama banking corporation, as Administrative
Agent for and on behalf of Compass Bank and the other
Lenders party hereto and any successors or assigns of
said parties

By: /s/ DON BYERLY
Name: Don Byerly
Title: Senior Vice President

Agent's Address:

Compass Bank
8080 N. Central Expressway, Suite 310
Dallas, Texas 75206
Attention: Institutional Real Estate Lending
Department, Don Byerly
Telephone: (214) 706-8094
Facsimile: (214) 706-8054
Email: don.byerly@bbva.com

LENDER:
COMPASS BANK,
an Alabama banking corporation

By: /s/ DON BYERLY
Name: Don Byerly
Title: Senior Vice President
Lender's Address:
Compass Bank
8080 N. Central Expressway, Suite 310
Dallas, Texas 75206
Attention: Institutional Real Estate Lending
Department, Don Byerly
Telephone: (214) 706-8094
Facsimile: (214) 706-8054
Email: don.byerly@bbva.com

SCHEDULE 1

Pro Rata Shares of Lenders

| Lender | Pro Rata Shares | Commitment Amount |
|-------------|-----------------|-------------------|
| Compass | 100% | \$35,000,000 |
| All Lenders | 100% | \$35,000,000 |

EXHIBIT A
Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOT 3 OF TRACT NO. 71804, IN THE CITY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 1379 PAGES 42 TO 48, INCLUSIVE OF MAPS, THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM SAID LAND ALL MINERALS, GAS, OIL, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER THAT PORTION OF SAID LAND, INCLUDED WITHIN THAT PORTION OF THE JACKINS TRACT IN BOOK 2, PAGE 71 OF MAPS, DESCRIBED AS FOLLOWS:

LOT 16 AND THE EASTERLY 10 FEET OF LOT 17 TOGETHER WITH THAT PORTION OF SAID LAND WHICH WOULD PASS BY OPERATIONS OF LAW WITH THE CONVEYANCE OF SAID LOT 16 AND THE EASTERLY 10 FEET OF LOT 17 TOGETHER WITH ALL NECESSARY AND CONVENIENT RIGHTS TO EXPLORE FOR, DEVELOP, PRODUCE, EXTRACT AND TAKE THE SAME INCLUDING THE EXCLUSIVE RIGHT TO DIRECTIONALLY DRILL INTO AND THROUGH SAID LAND FROM OTHER LANDS AND INTO THE SUBSURFACE OR OTHER LANDS, SUBJECT TO THE EXPRESS LIMITATIONS THAT ANY AND ALL OPERATIONS FOR THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION AND TAKING OF ANY OF SAID SUBSTANCES SHALL BE CARRIED ON AT LEVELS BELOW THE DEPTH OF 500 FEET FROM THE SURFACE OF THE ABOVE DESCRIBED PROPERTY BY MEANS OF MINES, WELLS, DERRICKS, AND/OR OTHER EQUIPMENT FROM THE SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND LYING OUTSIDE OF THE ABOVE DESCRIBED PROPERTY AND SUBJECT FURTHER TO THE EXPRESS LIMITATIONS THAT THE FOREGOING RESERVATIONS SHALL IN NO WAY BE INTERPRETED TO INCLUDE ANY RIGHTS OF ENTRY IN AND UPON THE SURFACE OF THE ABOVE DESCRIBED STRIP OF LAND, AS RESERVED BY MARY E. MC KENNEY, A MARRIED WOMAN ALSO KNOWN AS MARY ELIZABETH MC KENNEY, IN DEED RECORDED SEPTEMBER 24, 1968 AS INSTRUMENT NO. 560.

EXCEPT FROM SAID LOT, ALL OIL, GAS, AND MINERAL SUBSTANCES, TOGETHER WITH THE RIGHT TO EXPLORE FOR AND EXTRACT SUCH SUBSTANCES, PROVIDED THAT THE SURFACE OPENING OF ANY WELL, HOLE, SHAFT OR OTHER MEANS OF EXPLORING FOR, REACHING OR EXTRACTING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN THE CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT AREA AS RECORDED IN BOOK M5077, PAGE 558 OF LOS ANGELES COUNTY RECORDS, STATE OF CALIFORNIA, AND SHALL NOT PENETRATE ANY PART OR PORTION OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF, AS RESERVED IN DEED RECORDED JUNE 7, 1982 AS INSTRUMENT NO. 82-576233.

PARCEL 1A:

AN UNDIVIDED 14.75 PERCENT INTEREST IN AND TO LOT 4 OF AMENDED TRACT 32622, IN THE CITY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 1098 PAGE 83 TO 86 INCLUSIVE OF MAPS THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM SAID LOT 4, ALL OIL, GAS, AND MINERAL SUBSTANCES, TOGETHER WITH THE RIGHT TO EXPLORE FOR AND EXTRACT SUCH SUBSTANCES, PROVIDED THAT THE SURFACE OPENING OF ANY WELL, HOLE, SHAFTS OR OTHER MEANS OF EXPLORING FOR, REACHING OR EXTRACTING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN THE CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT AREA AS RECORDED IN BOOK M5077, PAGE 558 OF OFFICIAL RECORDS COUNTY RECORDER, STATE OF CALIFORNIA, AND SHALL NOT PENETRATE ANY PART

OR PORTION OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF, AS RESERVED IN DEED RECORDED JUNE 7, 1982 AS INSTRUMENT NO. 82-576233.

PARCEL 2:

EASEMENTS FOR PARKING, INGRESS AND EGRESS FOR PEDESTRIANS AND AUTOMOBILES, UTILITIES, SUPPORT, CONSTRUCTION, LOADING DOCKS AND OTHER MATTERS UPON THE TERMS AND CONDITIONS CONTAINED IN AND AS PROVIDED IN THAT CERTAIN AMENDED AND RESTATED OWNERS' OPERATING AND RECIPROCAL EASEMENT AGREEMENT BY AND AMONG SEVENTH STREET PLAZA ASSOCIATES, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, AND PPLA PLAZA LIMITED PARTNERSHIP, DATED JUNE 20, 1986 AND RECORDED JUNE 04, 1987 AS INSTRUMENT NO. 87-885291, OFFICIAL RECORDS, SAID AGREEMENT BEING AMENDED BY AMENDMENT NO. 1 TO AMENDED AND RESTATED OWNERS' OPERATING AND RECIPROCAL EASEMENT AGREEMENT, DATED DECEMBER 5, 1990, BY AND BETWEEN PPLA PLAZA LIMITED PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP AND SOUTH FIGUEROA PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, SUCCESSOR IN INTEREST TO SEVENTH STREET PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, FORMERLY KNOWN AS OXFORD-PRUDENTIAL JOINT VENTURE, RECORDED DECEMBER 21, 1990 AS INSTRUMENT NO. 90-2108281, AND RE-RECORDED APRIL 30, 1991 AS INSTRUMENT NO. 91-619078, BOTH OF OFFICIAL RECORDS, AND BY AMENDMENT NO. 2 TO AMENDED AND RESTATED OWNERS' OPERATING AND RECIPROCAL EASEMENT AGREEMENT, DATED JANUARY 1, 1993, BY AND AMONG PPLA PLAZA LIMITED PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP, SOUTH FIGUEROA PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, SUCCESSOR IN INTEREST TO SEVENTH STREET PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, FORMERLY KNOWN AS OXFORD-PRUDENTIAL JOINT VENTURE, AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, RECORDED JANUARY 30, 1995 AS INSTRUMENT NO. 95-150496, OFFICIAL RECORDS.

PARCEL 3:

EASEMENTS FOR PEDESTRIAN INGRESS AND EGRESS, ENCROACHMENTS, CONSTRUCTION, UTILITIES AND SUPPORT, LOADING DOCKS, PARKING TURNAROUND, ACCESS, MAINTENANCE, REPAIR, RESTORATION AND REPLACEMENT, AND CONDENSED WATER AND OTHER MATTERS UPON THE TERMS AND CONDITIONS CONTAINED IN AND AS PROVIDED IN THAT CERTAIN RECIPROCAL EASEMENT AND COST SHARING AGREEMENT BY AND AMONG EYP REALTY, LLC, A DELAWARE LIMITED LIABILITY COMPANY, BOP FIGAT7TH LLC, A DELAWARE LIMITED LIABILITY COMPANY AND BOP FIGAT7TH PARKING LLC, A DELAWARE LIMITED LIABILITY COMPANY, DATED SEPTEMBER __, 2014, AND RECORDED ON SEPTEMBER __, 2014 AS INSTRUMENT NO. 2014-_____ OF OFFICIAL RECORDS.

PARCEL 4:

EASEMENTS AS CREATED BY THAT CERTAIN DOCUMENT ENTITLED "AMENDED AND RESTATED LOT 4 CO-OWNERSHIP AGREEMENT", DATED SEPTEMBER __, 2014 EXECUTED BY EYP REALTY, LLC, A DELAWARE LIMITED LIABILITY COMPANY, BOP FIGAT7TH LLC, A DELAWARE LIMITED LIABILITY COMPANY AND BOP FIGAT7TH PARKING LLC, A DELAWARE LIMITED LIABILITY COMPANY, SUBJECT TO ALL THE TERMS, PROVISION(S) AND CONDITIONS THEREIN CONTAINED, RECORDED SEPTEMBER __, 2014 AS INSTRUMENT NO. 2014-_____ OF OFFICIAL RECORDS.

PARCEL 5:

WATER SUPPLY EASEMENTS AS CREATED BY THAT CERTAIN GRANT DEED DATED SEPTEMBER __, 2014 EXECUTED BY EYP REALTY, LLC, A DELAWARE LIMITED LIABILITY COMPANY IN FAVOR OF BOP FIGAT7TH LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, SUBJECT TO ALL THE TERMS, PROVISION(S) AND CONDITIONS THEREIN CONTAINED, RECORDED SEPTEMBER __, 2014 AS INSTRUMENT NO. 2014-_____ OF OFFICIAL RECORDS.

EXHIBIT A-1

Legal Description (Parking)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOTS 5 AND 6 OF AMENDED TRACT 32622, IN THE CITY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 1098 PAGES 83 TO 86 INCLUSIVE OF MAPS THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EASEMENTS FOR PARKING, INGRESS AND EGRESS FOR PEDESTRIANS AND AUTOMOBILES, UTILITIES, SUPPORT, CONSTRUCTION, LOADING DOCKS AND OTHER MATTERS UPON THE TERMS AND CONDITIONS CONTAINED IN AND AS PROVIDED IN THAT CERTAIN AMENDED AND RESTATED OWNERS' OPERATING AND RECIPROCAL EASEMENT AGREEMENT BY AND AMONG SEVENTH STREET PLAZA ASSOCIATES, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, AND PPLA PLAZA LIMITED PARTNERSHIP, DATED JUNE 20, 1986 AND RECORDED JUNE 04, 1987 AS INSTRUMENT NO. 87-885291, OFFICIAL RECORDS, SAID AGREEMENT BEING AMENDED BY AMENDMENT NO. 1 TO AMENDED AND RESTATED OWNERS' OPERATING AND RECIPROCAL EASEMENT AGREEMENT, DATED DECEMBER 5, 1990, BY AND BETWEEN PPLA PLAZA LIMITED PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP AND SOUTH FIGUEROA PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, SUCCESSOR IN INTEREST TO SEVENTH STREET PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, FORMERLY KNOWN AS OXFORD-PRUDENTIAL JOINT VENTURE, RECORDED DECEMBER 21, 1990 AS INSTRUMENT NO. 90-2108281, AND RE-RECORDED APRIL 30, 1991 AS INSTRUMENT NO. 91-619078, BOTH OF OFFICIAL RECORDS, AND BY AMENDMENT NO. 2 TO AMENDED AND RESTATED OWNERS' OPERATING AND RECIPROCAL EASEMENT AGREEMENT, DATED JANUARY 1, 1993, BY AND AMONG PPLA PLAZA LIMITED PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP, SOUTH FIGUEROA PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, SUCCESSOR IN INTEREST TO SEVENTH STREET PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, FORMERLY KNOWN AS OXFORD-PRUDENTIAL JOINT VENTURE, AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, RECORDED JANUARY 30, 1995 AS INSTRUMENT NO. 95-150496, OFFICIAL RECORDS.

EXHIBIT B
Form of Promissory Note
[The form of Promissory Note immediately follows this cover page.]

EXHIBIT B – COVER PAGE

EXHIBIT C
Form of Assignment and Acceptance
[The form of Assignment and Acceptance immediately follows this cover page.]

EXHIBIT C – COVER PAGE

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Loan Agreement dated as of September 10, 2014 (as the same may be amended, modified or supplemented from time to time in accordance with its terms, the "Loan Agreement") among (i) BOP FIGAT7TH LLC, a Delaware limited liability company ("Borrower"), (ii) the several banks and financial institutions from time to time parties to the Agreement (collectively, "Lenders") and (iii) Compass Bank, as Administrative Agent for the Lenders (in such capacity "Administrative Agent"). Terms defined in the Loan Agreement are used herein with the same meaning. This Assignment and Acceptance, between the Assignor (as identified on Schedule 1 hereto) and the Assignee (as identified on Schedule 1 hereto) is dated as of the Effective Date (as specified on Schedule 1 hereto, the "Effective Date").

The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor, without recourse to the Assignor, as of the Effective Date, the interest (the "Assigned Interest") in and to the Assignor's rights and obligations under the Loan Agreement with respect to the Loans under the Loan Agreement (the "Assigned Interest"), in a principal amount and percentage of the credit facility as set forth in Schedule 1.

The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, other than that it has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrower or the performance or observance by Borrower of any of its obligations under the Loan Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto or thereto; and (c) attaches the Note held by it evidencing the Assigned Interest and requests that Administrative Agent exchange such Note for a new Note payable to the Assignor (if the Assignor has retained any interest in the Assigned Interest) and a new Note payable to the Assignee in the respective amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date).

The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received a copy of the Loan Documents, together with copies of the financial statements delivered pursuant thereto and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, Administrative Agent or any other person which has become a Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Agreement; (d) appoints and authorizes Administrative Agent to take such action as administrative agent on its behalf and to exercise such powers under the Loan Agreement as are delegated to Administrative Agent by the terms thereof, together with such powers as are incidental thereto; (e) agrees that it will be bound by the provisions of the Loan Agreement and will perform in accordance with its terms all the obligations which by the terms of the Loan Agreement are required to be performed by it as a Lender including its obligation pursuant to Section 9.6 of the Loan Agreement to deliver the forms and other documentation as provided in Section 9.6 and otherwise comply with Section 9.6 and (f) shall comply with Register and Participant Register provisions as provided in Subsections 11.7(a) and (b), respectively. Assignee certifies that the representations, warranties and certifications in Subsection 9.6(c) and Section 9.7 of the Loan Agreement are true and correct and will continue to be true and correct after such assignment is effective. Assignee acknowledges that Borrower is permitted to exclusively rely on any direction, waiver, consent or approval of Administrative Agent as provided in Subsection 10.2(g) of the Loan Agreement.

This Agreement is conditioned upon the acceptance of Administrative Agent pursuant to the Loan Agreement. The execution of this Agreement by Administrative Agent is evidence of this consent. Following the execution of this Assignment and Acceptance, it will be delivered to Administrative Agent for acceptance by it and recording by Administrative Agent pursuant to Section 11.7 of the Loan Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by Administrative Agent, be earlier than five Business Days after the date of acceptance and recording by Administrative Agent of the executed Assignment and Acceptance).

Upon such acceptance and recording, from and after the Effective Date, Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to the Effective Date or accrue subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by Administrative Agent for period prior to the Effective Date or with respect to the making of this Assignment directly between themselves.

From and after the Effective Date (a) the Assignee shall be a party to the Loan Agreement and, with respect to the Assigned Interest, have the rights and obligations of a Lender thereunder and under the other Loan Documents and shall be bound by the provisions thereof, and (b) the Assignor shall, with respect to the Assigned Interest, relinquish its rights and be released from its obligations under the Loan Agreement.

This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed on Schedule 1 hereto by their respective duly authorized officers.

ASSIGNOR:

By:
Name:
Title:

ASSIGNEE:

By:
Name:
Title:

ACCEPTED BY ADMINISTRATIVE AGENT:

COMPASS BANK, as Administrative Agent

By:
Name:
Title:

SCHEDULE 1
TO
ASSIGNMENT AND ACCEPTANCE

NAME OF ASSIGNOR:

NAME OF ASSIGNEE:

EFFECTIVE DATE OF ASSIGNMENT:

PRINCIPAL AMOUNT ASSIGNED
(ASSIGNEE'S COMMITMENT):

\$ _____

ASSIGNEE'S PRO RATA SHARE
IN LOAN

_____ %

SCHEDULE 1 – PAGE SOLO

EXHIBIT D
Interest Rate Option Selection
[The form of Interest Rate Option Selection immediately follows this cover page.]

EXHIBIT D – COVER PAGE

INTEREST RATE OPTION SELECTION

BORROWER: BOP FIGAT7TH LLC

OBLIGOR NO: _____

PRIME OBLIG #: _____

LIBOR OBLIG #: _____

AMOUNT AVAILABLE FOR PRICING: _____

Indicative Interest Rate As Of: _____

Effective Date: _____

| OPTION RATE PERIOD(S) | Base Rate (%) | Spread (%) | 0.00% | Amount | Expiration Date |
|-----------------------|---------------|------------|----------|--------|-----------------|
| Prime | _____ | _____ | _____ | _____ | * |
| One (1) Month LIBOR | _____ | _____ | 0.00000% | 0 | * |
| Two (2) Month LIBOR | _____ | _____ | 0.00000% | 0 | * |
| Three (3) Month LIBOR | _____ | _____ | 0.00000% | 0 | * |

*Borrower must contact the Bank two (2) Banking Days before the Expiration Date to request your next Interest Rate Option Selection(s).

EXECUTED effective as of _____, 20__.

BORROWER:

BOP FIGAT7TH LLC,
a Delaware limited liability company

By:
Name:
Title:

INTEREST RATE OPTION SELECTION – SIGNATURE PAGE

EXHIBIT E
Financial Statement Certificate
[The form of Financial Statement Certificate immediately follows this cover page.]

EXHIBIT E – COVER PAGE

FINANCIAL STATEMENT CERTIFICATE

Compass Bank
8080 North Central Expressway
Suite 310
Dallas, Texas 75265-0561

Attn: Institutional Real Estate Lending Department

Re: Loan Agreement ("Loan Agreement") dated as of September 10, 2014 by and between from BOP FIGAT7TH LLC, a Delaware limited liability company ("Borrower"), and COMPASS BANK, an Alabama banking corporation, as lender, and as Administrative Agent for those other Lenders as such terms are defined in the Loan Agreement (together with their successors and assigns, collectively, "Lender")

Gentlemen:

Pursuant to the Loan Agreement, Borrower certifies and warrants to Lender that as of [March 31], [June 30], [September 30], [December 31]:

To the best of its knowledge, the financial statements of Borrower attached hereto as Schedule I are in accordance with the requirements of the Loan Agreement in all material respects.

Capitalized terms used and not otherwise defined herein have the meanings given them in the Loan Agreement.

In preparing this Financial Statement Certificate, Borrower has conducted, or caused to be conducted under the supervision of authorized signatory hereto, such investigations as in such signatory's opinion are necessary and satisfactory in scope and substance to determine the facts set forth herein and upon which Lender is justified in relying. The individual executing this Financial Statement Certificate on behalf of Borrower shall have no personal liability under or arising related to this Financial Statement Certificate.

WITNESS the due execution of this Financial Statement Certificate by the undersigned on _____, 20__.
BORROWER:

BOP FIGAT7TH LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT F
Operating Certificate
[The form of Operating Certificate immediately follows this cover page.]

EXHIBIT F – COVER PAGE

OPERATING CERTIFICATE

Compass Bank
8080 North Central Expressway
Suite 310
Dallas, Texas 75265-0561

Attn: Institutional Real Estate Lending Department

Re: Loan Agreement (the "Loan Agreement") dated as of September 10, 2014 by and between BOP FIGAT7TH LLC, a Delaware limited liability company ("Borrower"), and COMPASS BANK, an Alabama banking corporation, as lender, and as Administrative Agent for those other Lenders as such terms are defined in the Loan Agreement (together with their successors and assigns, collectively, "Lender")

Gentlemen:

Pursuant to the Loan Agreement, Borrower certifies and warrants to Lender that, to the best of its knowledge and belief, the operating statements and rent roll for the Mortgaged Property attached hereto as Schedule I are true and correct in all material respects as of the respective dates thereof.

Capitalized terms used and not otherwise defined herein have the meanings given them in the Loan Agreement.

In preparing this Operating Certificate, Borrower has conducted, or caused to be conducted under the supervision of authorized signatory hereto, such investigations as in such signatory's opinion are necessary and satisfactory in scope and substance to determine the facts set forth herein and upon which Lender is justified in relying. The individual executing this Operating Certificate on behalf of Borrower shall have no personal liability under or arising related to this Operating Certificate.

WITNESS the due execution of this Operating Certificate by the undersigned on _____, 20__.
BORROWER:

BOP FIGAT7TH LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT G

DCR Compliance Certificate

[The form of DCR Compliance Certificate immediately follows this cover page.]

EXHIBIT G – COVER PAGE

DCR COMPLIANCE CERTIFICATE

Compass Bank
8080 North Central Expressway
Suite 310
Dallas, Texas 75265-0561

Attn: Institutional Real Estate Lending Department

Re: Loan Agreement (the "Loan Agreement") dated as of September 10, 2014 by and between BOP FIGAT7TH LLC, a Delaware limited liability company ("Borrower"), and COMPASS BANK, an Alabama banking corporation, as lender, and as Administrative Agent for those other Lenders as such terms are defined in the Loan Agreement (together with their successors and assigns, collectively, "Lender")

Gentlemen:

Pursuant to the Loan Agreement, Borrower certifies and warrants to Lender that as of [_____]:

The Debt Coverage Ratio (Extension), as determined in accordance with the Loan Agreement equals or exceeds the Debt Coverage Ratio (Extension) Minimum.

To its knowledge, the calculation of the Debt Coverage Ratio (Extension) attached hereto as Schedule I are in accordance with the requirements of the Loan Agreement in all material respects.

Capitalized terms used and not otherwise defined herein have the meanings given them in the Loan Agreement.

In preparing this DCR Compliance Certificate, Borrower has conducted, or caused to be conducted under the supervision of authorized signatory hereto, such investigations as in such signatory's opinion are reasonably necessary and satisfactory in scope and substance to determine the facts set forth herein and upon which Lender is justified in relying. The individual executing this DCR Compliance Certificate on behalf of Borrower shall have no personal liability under or arising related to this DCR Compliance Certificate.

WITNESS the due execution of this DCR Compliance Certificate by the undersigned on _____, 20__.
BORROWER:

BOP FIGAT7TH LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT H

Financial Covenants Compliance Certificate

[The form of Financial Covenants Compliance Certificate immediately follows this cover page.]

EXHIBIT H – COVER PAGE

FINANCIAL COVENANTS COMPLIANCE CERTIFICATE

Compass Bank
8080 North Central Expressway
Suite 310
P.O. Box 650561
Dallas, Texas 75265-0561

Attn: Institutional Real Estate Lending Department

Re: Guaranty (the "Guaranty") dated as of September 10, 2014, from BROOKFIELD DTLA HOLDINGS LLC, a Delaware limited liability company (the "Guarantor"), to COMPASS BANK, an Alabama banking corporation, as lender, and as Administrative Agent for those other Lenders as defined in the Loan Agreement (as defined therein) (together with their successors and assigns, collectively, "Lender")

Gentlemen:

Pursuant to the Guaranty, Guarantor certifies and warrants to Lender that as of that as of [March 31], [June 30], [September 30], [December 31]:

- 1. The financial statements of Guarantor attached hereto as Schedule I are in accordance with the requirements of the Guaranty.
- 2. The Net Worth of Guarantor, as determined in accordance with the Guaranty is not less than the Net Worth (Minimum), comprised as more particularly described in the financial statements provided herewith to Lender.
- 3. Guarantor is in compliance with the financial covenants of Guarantor as set forth in the Guaranty, except as follows (if any):

- 4. The representations and warranties set forth in the Guaranty are true and correct in all material respects with the same effect as if made on and as of that date, except as follows (if any):

Capitalized terms used and not otherwise defined herein have the meanings given them in the Guaranty.

In preparing this Compliance Certificate, Guarantor has conducted, or caused to be conducted under the supervision of authorized signatory hereto, such investigations as in such signatory's opinion are necessary and satisfactory in scope and substance to determine the facts set forth herein and upon which Lender is justified in relying. The individual executing this Financial Covenants Compliance Certificate on behalf of Borrower shall have no personal liability under or arising related to this Financial Covenants Compliance Certificate.

WITNESS the due execution of this Compliance Certificate by the undersigned on _____, _____.

GUARANTOR:

BROOKFIELD DTLA HOLDINGS LLC,
a Delaware limited liability company

By:
Name:
Title:

FINANCIAL COVENANTS COMPLIANCE CERTIFICATE – SIGNATURE PAGE

PROMISSORY NOTE

U.S. \$35,000,000.00

Effective as of September 10, 2014

I. COVENANT TO PAY.

1.1 Promise to Pay. FOR VALUE RECEIVED, BOP FIGAT7TH LLC, a Delaware limited liability company (herein called "Borrower", whether one or more), jointly and severally promise to pay to the order of COMPASS BANK, an Alabama banking corporation [herein, together with all subsequent holders of this Promissory Note ("Note"), called "Lender"], at the principal office of Administrative Agent at 8080 North Central Expressway, Suite 310, Dallas, Texas 75206, Attention: Institutional Real Estate Lending Department, on or before the Maturity Date, as hereinafter provided, the principal sum of THIRTY-FIVE MILLION AND NO/100 DOLLARS (\$35,000,000.00), or so much thereof as may actually be advanced for the benefit of Borrower by Lender under and pursuant to the Loan Agreement, together with interest on the unpaid principal balance from time to time outstanding at the lesser of (x) the Maximum Lawful Rate and (y) the rate herein specified and otherwise in strict accordance with the terms and provisions hereof.

II. INTEREST RATE COMPUTATION.

2.1 Interest Rate. Pursuant to the terms of this Note, the indebtedness evidenced hereby may collectively consist of either zero (0) or one (1) Bank Rate Tranche and any of zero (0), one (1), two (2), three (3), four (4) or five (5) LIBOR Rate Tranches. Interest on the principal balance of this Note outstanding from time to time shall accrue at either the Applicable Bank Rate or Applicable LIBOR Rate, as specified in Sections 2.6 and 2.7 hereof; provided, however, under no circumstances shall any Tranche at any point in time accrue interest at a rate in excess of the Maximum Lawful Rate.

2.2 Default Rate. Upon the occurrence and during the continuation of any Event of Default, at the option of Administrative Agent, on behalf of Lender, the principal balance of this Note then outstanding shall bear interest for the period beginning with the date of occurrence of such Event of Default at the Default Rate.

2.3 Definitions. As used in this Note and the Loan Documents, the following terms shall have the respective meanings indicated below:

Adjusted LIBOR Rate: On the applicable Effective LIBOR Date of a LIBOR Rate Tranche, the rate per annum (rounded upwards, if necessary, to the nearest 1/1000 of 1%) determined by Administrative Agent, on behalf of Lender, to be equal to the quotient of (a) the LIBOR Rate for such LIBOR Rate Tranche divided by (b) one minus the Reserve Requirement on the applicable Effective LIBOR Date.

Administrative Agent: COMPASS BANK, an Alabama banking corporation whose mailing address for notice hereunder is 8080 North Central Expressway, Suite 310, Dallas, Texas 75206, Attention: Institutional Real Estate Lending Department, its successors and assigns, as Administrative Agent.

Advances: Advances made by Administrative Agent, on behalf of Lender, to Borrower pursuant to the Loan Documents including, without limitation, Article III of the Loan Agreement.

Amortization Rate: Six percent (6.00%) per annum.

Amortization Term: A twenty-five (25) year amortization term commencing as of the Original Maturity Date.

Applicable Bank Rate: The rate of interest equal to the sum of the Bank Rate from time to time in effect plus one and one-quarter percent (1.25%) (i.e., plus one hundred twenty-five basis points). Fluctuations in the Applicable Bank Rate shall become effective immediately, without necessity for any notice whatsoever.

Applicable LIBOR Rate: The rate of interest equal to the sum of the Adjusted LIBOR Rate in effect for the subject Interest Period plus two and one-quarter percent (2.25%) (i.e., plus two hundred twenty-five basis points).

Bank Rate: The Prime Rate as published in The Wall Street Journal's "Money Rates" table. In the event that the Prime Rate is no longer published in the "Money Rates" table, then Administrative Agent, on behalf of Lender, shall reasonably choose a substitute for the determination of Bank Rate which is based upon comparable information. Borrower acknowledges that Lender may lend to others at rates at or greater or less than the Bank Rate or the rate provided for in this Note.

Bank Rate Tranche: That portion of the indebtedness evidenced hereby which, at a particular point in time, bears interest at the Applicable Bank Rate.

Business Day: Any day on which commercial banks are not authorized or required to close in Dallas, Dallas County, Texas, Los Angeles, California or New York, New York, provided that in connection with any LIBOR Rate Tranche, the term Business Day shall exclude any day on which commercial banks are not open for dealings in United States Dollar deposits in London, England.

Charges: All fees and charges, if any, contracted for, charged, received, taken or reserved by Administrative Agent or Lender in connection with the transactions relating to this Note and the indebtedness evidenced hereby or by the Loan Documents which are treated as interest under applicable law.

Commitment: As defined in the Loan Agreement.

Default Rate: The lesser of (a) the Maximum Lawful Rate and (b) the sum of the Applicable LIBOR Rate in effect from day to day plus five percent (5.0%).

Effective LIBOR Date: The first day of the Interest Period applicable to a LIBOR Rate Tranche.

Event of Default: As defined in the Loan Agreement.

Extension Option: As defined in the Loan Agreement.

Extension Period: Collectively means the First Extension Period or the Second Extension Period, as the case may be.

First Extension Period: A period of twelve (12) months, commencing on the first day after the Original Maturity Date.

Interest Period: The period of time commencing on the Effective LIBOR Date of any LIBOR Rate Tranche and ending on the numerically corresponding day in the first, second or third calendar month thereafter (as designated by written notice by Borrower to Administrative Agent, on behalf of Lender, given consistent with the requirements of Section 2.6 or Section 2.7 of this Note). With respect to any Interest Period which commences on the last Business Day of a particular calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month), such Interest Period shall end on the last Business Day of the appropriate subsequent calendar month.

Any Interest Period which would otherwise extend beyond the Maturity Date shall expire as of the Maturity Date.

Interest Rate Option Selection: As defined in the Loan Agreement.

Interest Rate Protection Agreement (Compass): As defined in the Loan Agreement.

LIBOR Rate: The rate per annum quoted by Reuter's Monitor Money Rates Service at approximately 11:00 a.m. London time (or as soon thereafter as practical), two (2) Business Days prior to the Interest Period for the offering to leading banks in the London interbank market of United States Dollar deposits in immediately available funds having a term comparable to the subject Interest Period and being in an amount approximating the designated LIBOR Rate Tranche or, in the event no such quotations are available for such date, then as published in the day most immediately preceding such date. In the event the Reuter's Monitor Money Rates Service ceases to be available to Administrative Agent, on behalf of Lender, for any reason or ceases to provide London Interbank Offered Rate for the applicable Interest Period in an amount approximating the designated LIBOR Rate Tranche, then the LIBOR Rate shall mean the London Interbank Offered Rate for the applicable period and amount published in The Wall Street Journal on the first (1st) Business Day prior to the commencement of the subject Interest Period or, in the event no such quotations are available for such date, then as published in the day most immediately preceding such date.

LIBOR Rate Tranche: Any portion of the indebtedness evidenced hereby which, at a particular point in time, bears interest at a common Applicable LIBOR Rate.

Lien Instrument: That certain Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing executed by Borrower in favor of Administrative Agent, on behalf of Lender, covering certain real and personal property as more particularly described therein.

Loan Agreement: That certain Loan Agreement dated effective as of the date hereof, by and among Borrower, Administrative Agent and certain financial institutions (including Lender) from time to time a party thereto, relative to the indebtedness evidenced by this Note and related obligations.

Loan Documents: Collectively this Note, the Loan Agreement, the Lien Instrument, the Interest Rate Protection Agreement (Compass), if any and all other documents evidencing, securing or pertaining to the transaction in which the indebtedness evidenced hereby was incurred.

Maturity Date: The Original Maturity Date; subject, however, to (a) the Extension Option, and (b) the right of acceleration as herein provided and as provided in the Loan Documents.

Maximum Lawful Rate: The maximum lawful rate of interest which may be contracted for, charged, taken, received or reserved by Lender in accordance with the applicable laws of the State of Texas (or applicable United States federal law to the extent that it permits Lender to contract for, charge, take, receive or reserve a greater amount of interest than under Texas law), taking into account all Charges made in connection with the loan evidenced by this Note and the Loan Documents.

Original Maturity Date: September 10, 2017.

Outstanding Principal Balance: The amount of principal then advanced and outstanding and payable from Borrower to Lender in accordance with this Note.

Payment Date: The tenth (10th) day of each calendar month.

Principal Reduction Amount: FIFTY-THREE THOUSAND FIVE HUNDRED EIGHTEEN AND 89/100 Dollars (\$53,518.89), being that amount equal to one-twenty-fourth (1/24th) of the aggregate principal which would be due over twenty-four (24) months on a regularly amortized note assuming (a) a principal balance equal to \$35,000,000.00, being the estimate of the sum of (1) the Outstanding Principal Balance, as of the Original Maturity Date, and (2) the amount of any Advances that Borrower may request in accordance with the terms and conditions of this Note and the Loan Agreement, except to the extent that Borrower has waived or is no longer entitled to exercise its right to receive such Advances, all as of the Original Maturity Date, (b) the Amortization Term and (c) an interest rate per annum equal to the Amortization Rate. For avoidance of doubt, this amount shall only include the principal portion of such amortization payment and shall not include the portion of such payment attributable to interest. In the event that the calculation of actual amount of subdefinition (a) of this definition, as of the Original Maturity Date, is not equal to the

estimate of \$35,000,000.00, then Lender shall recalculate the Principal Reduction Amount, as of the Amortization Date in accordance with this definition.

Regulation D: Regulation D of the Board of Governors of the Federal Reserve System as the same may be amended or supplemented from time to time.

Regulatory Change: Any change after the date hereof in federal, state or foreign laws or regulations (including Regulation D) or the adoption or making after such date of any interpretations, directives or requests (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

Reserve Requirement: On any day, that percentage (expressed as a decimal fraction) which is in effect on such day, as provided by the Federal Reserve System for determining the maximum reserve requirements generally applicable to financial institutions regulated by the Federal Reserve Board comparable in size and type to Lender, including, without limitation, basic, supplemental, marginal and emergency reserves under Regulation D with respect to "Eurocurrency Liabilities" as currently defined in Regulation D, or under any similar or successor regulation with respect to Eurocurrency Liabilities or Eurocurrency funding (or other category of liabilities which includes deposits by reference to which the interest rate on a LIBOR Rate Tranche is determined or any category of extensions of credit which includes loans by a non United States office of Lender to United States residents).

Second Extension Period: A period of twelve (12) months commencing on the first day after the expiration of the First Extension Period.

Tranche: Either a Bank Rate Tranche or a LIBOR Rate Tranche.

Any capitalized term used in this Note and not otherwise defined herein shall have the meaning ascribed to each such term in the Loan Agreement. All terms used herein, whether or not defined in this Section 2.3, and whether used in singular or plural form, shall be deemed to refer to the object of such term whether such is singular or plural in nature, as the context may suggest or require.

2.4 Interest Limitation Recoupment. Notwithstanding anything in this Note to the contrary, if at any time (a) interest at the Applicable Bank Rate or the Applicable LIBOR Rate, (b) interest at the Default Rate, if applicable, and (c) the Charges computed over the full term of this Note, exceed the Maximum Lawful Rate, then the rate of interest payable hereunder, together with all Charges, shall be limited to the Maximum Lawful Rate; provided, however, that any subsequent reduction in the Applicable Bank Rate, the Applicable LIBOR Rate and/or the Default Rate (as appropriate) shall not cause a reduction of the rate of interest payable hereunder below the Maximum Lawful Rate until the total amount of interest earned hereunder, together with all Charges, equals the total amount of interest which would have accrued at the Applicable Bank Rate, Applicable LIBOR Rate and/or the Default Rate (as appropriate) if such interest rate had at all times been in effect.

2.5 Computation Period. Except for the computation of the Maximum Lawful Rate which shall be undertaken on the basis of a 365 or 366 day year, as the case may be, interest on the indebtedness evidenced by this Note shall be computed on the basis of a 360 day year and shall accrue on the actual number of days any principal balance hereof is outstanding.

2.6 Initial Rate Options. Borrower shall deliver to Administrative Agent, on behalf of Lender, concurrently with the execution of this Note, an Interest Rate Option Selection to have the initial Advance bear interest from and after the date hereof at either (a) the Applicable Bank Rate or (b) the Applicable LIBOR Rate. To the extent Borrower should elect that the initial Advance bear interest at the Applicable LIBOR Rate, Borrower shall further designate a duration for the Interest Period for such Advance (i.e., one, two or three months). In the event Borrower fails to timely deliver notice to Administrative Agent, on behalf of Lender, pursuant to this Section 2.6, then the initial Advance of this Note shall bear interest at the one-month LIBOR Rate until the date specified in any proper written notice received by Administrative Agent, on behalf of Lender, from Borrower specifying that Borrower elects to redesignate the Applicable LIBOR Rate pursuant to Section 2.7 hereof.

2.7 Subsequent Rate Options. Borrower shall have the option from time to time during the term of this Note to designate and redesignate whether all or certain portions of the Outstanding Principal Balance shall bear interest at the Applicable Bank Rate or the Applicable LIBOR Rate, subject to the terms, conditions and requirements described below:

(a)Redesignation of Rate as to Existing Indebtedness. Borrower shall be entitled to redesignate then existing Tranches of the indebtedness evidenced hereby as follows:

(1)Redesignating a LIBOR Rate Tranche. With respect to a LIBOR Rate Tranche, no later than two (2) Business Days prior to the expiration of the then current Interest Period, Borrower shall, by an Interest Rate Option Selection to Administrative Agent, on behalf of Lender, elect to either (i) continue to have such Tranche bear interest at the Applicable LIBOR Rate, or (ii) redesignate such Tranche to bear interest after the expiration of the then current Interest Period at the Applicable Bank Rate. To the extent Borrower should elect to continue such LIBOR Rate Tranche at the Applicable LIBOR Rate, such Interest Rate Option Selection shall not be effective unless it also designates the duration of the immediately succeeding Interest Period (i.e., one, two or three months). To the extent Borrower should fail to timely provide an Interest Rate Option Selection pursuant to this Subparagraph 2.7(a)(1), then Borrower shall be deemed to have elected to redesignate the subject Tranche so as to bear interest at the one-month LIBOR Rate. Any LIBOR Rate Tranche may only be redesignated effective upon the expiration of the then current Interest Period.

(2)Redesignating a Bank Rate Tranche. With respect to the Bank Rate Tranche, as such may exist from time to time, Borrower shall be entitled to elect at any time to redesignate all or any portion of such Bank Rate Tranche so as to bear interest at the Applicable LIBOR Rate by giving an Interest Rate Option Selection to Administrative Agent, on behalf of Lender, no later than two (2) Business Days prior to the date Borrower desires such election to take effect specifying (i) Borrower's election that all or a designated portion (i.e., a dollar amount) of the Bank Rate Tranche be redesignated as a LIBOR Rate Tranche, (ii) the duration of the immediately succeeding Interest Period for such LIBOR Rate Tranche (i.e., one, two or three months), and (iii) the Effective LIBOR Date for such LIBOR Rate Tranche (which date shall be a Business Day and shall not be sooner than two (2) Business Days after receipt by Administrative Agent, on behalf of Lender, of such notice).

(b)Conditions and Requirements. Borrower's right to designate, redesignate and continue any Tranche as a LIBOR Rate Tranche is subject to the following conditions: (i) no Event of Default shall have occurred and be continuing; (ii) the minimum amount of any LIBOR Rate Tranche shall be \$100,000.00; (iii) the last day of any Interest Period shall not be subsequent in time to the Maturity Date; (iv) no LIBOR Rate Tranche shall be designated, redesignated or continued if Administrative Agent, on behalf of Lender, determines that by reason of circumstances affecting the interbank Eurodollar market either adequate or reasonable means do not exist for ascertaining the Adjusted LIBOR Rate for any Interest Period, or it becomes impracticable for Lender to obtain funds (by purchasing U.S. dollars in the interbank Eurodollar market), or if as a result of any Regulatory Change, it shall become unlawful or impossible for Lender to maintain any such LIBOR Rate Tranche; and (v) there shall never be more than five (5) LIBOR Rate Tranches in effect at any one time hereunder.

III. PAYMENTS.

3.1 Payment Schedule. This Note shall be due and payable as follows:

(a) Commencing on the Payment Date of the first calendar month following the effective date hereof, and continuing thereafter on the Payment Date of each successive calendar month until the Original Maturity Date, Borrower shall pay Administrative Agent, on behalf of Lender, interest only payments equal to all then accrued but unpaid interest on the Outstanding Principal Balance;

(b) In the event that the Original Maturity Date is extended to the expiration of the First Extension Period pursuant to Section 3.9 hereof, then commencing on the Payment Date of the first calendar month following the Original Maturity Date and continuing thereafter on the Payment Date of each successive month during the First Extension Period until the Maturity Date, Borrower shall pay Administrative Agent, on behalf of Lender, successive monthly installments each in an amount equal to the sum of (i) a principal reduction payment in the amount of the Principal Reduction Amount, and (ii) all then accrued but unpaid interest on the Outstanding Principal Balance;

(c) In the event that the Maturity Date is extended to the expiration of the Second Extension Period pursuant to Section 3.9 hereof, then commencing on the Payment Date of the first calendar month following the month of the expiration of the First Extension Period and continuing thereafter on the Payment Date of each successive month during the Second Extension Period until the Maturity Date, Borrower shall pay Administrative Agent, on behalf of Lender, successive monthly installments each in an amount equal to the sum of (i) a principal reduction payment in the amount of the Principal Reduction Amount, and (ii) all then accrued but unpaid interest on the Outstanding Principal Balance; and

(d) The Outstanding Principal Balance and any and all accrued but unpaid interest thereon shall be due and payable in full on the Maturity Date or upon earlier maturity hereof, whether by acceleration or otherwise.

3.2 Application. All payments on this Note shall, at the sole option of Administrative Agent, on behalf of Lender, be applied at any time and from time to time and in any order, to the following: (a) the payment of accrued but unpaid interest hereon, (b) the payment or reimbursement of any expenses, costs or obligations then due and payable (other than the principal hereof and interest hereon) for which Borrower shall be obligated or Administrative Agent, on behalf of Lender, entitled pursuant to the provisions hereof or of the other Loan Documents, and (c) the payment of all or any portion of the Outstanding Principal Balance, in either the direct or inverse order of maturity; provided, however, that in the absence of a continuing Event of Default, any payment applied on account of principal shall first be applied to the Bank Rate Tranche and then to the LIBOR Rate Tranches.

3.3 Place. All payments hereunder shall be made to Administrative Agent, on behalf of Lender, at its offices located in Dallas County, Texas; at the address of Administrative Agent, on behalf of Lender, as specified herein; or as Administrative Agent, on behalf of Lender, may from time to time designate in writing to Borrower.

3.4 Business Days. If any payment of principal or interest on this Note shall become due and payable on any day which is not a Business Day, such payment shall be made on the next succeeding Business Day. Any such extension of time for payment shall be included in computing interest which has accrued and shall be payable in connection with such payment.

3.5 Legal Tender. All amounts payable hereunder are payable in lawful money or legal tender of the United States of America.

3.6 Prepayment. Subject to the terms of this Section 3.6, Borrower shall have the right to prepay, at any time and from time to time without premium or penalty, the entire unpaid principal balance of this Note or any portion thereof, but must also pay the amount of then accrued but unpaid interest on the amount of principal being so prepaid. Any such partial prepayments of principal shall be applied in inverse order of maturity to the last maturing installment(s) of principal. Notwithstanding anything to the contrary set forth in this Section 3.6, to the extent Borrower should attempt to effectuate a prepayment of all or any portion of a LIBOR Rate Tranche, then any such prepayment may be effectuated only contemporaneously with Borrower's payment to Administrative Agent, on behalf of Lender, of any sums due hereunder pursuant to Section 3.8 as a result of such prepayment. It is expressly agreed and understood that this Note does not evidence a revolving facility in that any amount so prepaid may not be readvanced.

3.7 Additional Amounts. Borrower shall pay directly to Administrative Agent, on behalf of Lender, from time to time such amounts as Administrative Agent, on behalf of Lender, may reasonably determine to be necessary to compensate Administrative Agent, on behalf of Lender, for any costs actually incurred which are solely attributable to its making or maintaining any Advance or its obligation to make any Advance or any reduction in any

amount receivable by Administrative Agent, on behalf of Lender, with respect to any Advance or such obligation resulting from any Regulatory Change which:

(a) changes the basis of taxation of any taxes payable to Lender (other than (A) Indemnified Taxes, (B) taxes described in clauses (b) through (d) of the definition of Excluded Taxes, and (C) Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise taxes or branch profits taxes);

(b) imposes or modifies any reserve, special deposit, minimum capital, capital ratio or similar requirement relating to any extensions of credit or other assets of, or any deposits with or other liabilities or commitments of, Lender; or

(c) imposes any other condition affecting the Loan Agreement, this Note or any of such extensions of credit or liabilities or commitments.

Notwithstanding the foregoing, Borrower shall not be responsible pursuant to this Section 3.7 for amounts incurred as a result of any Regulatory Change (i) which is applicable solely to Lender due to Lender being considered insolvent or in imminent danger of becoming insolvent or (ii) to the extent such amounts are not charged to similarly situated borrowers in connection with extensions of credit.

3.8 Compensation. Borrower shall pay directly to Administrative Agent, on behalf of Lender, from time to time such amounts as Administrative Agent, on behalf of Lender, may determine to be necessary to compensate Administrative Agent, on behalf of Lender, for any actual loss, cost or expense incurred by it as a direct result of any payment or prepayment of a LIBOR Rate Tranche for any reason (including, without limitation, the acceleration of the unpaid principal balance hereof pursuant to Section 4.2 hereof) occurring on a date other than the last day of the Interest Period for such LIBOR Rate Tranche.

3.9 Extension Option. Borrower shall have the right and option to extend the Original Maturity Date (a) to a date ending upon the expiration of the First Extension Period and (b) upon expiration of the First Extension Period, to a date ending upon the expiration of the Second Extension Period, in accordance with and subject to the terms and conditions of the Loan Agreement. Upon any extension of the Maturity Date of this Note, the terms and provisions of the Note shall be in full force and effect without any amendments or modifications thereto except as agreed to in writing by Borrower and Administrative Agent, on behalf of Lender, except for the payment of principal as provided in Subsections 3.1(b) and (c) hereof, plus accrued interest, shall continue to be due and payable as provided in such Section.

IV. DEFAULT AND REMEDIES.

4.1 Default. Borrower shall be in default hereunder immediately upon the occurrence and during the continuance of an Event of Default.

4.2 Remedies. If an Event of Default shall occur and be continuing, then Administrative Agent, on behalf of Lender, may, at its option, without notice or demand, declare the unpaid principal balance of, and the accrued but unpaid interest on, this Note immediately due and payable, foreclose all liens and security interests securing payment hereof, pursue any and all other rights, remedies and recourses available to Administrative Agent, on behalf of Lender, or pursue any combination of the foregoing. All remedies hereunder, under the Loan Documents and at law or in equity shall be cumulative.

4.3 Waiver. Except as specifically provided in the Loan Documents, Borrower and any endorsers or guarantors hereof severally waive presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration of maturity, protest and notice of protest and non payment, bringing of suit and diligence in taking any action to collect any sums owing hereunder or in proceeding against any of the rights and collateral securing payment hereof. Borrower and any endorsers or guarantors hereof agree (a) that the time for any payments hereunder may be extended from time to time without notice and consent, (b) to the acceptance of further collateral, and/or (c) the release of any existing collateral for the payment of this Note, all without in any manner affecting their

liability under or with respect to this Note. No extension of time for the payment of this Note or any installment hereof shall affect the liability of Borrower under this Note or any endorser or guarantor hereof even though Borrower or such endorser or guarantor is not a party to such agreement.

4.4 No Waiver. Failure of Administrative Agent, on behalf of Lender, to exercise any of the options granted herein to Administrative Agent, on behalf of Lender, upon the happening of one or more of the events giving rise to such options shall not constitute a waiver of the right to exercise the same or any other option at any subsequent time in respect to the same or any other event. The acceptance by Administrative Agent, on behalf of Lender, of any payment hereunder that is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the options granted herein to Administrative Agent, on behalf of Lender, at that time or at any subsequent time or nullify any prior exercise of any such option without the express written acknowledgment of Administrative Agent, on behalf of Lender.

4.5 Collection Costs. Borrower agrees to pay all costs of collection hereof when actually incurred, including reasonable attorneys' fees, whether or not any legal action shall be instituted to enforce this Note. Notwithstanding the foregoing, whenever the term "attorneys' fees" or "reasonable attorneys' fees" is used herein or in any other Loan Document, such term shall mean fees of Administrative Agent's outside counsel, on behalf of Lender, based on work actually completed at its standard hourly rates, notwithstanding any statutory presumption to the contrary.

4.6 Late Fee. In lieu of the interest on past due installments provided for in this Note, Administrative Agent, on behalf of Lender, may collect a late charge not to exceed five cents (\$0.05) for each one dollar (\$1.00) for each payment of interest, principal and, if applicable, any other sums due hereunder or under any of the other Loan Documents more than ten (10) days in arrears, to cover the extra expense involved in handling delinquent accounts, provided, that (a) should such late charge constitute interest under any applicable law, such late charge shall not, together with other interest to be paid, charged, contracted for, received or reserved against or taken on the indebtedness evidenced by this Note or indebtedness arising under any other Loan Documents, exceed the Maximum Lawful Rate, and (b) such late charge shall not apply to any failure to pay the Outstanding Principal Balance on the Maturity Date.

V. MISCELLANEOUS.

5.1 Loan Documents. This Note is issued pursuant to the Loan Agreement and is secured, inter alia, by the Lien Instrument.

5.2 Notices. All notices or other communications required or permitted to be given pursuant hereto shall be in accordance with the provisions of the Loan Agreement.

5.3 GOVERNING LAW. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. THIS NOTE IS PERFORMABLE IN DALLAS COUNTY, TEXAS. Any action or proceeding under or in connection with this Note against Borrower or any other party ever liable for payment of any sums of money payable on this Note may be brought in any state or federal court in Dallas County, Texas. Borrower and each such other party hereby irrevocably (a) submits to the nonexclusive jurisdiction of such courts, and (b) waives any objection it may now or hereafter have as to the venue of any such action or proceeding brought in such court or that such court is an inconvenient forum.

5.4 Interest Limitation. It is expressly stipulated and agreed to be the intent of Borrower, Administrative Agent and Lender at all times to comply with the applicable Texas law governing the maximum rate or amount of interest payable on this Note or the indebtedness evidenced hereby and by the other Loan Documents (or applicable United States federal law to the extent that it permits Lender to contract for, charge, take, reserve or receive a greater amount of interest than under Texas law). If (a) the applicable law is ever judicially interpreted so as to render usurious any amount called for under this Note or under any of the other Loan Documents, or contracted for, charged, taken, reserved or received with respect to the indebtedness evidenced by this Note and the other Loan Documents, or (b) Lender's exercise of the option herein contained to accelerate the maturity of this Note or any

prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable law, then it is Borrower's and Lender's express intent that (i) all excess amounts theretofore collected by Lender be credited on the principal balance of this Note (or, if this Note has been or would thereby be paid in full, refunded to Borrower), and (ii) the provisions of this Note and the other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder. All sums paid or agreed to be paid to Lender for the use, forbearance and detention of the indebtedness evidenced hereby and by the other Loan Documents shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the rate or amount of interest on account of such indebtedness does not exceed the usury ceiling from time to time in effect and applicable to such indebtedness for so long as debt is outstanding. To the extent that Lender is relying on Chapter 303, as amended, of the Texas Finance Code to determine the Maximum Lawful Rate payable on such indebtedness, Lender will utilize the weekly rate ceiling from time to time in effect as provided in such Chapter 303, as amended. To the extent United States federal law permits Lender to contract for, charge or receive a greater amount of interest than Texas law, Lender will rely on United States federal law instead of such Chapter 303, as amended, for the purpose of determining the Maximum Lawful Rate. Additionally, to the extent permitted by applicable law now or hereafter in effect, Lender may, at its option and from time to time, implement any other method of computing the Maximum Lawful Rate under such Chapter 303, as amended, or under other applicable law by giving notice, if required, to Borrower as provided by applicable law now or hereafter in effect. In no event shall the provisions of Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving triparty accounts) apply to the indebtedness evidenced hereby. Borrower hereby agrees that as a condition precedent to any claim seeking usury penalties against Lender, Borrower will provide written notice to Lender, advising Lender in reasonable detail of the nature and amount of the violation, and Lender shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to Borrower or crediting such excess interest against this Note and/or any other indebtedness then owing by Borrower to Lender. Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, it is not the intention of Lender to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

5.5 Captions. The article and section headings used in this Note are for convenience of reference only and shall not affect, alter or define the meaning or interpretation of the text of any article or section contained in this Note.

5.6 WAIVER OF RIGHT TO TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT OF ANY OF THE LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT OF OR BY ADMINISTRATIVE AGENT OR LENDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF THIS NOTE OR THE OTHER LOAN DOCUMENTS.

5.7 NO ORAL AGREEMENTS. THIS NOTE AND ALL THE OTHER LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT OF BORROWER ADMINISTRATIVE AGENT AND LENDER AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF BORROWER, ADMINISTRATIVE AGENT OR LENDER. THERE ARE NO ORAL AGREEMENTS BETWEEN BORROWER, ADMINISTRATIVE AGENT OR LENDER. The provisions of this Note and the Loan Documents may be amended or revised only by an instrument in writing signed by Borrower, Administrative Agent, and Lender.

5.8 Exculpation. The provisions of Section 11.15 of the Loan Agreement are hereby incorporated by reference into this Lien Instrument to the same extent and with the same force as if fully set forth herein.

[Remainder of page intentionally left blank]

EXECUTED to be effective as of the date first above written.

BORROWER:
BOP FIGAT7TH LLC,
a Delaware limited liability company
By: /s/ JASON KIRSCHNER
Name: Jason Kirschner
Title: Vice President, Finance

PROMISSORY NOTE – SIGNATURE PAGE

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

c/o Compass Bank
8080 North Central Expressway
Suite 310
Dallas, TX 75206
Attn: Institutional Real Estate Lending Dept.

APNs: 5144-009-081, 082, 089, 090 and 091

SPACE ABOVE THIS LINE FOR RECORDER'S USE

BOP FIGAT7TH LLC, a Delaware limited liability company,
Borrower
and
COMPASS BANK, an Alabama banking corporation, as Administrative Agent for itself and for each of
the other lenders who are parties to the Loan Agreement, and their permitted successors and assigns,
Lender

DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

Dated: Effective as of September 10, 2014

BE ADVISED THAT THE PROMISSORY NOTE SECURED BY THIS LIEN INSTRUMENT MAY PROVIDE FOR ONE OR MORE OF THE FOLLOWING: (1) A VARIABLE RATE OF INTEREST; (2) A BALLOON PAYMENT AT MATURITY. ATTENTION COUNTY RECORDER: THIS LIEN INSTRUMENT IS INTENDED TO BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO SECTION 9502 OF THE CALIFORNIA COMMERCIAL CODE. PORTIONS OF THE GOODS COMPRISING A PART OF THE MORTGAGED PROPERTY ARE OR ARE TO BECOME FIXTURES RELATED TO THE LAND DESCRIBED IN EXHIBIT A HERETO. THIS INSTRUMENT IS TO BE FILED FOR RECORD IN THE RECORDS OF THE COUNTY WHERE DEEDS OF TRUST ON REAL PROPERTY ARE RECORDED AND SHOULD BE INDEXED AS BOTH A DEED OF TRUST AND AS A FINANCING STATEMENT COVERING FIXTURES. THE ADDRESSES OF BORROWER (DEBTOR) AND LENDER (SECURED PARTY) ARE SPECIFIED IN THE INITIAL PARAGRAPH OF THIS LIEN INSTRUMENT.

DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

This DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (herein referred to as the "Lien Instrument"), entered into effective as of September 10, 2014, by BOP FIGAT7TH LLC, a Delaware limited liability company ("Borrower"), wherein Borrower's address, location and mailing address for notice hereunder is c/o Brookfield Properties, Inc., Brookfield Place, 250 Vesey Street, 15th Floor, New York, New York 10281, Attention: Jason Kirschner, to CHICAGO TITLE COMPANY-NBU ("Trustee"), whose address is 725 S. Figueroa St., Los Angeles, CA 90017, for the benefit of Administrative Agent, for the benefit of Lender whose address for notice hereunder is c/o Compass, as Administrative Agent, is 8080 North Central Expressway, Suite 310, Dallas, Texas 75206, Attention: Institutional Real Estate Lending Department.

ARTICLE I

DEFINITIONS

1.1 Definitions. As used herein, the following terms shall have the following meanings (all other capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Loan Agreement:

Administrative Agent: As of the date hereof, Compass, in its capacity as Administrative Agent for itself and each of the Lenders under the Loan Agreement, and any permitted successor or assign of Compass in such capacity.

Borrower: The entity described as Borrower in the initial paragraph of this Lien Instrument and any and all subsequent owners of the Mortgaged Property or any part thereof (without hereby implying Lender's consent to any Disposition of the Mortgaged Property).

Business Day: Any day other than a Saturday, Sunday, or other day on which commercial banks located in Dallas, Texas, Los Angeles, California or New York, New York are authorized by law to close.

Compass: COMPASS BANK, an Alabama banking corporation whose mailing address for notice hereunder is 8080 North Central Expressway, Suite 310, Dallas, Texas 75206, Attention: Institutional Real Estate Lending Department, agent for itself and for each of the other Lenders.

Construction Contracts: Any and all contracts, subcontracts, and agreements, written or oral, between Borrower and any other party, and between parties other than Borrower, in any way relating to the construction of any Improvements on the Land or the supplying of material (specially fabricated or otherwise), labor, supplies or other services therefor.

Contracts: All of the right, title, and interest of Borrower in, to, and under any and all (i) agreements relating in any way to the construction of the Improvements or provision of materials therefor (including, without limitation, the Construction Contracts); (ii) contracts for the sale of all or any portion of the Mortgaged Property, whether such Contracts are now or at any time hereafter existing, together with all payments, earnings, income, and profits arising from sale of all or any portion of the Mortgaged Property or from the Contracts and all other sums due or to become due under and pursuant thereto; (iii) contracts, licenses, permits, and rights relating to utility services whether executed, granted, or issued by a private person or entity or a governmental or quasi-governmental agency, which are directly or indirectly related to, or connected with, the Mortgaged Property; and (iv) all other contracts which in any way relate to the design, use, enjoyment, occupancy, operation, maintenance, or ownership of the Mortgaged Property (save and except any and all leases, subleases or other agreements pursuant to which Borrower is granted a possessory interest in the Land), including but not limited to engineer contacts, architect's contracts, maintenance agreements, construction contracts and service contracts.

Default Rate: As defined in the Note.

Environmental Liabilities Agreement: That certain Environmental Liabilities Agreement of even date herewith executed by Borrower for the benefit of Lender.

Event of Default: As defined herein and in the Loan Agreement.

Financing Statement: Collectively, the financing statement or financing statements (on Standard Form UCC-1 or otherwise) delivered by Borrower in connection with the Loan Documents.

Fixtures: All materials, supplies, equipment, systems, apparatus, and other items now owned or hereafter acquired by Borrower (excluding for the avoidance of doubt any of the same acquired by any Tenant at the Property pursuant to its Lease, the interest in which is not subsequently acquired by Borrower) and now or hereafter attached to, installed in, or used in connection with (temporarily or permanently) any of the Improvements or the Land, which are now owned or hereafter acquired by Borrower and are now or hereafter attached to the Land or the Improvements, together with all accessions, appurtenances, replacements, betterments, and substitutions for any of the foregoing and the proceeds thereof.

Hazardous Substance: As defined in the Environmental Liabilities Agreement.

Impositions: (i) All real estate and personal property taxes, charges, assessments, standby fees, excises, and levies and any interest, costs, or penalties with respect thereto, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which at any time prior to or after the execution hereof may be assessed, levied, or imposed upon the Mortgaged Property or the ownership, use, occupancy, or enjoyment thereof, or any portion thereof, or the sidewalks, streets, or alleyways adjacent thereto; (ii) any charges, fees, license payments, or other sums payable for or under any easement, license, or agreement maintained for the benefit of the Mortgaged Property; (iii) water, gas, sewer, electricity, and other utility charges and fees relating to the Mortgaged Property and (iv) assessments and charges arising under any subdivision, condominium, planned unit development, or other declarations, restrictions, regimes, or agreements affecting the Mortgaged Property.

Improvements: Any and all buildings, covered garages, air conditioning towers, open parking areas, structures and other improvements, and any and all additions, alterations, betterments or appurtenances thereto, now or at any time hereafter situated, placed, or constructed upon the Land or any part thereof, including that certain three-level, 332,293 square foot open-air retail center with related amenities.

Indebtedness: (i) The principal of, interest on, or other sums evidenced by the Note otherwise due or owing from Borrower under the Loan Documents; (ii) any other amounts, payments, or premiums payable by Borrower under the Loan Documents; (iii) such additional sums, with interest thereon, as may hereafter be borrowed from Lender, its successors or assigns, by Borrower or the then record owner of the Mortgaged Property, when evidenced by a Note which, by its terms, is secured hereby (it being contemplated by Borrower and Lender that such future indebtedness may be incurred); (iv) any and all sums due and owing under and pursuant to an Interest Rate Protection Agreement (Compass), if any; and (v) any and all renewals, modifications, amendments, restatements, rearrangements, consolidations, substitutions, replacements, enlargements, and extensions of any of the foregoing, it being contemplated by Borrower and Lender that Borrower may hereafter become indebted to Lender in further sum or sums. Notwithstanding the foregoing provisions of this definition, this Lien Instrument shall not secure any such other loan, advance, debt, obligation or liability with respect to which Lender is by applicable law prohibited from obtaining a lien on real estate, nor shall this definition operate or be effective to constitute or require any assumption or payment by any person, in any way, of any debt or obligation of any other person to the extent that the same would violate or exceed the limit provided in any applicable usury or other law.

Land: The real property or interest therein described in Exhibit A attached hereto and incorporated herein by this reference, which has an address of 735 South Figueroa Street, Los Angeles, Los Angeles County, California, 90017, together with all right, title, interest, and privileges of Borrower in and to (i) all streets, ways, roads, alleys, easements, rights-of-way, licenses, rights of ingress and egress, vehicle parking rights and public places, existing or proposed, abutting, adjacent, used in connection with or pertaining to such real property or the improvements thereon; (ii) any strips or gores of real property between such real property and abutting or adjacent properties; (iii) all water and water rights, timber, crops, pertaining to such real property; and (iv) all appurtenances and all reversions and remainders in or to such real property, which, for the avoidance of doubt, excludes the Land (Parking); provided that, in the event that Borrower subsequently acquires title to the Land (Parking), then at all times subsequent to the date of such acquisition, the term "Land" shall include the Land (Parking) in all respects.

Land (Parking): The real property or interest therein described in Exhibit A-1 attached hereto and incorporated herein by this reference, together with all right, title, interest, and privileges in and to (i) all streets, ways, roads, alleys, easements, rights-of-way, licenses, rights of ingress and egress, vehicle parking rights and public places, existing or proposed, abutting, adjacent, used in connection with or pertaining to such real property or the improvements thereon; (ii) any strips or gores of real property between such real property and abutting or adjacent properties; (iii) all water and water rights, timber, crops, pertaining to such real property; and (iv) all appurtenances and all reversions and remainders in or to such real property.

Leases: Any and all leases, master leases, subleases, licenses, concessions, or other agreements (written or oral, now or hereafter in effect) which grant to third parties a possessory interest in and to, or the right to use, all or any part of the Mortgaged Property, together with all security and other deposits or payments made in connection therewith.

License: As defined in Section 9.2 hereof.

Loan Agreement: That certain Loan Agreement of even date herewith by and among Borrower, Administrative Agent and the other lenders named therein governing the loan evidenced by the and secured by, inter alia, this Lien Instrument.

Loan Documents: The Note, this Lien Instrument, the Loan Agreement, the Financing Statement, the Environmental Liabilities Agreement, the Guaranty, the Pledge Documents, the Assignment of Title Insurance Proceeds, the Interest Rate Protection Agreement (Compass), if any, and any and all other documents now or hereafter executed by Borrower or Guarantor, if any, in connection with the loan evidenced by the Note or in connection with the payment of the Indebtedness or the performance and discharge of the Obligations.

Local Issues: As defined in Section 12.10 hereof.

Maturity Date: The Original Maturity Date; subject, however, to (i) those two (2) conditional Extension Options, each in one (1) year of length and (ii) the right of acceleration as herein provided and as provided in the Loan Documents.

Maximum Lawful Rate: The rate utilized by Lender pursuant to either (i) the weekly rate ceiling from time to time in effect as provided in Chapter 303, as amended, of the Texas Finance Code, or (ii) United States federal law which permits Lender to contract for, charge, or receive a greater amount of interest than that provided by such Chapter 303, as amended, for the purpose of determining the maximum lawful rate allowed by applicable laws. Additionally, to the extent permitted by applicable law now or hereinafter in effect, Lender may, at its option and from time to time, implement any other method of computing the Maximum Lawful Rate under such Chapter 303, as amended, or under other applicable law by giving notice, if required, to Borrower as provided by applicable law now or hereafter in effect.

Minerals: All substances in, on, or under the Land which are now, or may become in the future, intrinsically valuable, that is, valuable in themselves, and which now or may be in the future enjoyed through extraction or removal from the Land, including without limitation, oil, gas, and all other hydrocarbons, coal, lignite, carbon dioxide and all other nonhydrocarbon gases, uranium and all other radioactive substances, and gold, silver, copper, iron and all other metallic substances or ores.

Mortgaged Property: The Land, Minerals, Fixtures, Improvements, Personalty, Contracts, Construction Contracts, Plans, Leases, Rents and Reserves and any interest of Borrower now owned or hereafter acquired in and to the Land, Minerals, Fixtures, Improvements, Personalty, Contracts, Construction Contracts, Plans, Leases, Rents and Reserves, together with any and all other security and collateral of any nature whatsoever, now or hereafter given for the repayment of the Indebtedness or the performance and discharge of the Obligations. As used in this Lien Instrument, the term "Mortgaged Property" shall be expressly defined as meaning all or, where the context permits or requires, any portion of the above and all or, where the context permits or requires, any interest therein.

Note: Collectively, one or more promissory notes, payable to the order of the Lenders in the aggregate stated principal amount of THIRTY-FIVE MILLION AND NO/100 DOLLARS (\$35,000,000.00) that matures as of the Original Maturity Date, as may be extended pursuant to the two (2) year Extension Option and any and all renewals, modifications, rearrangements, reinstatements, enlargements, or extensions of such promissory note or of any promissory note or notes given in renewal, substitution or replacement therefor.

Obligations: Any and all of the covenants, conditions, warranties, representations, and other obligations (other than to repay the Indebtedness, but excluding the Environmental Liabilities Agreement which is not secured hereby) made or undertaken by Borrower or Guarantor to Lender or Trustee as set forth in the Loan Documents.

Original Maturity Date: September 10, 2017.

Permitted Exceptions: The liens, easements, restrictions, security interests, and other matters (if any) as reflected on Exhibit B attached hereto and incorporated herein by reference and the liens and security interests created or otherwise permitted by the Loan Documents and such other easements, title or survey exceptions otherwise permitted by the Loan Documents or as Administrative Agent may approve in Administrative Agent's reasonable discretion.

Personalty: All of the right, title, and interest of Borrower in and to (i) the Plans; (ii) all building and construction materials and equipment; (iii) furniture, furnishings, equipment, machinery, goods (including, but not limited to, crops, farm products, timber and timber to be cut, and extracted Minerals, but expressly excluding any of the foregoing to the extent owned by a Tenant of the Property pursuant to its Lease, the interest in which is not subsequently acquired by Borrower); (iv) general intangibles (including payment intangibles), money, insurance proceeds, accounts, contract and subcontract rights, trademarks, trade names, inventory, monetary obligations, chattel paper (including electronic chattel paper), investment property, instruments, documents, letter of credit rights, and commercial tort claims; (v) all refundable, returnable, or reimbursable fees, deposits or other funds or evidences of credit or indebtedness deposited by or on behalf of Borrower with any governmental agencies, boards,

corporations, providers of utility services, public or private, including specifically, but without limitation, all refundable, returnable, or reimbursable tap fees, utility deposits, commitment fees and development costs, any awards, remunerations, reimbursements, settlements, or compensation heretofore made or hereafter to be made by any Governmental Authority pertaining to the Land, Improvements, Fixtures, Construction Contracts, Contracts, Plans or Personalty, including, but not limited to, those for any vacation of, or change of grade in, any streets affecting the Land or the Improvements and those for municipal utility district or other utility costs incurred or deposits made in connection with the Land; and (vi) all other personal property of any kind or character as defined in and subject to the provisions of the Code (Article 9 – Secured Transactions); any and all of which are now owned or hereafter acquired by Borrower, and which are now or hereafter situated in, on, or about the Land or the Improvements, or used in or necessary to the complete and proper planning, development, construction, financing, use, occupancy, or operation thereof, or acquired (whether delivered to the Land or stored elsewhere) for use in or on the Land or the Improvements, together with all accessions, replacements, and substitutions thereto or therefor and the proceeds thereof.

Plans: Any and all plans, specifications, shop drawings, or other technical descriptions prepared for construction of the Improvements, and all supplements thereto and amendments and modifications thereof.

Pledge Documents: As defined in the Loan Agreement.

Rents: All of the rents, revenues, income, proceeds, profits, security and other types of deposits (after Borrower acquires title thereto), and other benefits paid or payable by parties to the Contracts and/or Leases, other than Borrower for using, leasing, licensing, possessing, operating from, residing in, selling, or otherwise enjoying all or any portion of the Mortgaged Property.

Reserves: Collectively, all sums on deposit or due under this Lien Instrument, the Loan Agreement and the other Loan Documents including, without limitation, (i) any reserves or deposits pursuant to any of the Loan Documents, (ii) the accounts into which the Reserves have been deposited, (iii) all insurance on said accounts, (iv) all accounts, contract rights and general intangibles or other rights and interests pertaining thereto, (v) all sums now or hereafter therein or represented thereby, (vi) all replacements, substitutions or proceeds thereof, (vii) all instruments and documents now or hereafter evidencing the Reserves or such accounts, (viii) all powers, options, rights, privileges and immunities pertaining to the Reserves (including the right to make withdrawals therefrom), and (ix) all proceeds of the foregoing.

Subordinate Mortgage: Any mortgage, deed of trust, pledge, lien (statutory, constitutional, or contractual), security interest, encumbrance or charge, or conditional sale or other title retention agreement, covering all or any portion of the Mortgaged Property executed and delivered by Borrower, the lien of which is subordinate and inferior to the lien of this Lien Instrument.

Trustee: The corporation described as Trustee in the initial paragraph of this Lien Instrument.

Any capitalized term used in this Agreement and not otherwise defined herein shall have the meaning ascribed to each such term in the Loan Agreement. All terms used herein, whether or not defined in this Section 1.1, and whether used in singular or plural form, shall be deemed to refer to the object of such term whether such is singular or plural in nature, as the context may suggest or require.

ARTICLE II

GRANT

2.1 Grant. To secure the full and timely payment of the Indebtedness and the full and timely performance and discharge of the Obligations, Borrower has GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, SELL and CONVEY, unto Trustee, in trust, with power of sale the Mortgaged Property, subject, however, to the Permitted Exceptions (which, for purposes of this Section 2.1, shall also include (a) Approved Leases, (b) Liens, if any, for Taxes or other charges not yet due and payable and not

delinquent, (c) any Contested Items and (d) any workers', mechanics' or other similar Liens on the Mortgaged Property provided that any such Lien is bonded or discharged within sixty (60) days after Borrower first receives notice of such Lien), TO HAVE AND TO HOLD the Mortgaged Property unto Trustee, forever, and Borrower does hereby bind itself, its successors, and assigns to WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto Lender against every person whomsoever lawfully claiming or to claim the same or any part thereof.

ARTICLE III

WARRANTIES AND REPRESENTATIONS

Borrower hereby unconditionally warrants and represents to Lender, as of the date hereof, as follows:

3.1 Incorporation of Warranties and Representations. All the warranties, representations, conditions and agreements contained in (a) the Loan Agreement, (b) the Note and (c) all and any of the other Loan Documents, are hereby made a part of this Lien Instrument to the same extent and with the same force as if fully set forth herein.

3.2 Title and Lien. Borrower has good and indefeasible title to the Land in fee simple and Improvements, and good and marketable title to the Fixtures and Personalty, free and clear of any liens, charges, encumbrances, security interests, claims, easements, restrictions, options, leases (other than the Leases), covenants, and other rights, titles, interests, or estates of any nature whatsoever, except the Permitted Exceptions and Contested Items. Subject to the Permitted Exceptions and Contested Items, this Lien Instrument constitutes a valid, subsisting first lien on the Land, the Improvements, and the Fixtures; a valid, subsisting first priority security interest in and to the Personalty, Construction Contracts, Contracts (to the extent each is assignable without (x) consent from any other party to such Contract or (y) any payment or penalty in connection with any such assignment), Plans and to the extent that the terms Leases and Rents include items covered by the Code, in and to the Leases and Rents; and a valid, subsisting first priority assignment of the Leases and Rents not covered by the Code, all in accordance with the terms hereof.

ARTICLE IV

AFFIRMATIVE COVENANTS

Borrower hereby unconditionally covenants and agrees with Lender, until the entire Indebtedness shall have been paid in full and all of the Obligations shall have been fully performed and discharged, as follows:

4.1 Incorporation of Covenants. All the covenants contained in (a) the Loan Agreement, (b) the Note and (c) any of the other Loan Documents, are hereby made a part of this Lien Instrument of Trust to the same extent and with the same force as if fully set forth herein.

4.2 First Lien Status. Borrower will (a) protect the lien and security interest status of this Lien Instrument and the other Loan Documents subject only to the Permitted Encumbrances, and subject to the Contested Items, any inchoate liens and any liens expressly permitted by the other provisions of the Loan Documents and (b) will not permit to be created or to exist in respect of the Mortgaged Property or any part thereof any lien or security interest on a parity with, superior to, or inferior to any of the liens or security interests hereof, except for the Permitted Exceptions (which, for purposes of this Section 4.2 shall also include (a) Approved Leases, (b) Liens, if any, for Taxes or other charges not yet due and payable and not delinquent, and (c) any workers', mechanics' or other similar Liens on the Mortgaged Property provided that any such Lien is bonded or discharged within sixty (60) days after Borrower first receives notice of such Lien).

4.3 Payment of Impositions. Except as provided in the Loan Agreement as to Contested Items and subject to Section 6.5 of the Loan Agreement, Borrower will duly pay and discharge, or cause to be paid and discharged, the Impositions not later than the earlier to occur of (a) prior to delinquency, (b) the day any fine, penalty, interest, or cost may be added thereto or imposed, or (c) the day any lien may be filed for the nonpayment

thereof (if such day is used to determine the due date of the respective item), and Borrower shall deliver to Lender promptly after written notice of request to Borrower by Lender, a written receipt evidencing the payment of all real estate taxes and payment of all other Impositions.

4.4 Repair. Subject to Section 6.3 of the Loan Agreement, Borrower will maintain the Mortgaged Property in good order and condition (reasonable wear and tear excepted) and will make all repairs, replacements, renewals, additions, betterments, improvements, and alterations thereof and thereto, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, which are necessary or reasonably appropriate to keep same in such order and condition.

4.5 Insurance. Borrower will obtain and maintain insurance upon and relating to the Mortgaged Property with such insurers, in such amounts and covering such risks as shall be set forth in the Loan Agreement.

To the extent applicable, TEXAS FINANCE CODE SECTION 307.052 COLLATERAL PROTECTION INSURANCE NOTICE:

(A) BORROWER IS REQUIRED TO: (i) KEEP THE PROPERTY INSURED AGAINST DAMAGE IN THE AMOUNT LENDER SPECIFIES; (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (iii) NAME LENDER AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS; (B) BORROWER MUST, IF REQUIRED BY LENDER, DELIVER TO LENDER A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF PREMIUMS; AND (C) IF BORROWER FAILS TO MEET ANY REQUIREMENT LISTED IN PARAGRAPH (A) OR (B), LENDER MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF BORROWER AT BORROWER'S EXPENSE.

Notwithstanding the forgoing, Lender acknowledges that Borrower will purchase insurance from insurers licensed to do business in the State of California (even if not licensed in Texas).

4.6 Inspection. Borrower will permit Administrative Agent, Trustee and their agents, representatives, and employees, to inspect the Mortgaged Property at all reasonable times, with not less than two (2) Business Days prior notice to Borrower and subject to the rights of tenants.

4.7 Books and Records. Borrower will maintain full and accurate books of account and other records reflecting the results of the operations of the Mortgaged Property in accordance with the requirements of the Loan Agreement, and will furnish, or cause to be furnished, to Administrative Agent such reports and financial statements as are required herein or in the Loan Agreement.

4.8 Payment for Labor and Materials. Except for Contested Items, Borrower will promptly pay all bills for labor, materials, and specifically fabricated materials incurred in connection with the Mortgaged Property and never permit to exist in respect of the Mortgaged Property or any part thereof any lien or security interest, even though inferior to the liens and security interests hereof, for any such bill, and in any event never permit to be created or exist in respect of the Mortgaged Property, or any part thereof, any other or additional lien or security interest on a parity with, superior, or inferior to any of the liens or security interests hereof, except for the Permitted Exceptions (which, for purposes of this Section 4.8 shall also include (a) Liens, if any, for Taxes or other charges not yet due and payable and not delinquent, and (b) any workers', mechanics' or other similar Liens on the Mortgaged Property provided that any such Lien is bonded or discharged within sixty (60) days after Borrower first receives notice of such Lien).

4.9 Further Assurances and Corrections. From time to time, at the request of Administrative Agent, Borrower will (a) promptly correct any material defect, error, or omission which may be discovered in the contents of any of the Loan Documents or in the execution or acknowledgment thereof; (b) execute, acknowledge, deliver, record and/or file such further instruments and perform such further acts and provide such further assurances as may be reasonably necessary, desirable, or proper, in Administrative Agent's reasonable opinion, to carry out more effectively the purposes of the Loan Documents; (c) execute, acknowledge, deliver, procure, file, and/or record any

document or instrument (including without limitation, any financing statement) deemed reasonably advisable by Administrative Agent to protect the liens and the security interests herein granted against the rights or interests of third persons; and (d) pay all costs reasonably incurred by Administrative Agent connected with any of the foregoing.

4.10 Tax on Lien Instrument. At any time any law shall be enacted imposing or authorizing the imposition of any tax upon this Lien Instrument, or upon any rights, titles, liens, or security interests created hereby, or upon the Indebtedness or any part thereof, Borrower will promptly upon written notice from Lender pay all such taxes; provided that, if such law as enacted makes it unlawful for Borrower to pay such tax, Borrower shall not pay nor be obligated to pay such tax. In addition, Borrower shall not be responsible for net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on Administrative Agent or any Lender as a result of a present or former connection between Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any Notes). Nevertheless, if a law is enacted making it unlawful for Borrower to pay such taxes, then Borrower must prepay the Indebtedness in full within one hundred-twenty (120) days after demand therefor by Administrative Agent.

4.11 Expenses. Subject to the provisions of Section 12.11 hereof, Borrower will pay on demand all reasonable and bona fide out-of-pocket costs, fees, and expenses and other expenditures, including, but not limited to, reasonable outside counsel attorneys' fees and expenses, paid or incurred by Administrative Agent to third parties incident to this Lien Instrument or any other Loan Document (including without limitation, reasonable outside counsel attorneys' fees and expenses in connection with the negotiation, preparation, and execution of any of the Loan Documents and any amendment thereto, any release hereof, any consent, approval or waiver hereunder or under any of the Loan Documents, the making of any advance under the Note, and any suit to which Lender is a party involving this Lien Instrument or the Mortgaged Property) or incident to the enforcement of the Indebtedness or the exercise of any right or remedy of Administrative Agent under any Loan Document. Notwithstanding the foregoing, whenever the term "attorneys' fees" or "reasonable attorneys' fees" is used herein or in any other Loan Document, such term shall mean fees of Administrative Agent's outside counsel based on work actually completed at its standard hourly rates, notwithstanding any statutory presumption to the contrary.

ARTICLE V

NEGATIVE COVENANTS

Borrower hereby unconditionally covenants and agrees with Lender, until the entire Indebtedness shall have been paid in full and all of the Obligations shall have been fully performed and discharged, as follows:

5.1 Incorporation of Covenants, Conditions and Agreements. All the negative covenants, conditions and agreements contained in (a) the Loan Agreement, (b) the Note and (c) any of the other Loan Documents, are hereby made a part of this Lien Instrument to the same extent and with the same force as if fully set forth herein.

5.2 Use Violations. Borrower will not use, maintain, operate, or occupy, or allow the use, maintenance, operation, or occupancy of, the Mortgaged Property in any manner which (a) violates any Legal Requirement or Restrictive Covenants in any material respect, (b) may be dangerous unless safeguarded as required by law and/or appropriate insurance, (c) constitutes a public or private nuisance, or (d) makes void, voidable, or cancelable any insurance then in force with respect thereto.

5.3 Waste; Alterations. Borrower will not commit or knowingly permit any intentional physical waste or impairment of the Mortgaged Property and will not (subject to the provisions of Section 5.4 of the Loan Agreement and Section 4.4 hereof), without the prior written consent of Administrative Agent, make or permit to be made any alterations or additions to the Mortgaged Property of a material nature, except in accordance with the Plans and permitted changes thereto.

5.4 Replacement of Fixtures and Personalty. Except as may be provided in the Loan Agreement, Borrower will not, without the prior written consent of Administrative Agent (such approval not to be unreasonably withheld, conditioned or delayed), permit any of the Fixtures or Personalty to be removed at any time from the Land or Improvements unless the removed item is (a) obsolete, (b) removed temporarily for maintenance and repair or (c) if removed permanently and not obsolete, is replaced by an article of comparable or better suitability and value, owned by Borrower, free and clear of any lien or security interest, other than the Permitted Exceptions (which, for purposes of this Section 5.4 shall also include any workers', mechanics' or other similar Liens on the Mortgaged Property provided that any such Lien is bonded or discharged within sixty (60) days after Borrower first receives notice of such Lien).

5.5 Change in Zoning. Borrower will not (a) seek or acquiesce in a zoning reclassification of all or any portion of the Mortgaged Property or (b) grant or consent to any easement, dedication, plat, or restriction (or allow any easement to become enforceable by prescription), or any amendment or modification thereof, covering all or any portion of the Mortgaged Property, without Administrative Agent's prior written consent, whose consent shall not to be unreasonably withheld; provided, however, without the prior written consent of Administrative Agent, Borrower may seek or acquiesce in a zoning reclassification, overlay or variance relating to the use of signs at the Mortgaged Property.

5.6 No Drilling. Borrower will not, without the prior written consent of Administrative Agent, authorize any drilling or exploration for or extraction, removal, or production of, any Minerals from the surface or subsurface of the Land regardless of the depth thereof or the method of mining or extraction thereof.

5.7 No Disposition. Except in regards to a Permitted Disposition or a sale of the Mortgaged Property that will simultaneously result in all amounts due under the Note being repaid in full, Borrower will not make a Disposition without obtaining Administrative Agent's prior written consent to the Disposition.

5.8 No Subordinate Mortgage. Except in regards to a Contested Item or except as otherwise expressly permitted under the Loan Documents, Borrower will not create, place, or permit to be created or placed, or through any act or failure to act, acquiesce in the placing of, or allow to remain any Subordinate Mortgage regardless of whether such Subordinate Mortgage is expressly subordinate to the liens or security interests of the Loan Documents with respect to the Mortgaged Property, other than the Permitted Exceptions.

5.9 No Additional Debt.

(a)Guaranties. Borrower shall not guarantee, endorse, or otherwise become contingently liable in connection with any obligation of any other Person, except guaranties in favor of and satisfactory to Lender and endorsements for deposit or collection in the ordinary course of business.

(b)Debt. Borrower shall not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (i) the Indebtedness, (ii) trade payables or accrued expenses incurred in the ordinary course of business of operating the Mortgaged Property; no debt whatsoever may be secured (senior, subordinate or pari passu) by the Land or Improvements except the Indebtedness, and (iii) loan or advances which must be repaid from an Affiliate that Controls (directly or indirectly) Borrower, provided that such loans (A) are made in accordance with the limited liability company agreement of Borrower as of the Effective Date, (B) shall have no lien rights whatsoever to any portion of the Mortgaged Property, and (C) shall have no rights to receive any payments or consideration during a continuing Event of Default. Other provisions of the Loan Documents are not intended to permit Borrower to incur any such liability prohibited under this Section 5.9.

5.10 No Encumbrances. Borrower shall not create, incur, assume, or suffer to exist any Lien on the all or any part of the Mortgaged Property, except for the Permitted Exceptions (which, for purposes of this Section 5.10 shall also include (a) Approved Leases, (b) Liens, if any, for Taxes or other charges not yet due and payable and not delinquent, and (c) any workers', mechanics' or other similar Liens on the Mortgaged Property provided that any

such Lien is bonded or discharged within sixty (60) days after Borrower first receives notice of such Lien) and Contested Items.

ARTICLE VI

EVENTS OF DEFAULT

The term "Event of Default", as used herein, shall have the same meaning ascribed for such term in the Loan Agreement.

ARTICLE VII

REMEDIES

7.1 Lender's Remedies Upon Default. Upon the occurrence and during the continuance of an Event of Default, Lender may, at Lender's option, and by or through Trustee, by Administrative Agent, itself or otherwise, do any one or more of the following:

(a)Right to Perform Borrower's Covenants. If Borrower has failed to keep or perform any covenant whatsoever contained in any of the Loan Documents, Administrative Agent may, but shall not be obligated to any person to do so, perform or attempt to perform said covenant, and any payment actually made or expense actually incurred in the performance or attempted performance of any such covenant shall be and become a part of the Indebtedness.

(b)Right of Entry. Administrative Agent may, prior or subsequent to the institution of any foreclosure proceedings, to the extent permitted by applicable law, enter upon the Mortgaged Property, or any part thereof, and take exclusive possession of the Mortgaged Property and of all books, records, and accounts relating thereto and to exercise without interference from Borrower any and all rights which Borrower has with respect to the management, possession, operation, protection, or preservation of the Mortgaged Property, including without limitation, the right to rent the same for the account of Borrower and to deduct from such Rents all costs, expenses, and liabilities of every character incurred by Administrative Agent in collecting such Rents and in managing, operating, maintaining, protecting, or preserving the Mortgaged Property and to apply the remainder of such Rents on the Indebtedness in such manner as Administrative Agent may elect. All such costs, expenses, and liabilities incurred by Administrative Agent in collecting such Rents and in managing, operating, maintaining, protecting, or preserving the Mortgaged Property, if not paid out of Rents as hereinabove provided, shall constitute a demand obligation owing by Borrower and shall bear interest from the date of written notice to Borrower thereof until paid at the Default Rate, all of which shall constitute a portion of the Indebtedness. If necessary to obtain the possession provided for above, Administrative Agent may invoke any and all legal remedies to dispossess Borrower, including specifically one or more actions for forcible entry and detainer, trespass to try title, and restitution. In connection with any action taken by Administrative Agent pursuant to this subsection, Administrative Agent shall not be liable for any loss sustained by Borrower resulting from any failure to let the Mortgaged Property, or any part thereof, or from any other act or omission of Administrative Agent in managing the Mortgaged Property, WHETHER OR NOT AS THE RESULT OF THE NEGLIGENCE OF ADMINISTRATIVE AGENT, unless such loss is caused by the willful misconduct of Administrative Agent or Lender, nor shall Administrative Agent be obligated to perform or discharge any obligation, duty, or liability under any Lease or under or by reason hereof or the exercise of rights or remedies hereunder. BORROWER SHALL AND DOES HEREBY AGREE TO INDEMNIFY LENDER FOR, AND TO HOLD LENDER, WHETHER OR NOT AS THE RESULT OF THE NEGLIGENCE OF ADMINISTRATIVE AGENT, HARMLESS FROM, ANY AND ALL LIABILITY, LOSS, OR DAMAGE, ACTUALLY INCURRED BY LENDER UNDER ANY SUCH LEASE OR UNDER OR BY REASON HEREOF OR THE EXERCISE OF RIGHTS OR REMEDIES HEREUNDER, AND FROM ANY AND ALL CLAIMS AND DEMANDS

WHATSOEVER ASSERTED AGAINST LENDER BY REASON OF ANY ALLEGED OBLIGATIONS OR UNDERTAKINGS ON ITS PART TO PERFORM OR DISCHARGE ANY OF THE TERMS, COVENANTS, OR AGREEMENTS CONTAINED IN ANY SUCH LEASE. SHOULD LENDER INCUR ANY SUCH LIABILITY, THE AMOUNT THEREOF, INCLUDING WITHOUT LIMITATION, COSTS, EXPENSES, AND REASONABLE ATTORNEYS' FEES, TOGETHER WITH INTEREST THEREON FROM THE DATE OF WRITTEN NOTICE TO BORROWER THEREOF UNTIL PAID AT THE DEFAULT RATE, SHALL BE SECURED HEREBY, AND BORROWER SHALL REIMBURSE LENDER THEREFOR PROMPTLY UPON DEMAND. Nothing in this subsection shall impose any duty, obligation, or responsibility upon Lender for the control, care, management, leasing, or repair of the Mortgaged Property, nor for the carrying out of any of the terms and conditions of any such Lease; nor shall it operate to make Lender responsible or liable for any waste committed on the Mortgaged Property by the tenants or by any other parties, or for any Hazardous Substance on or under the Mortgaged Property, or for any dangerous or defective condition of the Mortgaged Property or for any negligence in the management, leasing, upkeep, repair, or control of the Mortgaged Property resulting in loss or injury or death to any tenant, licensee, employee, or stranger. Borrower hereby assents to, ratifies, and confirms any and all actions of Lender with respect to the Mortgaged Property taken under this subsection.

The remedies in this subsection are in addition to other remedies available to Lender and the exercise of the remedies in this subsection shall not be deemed to be an election of nonjudicial or judicial remedies otherwise available to Lender. The remedies in this Article VII are available under and governed by the real property laws of California and, except as described in Section 7.1(g) hereof, are not governed by the personal property laws of California, including but not limited to, the power to dispose of personal property in a commercially reasonable manner under the Code. No action by Lender, taken pursuant to this subsection, shall be deemed to be an election to dispose of personal property under the Code. Any receipt of consideration received by Lender pursuant to this subsection shall be immediately credited against the Indebtedness (in the inverse order of maturity) and the value of said consideration shall be treated like any other payment against the Indebtedness.

(c) Right to Accelerate. Administrative Agent may, without notice, demand, presentment, notice of nonpayment or nonperformance, protest, notice of protest, notice of intent to accelerate, notice of acceleration, or any other notice or any other action, all of which are hereby waived by Borrower and all other parties obligated in any manner whatsoever on the Indebtedness, declare the entire unpaid balance of the Indebtedness immediately due and payable, and upon such declaration, the entire unpaid balance of the Indebtedness shall be immediately due and payable. The failure to exercise any remedy available to Lender shall not be deemed to be a waiver of any rights or remedies of Lender under the Loan Documents, at law or in equity.

(d) Foreclosure Power of Sale. Administrative Agent may institute a proceeding or proceedings, judicial, by advertisement or otherwise, for the complete or partial foreclosure of this Lien Instrument or the complete or partial sale of the Mortgaged Property under the power of sale contained herein or under any applicable provision of law. Administrative Agent may sell the Mortgaged Property, and all estate, right, title, interest, claim and demand of Borrower therein, and all rights of redemption thereof, at one or more sales, as an entirety or in parcels, with such elements of real and/or personal property, and at such time and place and upon such terms as it may deem expedient, or as may be required by applicable law, and in the event of a sale, by foreclosure or otherwise, of less than all of the Mortgaged Property, this Lien Instrument shall continue as a lien and security interest on the remaining portion of the Mortgaged Property.

(e) Rights Pertaining to Sales. Subject to the provisions or other requirements of law and except as otherwise provided herein, the following provisions shall apply to any sale or sales of all or any portion of the Mortgaged Property under or by virtue of Section 7.1(d), whether made under the power of sale herein granted or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale:

(i) Trustee or Administrative Agent may conduct any number of sales from time to time. The power of sale set forth in Section 7.1(d) hereof shall not be exhausted by any one or more such sales as to any part of the Mortgaged Property which shall not have been sold, nor by any sale which is not completed or is defective in Administrative Agent's opinion, until the Indebtedness shall have been paid in full.

(ii) Any sale may be postponed or adjourned by public announcement at the time and place appointed for such sale or for such postponed or adjourned sale without further notice. Without limiting the foregoing, in case Administrative Agent shall have proceeded to enforce the right or remedy under this Lien Instrument by receiver, entry or otherwise, and such proceedings have been discontinued or abandoned for any reason or shall have been determined adversely to Administrative Agent then in every such case Borrower and Lender shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Lender shall continue as if no such proceeding had been taken.

(iii) After each sale, Administrative Agent, Trustee or an officer of any court empowered to do so shall execute and deliver to the purchaser or purchasers at such sale a good and sufficient instrument or instruments granting, conveying, assigning and transferring all right, title and interest of Borrower in and to the property and rights sold and shall receive the proceeds of said sale or sales and apply the same as herein provided. Each of Trustee and Administrative Agent is hereby appointed the true and lawful attorney in fact of Borrower, which appointment is irrevocable and shall be deemed to be coupled with an interest, in Borrower's name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the property and rights so sold, and for that purpose Trustee and Administrative Agent may execute all necessary instruments of conveyance, assignment, transfer and delivery, and may substitute one or more persons with like power, Borrower hereby ratifying and confirming all that said attorney or such substitute or substitutes shall lawfully do by virtue thereof. Nevertheless, Borrower, if requested by Trustee or Administrative Agent, shall ratify and confirm any such sale or sales by executing and delivering to Trustee, Administrative Agent or such purchaser or purchasers all such instruments as may be advisable, in Trustee's or Administrative Agent's judgment, for the purposes as may be designated in such request.

(iv) Any and all statements of fact or other recitals made in any of the instruments referred to in subsection (iii) of this Section 7.1(e) given by Trustee or Administrative Agent as to nonpayment of the Indebtedness, or as to the occurrence of any Event of Default, or as to Administrative Agent having declared all or any part of the Indebtedness to be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and of the property or rights to be sold having been duly given, or as to the refusal, failure or inability to act of Trustee, or as to the appointment of any substitute or successor trustee, or as to any other act or thing having been duly done by Borrower, Administrative Agent, or by Trustee, shall be taken as conclusive and binding against all persons as to evidence of the truth of the facts so stated and recited. Trustee or Administrative Agent may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale so held, including the posting of notices and the conduct of sale, but in the name and on behalf of Trustee.

(v) The receipt by Trustee or Administrative Agent of the purchase money paid at any such sale, or the receipt by any other person authorized to receive the same, shall be sufficient authority therefor to any purchaser of any property or rights sold as aforesaid, and no such purchaser, or its representatives, grantees or assigns, after paying such purchase price and receiving such receipt shall be bound to see to the application of such purchase price or any part thereof upon or for any trust or purpose of this Lien Instrument or, in any manner whatsoever, be answerable for any loss, misapplication or nonapplication of any such purchase money, or part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

(vi) Any such sale or sales shall operate to divest all of the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Borrower in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against Borrower and any and all persons claiming or who may claim the same, or any part thereof or any interest therein, by, through or under Borrower to the fullest extent permitted by applicable law.

(vii) Upon any such sale or sales, Administrative Agent may bid for and acquire the Mortgaged Property and, in lieu of paying cash therefor, in the event that Administrative Agent is the successful bidder, Administrative Agent may make settlement for the purchase price by crediting against the Indebtedness the amount of the bid made therefor, after deducting therefrom the expenses of the sale, the cost of any enforcement proceeding hereunder, and any other sums which Trustee or Administrative Agent is authorized to deduct under the terms hereof, to the extent necessary to satisfy such bid.

(viii) Upon any such sale, it shall not be necessary for Trustee, Administrative Agent or any public officer acting under execution or order of court to have present or constructively in its possession any of the Mortgaged Property.

(f) Lender's Judicial Remedies. Administrative Agent, or Trustee, upon written request of Administrative Agent, may proceed by suit or suits, at law or in equity, to enforce the payment of the Indebtedness and the performance and discharge of the Obligations in accordance with the terms hereof, of the Note, and the other Loan Documents, to foreclose the liens and security interests of this Lien Instrument as against all or any part of the Mortgaged Property, and to have all or any part of the Mortgaged Property sold under the judgment or decree of a court of competent jurisdiction. This remedy shall be cumulative of any other nonjudicial remedies available to Lender with respect to the Loan Documents. Proceeding with a request or receiving a judgment for legal relief shall not be or be deemed to be an election of remedies or bar any available nonjudicial remedy of Lender.

(g) Lender's Right to Appointment of Receiver. Administrative Agent, as a matter of right and without regard to the sufficiency of the security for repayment of the Indebtedness and performance and discharge of the Obligations, without notice to Borrower and without any showing of insolvency, fraud, or mismanagement on the part of Borrower, and without the necessity of filing any judicial or other proceeding other than the proceeding for appointment of a receiver, shall be entitled to the appointment of a receiver or receivers of the Mortgaged Property or any part thereof, and of the Rents, and Borrower hereby irrevocably consents to the appointment of a receiver or receivers. Any receiver appointed pursuant to the provisions of this subsection shall have the usual powers and duties of receivers in such matters.

(h) Lender's Uniform Commercial Code Remedies. Administrative Agent may exercise its rights of enforcement with respect to Fixtures and Personalty under the Code, and in conjunction with, in addition to or in substitution for the rights and remedies under the Code to the extent permitted by applicable law:

(i) Administrative Agent may without demand or notice to Borrower, enter upon the Mortgaged Property to take possession of, assemble, receive, and collect the Personalty, or any part thereof, or to render it unusable;

(ii) Administrative Agent may require Borrower to assemble the Personalty and make it available at a place Administrative Agent designates which is mutually convenient to allow Administrative Agent to take possession or dispose of the Personalty;

(iii) written notice mailed to Borrower as provided herein at least ten (10) days prior to the date of public sale of the Personalty or prior to the date after which private sale of the Personalty will be made shall constitute reasonable notice;

(iv) any sale made pursuant to the provisions of this subsection shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with the sale of the other Mortgaged Property under the power of sale as provided herein, upon giving the same notice with respect to the sale of the Personalty hereunder as is required for such sale of the other Mortgaged Property under power of sale, and such sale shall be deemed to be pursuant to a security agreement covering both real and personal property under the Code;

(v) in the event of a foreclosure sale, whether made under the terms hereof, or under judgment of a court, the Personalty and the other Mortgaged Property may, at the option of Administrative Agent, be sold as a whole;

(vi) it shall not be necessary that Administrative Agent take possession of the Personalty, or any part thereof, prior to the time that any sale pursuant to the provisions of this subsection is conducted, and it shall not be necessary that the Personalty or any part thereof be present at the location of such sale;

(vii) prior to application of proceeds of disposition of the Personalty to the Indebtedness, such proceeds shall be applied to the reasonable expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like, and the reasonable attorneys' fees and legal expenses incurred by Administrative Agent;

(viii) after notification, if any, hereafter provided in this subsection, Administrative Agent may sell, lease, or otherwise dispose of the Personalty, or any part thereof, in one or more parcels at public or private sale or sales, at Administrative Agent's offices or elsewhere, for cash, on credit, or for future delivery. Upon the request of Administrative Agent, Borrower shall assemble the Personalty and make it available to Administrative Agent at any place designated by Administrative Agent that is reasonably convenient to Borrower and Administrative Agent. Borrower agrees that Administrative Agent shall not be obligated to give more than ten (10) days' written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. Borrower shall be liable for all expenses of retaking, holding, preparing for sale, or the like, and all reasonable attorneys' fees, legal expenses, and all other costs and expenses incurred by Administrative Agent in connection with the collection of the Indebtedness and the enforcement of Lender's rights under the Loan Documents. Administrative Agent shall apply the proceeds of the sale of the Personalty against the Indebtedness in accordance with the provisions of Section 7.4 of this Lien Instrument. Borrower waives all rights of marshalling in respect of the Personalty. Borrower shall remain liable for any deficiency if the proceeds of any sale or disposition of the Personalty are insufficient to pay the Indebtedness in full. Borrower waives all rights of marshalling in respect of the Personalty;

(ix) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder, the nonpayment of the Indebtedness, the occurrence of any Event of Default, Administrative Agent having declared all or a portion of such Indebtedness to be due and payable, the notice of time, place, and terms of sale and of the properties to be sold having been duly given, or any other act or thing having been duly done by Administrative Agent, shall be taken as prima facie evidence of the truth of the facts so stated and recited; and

(x) Administrative Agent may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Administrative Agent, including the sending of notices and the conduct of the sale, but in the name and on behalf of Administrative Agent.

(i) Rights Relating to Leases and Rents. Borrower has, pursuant to Article IX hereof, assigned, as collateral, to Lender all Rents under each of the Leases covering all or any portion of the Mortgaged Property. Administrative Agent, or Trustee, on Lender's behalf, may at any time, and without notice, either in person, by agent, or by receiver to be appointed by a court, enter and take possession of the Mortgaged Property or any part thereof, and in its own name, sue for or otherwise collect the Rents. Borrower hereby agrees that Administrative Agent may, upon written notice from Trustee or Administrative Agent to Borrower of the occurrence and during the continuation of an Event of Default, terminate the limited license granted to Borrower in Section 9.2 hereof, and thereafter direct the lessees under the Leases to pay direct to Administrative Agent, or Trustee on Lender's behalf, the Rents due and to become due under the Leases and atorn in respect of all other obligations thereunder direct to Administrative Agent without any obligation on such lessees part to determine whether an Event of Default does in fact exist or has in fact occurred. All Rents collected by Administrative Agent, or Trustee acting on Lender's behalf, shall be applied as provided for in Section 7.4 hereof; provided, however, that if the costs, expenses, and reasonable attorneys' fees shall exceed the amount of Rents collected, the excess shall be added to the Indebtedness, shall bear interest at the Default Rate, and shall be immediately due and payable. The entering upon and taking possession of the Mortgaged Property, the collection of Rents, and the application thereof as aforesaid shall not cure or waive any Event of Default or notice of default, if any, hereunder nor invalidate any act done pursuant to such notice, except to the extent any such default is fully cured. In addition, from time to time, Administrative Agent may elect, and notice hereby is given to each lessee under any Lease, to subordinate the lien of this Lien Instrument to any Lease by unilaterally executing and recording an instrument of subordination, and upon such election the lien of this Lien Instrument shall be subordinate to the Lease identified in such instrument of subordination; provided, however, in each instance such subordination will not affect or be applicable to, and expressly excludes any lien, charge, encumbrance, security interest, claim, easement, restriction, option, covenant and other rights, titles, interests or estates of any nature whatsoever with respect to all or any portion of the Mortgaged Property to the extent that the same may have arisen or intervened during the period between the recordation of this Lien Instrument and the execution of the Lease identified in such instrument of subordination.

(j) Other Rights. Administrative Agent shall have and may exercise any and all other rights and remedies which Lender may have at law or in equity, or by virtue of any Loan Document or under the Code, or otherwise.

(k) Lender as Purchaser. Lender may be the purchaser of the Mortgaged Property or any part thereof, at any sale thereof, whether such sale be under the power of sale herein vested in Trustee or upon any other foreclosure of the liens and security interests hereof, or otherwise, and Lender shall, upon any such purchase, acquire good title to the Mortgaged Property so purchased, free of the liens and security interests hereof, unless the sale was made subject to an unmatured portion of the Indebtedness. Administrative Agent, as purchaser, shall be treated in the same manner as any third party purchaser and the proceeds of Administrative Agent's purchase shall be applied in accordance with Section 7.4 of this Lien Instrument.

7.2 Other Rights of Lender. Should any part of the Mortgaged Property come into the possession of Lender, whether before or after an Event of Default, Administrative Agent may (for itself or by or through other persons, firms, or entities) hold, lease, manage, use, or operate the Mortgaged Property for such time and upon such terms as Administrative Agent may deem prudent under the circumstances (making such repairs, alterations, additions, and improvements thereto and taking such other action as Administrative Agent may from time to time deem necessary or desirable) for the purpose of preserving the Mortgaged Property or its value, pursuant to the order of a court of appropriate jurisdiction or in accordance with any other rights held by Administrative Agent in respect of the Mortgaged Property. Borrower covenants to reimburse and pay to Administrative Agent within ten (10) Business Days after notice thereof, at the place where the Note is payable, the amount of all reasonable out-of-pocket expenses (including without limitation the cost of any insurance, Impositions, or other charges) reasonably and actually incurred by Administrative Agent in connection with Administrative Agent's custody, preservation, use, or operation of the Mortgaged Property, together with interest thereon from the date incurred by Administrative Agent at the Default Rate; and all such expenses, costs, taxes, interest, and other charges shall be and become a part

of the Indebtedness. It is agreed, however, that the risk of loss or damage to the Mortgaged Property is on Borrower, and Lender shall have no liability whatsoever for decline in value of the Mortgaged Property, for failure to obtain or maintain insurance, or for failure to determine whether insurance in force is adequate as to amount or as to the risks insured. Possession by Administrative Agent shall not be deemed an election of judicial relief, if any such possession is requested or obtained, with respect to any Mortgaged Property or collateral not in Administrative Agent's possession.

7.3 Possession After Foreclosure. If the liens or security interests hereof shall be foreclosed by power of sale granted herein, by judicial action, or otherwise, the purchaser at any such sale shall receive, as an incident to purchaser's ownership, immediate possession of the property purchased, and if Borrower or Borrower's successors shall hold possession of said property or any part thereof subsequent to foreclosure, Borrower and Borrower's successors shall be considered as tenants at sufferance of the purchaser at foreclosure sale (without limitation of other rights or remedies, at a reasonable rental per day, due and payable daily, based upon the value of the portion of the Mortgaged Property so occupied and sold to such purchaser), and anyone occupying such portion of the Mortgaged Property, after demand is made for possession thereof, shall be guilty of forcible detainer and shall be subject to eviction and removal, forcible or otherwise, with or without process of law, and all damages by reason thereof are hereby expressly waived.

7.4 Application of Proceeds. The proceeds from any sale, lease, or other disposition made pursuant to this Article VII, or any Rents collected by Administrative Agent from the Mortgaged Property during an Event of Default, or the reserve for Impositions and insurance premiums, if any, required by the provisions of this Lien Instrument or sums received pursuant to Section 8.1 hereof, or proceeds from insurance which Administrative Agent elects to apply to the Indebtedness pursuant to Section 8.2 hereof, shall be applied by Trustee, or by Administrative Agent, as the case may be, to the Indebtedness in the following order and priority: (a) to the payment of all expenses of advertising, selling, and conveying the Mortgaged Property or part thereof, and/or prosecuting or otherwise collecting Rents, proceeds, premiums, or other sums including reasonable attorneys' fees and a reasonable fee or commission to Trustee, based on actual time expended based on a reasonable hourly rate; (b) to the remainder of the Indebtedness as follows: first, to the remaining accrued but unpaid interest, second, to the matured portion of principal of the Indebtedness, third, to prepayment of the unmatured portion, if any, of principal of the Indebtedness applied to installments of principal in inverse order of maturity, and fourth, to the payment of any Interest rate Protection Agreement (Compass); (c) the balance, if any, and to the extent applicable, remaining after the full and final payment of the Indebtedness and full performance and discharge of the Obligations to the holder or beneficiary of any inferior liens covering the Mortgaged Property, if any, in order of the priority of such inferior liens (Trustee and Administrative Agent shall hereby be entitled to rely exclusively upon a commitment for title insurance issued to determine such priority); and (d) the cash balance, if any, to Borrower. The application of proceeds of sale or other proceeds as otherwise provided herein shall be deemed to be a payment of the Indebtedness like any other payment. The balance of the Indebtedness remaining unpaid, if any, shall remain fully due and owing in accordance with the terms of the Note or the other Loan Documents.

7.5 Abandonment of Sale. In the event a foreclosure hereunder is commenced by Trustee in accordance with Subsection 7.1(d) hereof, at any time before the sale, Trustee may abandon the sale, and Administrative Agent may then institute suit for the collection of the Indebtedness and for the foreclosure of the liens and security interests hereof and of the Loan Documents. If Administrative Agent should institute a suit for the collection of the Indebtedness and for a foreclosure of the liens and security interests, Administrative Agent may, at any time before the entry of a final judgment in said suit, dismiss the same and require Trustee to sell the Mortgaged Property or any part thereof in accordance with the provisions of this Lien Instrument.

7.6 Payment of Fees. If the Note or any other part of the Indebtedness shall be collected or if any of the Obligations shall be enforced by legal proceedings, whether through a probate or bankruptcy court or otherwise, or shall be placed in the hands of an attorney for collection after maturity, whether matured by the expiration of time or by an option given to Lender to mature same, or if Lender becomes a party to any suit where this Lien Instrument or the Mortgaged Property or any part thereof is involved, Borrower agrees to pay Administrative Agent's reasonable attorneys' fees and expenses incurred, and such fees shall be and become a part of the Indebtedness and shall bear interest from the date such costs are incurred at the Default Rate.

7.7 Miscellaneous.

(a) In case Administrative Agent shall have proceeded to invoke any right, remedy, or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon same for any reason, Administrative Agent shall have the unqualified right to do so and, in such event, Borrower and Lender shall be restored to their former positions with respect to the Indebtedness, the Loan Documents, the Mortgaged Property or otherwise, and the rights, remedies, recourses and powers of Lender shall continue as if same had never been invoked.

(b) In addition to the remedies set forth in this Article VII, upon the occurrence and during the existence of an Event of Default, Lender and Trustee shall, in addition, have all other remedies available to them at law or in equity.

(c) All rights, remedies, and recourses of Lender granted in any of the Loan Documents, any other pledge of collateral, or otherwise available at law or equity and to the extent not prohibited by applicable law: (i) shall be cumulative and concurrent; (ii) may be pursued separately, successively, or concurrently against Borrower, the Mortgaged Property, or any one or more of them, at the sole discretion of Administrative Agent; (iii) may be exercised as often as occasion therefor shall arise, it being agreed by Borrower that the exercise or failure to exercise any of same shall in no event be construed as a waiver or release thereof or of any other right, remedy, or recourse; (iv) shall be nonexclusive; (v) shall not be conditioned upon Administrative Agent exercising or pursuing any remedy in relation to the Mortgaged Property prior to Administrative Agent bringing suit to recover the Indebtedness or suit on the Obligations; and (vi) in the event Administrative Agent elects to bring suit on the Indebtedness and/or the Obligations and obtains a judgment against Borrower prior to exercising any remedies in relation to Mortgaged Property, all liens and security interests, including the lien of this Lien Instrument, shall remain in full force and effect and may be exercised at Administrative Agent's option.

(d) Administrative Agent may release, regardless of consideration, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating, or releasing the lien or security interests evidenced by this Lien Instrument or the other Loan Documents or affecting the obligations of Borrower, or any other party, to pay the Indebtedness or perform and discharge the Obligations. For payment of the Indebtedness, Administrative Agent may resort to any of the collateral therefor in such order and manner as Administrative Agent may elect. No collateral heretofore, herewith, or hereafter taken by Administrative Agent shall in any manner impair or affect the collateral given pursuant to the Loan Documents, and all collateral shall be taken, considered, and held as cumulative.

(e) Borrower hereby irrevocably and unconditionally waives and releases: (i) all benefits that might accrue to Borrower by virtue of any present or future law exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption, or extension of time for payment; (ii) except as expressly provided for in the Loan Documents, all notices of any Event of Default or of Trustee's or Administrative Agent's exercise of any right, remedy, or recourse provided for under the Loan Documents; and (iii) any right to a marshalling of assets or a sale in inverse order of alienation.

(f) All agreed contractual duties are set forth in the Loan Documents.

(g) Subject to the provisions of Section 7.1(h) hereof, the remedies in this Article VII are available under and governed by the real property laws of California and are not governed by the personal property laws of California.

7.8 Texas Statutory Waiver Provision. To the maximum extent permitted by applicable law, Borrower hereby waives all rights, remedies, claims and defenses based upon or related to Sections 51.003, 51.004 and 51.005 of the Texas Property Code to the extent the same pertains or may pertain to any enforcement of this Lien Instrument.

ARTICLE VIII
SPECIAL PROVISIONS

8.1 Condemnation Proceeds. Any sums received by Administrative Agent as a result of condemnation shall be, at the option of Administrative Agent (subject to the provisions of the Loan Agreement), applied in the manner set forth in the Loan Agreement.

8.2 Insurance Proceeds. Subject to the provisions of the Loan Agreement, the proceeds of any and all insurance upon the Mortgaged Property (other than proceeds of general public liability insurance) shall be collected by Administrative Agent, and Administrative Agent shall have the option (subject to the provisions of the Loan Agreement), to apply any proceeds in the manner described in the Loan Agreement.

8.3 INDEMNITY. BORROWER SHALL INDEMNIFY, DEFEND, AND HOLD HARMLESS LENDER, WHETHER OR NOT AS THE RESULT OF THE NEGLIGENCE OF ADMINISTRATIVE AGENT, FROM AND AGAINST ANY AND ALL LIABILITY, DAMAGE, LOSS, COST, OR EXPENSE (INCLUDING, WITHOUT LIMITATION, REASONABLE OUTSIDE ATTORNEYS' FEES AND EXPENSES), ACTION, PROCEEDING, CLAIM OR DISPUTE ACTUALLY INCURRED OR SUFFERED BY LENDER, WHETHER VOLUNTARILY OR INVOLUNTARILY INCURRED OR SUFFERED, IN RESPECT OF THE FOLLOWING (COLLECTIVELY, AN "INDEMNIFIED CLAIM"):

(i) ANY LITIGATION CONCERNING THIS LIEN INSTRUMENT, THE OTHER LOAN DOCUMENTS OR THE MORTGAGED PROPERTY, OR ANY INTEREST OF BORROWER OR LENDER THEREIN, OR THE RIGHT OF OCCUPANCY THEREOF BY BORROWER OR LENDER, WHETHER OR NOT ANY SUCH LITIGATION IS PROSECUTED TO A FINAL, NON-APPEALABLE JUDGMENT;

(ii) ANY DISPUTE, INCLUDING DISPUTES AS TO THE DISBURSEMENT OF PROCEEDS OF THE NOTE NOT YET DISBURSED, AMONG OR BETWEEN ANY OF THE MEMBERS OF BORROWER;

(iii) ANY ACTION TAKEN OR NOT TAKEN BY LENDER OR TRUSTEE WHICH IS ALLOWED OR PERMITTED UNDER THIS LIEN INSTRUMENT OR ANY OF THE OTHER LOAN DOCUMENTS RELATING TO BORROWER, THE MORTGAGED PROPERTY OR OTHERWISE IN CONNECTION WITH THE LOAN DOCUMENTS, INCLUDING WITHOUT LIMITATION, THE PROTECTION OR ENFORCEMENT OF ANY LIEN, SECURITY INTEREST OR OTHER RIGHT, REMEDY OR RECOURSE CREATED OR AFFORDED BY THIS LIEN INSTRUMENT OR THE OTHER LOAN DOCUMENTS; AND

(iv) ANY ACTION BROUGHT BY LENDER OR TRUSTEE AGAINST BORROWER UNDER THIS LIEN INSTRUMENT OR THE OTHER LOAN DOCUMENTS, WHETHER OR NOT SUCH ACTION IS PROSECUTED TO A FINAL, NON-APPEALABLE JUDGMENT.

(v) LENDER AND/OR TRUSTEE MAY EMPLOY A THIRD PARTY ATTORNEY OR ATTORNEYS TO PROTECT OR ENFORCE ITS RIGHTS, REMEDIES AND RECOURSES UNDER THIS LIEN INSTRUMENT AND THE OTHER LOAN DOCUMENTS, AND TO ADVISE AND DEFEND LENDER AND/OR TRUSTEE WITH RESPECT TO ANY SUCH ACTIONS AND OTHER MATTERS. BORROWER SHALL REIMBURSE LENDER AND/OR TRUSTEE FOR SUCH THIRD PARTY ATTORNEY'S RESPECTIVE REASONABLE FEES AND EXPENSES (INCLUDING EXPENSES AND COSTS FOR EXPERTS) PROMPTLY UPON RECEIPT OF A WRITTEN DEMAND THEREFOR, WHETHER ON A MONTHLY OR OTHER TIME INTERVAL, AND

WHETHER OR NOT AN ACTION IS ACTUALLY COMMENCED OR CONCLUDED. ALL OTHER REIMBURSEMENT AND INDEMNITY OBLIGATIONS HEREUNDER SHALL BECOME DUE AND PAYABLE WHEN ACTUALLY INCURRED BY LENDER AND/OR TRUSTEE. ANY PAYMENTS NOT MADE WITHIN TEN (10) DAYS AFTER WRITTEN DEMAND THEREFOR SHALL BEAR INTEREST AT THE DEFAULT RATE FROM THE DATE OF SUCH DEMAND UNTIL FULLY PAID. THE PROVISIONS OF THIS SECTION 8.3 SHALL SURVIVE REPAYMENT OF THE INDEBTEDNESS AND PERFORMANCE OF THE OBLIGATIONS, THE RELEASE OF THE LIEN OF THIS LIEN INSTRUMENT, ANY FORECLOSURE (OR ACTION IN LIEU OF FORECLOSURE) AND THE EXERCISE BY LENDER OF ANY AND ALL REMEDIES SET FORTH HEREIN OR IN THE LOAN DOCUMENTS. NOTWITHSTANDING THE FORGOING, NOTHING HEREIN SHALL REQUIRE THE BORROWER TO INDEMNIFY LENDER ON ACCOUNT OF ANY INDEMNIFIED CLAIMS ARISING FROM ADMINISTRATIVE AGENT'S OR LENDER'S GROSS NEGLIGENCE AND WILLFUL MISCONDUCT.

8.4 Subrogation. Borrower waives any and all right to claim, recover, or subrogation against Lender or its officers, directors, employees, agents, attorneys, or representatives for loss or damage to Borrower, the Mortgaged Property, Borrower's property or the property of others under Borrower's control from any cause insured against or required to be insured against by the provisions of the Loan Documents.

8.5 Setoff. Lender shall, only during the period of a continuing Event of Default, be entitled to exercise both the rights of setoff and banker's lien, if applicable, against the interest of Borrower in and to each and every account and other property of Borrower which are in the possession of Lender to the full extent of the outstanding balance of the Indebtedness.

8.6 Consent to Disposition. Subject to the terms of the Loan Agreement, it is expressly agreed that Administrative Agent may predicate Administrative Agent's decision to grant or withhold consent to a Disposition requiring Administrative Agent's consent pursuant to Section 5.7 hereof on such terms and conditions as Administrative Agent may require, in Administrative Agent's sole discretion, including without limitation, the following: (a) consideration of the creditworthiness of the party to whom such Disposition will be made and its management ability with respect to the Mortgaged Property, (b) consideration of whether the security for repayment of the Indebtedness and the performance and discharge of the Obligations, or Administrative Agent's ability to enforce its rights, remedies, and recourses with respect to such security, will be impaired in any way by the proposed Disposition, (c) reimbursement of Administrative Agent for all costs and expenses incurred by Administrative Agent in investigating the creditworthiness and management ability of the party to whom such Disposition will be made and in determining whether Administrative Agent's security will be impaired by the proposed Disposition, (d) payment to Administrative Agent of a transfer fee to cover the cost of documenting the Disposition in its records, (e) payment of Administrative Agent's reasonable third party attorneys' fees in connection with such Disposition, (f) the express assumption of payment of the Indebtedness and performance and discharge of the Obligations by the party to whom such Disposition will be made (with or without the release of Borrower from liability for such Indebtedness and Obligations), (g) the execution of assumption agreements, modification agreements, supplemental loan documents, and financing statements, satisfactory in form and substance to Administrative Agent, (h) endorsements (to the extent available under applicable law) to any existing mortgagee title insurance policies insuring Lender's liens and security interests covering the Mortgaged Property, and (i) the provision of additional security for the payment of the Indebtedness and performance and discharge of the Obligations.

8.7 Consent to Subordinate Mortgage. In the event Administrative Agent consents to the granting of a Subordinate Mortgage, or in the event the above-described right of Administrative Agent to declare the Indebtedness to be immediately due and payable upon the granting of a Subordinate Mortgage without the prior written consent of Administrative Agent is determined by a court of competent jurisdiction to be unenforceable under the provisions of any applicable law, Borrower will not execute or deliver any Subordinate Mortgage unless (a) it shall contain express covenants to the effect: (1) that the Subordinate Mortgage is in all respects unconditionally subject and subordinate to the lien and security interest evidenced by this Lien Instrument and each term and provision hereof;

(2) that if any action or proceeding shall be instituted to foreclose the Subordinate Mortgage (regardless of whether the same is a judicial proceeding or pursuant to a power of sale contained therein), no tenant of any portion of the Mortgaged Property will be named as a party defendant, nor will any action be taken with respect to the Mortgaged Property which would terminate any occupancy or tenancy of the Mortgaged Property without the prior written consent of Administrative Agent; (3) that the rents and profits, if collected through a receiver or by the holder of the Subordinate Mortgage, shall be applied first to the Indebtedness, next to the payment of the Impositions, and then to the performance and discharge of the Obligations; and (4) that if any action or proceeding shall be brought to foreclose the Subordinate Mortgage (regardless of whether the same is a judicial proceeding or pursuant to a power of sale contained therein), written notice of the commencement thereof will be given to Administrative Agent contemporaneously with the commencement of such action or proceeding; and (b) a copy thereof shall have been delivered to Administrative Agent not less than ten (10) days prior to the date of the execution of such Subordinate Mortgage.

ARTICLE IX

ASSIGNMENT OF LEASES AND RENTS

9.1 Assignment. For Ten Dollars (\$10.00) and other good and valuable consideration, including the indebtedness evidenced by the Note, the receipt and sufficiency of which are hereby acknowledged and confessed, Borrower has GRANTED, BARGAINED, SOLD, and CONVEYED, and by these presents does GRANT, BARGAIN, SELL, and CONVEY unto Lender, as security for the payment of the Indebtedness and the performance and discharge of the Obligations, the Leases and the Rents subject only to the Permitted Exceptions applicable thereto and the License (hereinafter defined); TO HAVE AND TO HOLD the Leases and the Rents unto Lender, forever, and Borrower does hereby bind itself, its successors, and assigns to warrant and forever defend the title to the Leases and the Rents unto Lender against every person whomsoever lawfully claiming or to claim the same or any part thereof; provided, however, that upon release of this Lien Instrument, this assignment shall automatically terminate and be of no further force and effect, and all rights, titles, and interests conveyed pursuant to this assignment shall become vested in Borrower without the necessity of any further act or requirement by Borrower, Trustee or Lender.

9.2 Limited License. Administrative Agent hereby grants to Borrower a limited license (the "License") to exercise and enjoy all incidences of the status of a lessor of the Leases and the Rents, including without limitation, the right to collect, demand, sue for, attach, levy, recover, and receive the Rents, and to give proper receipts, releases, and acquittances therefor. Borrower hereby agrees to receive all Rents and hold the same as a trust fund to be applied, and to apply the Rents so collected, first to the payment of the Indebtedness, next to the payment of the Impositions, and then to the performance and discharge of the Obligations. Thereafter, Borrower may use the balance of the Rent collected in any manner not inconsistent with the Loan Documents, including, without limiting, distributing such proceeds to its members, partners and constituents. From and after the occurrence of an Event of Default and so long as such Event of Default shall be continuing (whether or not Administrative Agent shall have exercised Lender's option to declare the Note immediately due and payable), upon written notice by Administrative Agent, the License shall be revoked. Furthermore, and notwithstanding the provisions of this Section 9.2, no credit shall be given by Lender for any Rents until the money collected is actually received by Administrative Agent, and no such credit shall be given for any Rents after foreclosure or other transfer of the Mortgaged Property (or any part thereof from which Rents are derived pursuant to this Lien Instrument) to Lender or any other third party. Notwithstanding the foregoing, if at any time the License is revoked pursuant to this Section 9.2 and, subsequent thereto, there are no then continuing Events of Default, then the License shall be deemed reinstated and all of the provisions of this Section 9.2 shall automatically apply as if it were the License first granted hereunder. In such event, Administrative Agent will, upon written request and at Borrower's expense, send notices to any lessee to whom it had previously sent a notice or demand described in Section 7.1(i) hereof and direct such lessee to again make its respective payments to Borrower in accordance with the payment instructions previously existing.

9.3 No Merger of Estates. So long as any part of the Indebtedness and the Obligations secured hereby remain unpaid and unperformed or undischarged, the fee and leasehold estates to the Mortgaged Property shall not

merge but rather shall remain separate and distinct, notwithstanding the union of such estates either in Borrower, Lender, any lessee, or any third party purchaser or otherwise.

9.4 BORROWER'S INDEMNITIES. SO LONG AS THE LICENSE IS IN EFFECT, BORROWER SHALL INDEMNIFY AND HOLD HARMLESS LENDER, ADMINISTRATIVE AGENT AND TRUSTEE, WHETHER OR NOT AS THE RESULT OF THE NEGLIGENCE OF LENDER, ADMINISTRATIVE AGENT AND/OR TRUSTEE, FROM AND AGAINST ANY AND ALL LIABILITY, LOSS, COST, DAMAGE, OR EXPENSE WHICH LENDER AND/OR ADMINISTRATIVE AGENT ACTUALLY INCURS UNDER OR BY REASON OF THIS ASSIGNMENT, OR FOR ANY ACTION TAKEN BY LENDER AND/OR ADMINISTRATIVE AGENT HEREUNDER, OR BY REASON OF OR IN DEFENSE OF ANY AND ALL CLAIMS AND DEMANDS WHATSOEVER WHICH MAY BE ASSERTED AGAINST LENDER, ADMINISTRATIVE AGENT AND/OR TRUSTEE ARISING OUT OF THE LEASES OR WITH RESPECT TO THE RENTS; PROVIDED, HOWEVER, BORROWER SHALL NOT BE OBLIGATED TO INDEMNIFY LENDER, ADMINISTRATIVE AGENT OR TRUSTEE TO THE EXTENT OF ANY LIABILITY, LOSS, COST, DAMAGE OR CLAIM ARISING FROM THE GROSS NEGLIGENCE AND WILLFUL MISCONDUCT OF TRUSTEE, LENDER AND/OR ADMINISTRATIVE AGENT. IN THE EVENT LENDER, ADMINISTRATIVE AGENT AND/OR TRUSTEE ACTUALLY INCURS ANY SUCH LIABILITY, LOSS, COST, DAMAGE, OR EXPENSE, THE AMOUNT THEREOF TOGETHER WITH ALL REASONABLE THIRD PARTY ATTORNEYS' FEES AND INTEREST THEREON AT THE DEFAULT RATE SHALL BE PAYABLE BY BORROWER TO LENDER, ADMINISTRATIVE AGENT AND/OR TRUSTEE IMMEDIATELY, WITHOUT DEMAND, AND SHALL BE DEEMED A PART OF THE INDEBTEDNESS AND SECURED UNDER ARTICLE II HEREOF.

9.5 Administrative Agent Not Responsible. Under no circumstances shall Administrative Agent have any duty to produce Rents from the Property. Regardless of whether or not Administrative Agent, in person or by agent, takes actual possession of the Land and Improvements, Administrative Agent is not and shall not be deemed to be: (a) a "mortgagee in possession" for any purpose; or (b) responsible for performing any of the obligations of the lessor under any lease; or (c) responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair or control of the Property; or liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

ARTICLE X

SECURITY AGREEMENT

10.1 Security Interest. This Lien Instrument (a) shall be construed as a deed of trust on real property, and (b) shall also constitute and serve as a "Security Agreement" on personal property within the meaning of, and shall constitute until the grant of this Lien Instrument shall terminate as provided in Section 12.1 hereof, a first and prior security interest under the Code as to property within the scope thereof and in the state where the Mortgaged Property is located with respect to the Personalty, Fixtures, Contracts, Leases, Rents and Reserves. To this end, Borrower has GRANTED, BARGAINED, CONVEYED, ASSIGNED, TRANSFERRED, and SET OVER, and by these presents does GRANT, BARGAIN, CONVEY, ASSIGN, TRANSFER and SET OVER, unto Lender, a first and prior security interest (subject to the Permitted Exceptions (which, for purposes of this definition, shall also include (a) Approved Leases, (b) Liens, if any, for Taxes or other charges not yet due and payable and not delinquent, and (c) any workers', mechanics' or other similar Liens on the Mortgaged Property provided that any such Lien is bonded or discharged within sixty (60) days after Borrower first receives notice of such Lien) in all of Borrower's right, title and interest in, to, under and with respect to the Personalty, Fixtures, Contracts, Leases, Rents and Reserves to secure the full and timely payment of the Indebtedness and the full and timely performance and discharge of the Obligations. It is the intent of Borrower and Lender that this Lien Instrument encumber all Leases and Rents, that all items contained in the definition of "Leases" and "Rents" which are included within the Code be covered by the security interest granted in this Article X, and that all items contained in the definition of "Leases" and "Rents" which are excluded from the Code be covered by the provisions of Article II and Article IX hereof.

10.2 Financing Statements. Borrower hereby agrees with Lender to deliver to Administrative Agent, in form and substance satisfactory to Administrative Agent, such "Financing Statements" and such further assurances as Administrative Agent may, from time to time, reasonably consider necessary to create, perfect, and preserve Lender's security interest herein granted, and Administrative Agent may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect, and preserve such security interest.

10.3 Construction Mortgage and Fixture Filing. To the extent that Borrower and Administrative Agent on behalf of Lenders agree to any subsequent advances for construction of Improvements in accordance with the Loan Documents, as may be amended from time to time, this Lien Instrument shall secure any such future advances that may be used for construction of Improvements on the Land pursuant to the Loan Documents, as may be amended from time to time. Accordingly, in such event, this Lien Instrument constitutes a "construction mortgage" under the Code. This Lien Instrument shall also constitute a "fixture filing" for the purposes of the Code. All or part of the Mortgaged Property are or are to become fixtures; information concerning the security interest herein granted may be obtained from the parties at the address of the parties set forth herein. For purposes of the security interest herein granted, the address of Debtor (Borrower) is set forth in the first paragraph of this Lien Instrument and the address of the Secured Party (Lender) is set forth in Article I hereof. The Debtor's (Borrower's) state of organization is Delaware and its organization number is 5379999.

10.4 Representative Warranties and Covenants Regarding UCC Matters. Borrower represents and warrants that (a) Borrower's name, identity, and state of organization are precisely as referred to in the first paragraph of this Lien Instrument; (b) Borrower has been using or operating under said name and identity without change since the date of Borrower's creation; and (c) the location of all tangible Personalty collateral is located upon the Land. Borrower covenants and agrees that Borrower shall furnish Administrative Agent with notice of any change in the matters, addressed by clause (a) or (b) of this Section 10.4 within thirty (30) days prior to the effective date of any such change. Borrower authorizes Administrative Agent, at Borrower's cost, to execute and file instruments deemed necessary by Administrative Agent.

ARTICLE XI

CONCERNING THE TRUSTEE

11.1 No Required Action. Trustee shall not be required to take any action toward the execution and enforcement of the trust hereby created or to institute, appear in, or defend any action, suit, or other proceeding in connection therewith where, in his opinion, such action would be likely to involve him in expense or liability, unless requested so to do by a written instrument signed by Administrative Agent and, if Administrative Agent so requests, unless Trustee is tendered security and indemnity satisfactory to Trustee against any and all cost, expense, and liability arising therefrom. Trustee shall not be responsible for the execution, acknowledgment, or validity of the Loan Documents, or for the proper authorization thereof, or for the sufficiency of the lien and security interest purported to be created hereby, and Trustee makes no representation in respect thereof or in respect of the rights, remedies, and recourses of Lender.

11.2 Certain Rights. With the approval of Administrative Agent, Trustee shall have the right to take any and all of the following actions: (i) to select, employ, and advise with counsel (who may be, but need not be, counsel for Administrative Agent) upon any matters arising hereunder, including the preparation, execution, and interpretation of the Loan Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (ii) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his agents or attorneys, (iii) to select and employ, in and about the execution of his duties hereunder, suitable accountants, engineers and other experts, agents and attorneys in fact, either corporate or individual, not regularly in the employ of Trustee, and Trustee shall not be answerable for any act, default, negligence, or misconduct of any such accountant, engineer or other expert, agent or attorney in fact, if selected with reasonable care, or for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith, and (iv) any and all other lawful action as Administrative Agent may instruct Trustee to take to protect or enforce Lender's rights hereunder.

Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Mortgaged Property for debts contracted for or liability or damages incurred in the management or operation of the Mortgaged Property. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting any action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. Trustee shall be entitled to reimbursement for expenses incurred by Trustee in the performance of Trustee's duties hereunder and to reasonable compensation for such of Trustee's services hereunder as shall be rendered. Borrower will, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and save Trustee harmless against, any and all liability and expenses actually incurred by Trustee in the performance of Trustee's duties.

11.3 Retention of Money. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law) and Trustee shall be under no liability for interest on any moneys received by Trustee hereunder.

11.4 Successor Trustees. Trustee may resign by the giving of notice of such resignation in writing or verbally to Administrative Agent. If Trustee shall die, resign, or become disqualified from acting in the execution of this trust, or if, for any reason, Administrative Agent shall prefer to appoint a substitute trustee or multiple substitute trustees, or successive substitute trustees or successive multiple substitute trustees, to act instead of the aforementioned Trustee, Administrative Agent shall have full power to appoint a substitute trustee (or, if preferred, multiple substitute trustees) in succession who shall succeed (and if multiple substitute trustees are appointed, each of such multiple substitute trustees shall succeed) to all the estates, rights, powers, and duties of the aforementioned Trustee. Such appointment may be executed by any authorized agent of Administrative Agent, and if such Administrative Agent be a corporation and such appointment be executed in its behalf by any officer of such corporation, such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the board of directors or any superior officer of the corporation. Borrower hereby ratifies and confirms any and all acts which the aforementioned Trustee, or his successor or successors in this trust, shall do lawfully by virtue hereof. If multiple substitute Trustees are appointed, each of such multiple substitute Trustees shall be empowered and authorized to act alone without the necessity of the joinder of the other multiple substitute trustees, whenever any action or undertaking of such substitute trustees is requested or required under or pursuant to this Lien Instrument or applicable law.

11.5 Perfection of Appointment. Should any deed, conveyance, or instrument of any nature be required from Borrower by any Trustee or substitute Trustee to more fully and certainly vest in and confirm to Trustee or substitute Trustee such estates, rights, powers, and duties, then, upon request by Trustee or substitute Trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Borrower.

11.6 Succession Instruments. Any substitute Trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed, or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its or his predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Administrative Agent or of the substitute Trustee, Trustee ceasing to act shall execute and deliver any instrument transferring to such substitute Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Trustee to the substitute Trustee so appointed in Trustee's place.

11.7 No Representation by Trustee or Lender. By accepting or approving anything required to be observed, performed, or fulfilled or to be given to Trustee or Administrative Agent pursuant to the Loan Documents, including without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, neither Trustee nor Administrative Agent shall be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness, or legal effect of the same, or of any term, provision, or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or affirmation with respect thereto by Trustee or Administrative Agent.

ARTICLE XII

MISCELLANEOUS

12.1 **Reconveyance.** If the Indebtedness is paid in full in accordance with the terms of the Loan Documents, Administrative Agent shall request Trustee to reconvey the Mortgaged Property and shall surrender this Lien Instrument and the Note to Trustee. Trustee shall promptly reconvey the Mortgaged Property without warranty to the person or persons legally entitled to the Mortgaged Property. Such person or persons shall pay Trustee's reasonable costs incurred in so reconveying the Mortgaged Property.

12.2 **Performance at Borrower's Expense.** Subject to the provisions of Section 12.11 hereof, Borrower shall (a) pay all reasonable legal fees of outside counsel incurred by Administrative Agent in connection with the preparation of the Loan Documents (including any amendments thereto or consents, releases, or waivers granted thereunder); (b) reimburse Administrative Agent, promptly upon demand, for all amounts reasonably expended, advanced, or incurred by Administrative Agent to satisfy any obligation of Borrower under the Loan Documents, which amounts shall include all court costs, reasonable attorneys' fees of outside counsel (including, without limitation, for trial, appeal, or other proceedings), reasonable fees of auditors and accountants and other investigation expenses reasonably incurred by Administrative Agent in connection with any such matters; and (c) pay any and all other costs and expenses of performing or complying with any and all of the Obligations. The payment of such costs and expenses shall not be credited, in any way and to any extent, against any installment on or portion of the Indebtedness.

12.3 **Survival of Obligations.** Each and all of the Obligations shall survive the execution and delivery of the Loan Documents and the consummation of the loan called for therein and shall continue in full force and effect until the Indebtedness shall have been paid in full; provided, however, that nothing contained in this Section 12.3 shall limit the obligations of Borrower as otherwise set forth herein.

12.4 **Recording and Filing.** Borrower will cause the Loan Documents (requested by Administrative Agent) and all amendments and supplements thereto and substitutions therefor to be recorded, filed, re-recorded, and refiled in such manner and in such places as Administrative Agent shall reasonably request, and will pay all such recording, filing, re-recording and refiling taxes, documentary stamp taxes, fees, and other charges.

12.5 **Notices.** All notices or other communications required or permitted to be given pursuant to this Lien Instrument shall be in accordance with the provisions of the Loan Agreement.

12.6 **Covenants Running with the Land.** All Obligations contained in this Lien Instrument and the other Loan Documents are intended by Borrower and Lender to be, and shall be construed as, covenants running with the Mortgaged Property until the lien of this Lien Instrument has been fully released by Administrative Agent.

12.7 **Successors and Assigns.** Subject to the provisions of Section 5.7 hereof, all of the terms of the Loan Documents shall apply to, be binding upon, and inure to the benefit of the parties thereto, their successors, assigns, heirs, and legal representatives and all other persons claiming by, through, or under them.

12.8 **No Waiver; Severability.** Any failure by Trustee or Administrative Agent to insist, or any election by Trustee or Administrative Agent not to insist, upon strict performance by Borrower or others of any of the terms, provisions, or conditions of the Loan Documents shall not be deemed to be a waiver of same or of any other terms, provisions, or conditions thereof, and Trustee or Administrative Agent shall have the right at any time or times thereafter to insist upon strict performance by Borrower or others of any and all of such terms, provisions, and conditions. The Loan Documents are intended to be performed in accordance with, and only to the extent permitted by, all applicable Legal Requirements. If any provision of any of the Loan Documents or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, then neither the remainder of the instrument in which such provision is contained nor the application of such provision to other persons or circumstances nor the other instruments referred to herein shall be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

12.9 Counterparts. To facilitate execution, this Lien Instrument may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature and acknowledgment of, or on behalf of, each party, or that the signature and acknowledgment of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Lien Instrument to produce or account for more than a single counterpart containing the respective signatures and acknowledgment of, or on behalf of, each of the parties hereto. Any signature and acknowledgment page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures and acknowledgments thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature and acknowledgment pages.

12.10 APPLICABLE LAW. THIS LIEN INSTRUMENT AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS (WITHOUT REGARD TO CHOICE OF LAW OR CONFLICT OF LAWS RULES) AND THE LAWS OF THE UNITED STATES APPLICABLE TO TRANSACTIONS IN THE STATE OF TEXAS, EXCEPT THAT THE LAWS OF THE STATE WHERE THE LAND IS LOCATED, INCLUDING LAWS GOVERNING FORECLOSURE, SHALL GOVERN THE LOCAL ISSUES. FOR PURPOSES HEREOF, THE TERM "LOCAL ISSUES" REFERS TO ANY PROVISION OF THIS LIEN INSTRUMENT AND THE OTHER LOAN DOCUMENTS WHICH PERTAINS TO (I) WHETHER A TRANSACTION TRANSFERS OR CREATES AN INTEREST IN REAL OR PERSONAL PROPERTY SITUATED IN THE STATE WHERE THE LAND IS LOCATED FOR SECURITY PURPOSES OR OTHERWISE, (II) THE NATURE OF AN INTEREST IN REAL OR PERSONAL PROPERTY SITUATED IN THE STATE WHERE THE LAND IS LOCATED THAT IS TRANSFERRED OR CREATED BY A TRANSACTION, (III) A METHOD FOR FORECLOSURE OF A LIEN OR SECURITY INTEREST IN REAL OR PERSONAL PROPERTY SITUATED IN THE STATE WHERE THE LAND IS LOCATED, (IV) THE NATURE OF AN INTEREST IN REAL OR PERSONAL PROPERTY SITUATED IN THE STATE WHERE THE LAND IS LOCATED THAT RESULTS FROM A FORECLOSURE, (V) THE MANNER AND EFFECT OF RECORDING OR FAILING TO RECORD EVIDENCE OF A TRANSACTION THAT TRANSFERS OR CREATES AN INTEREST IN REAL OR PERSONAL PROPERTY SITUATED IN THE STATE WHERE THE LAND IS LOCATED, OR (VI) ANY OTHER MATTERS CONTAINED IN THIS LIEN INSTRUMENT OR THE OTHER LOAN DOCUMENTS WHICH ARE PURPORTED TO BE GOVERNED BY THE UNIFORM COMMERCIAL CODE ADOPTED BY THE STATE OF THE STATE WHERE THE LAND IS LOCATED OR NAMES EXPRESS REFERENCE TO LAWS, STATUTES OR THE LAWS OF THE STATE OF IN THE STATE WHERE THE LAND IS LOCATED.

12.11 Controlling Agreement. It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply with applicable laws of the State of Texas to the extent applicable, or applicable United States federal law (to the extent that it permits Lender to contract for, charge, take, reserve, or receive a greater amount of interest than under Texas) and that this section shall control every other covenant and agreement in the Loan Documents. If the applicable law is ever judicially interpreted so as to render usurious any amount called for under any of the Loan Documents, or contracted for, charged, taken, reserved, or received with respect to the Indebtedness, or if Lender's exercise of the option to accelerate the maturity of the Note, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable law, then it is Borrower's, Trustee's and Lender's express intent that all excess amounts theretofore collected by Lender shall be credited on the principal balance of the Note and all other Indebtedness (or, if the Note and all other Indebtedness have been or would thereby be paid in full, refunded to Borrower), and the provisions of the Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the Indebtedness shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Indebtedness until payment in full so that the rate or amount of interest on account of the Indebtedness does not exceed the Maximum Lawful Rate from time to time in effect and applicable to the Indebtedness for so long as the Indebtedness is outstanding. In no event shall the provisions of Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving tri-party accounts) apply to the loan evidenced by the Loan Documents and/or secured

hereby. Borrower hereby agrees that as a condition precedent to any claim seeking usury penalties against Lender, Borrower will provide written notice to Lender, advising Lender in reasonable detail of the nature and amount of the violation, and Lender shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to Borrower or crediting such excess interest against this Note and/or any other indebtedness then owing by Borrower to Lender. Notwithstanding anything to the contrary contained in any of the Loan Documents, it is not the intention of Trustee and/or Lender to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

12.12 Subrogation. If any or all of the proceeds of the Note have been used to extinguish, extend or renew any indebtedness heretofore existing against the Mortgaged Property, then, to the extent of such funds so used, Administrative Agent shall be subrogated to all of the rights, claims, liens, titles, and interests existing against the Mortgaged Property heretofore held by, or in favor of, the holder of such indebtedness and such former rights, claims, liens, titles, and interests, if any, are not waived but rather are continued in full force and effect in favor of Administrative Agent and are merged with the lien and security interest created herein as cumulative security for the repayment of the Indebtedness and the performance and discharge of the Obligations.

12.13 Rights Cumulative. Lender shall have all rights, remedies, and recourses granted in the Loan Documents and available at law or in equity (including, without limitation, those granted by the Code and applicable to the Mortgaged Property or any portion thereof), and the same (a) shall be cumulative and concurrent, (b) may be pursued separately, successively, or concurrently against Borrower or others obligated for the Indebtedness or any part thereof, or against any one or more of them, or against the Mortgaged Property, at the sole discretion of Administrative Agent, (c) may be exercised as often as occasion therefor shall arise, it being agreed by Borrower that the exercise, discontinuance of the exercise of or failure to exercise any of the same shall in no event be construed as a waiver or release thereof or of any other right, remedy, or recourse, and (d) are intended to be, and shall be, nonexclusive. All rights and remedies of Lender hereunder and under the other Loan Documents shall extend to any period after the initiation of foreclosure proceedings, judicial or otherwise, with respect to the Mortgaged Property.

12.14 Payments. Remittances in payment of any part of the Indebtedness other than in the required amount in funds immediately available at the place where the Note is payable shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by Administrative Agent in funds immediately available at the place where the Note is payable (or such other place as Administrative Agent, in Administrative Agent's sole discretion, may have established by delivery of written notice thereof to Borrower) and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Administrative Agent of any payment in an amount less than the amount then due shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be an Event of Default.

12.15 Exceptions to Covenants. Borrower shall not be deemed to be permitted to take any action or to fail to take any action with respect to any particular covenant or condition contained in any of the Loan Documents if the action or omission would result in the breach of any other covenant or condition contained in any of the Loan Documents which has not been specifically waived or consented to by Administrative Agent, nor shall Administrative Agent be deemed to have consented to any such act or omission if the same would provide cause for acceleration of the Indebtedness as a result of the breach of any other covenant or condition contained in any of the Loan Documents which has not been specifically waived or consented to by Administrative Agent.

12.16 Reliance. Borrower recognizes and acknowledges that in entering into the loan transaction evidenced by the Loan Documents and accepting this Lien Instrument, Lender is expressly and primarily relying on the truth and accuracy of the foregoing warranties and representations set forth in Article III hereof without any obligation to investigate the Mortgaged Property and notwithstanding any investigation of the Mortgaged Property by Lender; that such reliance exists on the part of Lender prior hereto; that such warranties and representations are a material inducement to Lender in making the loan evidenced by the Loan Documents and accepting of this Lien Instrument; and that Lender would not be willing to make the loan evidenced by the Loan Documents and accept this Lien Instrument in the absence of any of such warranties and representations.

12.17 Headings. The Article, Section, and Subsection entitlements hereof are inserted for convenience of reference only and shall in no way alter, modify, or define, or be used in construing the text of such Articles, Sections, or Subsections.

12.18 Loan Agreement. Reference is hereby made for all purposes to the Loan Agreement of even date herewith between Lender and Borrower pertaining to the funding of the principal amount of the Note. In event of a conflict between the terms and provisions hereof and the Loan Agreement, the Loan Agreement shall govern. In the event that any provision herein addresses the same subject matter as set forth in the Loan Agreement, any qualification or modification to such provision set forth in the Loan Agreement shall govern.

12.19 Construction. All pronouns, whether in masculine, feminine or neuter form, shall be deemed to refer to the object of such pronoun whether same is masculine, feminine or neuter in gender, as the context may suggest or require. All terms used herein, whether or not defined in Section 1.1 hereof, and whether used in singular or plural form, shall be deemed to refer to the object of such term whether such is singular or plural in nature, as the context may suggest or require.

12.20 WAIVER OF RIGHT OF OFFSET. NO PORTION OF THE INDEBTEDNESS SHALL BE OR BE DEEMED TO BE OFFSET OR COMPENSATED BY ALL OR ANY PART OF ANY CLAIM, CAUSE OF ACTION, COUNTERCLAIM, OR CROSS-CLAIM, WHETHER LIQUIDATED OR UNLIQUIDATED, THAT BORROWER MAY HAVE OR CLAIM TO HAVE AGAINST LENDER. BORROWER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BENEFITS OF CALIFORNIA CODE OF CIVIL PROCEDURE §431.70.

12.21 ENTIRE AGREEMENT; AMENDMENT. THIS LIEN INSTRUMENT AND THE OTHER LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO. THE PROVISIONS OF THIS LIEN INSTRUMENT AND THE OTHER LOAN DOCUMENTS MAY BE AMENDED OR WAIVED ONLY BY AN INSTRUMENT IN WRITING SIGNED BY THE RESPECTIVE PARTIES TO SUCH DOCUMENTS.

12.22 WAIVER OF RIGHT TO TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT OF ANY OF THE LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT OF OR BY LENDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF THIS LIEN INSTRUMENT OR THE OTHER LOAN DOCUMENTS.

12.23 NOTICE OF INDEMNIFICATION: BORROWER HEREBY ACKNOWLEDGES AND AGREES THAT THIS LIEN INSTRUMENT CONTAINS CERTAIN INDEMNIFICATION PROVISIONS, INCLUDING, BUT NOT LIMITED TO SECTIONS 7.1, 8.3 AND 9.4 HEREOF WHICH MAY, IN CERTAIN INSTANCES, INCLUDE INDEMNIFICATION BY BORROWER OR OTHERS AGAINST LENDER'S OWN NEGLIGENCE.

ARTICLE XIII

SPECIAL STATE PROVISIONS

Notwithstanding anything contained herein to the contrary:

13.1 Request for Notice. In accordance with California Civil Code Section 2924b, Borrower hereby requests a copy of any notice of default and that any notice of sale hereunder be mailed to it at the address set forth in the first Section of this Lien Instrument.

13.2 Environmental Provision. Without limiting any of the remedies provided in this Lien Instrument or the other Loan Documents, Borrower acknowledges and agrees that the provisions of the separate Environmental Liabilities Agreement delivered by Borrower and Section 5.2 of this Lien Instrument, all constitute environmental provisions (as defined in California Code of Civil Procedure Section 736(f)(2)) made by Borrower relating to the real property security ("Environmental Provisions"), and that Borrower's failure to comply with the Environmental Provisions is a breach of contract such that Beneficiary shall have the remedies provided under California Code of Civil Procedure Section 736 ("Section 736") for the recovery of damages and for the enforcement of the Environmental Provisions. Pursuant to Section 736, Beneficiary's action for recovery of damages or enforcement of the Environmental Provisions shall not constitute an action within the meaning of California Code of Civil Procedure Section 726(a) nor shall it constitute a money judgment for a deficiency or a deficiency judgment within the meaning of California Code of Civil Procedure Section 580a, 580b, 580d or 726(b). Other than the remedy provided under Section 736, all remedies provided for by the Loan Documents are separate and distinct causes of action that are not abrogated, modified, limited or otherwise affected by the remedies provided under California Code of Civil Procedure Section 736(a).

[Remainder of page intentionally left blank.]

EXHIBIT A
Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOT 3 OF TRACT NO. 71804, IN THE CITY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 1379 PAGES 42 TO 48, INCLUSIVE OF MAPS, THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM SAID LAND ALL MINERALS, GAS, OIL, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER THAT PORTION OF SAID LAND, INCLUDED WITHIN THAT PORTION OF THE JACKINS TRACT IN BOOK 2, PAGE 71 OF MAPS, DESCRIBED AS FOLLOWS:

LOT 16 AND THE EASTERLY 10 FEET OF LOT 17 TOGETHER WITH THAT PORTION OF SAID LAND WHICH WOULD PASS BY OPERATIONS OF LAW WITH THE CONVEYANCE OF SAID LOT 16 AND THE EASTERLY 10 FEET OF LOT 17 TOGETHER WITH ALL NECESSARY AND CONVENIENT RIGHTS TO EXPLORE FOR, DEVELOP, PRODUCE, EXTRACT AND TAKE THE SAME INCLUDING THE EXCLUSIVE RIGHT TO DIRECTIONALLY DRILL INTO AND THROUGH SAID LAND FROM OTHER LANDS AND INTO THE SUBSURFACE OR OTHER LANDS, SUBJECT TO THE EXPRESS LIMITATIONS THAT ANY AND ALL OPERATIONS FOR THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION AND TAKING OF ANY OF SAID SUBSTANCES SHALL BE CARRIED ON AT LEVELS BELOW THE DEPTH OF 500 FEET FROM THE SURFACE OF THE ABOVE DESCRIBED PROPERTY BY MEANS OF MINES, WELLS, DERRICKS, AND/OR OTHER EQUIPMENT FROM THE SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND LYING OUTSIDE OF THE ABOVE DESCRIBED PROPERTY AND SUBJECT FURTHER TO THE EXPRESS LIMITATIONS THAT THE FOREGOING RESERVATIONS SHALL IN NO WAY BE INTERPRETED TO INCLUDE ANY RIGHTS OF ENTRY IN AND UPON THE SURFACE OF THE ABOVE DESCRIBED STRIP OF LAND, AS RESERVED BY MARY E. MC KENNEY, A MARRIED WOMAN ALSO KNOWN AS MARY ELIZABETH MC KENNEY, IN DEED RECORDED SEPTEMBER 24, 1968 AS INSTRUMENT NO. 560.

EXCEPT FROM SAID LOT, ALL OIL, GAS, AND MINERAL SUBSTANCES, TOGETHER WITH THE RIGHT TO EXPLORE FOR AND EXTRACT SUCH SUBSTANCES, PROVIDED THAT THE SURFACE OPENING OF ANY WELL, HOLE, SHAFT OR OTHER MEANS OF EXPLORING FOR, REACHING OR EXTRACTING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN THE CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT AREA AS RECORDED IN BOOK M5077, PAGE 558 OF

LOS ANGELES COUNTY RECORDS, STATE OF CALIFORNIA, AND SHALL NOT PENETRATE ANY PART OR PORTION OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF, AS RESERVED IN DEED RECORDED JUNE 7, 1982 AS INSTRUMENT NO. 82-576233.

PARCEL 1A:

AN UNDIVIDED 14.75 PERCENT INTEREST IN AND TO LOT 4 OF AMENDED TRACT 32622, IN THE CITY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 1098 PAGE 83 TO 86 INCLUSIVE OF MAPS THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM SAID LOT 4, ALL OIL, GAS, AND MINERAL SUBSTANCES, TOGETHER WITH THE RIGHT TO EXPLORE FOR AND EXTRACT SUCH SUBSTANCES, PROVIDED THAT THE SURFACE OPENING OF ANY WELL, HOLE, SHAFTS OR OTHER MEANS OF EXPLORING FOR, REACHING OR EXTRACTING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN THE CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT AREA AS RECORDED IN BOOK M5077, PAGE 558 OF OFFICIAL RECORDS COUNTY RECORDER, STATE OF CALIFORNIA, AND SHALL NOT PENETRATE ANY PART OR PORTION OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF, AS RESERVED IN DEED RECORDED JUNE 7, 1982 AS INSTRUMENT NO. 82-576233.

PARCEL 2:

EASEMENTS FOR PARKING, INGRESS AND EGRESS FOR PEDESTRIANS AND AUTOMOBILES, UTILITIES, SUPPORT, CONSTRUCTION, LOADING DOCKS AND OTHER MATTERS UPON THE TERMS AND CONDITIONS CONTAINED IN AND AS PROVIDED IN THAT CERTAIN AMENDED AND RESTATED OWNERS' OPERATING AND RECIPROCAL EASEMENT AGREEMENT BY AND AMONG SEVENTH STREET PLAZA ASSOCIATES, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, AND PPLA PLAZA LIMITED PARTNERSHIP, DATED JUNE 20, 1986 AND RECORDED JUNE 04, 1987 AS INSTRUMENT NO. 87-885291, OFFICIAL RECORDS, SAID AGREEMENT BEING AMENDED BY AMENDMENT NO. 1 TO AMENDED AND RESTATED OWNERS' OPERATING AND RECIPROCAL EASEMENT AGREEMENT, DATED DECEMBER 5, 1990, BY AND BETWEEN PPLA PLAZA LIMITED PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP AND SOUTH FIGUEROA PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, SUCCESSOR IN INTEREST TO SEVENTH STREET PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, FORMERLY KNOWN AS OXFORD-PRUDENTIAL JOINT VENTURE, RECORDED DECEMBER 21, 1990 AS INSTRUMENT NO. 90-2108281, AND RE-RECORDED APRIL 30, 1991 AS INSTRUMENT NO. 91-619078, BOTH OF OFFICIAL RECORDS, AND BY AMENDMENT NO. 2 TO AMENDED AND

RESTATED OWNERS' OPERATING AND RECIPROCAL EASEMENT AGREEMENT, DATED JANUARY 1, 1993, BY AND AMONG PPLA PLAZA LIMITED PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP, SOUTH FIGUEROA PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, SUCCESSOR IN INTEREST TO SEVENTH STREET PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, FORMERLY KNOWN AS OXFORD-PRUDENTIAL JOINT VENTURE, AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, RECORDED JANUARY 30, 1995 AS INSTRUMENT NO. 95-150496, OFFICIAL RECORDS.

PARCEL 3:

EASEMENTS FOR PEDESTRIAN INGRESS AND EGRESS, ENCROACHMENTS, CONSTRUCTION, UTILITIES AND SUPPORT, LOADING DOCKS, PARKING TURNAROUND, ACCESS, MAINTENANCE, REPAIR, RESTORATION AND REPLACEMENT, AND CONDENSED WATER AND OTHER MATTERS UPON THE TERMS AND CONDITIONS CONTAINED IN AND AS PROVIDED IN THAT CERTAIN RECIPROCAL EASEMENT AND COST SHARING AGREEMENT BY AND AMONG EYP REALTY, LLC, A DELAWARE LIMITED LIABILITY COMPANY, BOP FIGAT7TH LLC, A DELAWARE LIMITED LIABILITY COMPANY AND BOP FIGAT7TH PARKING LLC, A DELAWARE LIMITED LIABILITY COMPANY, DATED SEPTEMBER 10, 2014, AND RECORDED ON SEPTEMBER 11, 2014 AS INSTRUMENT NO. 2014-_____ OF OFFICIAL RECORDS.

PARCEL 4:

EASEMENTS AS CREATED BY THAT CERTAIN DOCUMENT ENTITLED "AMENDED AND RESTATED LOT 4 CO-OWNERSHIP AGREEMENT", DATED SEPTEMBER 10, 2014 EXECUTED BY EYP REALTY, LLC, A DELAWARE LIMITED LIABILITY COMPANY, BOP FIGAT7TH LLC, A DELAWARE LIMITED LIABILITY COMPANY AND BOP FIGAT7TH PARKING LLC, A DELAWARE LIMITED LIABILITY COMPANY, SUBJECT TO ALL THE TERMS, PROVISION(S) AND CONDITIONS THEREIN CONTAINED, RECORDED SEPTEMBER 11, 2014 AS INSTRUMENT NO. 2014-_____ OF OFFICIAL RECORDS.

PARCEL 5:

WATER SUPPLY EASEMENTS AS CREATED BY THAT CERTAIN GRANT DEED DATED SEPTEMBER 10, 2014 EXECUTED BY EYP REALTY, LLC, A DELAWARE LIMITED LIABILITY COMPANY IN FAVOR OF BOP FIGAT7TH LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, SUBJECT TO ALL THE TERMS, PROVISION(S) AND CONDITIONS THEREIN CONTAINED, RECORDED SEPTEMBER 11, 2014 AS INSTRUMENT NO. 2014-_____ OF OFFICIAL RECORDS.

EXHIBIT A-1
Legal Description (Parking)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOTS 5 AND 6 OF AMENDED TRACT 32622, IN THE CITY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 1098 PAGES 83 TO 86 INCLUSIVE OF MAPS THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. EASEMENTS FOR PARKING, INGRESS AND EGRESS FOR PEDESTRIANS AND AUTOMOBILES, UTILITIES, SUPPORT, CONSTRUCTION, LOADING DOCKS AND OTHER MATTERS UPON THE TERMS AND CONDITIONS CONTAINED IN AND AS PROVIDED IN THAT CERTAIN AMENDED AND RESTATED OWNERS' OPERATING AND RECIPROCAL EASEMENT AGREEMENT BY AND AMONG SEVENTH STREET PLAZA ASSOCIATES, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, AND PPLA PLAZA LIMITED PARTNERSHIP, DATED JUNE 20, 1986 AND RECORDED JUNE 04, 1987 AS INSTRUMENT NO. 87-885291, OFFICIAL RECORDS, SAID AGREEMENT BEING AMENDED BY AMENDMENT NO. 1 TO AMENDED AND RESTATED OWNERS' OPERATING AND RECIPROCAL EASEMENT AGREEMENT, DATED DECEMBER 5, 1990, BY AND BETWEEN PPLA PLAZA LIMITED PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP AND SOUTH FIGUEROA PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, SUCCESSOR IN INTEREST TO SEVENTH STREET PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, FORMERLY KNOWN AS OXFORD-PRUDENTIAL JOINT VENTURE, RECORDED DECEMBER 21, 1990 AS INSTRUMENT NO. 90-2108281, AND RE-RECORDED APRIL 30, 1991 AS INSTRUMENT NO. 91-619078, BOTH OF OFFICIAL RECORDS, AND BY AMENDMENT NO. 2 TO AMENDED AND RESTATED OWNERS' OPERATING AND RECIPROCAL EASEMENT AGREEMENT, DATED JANUARY 1, 1993, BY AND AMONG PPLA PLAZA LIMITED PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP, SOUTH FIGUEROA PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, SUCCESSOR IN INTEREST TO SEVENTH STREET PLAZA ASSOCIATES, A CALIFORNIA GENERAL PARTNERSHIP, FORMERLY KNOWN AS OXFORD-PRUDENTIAL JOINT VENTURE, AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, RECORDED JANUARY 30, 1995 AS INSTRUMENT NO. 95-150496, OFFICIAL RECORDS.

EXHIBIT B
Permitted Exceptions

1. Lack of abutter's rights of vehicular access appurtenant to the remaining portion of the property in and to the adjoining freeway over and across the direct line, shown in said Northerly line of Eighth Street extending 20 feet Easterly from the Southeasterly terminus of said direct line, said rights having been relinquished by the final decree of condemnation entered July 28, 1953, in the Superior Court of Los Angeles County, Case No. 594161, a certified copy of said decree having been recorded August 10, 1953 as Instrument No. 2288 in Book 42421, Page 127, Official Records of Los Angeles County, California ("Official Records"). Affects Parcel 1A
2. Lack of rights of ingress and egress to or from the Harbor Freeway, said rights having been reserved by the State of California, in the deed by the State of California to Edson Bruce Gaston, a single man, by deed recorded April 12, 1956 as Instrument No. 3963 in Book 50872, Page 158, Official Records. Affects Parcel 1A
3. That portion of Parcel 2 conveyed to M. Steven Bashara, by deed recorded July 17, 1956 in Book 51760, Page 20, Official Records, does not include an easement of access to the Harbor Freeway, as appurtenant thereto, said rights having been excepted and reserved by the State of California, in the deed recorded July 17, 1956 as Instrument No. 3739 in Book 51760, Page 20, Official Records. Affects Parcel 1A
4. Description of the Land Within the Central Business District Redevelopment Project Area, recorded July 30, 1975, Recording No. 3868, Official Records. Affects all parcels
5. Covenant and Agreement, executed by Amoco Realty Company in favor of City of Los Angeles, recorded November 25, 1977 as Recording No. 77-1304037, Official Records. Affects Parcel 1A
6. Covenant and Agreement to Prohibit Residential Development in Commercial Zones – Park and Recreation Site Development Provisions, executed by Amoco Realty Company in favor of City of Los Angeles recorded March 14, 1978 as Recording No. 78-269799, Official Records. Affects Portions of Parcels 1, 1A, 2, 3, 4 and 5
7. Covenant and Agreement, executed by Karam Ventures in favor of City of Los Angeles recorded March 14, 1978 as Recording No. 78-269800, Official Records. Affects Portions of Parcels 1, 1A, 2, 3, 4 and 5
8. Covenant and Agreement, executed by Karam Ventures in favor of City of Los Angeles recorded March 14, 1978 as Recording No. 78-269801, Official Records. Affects Portions of Parcels 1, 1A, 2, 3, 4 and 5
9. Covenants, conditions and restrictions set forth in the document entitled Grant Deed recorded August 3, 1983 as Recording No. 83-891108, Official Records, as modified by document recorded July 24, 1984 as Recording No. 84-879465, Official Records. Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value. Affects Portions of Parcels 1, 1A, 2, 3, 4 and 5
10. Waiver of Damages, Indemnification Agreement and Right of Ingress and Egress Covenant to Run with the Land, executed by Oxford Properties, Inc., a Colorado corporation, dated September 4, 1983 as Recording No. 83-1071804, Official Records. Affects Parcel 1
11. Covenant and Agreement Regarding Maintenance of Off-Street Parking Space, executed by PPLA Plaza Development Company in favor of The City of Los Angeles, recorded February 9, 1984 as Recording No. 84-176244, Official Records. Affects Portions of Parcels 1, 1A, 2, 3, 4 and 5

12. Sidewalk easement and rights incidental thereto as set forth in a document entitled Easement Deed, recorded April 26, 1984, Recording No. 84-502147, Official Records. Affects: Parcel 1
13. General Covenant and Agreement, executed by Oxford-Prudential Joint Venture in favor of City of Los Angeles and the Advisory Agency of said city, recorded May 17, 1984 as Recording No. 84-594046, Official Records. Affects Portions of Parcels 1, 1A, 2, 3, 4 and 5
14. General Covenant and Agreement, executed by Oxford-Prudential Joint Venture in favor of City of Los Angeles and the Advisory agency of said city, recorded May 17, 1984 as Recording No. 84-594047, Official Records. Affects Portions of Parcels 1, 1A, 2, 3, 4 and 5
15. Agreement re: Floor Area Allocation and Project Name Rights, dated May 22, 1984, executed by Oxford-Prudential Joint Venture, a California joint venture (formerly known as PPLA Plaza Development Company), Citicorp West, Inc., a Delaware corporation and Lillick McHose and Charles, a California general partnership, recorded July 9, 1984 as Recording No. 84-817061, Official Records. Affects Portions of Parcels 1, 1A, 2, 3, 4 and 5
16. Easements for the purposes shown below and rights incidental thereto, as delineated or as offered for dedication on Tract Map of Amended Tract 32622, in the City of Los Angeles, as per map recorded in Book 1098, Pages 83 to 86 inclusive, Map Records of Los Angeles County, California ("Map Records"):

Public Street Easement (Figueroa Street)
Street (7th Street)
Affects: Parcel 1
17. Street and future street purposes easement, and rights incidental thereto, as delineated or as offered for dedication, on Tract Map of Amended Tract 32622, in the City of Los Angeles, as per map recorded in Book 1098, Pages 83 to 86 inclusive, Map Records. Said offer was accepted by resolution, a certified copy of which was recorded July 2, 2014 at Recording No. 20140684424, Official Records. Affects Parcel 1
18. Covenant and Agreement, executed by Oxford-Prudential Joint Venture in favor of City of Los Angeles, recorded June 4, 1984 as Recording No. 84-663834, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
19. Covenant and Agreement Regarding Maintenance of Building, executed by Oxford-Prudential Joint Venture in favor of City of Los Angeles recorded June 22, 1984 as Recording No. 84-748928, Official Records. Affects portions of Parcels 1A, 2, 3 and 4
20. Covenant and Agreement Regarding Maintenance of Off-Street Parking Space, executed by Oxford-Prudential Joint Venture, a California General Partnership, in favor of City of Los Angeles recorded August 1, 1984 as Recording No. 84-921686, Official Records. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5
21. Covenant and Agreement to Maintain Trees, executed by Oxford Prudential Joint Venture in favor of City of Los Angeles, recorded August 14, 1984 as Recording No. 84-972807, Official Records. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5
22. Covenant and Agreement for Indemnification, executed by PPLA Plaza Limited Partnership in favor of City of Los Angeles Department of Water and Power, recorded September 26, 1985 as Recording No. 85-1125194, Official Records. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5
23. Covenants, conditions, restrictions and easements for parking, ingress and egress for pedestrians and automobiles, utilities, support, construction, loading docks and other matters upon the terms and conditions contained in and as provided in that certain Amended and Restated Owners' Operating and Reciprocal Easement Agreement by and among Seventh Street Plaza Associates, the Community Redevelopment Agency of the City of Los Angeles, California, and PPLA Plaza Limited Partnership, dated June 20, 1986

and recorded June 4, 1987 instrument no. 87-885291 Official Records, as modified by Amendment No. 1 to Owners' Operating and Reciprocal Easement Agreement recorded December 21, 1990 as Recording No. 90-2108281, Official Records, and re-recorded April 30, 1991 as Recording No. 91-619078, Official Records, as modified by Amendment No. 2 to Owners' Operating and Reciprocal Easement Agreement by and among Seventh Street Plaza Associates, the Community Redevelopment Agency of the City of Los Angeles, California, and PPLA Plaza Limited Partnership, recorded January 30, 1995 as Recording No. 95-150496, Official Records. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5

24. Covenant and Agreement Regarding Maintenance of Building, executed by PPLA Plaza Limited Partners in favor of City of Los Angeles, recorded January 10, 1986 as Recording No. 86-36686, Official Records. Affects Portions of Parcels 1, 2, 3, 4 and 5
25. Covenant and Agreement Regarding Maintenance of Building, executed by PPLA Plaza Limited Partners in favor of City of Los Angeles, recorded April 4, 1986 as Recording No. 86-422770, Official Records. Affects Portions of Parcels 1, 2, 3, 4 and 5
26. Covenant and Agreement Regarding Maintenance of Building, executed by PPLA Plaza Limited Partners in favor of City of Los Angeles, recorded April 4, 1986 as Recording No. 86-422771, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
27. Covenant and Agreement Regarding Maintenance of Building, executed by PPLA Plaza Limited Partnership, a California limited partnership and South Figueroa Plaza Associates, a California general partnership, in favor of City of Los Angeles, recorded September 4, 1987 as Recording No. 87-1436261, Official Records. Affects Parcel 1
28. The fact that an amended map of Tract No. 32622 in the City of Los Angeles, has been recorded in Book 1098, Pages 83 through 86 inclusive of Maps, in the office of the County Recorder of Los Angeles County, for the purpose of correcting the boundary of airspace 10 and the Southerly portion of the boundary line between Lot 3 and Lots 4 through 9 inclusive in order to conform to the construction which took place on said lots. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5
29. Waiver of Damages, Indemnification Agreement, and Right of Ingress and Egress, Covenant to Run With the Land, dated March 28, 1990, recorded April 11, 1990, as Instrument No. 90-684765, Official Records. Affects: Parcel 1
30. Waiver of Damages, Indemnification Agreements and Right of Ingress and Egress – Covenant to Run With the Land, executed by PPLA Plaza Limited Partnership, a California limited partnership in favor of City of Los Angeles, recorded March 12, 1990 as Recording No. 90-693228, Official Records. Affects: Parcel 1
31. Covenant and Agreement Regarding Maintenance of Building, executed by PPLA Plaza Limited Partnership, a California limited partnership, in favor of City of Los Angeles, recorded June 1, 1990 as Recording No. 90-985025, Official Records. Affects portions of Parcels 1A, 2, 3, 4 and 5
32. Covenant and Agreement Regarding Maintenance of Building, executed by PPLA Plaza Limited Partnership, a California limited partnership, in favor of City of Los Angeles, recorded March 22, 1991 as Recording No. 91-411206, Official Records. Affects portions of Parcels 1A, 2, 3 and 4
33. Affidavit Regarding Maintenance of Pavement, executed by PPLA Plaza Limited Partnership, a California limited partnership, in favor of City of Los Angeles, recorded April 5, 1991 as Recording No. 91-486068, Official Records. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5
34. Covenant and Agreement Regarding Maintenance of Building, executed by PPLA Plaza Limited Partnership in favor of City of Los Angeles, recorded March 22, 1991 as Recording No. 91-411207, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5

35. Covenant and Agreement Regarding Maintenance of Building, executed by PPLA–Plaza Limited Partnership, a California limited partnership, in favor of City of Los Angeles, recorded June 10, 1991 as Recording No. 91–865708, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
36. Covenant and Agreement Regarding Maintenance of Building, executed by PPLA Plaza Limited Partnership, a California limited partnership, in favor of City of Los Angeles, recorded May 8, 1992 as Recording No. 92–831789, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
37. Covenant and Agreement Regarding Maintenance of Building, executed by PPLA Plaza Limited Partnership, a California limited partnership, in favor of City of Los Angeles, recorded April 13, 1993 as Recording No. 93–692926, Official Records. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5
38. Covenant and Agreement Regarding Maintenance of Building Slip Resistant Surface Treatment, executed by PPLA Plaza Limited Partnership, a California limited partnership, in favor of City of Los Angeles, recorded September 13, 1993 as Recording No. 93–1770615, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
39. Covenant and Agreement Regarding Maintenance of Building Slip Resistant Surface Treatment, executed by PPLA Plaza Limited Partnership, a California limited partnership, in favor of City of Los Angeles, recorded September 13, 1993 as Recording No. 93–1770616, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
40. Covenants, conditions and restrictions set forth in the document entitled Grant Deed recorded March 31, 1997 as Recording No. 97–486648, Official Records. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5
41. Covenant and Agreement Regarding Maintenance of Building, executed by WHTCP Realty, L.L.C. in favor of City of Los Angeles, recorded May 8, 2002 as Recording No. 02–1060968, Official Records. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5
42. Certificate of Completion of Construction and Development CBD Citicorp Plaza Phase II executed by Community Redevelopment Agency of the City of Los Angeles, recorded June 17, 2004 as Recording No. 04–1548281, Official Records. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5
43. Covenant and Agreement Regarding Maintenance of Building, executed by EYP Realty, LLC in favor of City of Los Angeles, recorded December 21, 2004 as Recording No. 04–3304605, Official Records. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5
44. Master Covenant and Agreement executed by EYP Realty, LLC in favor of City of Los Angeles and the City Planning Department, recorded March 10, 2006 as Recording No. 06–0521011, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
45. Master Covenant and Agreement, executed by EYP Realty, LLC in favor of City of Los Angeles and the City Planning Department, recorded March 17, 2006 as Recording No. 06–0578541, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
46. Master Covenant and Agreement, executed by EYP Realty, LLC in favor of City of Los Angeles and the City Planning Department, recorded October 12, 2006 as Recording No. 06–2271026, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
47. Revised Statement Regarding Property Located Within the Central Business District Amended Redevelopment Project, recorded November 30, 2007 as Recording No. 2007–2636434, Official Records. Affects all Parcels

48. Covenant and Agreement Regarding Maintenance of Building, executed by EYP Realty, LLC in favor of City of Los Angeles, recorded July 11, 2011 as Recording No. 20110929843, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
49. Covenant and Agreement Regarding Maintenance of Building, executed by EYP Realty, LLC in favor of City of Los Angeles, recorded July 11, 2011 as Recording No. 20110929844, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
50. Affidavit Regarding Maintenance of Sump Pump, executed by EYP Realty, LLC in favor of City of Los Angeles, recorded November 30, 2011 as Recording No. 2011-1616634, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
51. Covenant and Agreement Regarding Maintenance of On-Site Digital Signs, executed by EYP Realty, LLC in favor of City of Los Angeles, recorded April 10, 2012 as Recording No. 20120536474, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
52. Master Covenant and Agreement, executed by EYP Realty, LLC in favor of City of Los Angeles and the City Planning Department, recorded August 08, 2012 as Recording No. 2012-1178222, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
53. Covenant and Agreement Regarding Maintenance of On-Site Digital Signs, executed by EYP Realty, LLC in favor of City of Los Angeles, recorded September 27, 2012 as Recording No. 2012-1456697, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
54. Covenant and Agreement Regarding Maintenance of On-Site Digital Signs, executed by EYP Realty, LLC in favor of City of Los Angeles, recorded October 03, 2012 as Recording No. 2012-1493241, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
55. Master Covenant and Agreement, executed by EYP Realty, LLC in favor of City of Los Angeles and the City Planning Department, recorded October 05, 2012 as Recording No. 2012-1508787, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
56. Declaration of Establishment of Water Supply Easements, dated December 18, 2012, executed by EYP Realty, LLC, recorded January 08, 2013 as Recording No. 20130030675, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
57. Master Covenant and Agreement, executed by EYP Realty, LLC in favor of City of Los Angeles and the City Planning Department, recorded January 31, 2013 as Recording No. 20130161116, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
58. Master Covenant and Agreement, executed by EYP Realty, LLC in favor of City of Los Angeles and the City Planning Department, recorded January 31, 2013 as Recording No. 20130161117, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
59. Master Covenant and Agreement, executed by EYP Realty, LLC in favor of City of Los Angeles and the City Planning Department, recorded January 31, 2013 as Recording No. 20130161118, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
60. Master Covenant and Agreement, executed by EYP Realty, LLC in favor of City of Los Angeles and the City Planning Department, recorded January 31, 2013 as Recording No. 20130161119, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
61. Covenant and Agreement, executed by EYP Realty, LLC in favor of City of Los Angeles, recorded January 31, 2013 as Recording No. 20130161120, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5

62. Covenant and Agreement Regarding Maintenance of On-Site Digital Signs, executed by EYP Realty, LLC in favor of City of Los Angeles, recorded January 31, 2013 as Recording No. 20130164972, Official Records. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5
63. Master Covenant and Agreement, executed by EYP Realty, LLC in favor of City of Los Angeles and the Department of City Planning, recorded May 21, 2013 as Recording No. 2013-0763423, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
64. Covenant and Agreement Regarding Maintenance of Building on Air Space Lots (LAMC 98.0403.1(a)9), executed by EYP Realty, LLC in favor of City of Los Angeles, recorded May 28, 2013 as Recording No. 2013-0794115, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
65. Master Covenant and Agreement, executed by EYP Realty, LLC in favor of City of Los Angeles and the Department of City Planning, recorded September 10, 2013 as Recording No. 2013-1317614, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
66. Master Covenant and Agreement in favor of City of Los Angeles and the Department of City Planning, recorded September 10, 2013 as Recording No. 2013-1317650, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
67. Master Covenant and Agreement in favor of City of Los Angeles and the Department of City Planning, recorded September 26, 2013 as Recording No. 2013-1399840, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
68. Master Covenant and Agreement, executed by EYP Realty, LLC in favor of City of Los Angeles and the Department of City Planning, recorded November 21, 2013 as Recording No. 2013-1664476, Official Records. Affects portions of Parcels 1, 2, 3, 4 and 5
69. Sidewalk easement, and rights incidental thereto, as delineated or as offered for dedication on map of Tract 17804, recorded in Book 1379, Pages 42 to 48 inclusive, Map Records. Affects Parcel 1
70. Acknowledgment on map of Tract No. 71804 recorded in Book 1379 Pages 42 to 48, inclusive of maps, of dedication to the owner of each of Lots 1 through 4, inclusive, of irrevocable easements for water supply facilities within and through Lots 1 through 4 in accordance with Declaration of Establishment of Water Supply Easements recorded January 8, 2013 as Document No. 20130030675, Official Records of Los Angeles County. Matters contained in the dedication statement or elsewhere on the tract or parcel map. Affects portions of Parcels 1, 2, 3, 4 and 5
71. Reciprocal Easement and Cost Sharing Agreement, dated September __, 2014 executed by EYP Realty, LLC, a Delaware limited liability company, BOP FIGat7th LLC, a Delaware limited liability company, and BOP FIGat7th Parking LLC, a Delaware limited liability company, recorded September __, 2014 as Instrument No. 2014-_____, Official Records. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5
72. Amended and Restated Lot 4 Co-Ownership Agreement, dated September __, 2014 executed by EYP Realty, LLC, a Delaware limited liability company, BOP FIGat7th LLC, a Delaware limited liability company, Maguire Properties – 777 Tower, LLC, a Delaware limited liability company, and Maguire Properties – 755 S. Figueroa, LLC, a Delaware limited liability company, recorded September __, 2014 as Instrument No. 2014-_____, Official Records. Affects portions of Parcels 1, 1A, 2, 3, 4 and 5

LIMITED RECOURSE GUARANTY

This LIMITED RECOURSE GUARANTY ("Guaranty") is executed effective as of September 10, 2014, by BROOKFIELD DTLA HOLDINGS LLC, a Delaware limited liability company ("Guarantor"), for the benefit of COMPASS BANK, an Alabama banking corporation, as lender, and as Administrative Agent (the "Administrative Agent") for itself and those other Lenders as defined in the Loan Agreement (as defined herein) (together with their successors and assigns, collectively, "Lender" and "Lenders").

RECITALS:

A. Lender has entered into a Loan Agreement ("Loan Agreement") of even date herewith, with BOP FIGAT7TH LLC, a Delaware limited liability company (herein "Borrower"), pursuant to which Borrower has executed that certain Promissory Note or those Promissory Notes of even date with the Loan Agreement payable to the order of the Lender in the aggregate original principal amount of THIRTY-FIVE MILLION AND NO/100 DOLLARS (\$35,000,000.00) (together with all renewals, modifications, increases and extensions thereof, the "Note") under which Borrower has become indebted, and may from time to time be further indebted, to Lender with respect to a loan ("Loan") which is secured by the liens and security interests of that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing ("Lien Instrument") of even date herewith, and further evidenced governed by other instruments and documents executed in connection with the Loan including, without limitation, that certain Environmental Liabilities Agreement ("Environmental Liabilities Agreement") of even date herewith executed by Borrower and Guarantor for the benefit of Lender and any Interest Rate Protection Agreement (Compass) (collectively, "Loan Documents"). Capitalized terms not defined herein shall have the definition ascribed to them in the Loan Agreement; and

B. Lender is not willing to make the Loan, or otherwise extend credit, to Borrower unless Guarantor unconditionally guarantees payment to Lender of the Guaranteed Debt (as herein defined); and

C. Borrower and Lender, or an affiliate of Lender may from time to time enter into an Interest Rate Protection Agreement (Compass); and

NOW, THEREFORE, as an inducement to Lender to enter into the Loan Agreement and to make the Loan to Borrower as described therein, and to extend such additional credit as Lender may from time to time agree to extend, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

ARTICLE I

NATURE AND SCOPE OF GUARANTY

1.1 Guaranty of Obligation. Guarantor hereby irrevocably and unconditionally guarantees to Lender and its successors and assigns the payment and performance of the "Guaranteed Debt" (as herein defined) as and when the same shall be due and payable, whether by lapse of time, by acceleration of maturity or otherwise. Guarantor hereby irrevocably and unconditionally covenants and agrees that it is liable for the Guaranteed Debt as a primary obligor. It is further agreed and understood that the liability of Guarantor described in this Guaranty shall only be reduced by: (a) direct payments by Guarantor or Borrower; (b) by those amounts contained in the Lockbox Account that are applied by Administrative Agent in accordance with the terms and conditions of the Loan Agreement which shall reduce that portion of the Guaranteed Debt comprised by Carry Obligations and (c) payments from third parties other than foreclosure proceeds in the event that any of Administrative Agent, Lender or any affiliate thereof is the successful purchaser at such applicable foreclosure sale.

1.2 Definition of Guaranteed Debt. As used herein, the term "Guaranteed Debt" means all of the following: (a) the payment of the lesser of (x) twenty-five percent (25%) of the Outstanding Principal Balance, from time to time and (y) \$8,250,000.00 (i.e., 25% of \$35,000,000.00); (b) one hundred percent (100%) of the payment and performance of the Recourse Obligations; (c) one hundred percent (100%) of the payment and performance of the Leasing Expenses Obligations; and (d) one hundred percent (100%) of the payment and performance of the Carry Obligations.

Notwithstanding anything to the contrary herein, no person that does not qualify as an Eligible Contract Participant (as defined in the Commodity Exchange Act, as amended) shall be a guarantor of, or deemed a party to, any Swap (as defined in 7 U.S.C. § 1a(47), as amended) with Lender entered into or modified on or after the effective date hereof. Such exclusion shall have no effect on any other obligations of any such person under this Guaranty.

1.3 Nature of Guaranty. This Guaranty is an irrevocable, absolute, continuing guaranty of payment and performance and not a guaranty of collection. This Guaranty may not be revoked by Guarantor and shall continue to be effective with respect to any Guaranteed Debt arising or created after any attempted revocation by Guarantor and after (if Guarantor is a natural person) Guarantor's death (in which event this Guaranty shall be binding upon Guarantor's estate and Guarantor's legal representatives and heirs). Subject to Section 1.1, the fact that at any time or from time to time the Guaranteed Debt may be increased, reduced or paid in full shall not release, discharge or reduce the obligation of Guarantor to Lender with respect to indebtedness or obligations of Borrower thereafter incurred (or other Guaranteed Debt thereafter arising) under the Note or otherwise. This Guaranty may be enforced by Administrative Agent and any subsequent holder of the Guaranteed Debt and shall not be discharged by the assignment or negotiation of all or part of the Guaranteed Debt.

1.4 Guaranteed Debt Not Reduced by Offset. The Guaranteed Debt and the liabilities and obligations of Guarantor to Lender hereunder, shall not be reduced, discharged or released because or by reason of any existing or future offset, claim or defense of Borrower, or any other party, against Lender or against payment of the Guaranteed Debt, whether such offset, claim or defense arises in connection with the Guaranteed Debt (or the transactions creating the Guaranteed Debt) or otherwise.

1.5 Payment by Guarantor. If all or any part of the Guaranteed Debt shall not be punctually paid when due, whether at maturity or earlier by acceleration or otherwise, Guarantor shall, immediately upon written demand by Administrative Agent, and without presentment, protest, notice of protest, notice of non payment, notice of intention to accelerate the maturity, notice of acceleration of the maturity, or any other notice whatsoever, pay in lawful money of the United States of America, the amount due on the Guaranteed Debt to Administrative Agent at Administrative Agent's address as set forth herein. Such written demand(s) may be made at any time coincident with or after the time for payment of all or part of the Guaranteed Debt, and may be made from time to time with respect to the same or different items of Guaranteed Debt. Such written demand shall be deemed made, given and received in accordance with the notice provisions hereof.

1.6 No Duty to Pursue Others. It shall not be necessary for Lender (and Guarantor hereby waives any rights which Guarantor may have to require Lender), in order to enforce such payment by Guarantor, first to (i) institute suit or exhaust its remedies against Borrower or others liable on the Guaranteed Debt or any other person, (ii) enforce Lender's rights against any collateral which shall ever have been given to secure the Guaranteed Debt, (iii) enforce Lender's rights against any other guarantors of the Guaranteed Debt, (iv) join Borrower or any others liable on the Guaranteed Debt in any action seeking to enforce this Guaranty, (v) exhaust any remedies available to Lender against any collateral which shall ever have been given to secure the Guaranteed Debt, or (vi) resort to any other means of obtaining payment of the Guaranteed Debt. Lender shall not be required to mitigate damages or take any other action to reduce, collect or enforce the Guaranteed Debt.

1.7 Waivers. Guarantor acknowledges that Guarantor has reviewed all of the provisions of the Loan Documents, and hereby waives notice of (i) any loans or advances made by Lender to Borrower, (ii) acceptance of this Guaranty, (iii) any amendment or extension of the Note or of any other Loan Documents, (iv) the execution and delivery by Borrower and Lender of any other loan or credit agreement or of Borrower's execution and delivery of any promissory notes or other documents arising under the Loan Documents or in connection with the Mortgaged Property; (v) the occurrence of any breach by Borrower or Event of Default, (vi) Lender's transfer or disposition of the Guaranteed Debt, or any part thereof, (vii) sale or foreclosure (or posting or advertising for sale or foreclosure) of any collateral for the Guaranteed Debt, (viii) protest, proof of non payment or default by Borrower, or (ix) any other action at any time taken or omitted by Lender, and, generally, all demands and notices of every kind in connection with this Guaranty, the Loan Documents, any documents or agreements evidencing, securing or relating to any of the Guaranteed Debt and the obligations hereby guaranteed. Without limiting the generality of the foregoing or any other provision hereof, Guarantor hereby expressly waives the provisions of: (i) Sections 43.001–005 of the Tex. Civ. Prac. & Rem. Code, as amended; (ii) Section 17.001 of the Texas Civil Practice and Remedies

Code, as amended; (iii) Rule 31 of the Texas Rules of Civil Procedure, as amended; (iv) all rights, remedies, claims and defenses based upon or related to Sections 51.003, 51.004 and 51.005 of the Texas Property Code to the extent the same pertains or may pertain to any enforcement of this Guaranty, as amended and (v) all other suretyship defenses to the extent such laws are applicable to this Guaranty or the agreements, covenants, or obligations of Guarantor hereunder. The parties intend that Guarantor shall not be considered a "debtor" as defined in Tex. Bus. & Com. Code Ann., as amended.

1.8 Payment of Expenses. In the event that Guarantor should breach or fail to timely perform any provisions of this Guaranty, Guarantor shall, promptly upon written demand by Administrative Agent, pay Administrative Agent all costs and expenses (including court costs and reasonable third-party attorneys' fees) actually incurred by Administrative Agent in the enforcement hereof or the preservation of Lender's rights hereunder. The covenant contained in this Section shall survive the payment of the Guaranteed Debt.

1.9 Effect of Bankruptcy. In the event that, pursuant to any insolvency, bankruptcy, reorganization, receivership or other debtor relief law, or any judgment, order or decision thereunder, Lender must rescind or restore any payment, or any part thereof, received by Lender in satisfaction of the Guaranteed Debt, as set forth herein, any prior release or discharge from the terms of this Guaranty given to Guarantor by Lender shall be without effect, and this Guaranty shall remain in full force and effect. It is the intention of Borrower and Guarantor that Guarantor's obligations hereunder shall not be discharged except by Guarantor's performance of such obligations and then only to the extent of such performance.

1.10 Subrogation. Upon payment to Administrative Agent in full of the Guaranteed Debt by Guarantor, Administrative Agent shall not contest the subrogation of Guarantor to the rights of Lender under the Loan Documents, provided, however, that Guarantor's rights under such subrogation shall be and remain subordinate and inferior to the rights of Lender under the Loan Documents until and unless all amounts due Lender by Borrower under the Loan Documents shall be paid in full.

1.11 Borrower. The term "Borrower" as used herein shall include any new or successor corporation, association, partnership (general or limited), joint venture, trust or other individual or organization formed as a result of any merger, reorganization, sale, transfer, devise, gift or bequest of Borrower or any interest in Borrower.

1.12 Multiple Guarantors. If (i) this Guaranty is executed by more than one party constituting Guarantor, it is specifically agreed that Administrative Agent may enforce the provisions hereof with respect to one or more of such parties constituting Guarantor without seeking to enforce the same as to all or any such parties; or (ii) one or more additional guaranty agreements ("Other Guaranties") are executed by one or more additional guarantors ("Other Guarantors"), which guaranty, in whole or in part, any of the indebtedness or obligations evidenced by the Loan Documents, it is specifically agreed that Administrative Agent may enforce the provisions of this Guaranty or of the Other Guaranties with respect to one or more of the parties constituting Guarantor and/or one or more of the Other Guarantors under the Other Guaranties without seeking to enforce the provisions of this Guaranty or the Other Guaranties as to all or any of the parties constituting Guarantor or the Other Guarantors. Each of the parties constituting Guarantor hereby waives any requirement of joinder of all or any other of the parties constituting Guarantor or all or any of the Other Guarantors in any suit or proceeding to enforce the provisions of this Guaranty or of the Other Guaranties. The liability hereunder of all parties constituting Guarantor shall be joint and several.

ARTICLE II

EVENTS AND CIRCUMSTANCES NOT REDUCING OR DISCHARGING GUARANTOR'S OBLIGATIONS

Guarantor hereby consents and agrees to each of the following, and agrees that, subject to Section 1.1, Guarantor's obligations under this Guaranty shall not be released, diminished, impaired, reduced or adversely affected by any of the following, and waives any common law, equitable, statutory or other rights (including without limitation rights to notice) which Guarantor might otherwise have as a result of or in connection with any of the following:

2.1 Modifications. Any renewal, extension, increase, modification, alteration or rearrangement of all or any part of the Guaranteed Debt, Note, Loan Documents, or other document, instrument, contract or understanding between Borrower and Lender, or any other parties, pertaining to the Guaranteed Debt or any failure of Administrative Agent to notify Guarantor of any such action.

2.2 Adjustment. Any adjustment, indulgence, forbearance or compromise that might be granted or given by Lender to Borrower or any Guarantor.

2.3 Condition of Borrower or Guarantor. The insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, disability, dissolution or lack of power of Borrower, Guarantor or any other party at any time liable for the payment of all or part of the Guaranteed Debt; or any dissolution of Borrower or Guarantor, or any sale, lease or transfer of any or all of the assets of Borrower or Guarantor, or any changes in the shareholders, partners or members of Borrower or Guarantor; or any reorganization of Borrower or Guarantor.

2.4 Invalidity of Guaranteed Debt. The invalidity, illegality or unenforceability of all or any part of the Guaranteed Debt, or any document or agreement executed in connection with the Guaranteed Debt, for any reason whatsoever, including without limitation the fact that (i) the Guaranteed Debt, or any part thereof, exceeds the amount permitted by law, (ii) the act of creating the Guaranteed Debt or any part thereof is ultra vires, (iii) the officers or representatives executing the Note or the other Loan Documents or otherwise creating the Guaranteed Debt acted in excess of their authority, (iv) the Guaranteed Debt violates applicable usury laws, (v) the Borrower has valid defenses, claims or offsets (whether at law, in equity or by agreement) which render the Guaranteed Debt wholly or partially uncollectible from Borrower, (vi) the creation, performance or repayment of the Guaranteed Debt (or the execution, delivery and performance of any document or instrument representing part of the Guaranteed Debt or executed in connection with the Guaranteed Debt, or given to secure the repayment of the Guaranteed Debt) is illegal, uncollectible or unenforceable, or (vii) the Note or any of the other Loan Documents have been forged or otherwise are irregular or not genuine or authentic, it being agreed that Guarantor shall remain liable hereon regardless of whether Borrower or any other person be found not liable on the Guaranteed Debt or any part thereof for any reason.

2.5 Release of Obligors. Any full or partial release of the liability of Borrower on the Guaranteed Debt, or any part thereof, or of any co guarantors, or any other person or entity now or hereafter liable, whether directly or indirectly, jointly, severally, or jointly and severally, to pay, perform, guarantee or assure the payment of the Guaranteed Debt, or any part thereof, it being recognized, acknowledged and agreed by Guarantor that Guarantor may be required to pay the Guaranteed Debt in full without assistance or support of any other party, and Guarantor has not been induced to enter into this Guaranty on the basis of a contemplation, belief, understanding or agreement that other parties will be liable to pay or perform the Guaranteed Debt, or that Lender will look to other parties to pay or perform the Guaranteed Debt.

2.6 Other Collateral. The taking or accepting of any other security, collateral or guaranty, or other assurance of payment, for all or any part of the Guaranteed Debt.

2.7 Release of Collateral. Any release, surrender, exchange, subordination, deterioration, waste, loss or impairment (including without limitation negligent, willful, unreasonable or unjustifiable impairment) of any collateral, property or security, at any time existing in connection with, or assuring or securing payment of, all or any part of the Guaranteed Debt.

2.8 Care and Diligence. The failure of Administrative Agent or any other party to exercise diligence or reasonable care in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of such collateral, property or security, including but not limited to any neglect, delay, omission, failure or refusal of Administrative Agent (i) to take or prosecute any action for the collection of any of the Guaranteed Debt, or (ii) to foreclose, or initiate any action to foreclose, or, once commenced, prosecute to completion any action to foreclose upon any security therefor, or (iii) to take or prosecute any action in connection with any instrument or agreement evidencing or securing all or any part of the Guaranteed Debt.

2.9 Unenforceability. The fact that any collateral, security, security interest or lien contemplated or intended to be given, created or granted as security for the repayment of the Guaranteed Debt, or any part thereof,

shall not be properly perfected or created, or shall prove to be unenforceable or subordinate to any other security interest or lien, it being recognized and agreed by Guarantor that Guarantor is not entering into this Guaranty in reliance on, or in contemplation of the benefits of, the validity, enforceability, collectibility or value of any of the collateral for the Guaranteed Debt.

2.10 **Offset.** The Note, the Guaranteed Debt and the liabilities and obligations of Guarantor to Lender hereunder, shall not be reduced, discharged or released because of or by reason of any existing or future right of offset, claim or defense of Borrower against Lender, or any other party, or against payment of the Guaranteed Debt, whether such right of offset, claim or defense arises in connection with the Guaranteed Debt (or the transactions creating the Guaranteed Debt) or otherwise.

2.11 **Merger.** The reorganization, merger or consolidation of Borrower into or with any other corporation or entity.

2.12 **Preference.** Any payment by Borrower to Administrative Agent is held to constitute a preference under bankruptcy laws, or for any reason Administrative Agent is required to refund such payment or pay such amount to Borrower or someone else.

2.13 **Other Actions Taken or Omitted.** Any other action taken or omitted to be taken with respect to the Loan Documents, the Guaranteed Debt, or the security and collateral therefor, whether or not such action or omission prejudices Guarantor or increases the likelihood that Guarantor will be required to pay the Guaranteed Debt pursuant to the terms hereof, it is the unambiguous and unequivocal intention of Guarantor that Guarantor shall be obligated to pay the Guaranteed Debt when due, notwithstanding any occurrence, circumstance, event, action, or omission whatsoever, whether contemplated or un contemplated, and whether or not otherwise or particularly described herein, which obligation shall be deemed satisfied only upon the full and final payment and satisfaction of the Guaranteed Debt.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

To induce Lender to enter into the Loan Documents and extend credit to Borrower, Guarantor represents and warrants to Lender as follows:

3.1 **Benefit.** Guarantor is an affiliate of Borrower, is the owner of a direct or indirect interest in Borrower, and has received, or will receive, direct or indirect benefit from the making of the Loan to Borrower.

3.2 **Familiarity and Reliance.** Guarantor is familiar with, and has independently reviewed books and records regarding, the financial condition of the Borrower and is familiar with the value of any and all collateral intended to be created as security for the payment of the Note or Guaranteed Debt; however, Guarantor is not relying on such financial condition or the collateral as an inducement to enter into this Guaranty.

3.3 **No Representation by Lender.** Neither Lender nor any other party has made any representation, warranty or statement to Guarantor in order to induce Guarantor to execute this Guaranty.

3.4 **Guarantor's Financial Condition.** As of the date hereof, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is, and will be, solvent, and has and will have assets which, fairly valued, exceed its obligations, liabilities (including contingent liabilities, to the extent the amount of such contingent liabilities exceeds the value of any property securing the same) and debts, and has and will have property and assets sufficient to satisfy and repay its obligations and liabilities.

3.5 **Legality.** The execution, delivery and performance by Guarantor of this Guaranty and the consummation of the transactions contemplated hereunder do not, and will not, contravene or conflict with any law, statute or regulation whatsoever to which Guarantor is subject or constitute a default (or an event which with notice or lapse of time or both would constitute a default) under, or result in the breach of, any indenture, mortgage, deed of trust, charge, lien, or any contract, agreement or other instrument to which Guarantor is a party or which may be

applicable to Guarantor. This Guaranty is a legal and binding obligation of Guarantor and is enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to the enforcement of creditors' rights.

3.6 Financial Information. All of the financial information provided by Guarantor to Administrative Agent is true and correct in all material respects. Guarantor acknowledges that it will facilitate Borrower's provision of the financial information required with respect to Guarantor pursuant to the Loan Agreement. It is acknowledged that with regard to Guarantor, the financial statements heretofore delivered to Administrative Agent are satisfactory as to form. In addition, with respect to the right of Administrative Agent to require audited financial statements of Guarantor, such rights shall be exercised by Administrative Agent only upon the occurrence and during the continuation of an Event of Default pursuant to the Loan Agreement.

3.7 Financial Representations and Covenants. Guarantor hereby represents and warrants that during any period of time in which all or any portion of the Loan remains outstanding, Guarantor's Net Worth shall not be less than the Net Worth (Minimum), subject to the Financial Covenant Curative Rights (as set forth in Section 5.22 of the Loan Agreement). Guarantor's compliance with the ongoing financial covenants described in this Section 3.7 shall be verified pursuant to the financial information required pursuant to the Loan Agreement and this Guaranty and any other supplementary information that Administrative Agent may reasonably require. As used in this Section 3.7, "Net Worth (Minimum)" means \$500,000,000.00, and "Net Worth" shall have the meaning of the term "net worth" as used in accordance with GAAP, except (i) in computing Net Worth any intangible assets (i.e. goodwill) shall be excluded, (ii) notes or obligations receivable from Affiliates shall be given no value as assets, (iii) the other notes or obligations receivable shall be properly valued based upon the creditworthiness of the obligated party and any security for such obligation and (iv) with assets being limited to only those assets calculated on an unconsolidated and unrestricted basis.

3.8 Statements and Reports. Guarantor agrees to deliver to Administrative Agent, during the term of the Loan and until the Loan has been fully paid and satisfied, the following statements and reports:

(a) Annual, audited financial statements of Guarantor within one hundred twenty (120) days after the end of each calendar year, prepared and certified to by an independent certified public accountant acceptable to Administrative Agent;

(b) Quarterly, unaudited financial statements of Guarantor, within sixty (60) days after the end of each calendar quarter, prepared on a modified cash basis and otherwise in accordance with sound accounting principles consistently applied and certified to by Guarantor;

(c) Simultaneously with the financial statements to be delivered to Administrative Agent pursuant to Subsection (a) and (b) above, the Financial Covenants Compliance Certificate dated as of the end of each such period evidencing Guarantor's compliance with the financial covenants described in Section 3.7 hereof; and

(d) Such other reports and statements as Administrative Agent may reasonably require from time to time.

3.9 Survival. All representations and warranties made by Guarantor herein shall survive the execution hereof.

ARTICLE IV

SUBORDINATION OF CERTAIN INDEBTEDNESS

4.1 Subordination of All Guarantor Claims. As used herein, the term "Guarantor Claims" shall mean all debts and liabilities of Borrower to Guarantor, whether such debts and liabilities now exist or are hereafter incurred or arise, or whether the obligations of Borrower thereon be direct, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such debts or liabilities be evidenced by note, contract, open account, or otherwise, and irrespective of the person or persons in whose favor such debts or liabilities may, at

their inception, have been, or may hereafter be created, or the manner in which they have been or may hereafter be acquired by Guarantor. The Guarantor Claims shall include without limitation all rights and claims of Guarantor against Borrower (arising as a result of subrogation or otherwise) as a result of Guarantor's payment of all or a portion of the Guaranteed Debt. Upon the occurrence and during the continuance of an Event of Default (as defined in the Loan Documents) Guarantor shall not receive or collect, directly or indirectly, from Borrower or any other party any amount upon the Guarantor Claims.

4.2 Claims in Bankruptcy. In the event of receivership, bankruptcy, reorganization, arrangement, debtor's relief, or other insolvency proceedings involving Guarantor as debtor, Administrative Agent shall have the right to prove its claim in any such proceeding so as to establish its rights hereunder and receive directly from the receiver, trustee or other court custodian dividends and payments which would otherwise be payable upon Guarantor Claims. Guarantor hereby assigns such dividends and payments to Administrative Agent. Should Administrative Agent receive, for application upon the Guaranteed Debt, any such dividend or payment which is otherwise payable to Guarantor, and which, as between Borrower and Guarantor, shall constitute a credit upon the Guarantor Claims, then upon payment to Administrative Agent in full of the Guaranteed Debt, Guarantor shall become subrogated to the rights of Administrative Agent to the extent that such payments to Administrative Agent on the Guarantor Claims have contributed toward the liquidation of the Guaranteed Debt, and such subrogation shall be with respect to that proportion of the Guaranteed Debt which would have been unpaid if Administrative Agent had not received dividends or payments upon the Guarantor Claims.

4.3 Payments Held in Trust. In the event that, notwithstanding anything to the contrary in this Guaranty, Guarantor should receive any funds, payment, claim or distribution which is prohibited by this Guaranty, Guarantor agrees to hold in trust for Administrative Agent an amount equal to the amount of all funds, payments, claims or distributions so received, and agrees that it shall have absolutely no dominion over the amount of such funds, payments, claims or distributions so received except to pay them promptly to Administrative Agent, and Guarantor covenants promptly to pay the same to Administrative Agent.

4.4 Liens Subordinate. Guarantor agrees that any liens, security interests, judgment liens, charges or other encumbrances upon Borrower's assets securing payment of the Guarantor Claims shall be and remain inferior and subordinate to any liens, security interests, judgment liens, charges or other encumbrances upon Borrower's assets securing payment of the Guaranteed Debt, regardless of whether such encumbrances in favor of Guarantor or Lender presently exist or are hereafter created or attach. Without the prior written consent of Administrative Agent, Guarantor shall not (i) exercise or enforce any creditor's right it may have against Borrower, or (ii) foreclose, repossess, sequester or otherwise take steps or institute any action or proceedings (judicial or otherwise, including without limitation the commencement of, or joinder in, any liquidation, bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any liens, mortgages, deeds of trust, security interest, collateral rights, judgments or other encumbrances on assets of Borrower held by Guarantor.

4.5 No Limitations. Nothing contained in this Guaranty shall affect or limit the ability of Administrative Agent to enforce any of Administrative Agent's rights or remedies with respect to any property encumbered by the Lien Instrument or the other Loan Documents. Nothing contained in this Guaranty shall affect or limit the rights of Administrative Agent to proceed against any other person or entity, including Borrower, or any other party with respect to the enforcement of any guarantees of payment, guarantees of performance and completion, hazardous materials indemnifications or agreements or other similar rights, including, without limitation, those indemnities contained in the Environmental Indemnification.

ARTICLE V MISCELLANEOUS

5.1 Waiver. No failure to exercise, and no delay in exercising, on the part of Lender, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right. The rights of Lender hereunder shall be in addition to all other rights provided by law. No modification or waiver of any provision of this Guaranty, nor consent to departure therefrom, shall be effective unless in writing and no such consent or waiver shall extend beyond the particular case and purpose involved. No notice or demand given in any case shall constitute a waiver of the right to take other action in the same, similar or other instances without such notice or demand.

5.2 Notices. All notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly given if (i) mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested; (ii) by delivering same in person to the intended addressee; (iii) by delivery to an independent third party commercial delivery service for same day or next day delivery and providing for evidence of receipt at the office of the intended addressee; or (iv) by facsimile (provided an identical notice is also sent simultaneously by overnight courier or personal delivery as otherwise provided in this Section 5.2. Any notice required or given hereunder shall be deemed received the same Business Day if sent by hand delivery or facsimile, the next Business Day if sent by overnight courier, or three (3) Business Days after posting if sent by first class United States mail or certified mail, return receipt requested; provided that, any notice received after 5:00 p.m. local time at the location of delivery on any Business Day or received on any day that is not a Business Day shall be deemed to have been received on the following Business Day. Either party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days' notice to the other party in the manner set forth herein. For purposes of such notices, the addresses of the parties shall be as follows:

| | |
|-----------------------|--|
| Administrative Agent: | Compass Bank 8080 North Central Expressway, Suite 310 Dallas, Texas 75206 Attention: Institutional Real Estate Lending Department Facsimile: (214) 890-8668 |
| Guarantor: | Brookfield DTLA Holdings LLC c/o Brookfield Properties, Inc. Brookfield Place 250 Vesey Street, 15th Floor New York, New York 10281 Attention: Jason Kirschner Facsimile: (646) 430-8556 |
| With a copy to: | Brookfield DTLA Holdings LLC c/o Brookfield Properties, Inc. Brookfield Place 250 Vesey Street, 15th Floor New York, New York 10281 Attention: General Counsel Facsimile: (212) 417-7195 |
| With a copy to: | Goodwin Proctor LLP Exchange Place 53 State Street Boston, Massachusetts 02109 Attention: Samuel Richardson, Esq. Facsimile: (617) 227-8591 |

5.3 GOVERNING LAW. THIS GUARANTY IS EXECUTED AND DELIVERED AS AN INCIDENT TO A LENDING TRANSACTION NEGOTIATED, CONSUMMATED, AND PERFORMABLE IN DALLAS COUNTY, TEXAS, AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. ANY ACTION OR PROCEEDING AGAINST GUARANTOR UNDER OR IN CONNECTION WITH THIS GUARANTY MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT IN DALLAS COUNTY, TEXAS. GUARANTOR HEREBY IRREVOCABLY (I) SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURTS, AND (II) WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING BROUGHT IN SUCH COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. GUARANTOR AGREES THAT SERVICE OF PROCESS UPON IT MAY BE MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, AT ITS ADDRESS SPECIFIED HEREIN. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ADMINISTRATIVE

AGENT TO SERVE PROCESS IN ANY OTHER MATTER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF ADMINISTRATIVE AGENT TO BRING ANY ACTION OR PROCEEDING AGAINST GUARANTOR OR WITH RESPECT TO ANY OF GUARANTOR'S PROPERTY IN COURTS IN OTHER JURISDICTIONS. ANY ACTION OR PROCEEDING BY GUARANTOR AGAINST LENDER SHALL BE BROUGHT ONLY IN A COURT LOCATED IN DALLAS COUNTY, TEXAS.

5.4 Invalid Provisions. If any provision of this Guaranty is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Guaranty, such provision shall be fully severable and this Guaranty shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Guaranty, and the remaining provisions of this Guaranty shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Guaranty, unless such continued effectiveness of this Guaranty, as modified, would be contrary to the basic understandings and intentions of the parties as expressed herein.

5.5 Amendments. This Guaranty may be amended only by an instrument in writing executed by the party or an authorized representative of the party against whom such amendment is sought to be enforced.

5.6 Parties Bound; Assignment. This Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives; provided, however, that Guarantor may not, without the prior written consent of Lender, assign any of its rights, powers, duties or obligations hereunder.

5.7 Headings. Section headings are for convenience of reference only and shall in no way affect the interpretation of this Guaranty.

5.8 Recitals. The recital and introductory paragraphs hereof are a part hereof, form a basis for this Guaranty and shall be considered prima facie evidence of the facts and documents referred to therein.

5.9 Counterparts. To facilitate execution, this Guaranty may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature or acknowledgment of, or on behalf of, each party, or that the signature of all persons required to bind any party, or the acknowledgment of such party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Guaranty to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, and the respective acknowledgments of, each of the parties hereto. Any signature or acknowledgment page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures or acknowledgments thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature or acknowledgment pages.

5.10 Rights and Remedies. If Guarantor becomes liable for any indebtedness owing by Borrower to Lender, by endorsement or otherwise, other than under this Guaranty, such liability shall not be in any manner impaired or affected hereby and the rights of Administrative Agent hereunder shall be cumulative of any and all other rights that Lender may ever have against Guarantor. The exercise by Administrative Agent of any right or remedy hereunder or under any other instrument, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right or remedy.

5.11 ENTIRETY. THIS GUARANTY EMBODIES THE FINAL, ENTIRE AGREEMENT OF GUARANTOR AND LENDER WITH RESPECT TO GUARANTOR'S GUARANTY OF THE GUARANTEED DEBT AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF. THIS GUARANTY IS INTENDED BY GUARANTOR AND LENDER AS A FINAL AND COMPLETE EXPRESSION OF THE TERMS OF THE GUARANTY, AND NO COURSE OF DEALING BETWEEN GUARANTOR AND LENDER, NO COURSE OF PERFORMANCE, NO TRADE PRACTICES, AND NO EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OR OTHER EXTRINSIC EVIDENCE OF ANY NATURE SHALL BE USED TO CONTRADICT, VARY, SUPPLEMENT OR MODIFY ANY TERM

OF THIS GUARANTY AGREEMENT. THERE ARE NO ORAL AGREEMENTS BETWEEN GUARANTOR AND LENDER.

5.12 WAIVER OF RIGHT TO TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR AND LENDER, BY ITS ACCEPTANCE HEREOF, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT OF ANY OF THE GUARANTY OR THE OTHER LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT OF OR BY LENDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF THIS GUARANTY OR THE OTHER LOAN DOCUMENTS.

5.13 CALIFORNIA WAIVERS. In addition to, and not in lieu of, the waivers set forth in this Guaranty, Guarantor represents, warrants, covenants and agrees as follows:

(a)The obligations of Guarantor under this Guaranty shall be performed without demand by Lender and shall be unconditional irrespective of the genuineness, validity, regularity or enforceability of any of the Loan Documents, and without regard to any other circumstance which might otherwise constitute a legal or equitable discharge of a surety or a guarantor. Guarantor hereby waives any and all benefits and defenses under California Civil Code Section 2810 and agrees that by doing so Guarantor shall be liable even if Borrower had no liability at the time of execution of the Loan Documents, or thereafter ceases to be liable. Guarantor hereby waives any and all benefits and defenses under California Civil Code Section 2809 and agrees that by doing so Guarantor's liability may be larger in amount and more burdensome than that of Borrower. Guarantor hereby waives the benefit of all principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Guaranty and agrees that Guarantor's obligations shall not be affected by any circumstances, whether or not referred to in this Guaranty, which might otherwise constitute a legal or equitable discharge of a surety or a guarantor. Guarantor hereby waives the benefits of any right of discharge under any and all statutes or other laws relating to guarantors or sureties and any other rights of sureties and guarantors thereunder. Without limiting the generality of the foregoing, Guarantor hereby waives, to the fullest extent permitted by law, diligence in collecting the Guaranteed Debt, presentment, demand for payment, protest, all notices with respect to the Note, this Guaranty, or any other Loan Document which may be required by statute, rule of law or otherwise to preserve Lender's rights against Guarantor under this Guaranty, including, but not limited to, notice of acceptance, notice of any amendment of the Loan Documents, notice of the occurrence of any default, notice of intent to accelerate, notice of acceleration, notice of dishonor, notice of foreclosure, notice of protest, and notice of the incurring by Borrower of any obligation or indebtedness. Guarantor also waives, to the fullest extent permitted by law, all rights to require Lender to (a) proceed against Borrower or any other guarantor of Borrower's payment or performance with respect to the Guaranteed Debt (an "Other Guarantor"), (b) if Borrower or any Other Guarantor is a partnership, proceed against any general partner of Borrower or the Other Guarantor, (c) proceed against or exhaust any collateral held by Lender to secure the repayment of the Guaranteed Debt, or (d) pursue any other remedy it may now or hereafter have against Borrower or (if Borrower is a partnership) any general partner of Borrower, including any and all benefits under California Civil Code Sections 2845, 2849 and 2850.

(b)Guarantor understands that the exercise by Lender of certain rights and remedies contained in the Lien Instrument(such as a nonjudicial foreclosure sale) may affect or eliminate Guarantor's right of subrogation against Borrower and that Guarantor may therefore incur a partially or totally nonreimbursable liability under this Guaranty. Nevertheless, Guarantor hereby authorizes and empowers Lender to exercise, in its sole and absolute discretion, any right or remedy, or any combination thereof, which may then be available, since it is the intent and purpose of Guarantor that the obligations under this Guaranty shall be absolute, independent and unconditional under any and all circumstances. Guarantor expressly waives any defense (which defense, if Guarantor had not given this waiver, Guarantor might otherwise have) to a judgment against Guarantor by reason of a nonjudicial foreclosure. Without limiting the generality of the foregoing, Guarantor hereby expressly waives any and all benefits under (i) California Code of Civil Procedure Section 580a (which Section, if Guarantor had not given this waiver, would otherwise limit Guarantor's liability after a nonjudicial foreclosure sale to the difference between the obligations of Guarantor under this Guaranty and the fair market value of the property or interests sold at

such nonjudicial foreclosure sale), (ii) California Code of Civil Procedure Sections 580b and 580d (which Sections, if Guarantor had not given this waiver, would otherwise limit Lender's right to recover a deficiency judgment with respect to purchase money obligations and after a nonjudicial foreclosure sale, respectively), and (iii) California Code of Civil Procedure Section 726 (which Section, if Guarantor had not given this waiver, among other things, would otherwise require Lender to exhaust all of its security before a personal judgment could be obtained for a deficiency). Notwithstanding any foreclosure of the lien of the Mortgage, whether by the exercise of the power of sale contained in the Mortgage, by an action for judicial foreclosure or by Lender's acceptance of a deed in lieu of foreclosure, Guarantor shall remain bound under this Guaranty. In accordance with Section 2856 of the California Civil Code, Guarantor waives all rights and defenses that Guarantor may have because Borrower's obligations are secured by real property. This means, among other things:

(i) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower or others; and

(ii) If Lender forecloses on any real property collateral pledged by Borrower or others, then (i) the amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price and (ii) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower.

This is an unconditional and irrevocable waiver of any rights and defenses that Guarantor may have because Borrower's obligations are secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon California Code of Civil Procedure Sections 580a, 580b, 580d, or 726.

(c) In accordance with Section 2856 of the California Civil Code, Guarantor also waives any right or defense based upon an election of remedies by Lender, even though such election (e.g., nonjudicial foreclosure with respect to any collateral held by Lender to secure repayment of the Guaranteed Debt) destroys or otherwise impairs the subrogation rights of Guarantor or the right of Guarantor (after payment of the obligations guaranteed by Guarantor under this Guaranty) to proceed against Borrower for reimbursement, or both, by operation of Section 580d of the Code of Civil Procedure or otherwise.

(d) In accordance with Section 2856 of the California Civil Code, Guarantor waives any and all other rights and defenses available to Guarantor by reason of Sections 2787 through 2855, inclusive, of the California Civil Code, including any and all rights or defenses Guarantor may have by reason of protection afforded to Borrower with respect to any of the obligations of Guarantor under this Guaranty pursuant to the antideficiency or other laws of the State of California limiting or discharging Borrower's obligations or indebtedness, including Sections 580a, 580b, 580d, and 726 of the California Code of Civil Procedure. Similarly, Guarantor waives any and all rights and defenses available to Guarantor under California Civil Code Sections 2899 and 3433.

(e) Guarantor shall have no right of, and hereby waives any claim for, subrogation, reimbursement, indemnification, and contribution against Borrower and against any general partner, member or other constituent of Borrower, and against any other person or any collateral or security for the Guaranteed Debt (including without limitation any such rights pursuant to Sections 2847 and 2848 of the California Civil Code), until the Guaranteed Debt has been indefeasibly paid and satisfied in full, all obligations owed to Lender under the Loan Documents have been fully performed, and Lender has released, transferred or disposed of all of its right, title and interest in such collateral or security, and there has expired the maximum possible period thereafter during which any payment made by Borrower or others to Lender with respect to the Guaranteed Debt could be deemed a preference under any insolvency, bankruptcy, reorganization, receivership or other debtor relief law.

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WFB Loan No: 31-0924435
Citi Loan No. 7621

LOAN AGREEMENT
Dated as of August 7, 2014
among
333 SOUTH HOPE CO. LLC and 333 SOUTH HOPE PLANT LLC
collectively, as Borrower,
WELLS FARGO BANK, NATIONAL ASSOCIATION, as Lender, and
CITIGROUP GLOBAL MARKETS REALTY CORP.,
as Lender

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of August 7, 2014 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this "Agreement"), among WELLS FARGO BANK, NATIONAL ASSOCIATION, having an address at Wells Fargo Center, 1901 Harrison Street, 2nd Floor, MAC A02227 020 Oakland, California 94612 (together with its successors and/or assigns, "WFB"), CITIGROUP GLOBAL MARKETS REALTY CORP., a New York corporation, having an address at 388 Greenwich Street, 19th Floor, New York, New York 10013 (together with its successors and/or assigns, "Citi"; WFB and Citi, individually and/or collectively, as the context may require, "Lender"), 333 SOUTH HOPE CO. LLC ("333 Hope") and 333 SOUTH HOPE PLANT LLC ("333 Plant"), each a Delaware limited liability company, having an address at c/o Brookfield Properties Inc., Brookfield Place, 250 Vesey Street, 15th Floor, New York, NY 10281, (333 Hope and/or 333 Plant, individually and collectively, as the context may require, together with each of their successors and/or assigns, "Borrower").

RECITALS:

Borrower desires to obtain the Loan (defined below) from Lender.

Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms of this Agreement and the other Loan Documents (defined below).

In consideration of the making of the Loan by Lender and the covenants, agreements, representations and warranties set forth in this Agreement, the parties hereto hereby covenant, agree, represent and warrant as follows:

ARTICLE 1.

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly required or unless the context clearly indicates a contrary intent:

"30/360 Basis" shall mean on the basis of a 360-day year consisting of 12 months of 30 days each.

"50% Test" shall have the meaning set forth in the definition of "Qualified Transferee".

"Acceptable LLC" shall mean a limited liability company formed under Delaware law which (i) has at least one springing member, which, upon the dissolution of all of the members or the withdrawal or the disassociation of all of the members from such limited liability company, shall immediately become the sole member of such limited liability company, and (ii) otherwise meets the Rating Agency criteria then applicable to such entities.

“Accounts” shall have the meaning set forth in the Cash Management Agreement.

“Act” shall have the meaning set forth in Section 5.1(d) hereof.

“Actual/360 Basis” shall mean on the basis of a 360-day year and charged on the basis of actual days elapsed for any whole or partial month in which interest is being calculated.

“Affiliate” shall mean, as to any Person, any other Person that, directly or indirectly, (i) owns more than twenty percent (20%) of such Person or (ii) is in Control of, is Controlled by or is under common ownership or Control with such Person.

“Affiliated Manager” shall mean any managing agent of the Property in which Borrower, Guarantor, any SPE Component Entity (if any) or any Affiliate of such entities has, directly or indirectly, any legal, beneficial or economic interest.

“Allocated Loan Amount” shall mean, with respect to the Expansion Parcel to be released, an amount equal to the product of (A) the Determination Fraction and (B) the outstanding principal balance of the Loan.

“ALTA” shall mean American Land Title Association, or any successor thereto.

“Alteration Security” shall have the meaning set forth in Section 4.21 hereof.

“Alteration Threshold” shall mean an amount equal to \$20,000,000.00.

“Annual Budget” shall have the meaning set forth in Section 4.12(a)(v).

“Applicable Law” shall mean all applicable federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting Borrower or the Property or any part thereof, or the construction, use, alteration or operation thereof, or any part thereof, whether now or hereafter enacted and in force, including, without limitation, the Americans with Disabilities Act of 1990, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Borrower, at any time in force affecting Borrower or the Property or any part thereof, including, without limitation, any which may (i) require repairs, modifications or alterations in or to the Property or any part thereof, or (ii) in any way limit the use and enjoyment thereof.

“Applicable Contribution” shall have the meaning set forth in Section 17.16 hereof.

“Appraisal” shall mean an appraisal prepared in accordance with the requirements of FIRREA, prepared by an independent third party appraiser holding an MAI designation, who is state licensed or state certified if required under the laws of the state where the Property is located, who meets the requirements of FIRREA and who otherwise would be satisfactory to a prudent lender originating commercial loans for securitization similar to the Loan.

“Appraised Value of the Expansion Parcel” shall mean the value of the Expansion Parcel requested by Borrower to be released from the lien of the Security Instrument in accordance with Section 2.9 hereof based on a current Appraisal thereof; provided, however, such value shall specifically exclude the value of any air rights parcel comprising a portion of the Expansion Parcel.

“Approved Bank” shall mean (a) a bank or other financial institution which has the Required Rating, (b) if a Securitization has not occurred, a bank or other financial institution acceptable to Lender or (c) if a Securitization has occurred, a bank or other financial institution with respect to which Lender shall have received a Rating Agency Confirmation.

“Approved ID Provider” shall mean each of CT Corporation, Corporation Service Company, National Registered Agents, Inc., Wilmington Trust Company, Stewart Management Company and Lord Securities Corporation; provided, that, additional national providers of Independent Directors may be deemed added to the foregoing hereunder to the extent approved in writing by Lender and the Rating Agencies.

“Approved Servicer” shall have the meaning set forth in the definition of “Qualified Transferee”.

“Assignment of Management Agreement” shall mean that certain Conditional Assignment of Management Agreement dated as of the date hereof among Lender, Borrower and Manager, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Award” shall mean any compensation paid by any Governmental Authority in connection with a Condemnation in respect of all or any part of the Property.

“Bankruptcy Code” shall mean Title 11 of the United States Code entitled “Bankruptcy”, as amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors’ rights.

“Benefit Amount” shall have the meaning set forth in Section 17.16 hereof.

“Borrower” shall have the meaning set forth in the introductory paragraph hereof.

“Borrower Party” shall mean any Person acting on behalf of or at the direction of Borrower, SPE Component Entity and/or Guarantor.

“Business Day” shall mean any day other than a Saturday, Sunday or any other day on which commercial banks in the State of California and New York are not open for business.

“Capital Group” shall mean The Capital Group Companies, Inc., a Delaware corporation.

“Cash Management Account” shall have the meaning set forth in the Cash Management Agreement.

“Cash Management Agreement” shall mean that certain Cash Management Agreement of even date herewith among Lender, Borrower and Manager, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Cash Trap Event Period” shall have the meaning set forth in the Cash Management Agreement.

“Casualty” shall have the meaning set forth in Section 7.2.

“Casualty Consultant” shall have the meaning set forth in Section 7.4 hereof.

“CDO” shall have the meaning set forth in the definition of “Qualified Transferee”.

“CDO Asset Manager” means, with respect to any Securitization Vehicle (hereinafter defined) that is a CDO, the entity that is responsible for managing or administering the Permitted Mezzanine Financing as an underlying asset of such Securitization Vehicle or, if applicable, as an asset of any Intervening Trust Vehicle (including, without limitation, the right to exercise any consent and control rights available to the holder of the Permitted Mezzanine Financing).

“Closing Date” shall mean the date of the funding of the Loan.

“Co-Gen Facility” shall mean the Plant and the Plant System (as each such term is defined in the Energy Services Agreement).

“Co-Gen Facility Agreement” shall mean, individually and/or collectively, as the context may require, (i) the Energy License Agreement and (ii) the Energy Services Agreement.

“Condemnation” shall mean a temporary or permanent taking by any Governmental Authority as the result, in lieu or in anticipation, of the exercise of the right of condemnation or eminent domain, of all or any part of the Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Property or any part thereof.

“Confidentiality Agreement” shall mean that certain Confidentiality Agreement, dated as of July 12, 2013, between Brookfield Office Properties, Inc., a Canadian corporation and Wells Fargo Real Estate Capital Markets, a division of Wells Fargo Bank, N.A.

“Constituent Members” shall have the meaning set forth in Section 5.2(b) hereof.

“Contribution” shall have the meaning set forth in Section 17.16 hereof.

“Construction” shall have the meaning set forth in Section 2.9 hereof.

“Construction Impact Agreements” shall mean any and all contracts and other agreements between Borrower, Release Transferee or any affiliate, agent or operator on behalf of Borrower and/or Release Transferee with respect to any Construction Impact Alterations.

“Construction Impact Alterations” shall mean (i) any alteration of the Remaining Property that is to be completed in connection with the Construction and (ii) any alteration of the Remaining Property performed after the completion of the Construction which affects the ownership, operation and/or use of the Remaining Property and the Expansion Property as interconnected properties.

“Control” shall mean the power to direct the management and policies of an entity, directly or indirectly, whether through the ownership of voting securities or other beneficial interests, by contract or otherwise.

“Creditors Rights Laws” shall mean any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors.

“DBRS” shall mean DBRS, Inc.

“Debt” shall mean the outstanding principal amount set forth in, and evidenced by, this Agreement and the Note together with all interest accrued and unpaid thereon and all other sums due to Lender in respect of the Loan under the Note, this Agreement or the other Loan Documents, including, without limitation, the payment of all sums advanced and costs and expenses incurred (including unpaid or unreimbursed servicing and special servicing fees) by Lender in connection with the enforcement and/or collection of the Debt or any part thereof.

“Debt Service” shall mean, with respect to any particular period of time, scheduled principal and/or interest payments under the Loan.

“Debt Service Coverage Ratio” shall have the meaning set forth on Exhibit A attached hereto and made a part hereof. All capitalized terms in such definition are also set forth on Exhibit A.

“Default” shall mean the occurrence of any event hereunder or under the Note or the other Loan Documents which, but for the giving of notice or passage of time, or both, would be an Event of Default.

“Default Rate” shall mean, with respect to the Loan, a rate per annum equal to the lesser of (i) the Maximum Legal Rate, or (ii) the sum of (a) the Interest Rate and (b) four percent (4%).

“Defeasance Approval Item” shall have the meaning set forth in Section 2.8 hereof.

“Defeasance Collateral Account” shall have the meaning set forth in Section 2.8 hereof.

“Defeasance Lockout Release Date” shall mean the earlier to occur of (i) the third anniversary of the Closing Date and (ii) the date that is two (2) years from the “startup day” (within the meaning of Section 860G(a)(9) of the IRS Code) of the REMIC Trust established in connection with the last Securitization involving any portion of or interest in the Loan.

“Defeased Note” shall have the meaning set forth in Section 2.8(c)(iv) hereof.

“Defined Benefit Plan” shall mean a plan, document, agreement, or arrangement currently or previously maintained or sponsored by the Borrower or by any ERISA Affiliate or to which either the Borrower or ERISA Affiliate currently makes, or previously made, contributions and which (i) provides or is expected to provide retirement benefits to employees or other workers and (ii) the Borrower could reasonably be expected to have any liability (including liability attributable from an ERISA Affiliate). A Defined Benefit Plan shall include any plan that if it were terminated at any time, would result in Borrower or ERISA Affiliate being deemed to be a “contributing sponsor” (as defined in Section 4001(a)(13) of ERISA) of the terminated plan pursuant to ERISA Section 4069. A Defined Benefit Plan does not include a Multiemployer Plan.

“Determination Fraction” shall mean a fraction, the numerator of which is the Appraised Value of the Expansion Parcel, and the denominator of which is the value of all the Property (including the Expansion Parcel) based on a current Appraisal thereof.

“Disclosure Document” shall have the meaning set forth in Section 11.2 hereof.

“Eligible Account” shall mean a separate and identifiable account from all other funds held by the holding institution that is either (a) an account or accounts maintained with a federal or state-chartered depository institution or trust company which complies with the definition of Eligible Institution or (b) a segregated trust account or accounts maintained with a federal or state chartered depository institution or trust company acting in its fiduciary capacity which, in the case of a state chartered depository institution or trust company, is subject to regulations substantially similar to 12 C.F.R. §9.10(b), having in either case a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal and state authority. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

“Eligible Institution” shall mean (a) a depository institution or trust company insured by the Federal Deposit Insurance Corporation, (i) the short term unsecured debt obligations or commercial paper of which are rated at least “A-1+” (or its equivalent) from each of the Rating Agencies in the case of accounts in which funds are held for thirty (30) days or less and (ii) the senior unsecured debt obligations of which are rated at least “A” (or its equivalent) from each of the Rating Agencies in the case of accounts in which funds are held for more than thirty (30) days or (b) such other depository institution otherwise approved by the Rating Agencies from time-to-time.

“Eligibility Requirements” means, with respect to any Person, that such Person (i) has total assets (in name or under management) in excess of \$1,000,000,000 and (except with respect to a pension advisory firm, asset manager or similar fiduciary) capital/statutory surplus or shareholder’s equity of \$400,000,000 and (ii) is regularly engaged in the business of making or owning (or, in the case of a pension advisory firm, asset manager or similar fiduciary, regularly engaged in managing or advising investments in) commercial real estate loans (including mezzanine loans to direct or indirect owners of commercial properties, which loans are secured by pledges of direct or indirect ownership interest in the owners of such commercial properties) or operating commercial properties.

“Eligible Transferee” means, with respect to any Person, that such Person has total assets in excess of \$650,000,000 and shareholder’s equity in excess of \$300,000,000.

“Embargoed Person” shall have the meaning set forth in Section 3.28 hereof.

“Energy License Agreement” shall mean that certain License Agreement, effective as of January 1, 2014, by and between 333 Plant, as licensee, and 333 Hope, as licensor, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time in accordance with the terms hereof.

“Energy Services Agreement” shall mean that certain Energy Services Agreement, effective as of January 1, 2014, by and between 333 Plant, as supplier, and 333 Hope, as customer, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time in accordance with the terms hereof.

“Environmental Indemnity” shall mean that certain Environmental Indemnity Agreement, dated as of the date hereof, executed by Borrower and Guarantor in connection with the Loan for the benefit of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Environmental Laws” shall have the meaning set forth in the Environmental Indemnity.

“Environmental Report” shall mean that certain Phase I Environmental Site Assessment Report, dated as of July 7, 2014, prepared by Partner Engineering and Science, Inc.

“Equity Collateral” shall have the meaning set forth in Section 11.6 hereof.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as the same may heretofore have been or may hereafter be amended, restated, replaced or otherwise modified.

“ERISA Affiliate” shall mean all members of a controlled group of corporations and all trades and business (whether or not incorporated) under common control and all other entities which, together with Borrower, are treated as a single employer under any or all of Sections 414(b), (c), (m) or (o) of the IRS Code.

“Event of Default” shall have the meaning set forth in Section 10.1 hereof.

“Exchange Act” shall have the meaning set forth in Section 11.2 hereof.

“Exchange Act Filing” shall mean any filing under or pursuant to the Exchange Act in connection with or relating to a Securitization.

“Exculpated Parties” shall have the meaning set forth in Section 13.1 hereof.

“Executive Order” shall have the meaning set forth in the definition of Prohibited Person.

“Existing TI/LC Obligations” shall have the meaning set forth in Section 8.7 hereof.

“Existing TI/LC Reserve Funds” shall have the meaning set forth in Section 8.7 hereof.

“Expansion Parcel” shall mean (i) any air rights with respect to that certain parcel more particularly set forth on Exhibit B-1 attached hereto and (ii) such portions of the concourse level immediately below the air-rights parcel set forth in clause (i) above and as more particularly set forth on Exhibit B-2 attached hereto (but specifically excluding (x) any portion of such concourse area which includes any space demised to a Tenant if such Tenant’s entire leased premises is not included in the Expansion Parcel (provided, however, this clause (x) shall not apply to any Tenant located within the Expansion Parcel which also leases space in the Remaining Property so long as such Leases are separate and distinct and the Expansion Parcel Release does not give rise to any termination, off-set or abatement right of such Tenant with respect to such Tenant’s Lease of space in the Remaining Property) and (y) any parking facilities at the Property (provided, however, this clause (y) shall in no way limit any right of Borrower to grant Release Transferee easement rights with respect to other portions of the Remaining Property, including, any parking areas, in accordance with any Shared Facilities REA).

“Expansion Parcel Release” shall have the meaning set forth in Section 2.9 hereof.

“Expansion Parcel Release Costs” shall have the meaning set forth in Section 2.9 hereof.

“FIRREA” shall mean the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (as the same may have been or may hereafter be amended, restated, supplemented or otherwise modified).

“Fitch” shall mean Fitch, Inc.

“Flood Insurance Acts” shall have the meaning set forth in Section 7.1 hereof.

“Forfeiture” shall have the meaning set forth in Section 3.20(b) hereof.

“Funding Borrower” shall have the meaning set forth in Section 17.16 hereof.

“GAAP” shall mean generally accepted accounting principles in the United States of America as of the date of the applicable financial report, consistently applied by the Person implementing such accounting method.

“Governmental Authority” shall mean any court, board, agency, commission, office or other authority of any nature whatsoever for any governmental unit (foreign, federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

“Guarantor” shall mean, Brookfield DTLA Holdings LLC, a Delaware limited liability company.

“Guaranty” shall mean, individually and/or collectively, as the context may require, the Recourse Guaranty and the Reserve Guaranty, if applicable.

“Hazardous Substances” shall have the meaning set forth in the Environmental Indemnity.

“Improvements” shall have the meaning set forth in the granting clause of the Security Instrument.

“Indebtedness” shall mean, for any Person, without duplication: (i) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit, or for the deferred purchase price of property for which such Person or its assets is liable, (ii) all unfunded amounts under a loan agreement, letter of credit, or other credit facility for which such Person would be liable if such amounts were advanced thereunder, (iii) all amounts required to be paid by such Person as a guaranteed payment to partners or a preferred or special dividend, including any mandatory redemption of shares or interests, (iv) all indebtedness guaranteed by such Person, directly or indirectly, (v) all obligations under leases that constitute capital leases for which such Person is liable, (vi) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case whether such Person is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss, and (vii) any other similar amounts.

“Indemnified Parties” shall mean (a) Lender, (b) any successor owner or holder of the Loan, (c) any Servicer or prior Servicer of the Loan, (d) any trustees, custodians or other fiduciaries who hold or who have held a full or partial direct interest in the Loan for the benefit of any Investor or other third party, (e) any receiver or other fiduciary appointed in a foreclosure or other Creditors Rights Laws proceeding, (f) any officers, directors, shareholders, partners, members, employees, agents, servants, representatives, contractors, subcontractors, affiliates or subsidiaries of any and all of the foregoing, and (g) the heirs, legal representatives, successors and assigns of any and all of the foregoing (including, without limitation, any successors by merger, consolidation or acquisition of all or a substantial portion of the Indemnified Parties’ assets and business) in all cases whether during the term of the Loan or as part of or following a foreclosure of the Loan.

“Independent Director” shall have the meaning set forth in Section 5.2 hereof.

“Insurance Premiums” shall have the meaning set forth in Section 7.1 hereof.

“Insurance Reserve Funds” shall have the meaning set forth in Section 8.2 hereof.

“Interest Accrual Period” shall mean the period beginning on the first day of each calendar month during the term of the Loan and ending on (but including) the last day of such calendar month.

“Interest Bearing Reserve Funds” shall mean, collectively, the Replacement Reserve Funds, the Rent Concession Reserve Funds, the Existing TI/LC Reserve Funds and the Leasing Reserve Funds.

“Interest Rate” shall mean a rate per annum equal to four and five hundredths percent (4.05%).

“Interest Shortfall” shall have the meaning set forth in Section 2.7 hereof.

“Intervening Trust Vehicle” shall mean, with respect to any Securitization Vehicle that is a CDO, a trust vehicle or entity which holds the Permitted Mezzanine Financing (or any interest therein) as collateral securing (in whole or in part) any obligation or security held by such Securitization Vehicle as collateral for the CDO.

“Investor” shall mean any investor in the Loan (or any portion thereof or interest therein) in connection with a Securitization of the Loan (or any portion thereof or interest therein).

“IRS Code” shall mean the Internal Revenue Code of 1986, as amended from time to time or any successor statute.

“Kroll” shall mean Kroll Bond Rating Agency, Inc.

“Land” shall have the meaning set forth in the Security Instrument.

“Lease” shall mean any and all leases, subleases, rental agreements and other agreements (including, without limitation, telecommunications and rooftop license agreements) whether or not in writing affecting the use, enjoyment or occupancy of the Land and/or the Improvements heretofore or hereafter entered into and all extensions, amendments and modifications thereto, whether before or after the filing by or against Borrower of any petition for relief under Creditors Rights Laws.

“Leasing Reserve Funds” shall have the meaning set forth in Section 8.5 hereof.

“Leasing Reserve Monthly Deposit” shall have the meaning set forth in Section 8.5 hereof.

“Lender A-1” shall mean WFB, together with its successors and/or assigns.

“Lender A-2” shall mean WFB, together with its successors and/or assigns.

“Lender A-3” shall mean Citi, together with its successors and/or assigns.

“Letter of Credit” shall mean an irrevocable, auto-renewing, unconditional, transferable, clean sight draft standby letter of credit having an initial term of not less than one (1) year and with automatic renewals for one (1) year periods (unless the obligation being secured by, or otherwise requiring the delivery of, such letter of credit is required to be performed at least thirty (30) days prior to the initial expiry date of such letter of credit), for which Borrower shall have no reimbursement obligation and which reimbursement obligation is not secured by the Property or any other property pledged to secure the Note, in favor of Lender and entitling Lender to draw thereon in, based solely on a statement that Lender has the right to draw thereon in New York, New York and/or San Francisco, California, executed by an officer or authorized signatory of Lender. A Letter of Credit must be issued by an Approved Bank. If at any time (a) the institution issuing any such Letter of Credit shall cease to be an Approved Bank or (b) if the Letter of Credit is due to expire prior to the termination of the event or events which gave rise to the requirement that Borrower deliver the Letter of Credit to Lender, Lender shall have the right

to draw down the same in full and hold the proceeds thereof, unless Borrower shall deliver a replacement Letter of Credit from an Approved Bank within (i) as to (a) above, twenty (20) days after Lender delivers written notice to Borrower that the institution issuing the Letter of Credit has ceased to be an Approved Bank or (ii) as to (b) above, within ten (10) days prior to the expiration date of said Letter of Credit.

“Liabilities” shall have the meaning set forth in Section 11.2 hereof.

“Licenses” shall have the meaning set forth in Section 3.11(a) hereof.

“LLC Agreement” shall have the meaning set forth in Section 5.1(d) hereof.

“Loan” shall mean the loan made by Lender to Borrower pursuant to this Agreement.

“Loan Bifurcation” shall have the meaning set forth in Section 11.1 hereof.

“Loan Documents” shall mean, collectively, this Agreement, the Note, the Security Instrument, the Environmental Indemnity, the Assignment of Management Agreement, the Cash Management Agreement, the Guaranty and all other documents executed and/or delivered in connection with the Loan.

“Loan-to-Value Ratio” shall mean a percentage calculated by multiplying (i) a fraction, the numerator of which is the sum of (x) outstanding principal balance of the Loan plus (y) the outstanding principal balance of the Permitted Mezzanine Financing, if any, and the denominator of which is the value of all the Property based on a current Appraisal thereof, by (ii) one hundred (100) percent.

“Losses” shall mean any and all claims, suits, liabilities (including, without limitation, strict liabilities and any impairment of Lender’s security for the Loan), actions, proceedings, obligations, debts, damages, losses, costs, expenses, fines, penalties, charges, fees, judgments, awards, amounts paid in settlement of whatever kind or nature (including but not limited to legal fees and other costs of defense).

“Major Lease” shall mean (i) any Lease entered into, modified or amended during the continuance of an Event of Default, (ii) any Lease which, individually or when aggregated with all other Leases with the same Tenant or its Affiliate, demises 100,000 net leasable square feet or more of the Property, (iii) any Lease which contains any option, offer, right of first refusal or other similar entitlement to acquire all or any portion of the Property, and (iv) any instrument guaranteeing or providing credit support for any Lease meeting the requirements of (i), (ii) and/or (iii) above.

“Management Agreement” shall mean the management agreement entered into by and between Borrower and the current Manager or any replacement management agreement entered into by and between Borrower and any Manager in accordance with the terms hereof and of the other Loan Documents, pursuant to which Manager is to provide management, leasing and/or other services with respect to the Property.

“Manager” shall mean, individually and/or collectively, as the context may require (i) Brookfield Properties Management (CA) Inc., a Delaware corporation and (ii) such other entity selected as the manager and/or leasing agent of the Property in accordance with the terms of this Agreement or the other Loan Documents.

“Material Action” means to consolidate or merge Borrower with or into any Person, or sell all or substantially all of the assets of Borrower, or to institute proceedings to have Borrower be adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against Borrower or file a petition seeking, or consent to, reorganization or relief with respect to Borrower under any applicable Creditors Rights Laws, or seek or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of Borrower or a substantial part of its property, or make any assignment for the benefit of creditors of Borrower, or admit in writing Borrower’s inability to pay its debts generally as they become due, or take action in furtherance of any such action, or, to the fullest extent permitted by law, dissolve or liquidate Borrower.

“Material Adverse Effect” shall mean a material adverse effect on (i) the Property, (ii) the business, profits, prospects, management, operations or condition (financial or otherwise) of Borrower, Guarantor or the Property, (iii) the enforceability, validity, perfection or priority of the lien of the Security Instrument or the other Loan Documents, (iv) the ability of Borrower to perform its obligations under the Security Instrument or the other Loan Documents, or (v) the ability of Guarantor to perform its obligations under the Guaranty.

“Material Agreements” shall mean each contract and agreement relating to the ownership, management, development, use, operation, leasing, maintenance, repair or improvement of the Property, other than the Management Agreement and the Leases, as to which there is an obligation of Borrower to pay more than \$1,000,000.00 per annum and that is either (i) not cancelable on thirty (30) days or less notice and/or (ii) requires payment of a termination fee in excess of \$150,000.00.

“Material Alteration” shall mean any alteration affecting the Property (a) the cost of which exceeds the Alteration Threshold or (b) which adversely affects any material structural components of the Improvements or any major building system, including, without limitation, the building HVAC system; provided, however, in no event shall any of the following constitute a Material Alteration: (i) [Intentionally omitted], (ii) any tenant improvement work performed pursuant to any Lease existing as of the date hereof or entered into in accordance with the terms of Section 4.14 herein, or (iii) alterations performed as part of a Restoration in accordance with Section 7.4 hereof. Notwithstanding anything to the contrary contained herein, Construction Impact Alterations shall not be deemed a Material Alteration hereunder; provided, however, the foregoing shall not be deemed to limit, impact or impair the requirements of Sections 2.9 and 4.24 hereof.

“Maturity Date” shall mean September 1, 2024, or such other date on which the final payment of principal of the Note becomes due and payable as therein or herein provided, whether at such stated maturity date, by declaration of acceleration, or otherwise.

“Maximum Legal Rate” shall mean the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

“Member” is defined in Section 5.1(d) hereof.

“Mezzanine Borrower” shall have the meaning set forth in Section 11.6 hereof.

“Mezzanine Intercreditor Agreement” shall have the meaning set forth in Section 6.6 hereof.

“Mezzanine Option” shall have the meaning set forth in Section 11.6 hereof.

“Mezzanine Transfer” shall mean each of (i) the pledge of the direct and/or indirect equity interest in Borrower in connection with the Permitted Mezzanine Financing (the “Mezzanine Equity Collateral”) and (ii) the transfer of the Mezzanine Equity Collateral to a Qualified Transferee in connection with the exercise of such Qualified Transferee’s rights and remedies under the applicable mezzanine loan documents, provided, that, such transfer is made in accordance with the applicable terms and conditions of the Mezzanine Intercreditor Agreement (such exercise of remedies, a “Mezzanine Foreclosure”).

“Minimum Disbursement Amount” shall mean Twenty-Five Thousand and No/100 Dollars (\$25,000).

“Monthly Debt Service Payment Amount” shall mean for the Monthly Payment Date occurring in October, 2014, and for each Monthly Payment Date occurring thereafter a payment equal to the amount of interest which has accrued during the preceding Interest Accrual Period computed at the Interest Rate.

“Monthly Insurance Deposit” shall have the meaning set forth in Section 8.2 hereof.

“Monthly Payment Date” shall mean the first (1st) day of every calendar month occurring during the term of the Loan.

“Monthly Tax Deposit” shall have the meaning set forth in Section 8.1 hereof.

“Moody’s” shall mean Moody’s Investor Service, Inc.

“Morningstar” shall mean Morningstar Credit Ratings, LLC.

“Multiemployer Plan” shall mean a “multiemployer plan” as defined in Section 3(37) of ERISA or Section 4001(a)(3) of ERISA, and to which Borrower or any ERISA Affiliate is making, is obligated to make or has made or been obligated to make during the last six years, contributions on behalf of participants who are or were employed by any of them.

“Net Proceeds” shall mean: (i) the net amount of all insurance proceeds payable as a result of a Casualty to the Property, after deduction of reasonable costs and expenses (including, but not limited to, reasonable attorneys’ fees), if any, in collecting such insurance proceeds, or (ii) the net amount of the Award, after deduction of reasonable costs and expenses (including, but not limited to, reasonable attorneys’ fees), if any, in collecting such Award.

“Net Proceeds Deficiency” shall have the meaning set forth in Section 7.4 hereof.

“Net Worth” shall mean net worth as calculated in accordance with GAAP (or other principles acceptable to Lender).

“New Manager” shall have the meaning set forth in Section 4.15 hereof.

“New Non-Consolidation Opinion” shall mean a substantive non-consolidation opinion provided by outside counsel acceptable to Lender and the Rating Agencies and otherwise in form and substance acceptable to Lender and the Rating Agencies.

“Non-Conforming Policy” shall have the meaning set forth in Section 7.1 hereof.

“Non-Consolidation Opinion” shall mean that certain substantive non-consolidation opinion delivered to Lender by Goodwin Procter LLP in connection with the closing of the Loan.

“Note” shall mean, individually and/or collectively, as the context may require, (i) that certain Promissory Note A-1 of even date herewith in the principal amount of \$150,000,000.00 made by Borrower to WFB, (ii) that certain Promissory Note A-2 of even date herewith in the principal amount of \$116,670,000.00 made by Borrower to WFB, and (iii) that certain Promissory Note A-3 of even date herewith in the principal amount of \$133,330,000.00 made by Borrower to Citi, as the same may each be amended, restated, replaced, extended, renewed, supplemented, severed, split, or otherwise modified from time to time.

“Noteholder” shall mean any holder of a Note from time to time.

“Obligations” shall have the meaning set forth in Section 17.16 hereof.

“OFAC” shall have the meaning set forth in Section 3.28 hereof.

“Officer’s Certificate” shall mean a certificate delivered to Lender by Borrower which is signed by Responsible Officer of Borrower.

“Open Period Start Date” shall have the meaning set forth in Section 2.7(a) hereof.

“Other Charges” shall mean all maintenance charges, impositions other than Taxes, and any other charges, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Property, now or hereafter levied or assessed or imposed against the Property or any part thereof.

“Partial Defeasance Collateral” shall mean U.S. Obligations which provide payments (i) on or prior to, but as close as possible to, the Business Day immediately preceding all

Monthly Payment Dates (provided, however, if the Partial Defeasance Date is not a Monthly Payment Date and the Shortfall Payment is made on the Partial Defeasance Date, then for all ensuing Monthly Payment Dates other than the Monthly Payment Date immediately following the Partial Defeasance Date) and other scheduled payment dates, if any, under the Defeased Note after the Partial Defeasance Date and up to and including the Open Period Start Date, and (ii) in amounts equal to or greater than the Scheduled Defeasance Payments relating to such Monthly Payment Dates and other scheduled payment dates.

“Partial Defeasance Date” shall have the meaning set forth in Section 2.8 hereof.

“Partial Defeasance Event” shall have the meaning set forth in Section 2.8 hereof.

“Partial Payment Amount” shall mean an amount equal to the product of (A) 110% and (B) the Allocated Loan Amount.

“Patriot Act” shall have the meaning set forth in Section 3.29 hereof.

“Permitted Encumbrances” shall mean collectively, (a) the lien and security interests created by this Agreement and the other Loan Documents, (b) all liens, encumbrances and other matters disclosed in the Title Insurance Policy, (c) liens, if any, for Taxes imposed by any Governmental Authority not yet due or delinquent, (d) easements and other instruments entered into in the ordinary course of business for traffic circulation, ingress, egress, parking, access, utilities lines, zoning restrictions, encroachments or for other similar purposes, provided, that such easements and other instruments (i) are not incurred in connection with the borrowing of money or obtaining of advances of credit and (ii) could not, individually or in the aggregate, have a Material Adverse Effect, (e) all rights and interests of Tenants, as tenants only, pursuant to Leases entered into in accordance with the terms of this Agreement and any Subordination, Non-disturbance and Attornment Agreement related thereto entered into in accordance with Section 4.14(c) hereof, (f) any Shared Facilities REA or any other document or agreement reasonably approved by Lender in connection with the Expansion Parcel Release, and (g) such other title and survey exceptions as Lender has approved or may approve in writing in Lender’s sole discretion.

“Permitted Equipment Leases” shall mean equipment leases or other similar instruments entered into with respect to the Personal Property; provided, that, in each case, such equipment leases or similar instruments (i) are entered into on commercially reasonable terms and conditions in the ordinary course of Borrower’s business and (ii) relate to Personal Property which is (A) used in connection with the operation and maintenance of the Property in the ordinary course of Borrower’s business and (B) readily replaceable without material interference or interruption to the operation of the Property.

“Permitted Equity Transfer” shall have the meaning set forth in Section 6.3 hereof.

“Permitted Fund Manager” means any Person that, on the date of determination, (i) is not subject to any case, proceeding or other action by or against Borrower or any SPE Component Entity under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, (ii) is not a Prohibited Person, (iii) is (a) approved by the Rating Agencies (for purposes of this Agreement) as a “Permitted Fund Manager”, as

evidenced by a Rating Agency Confirmation or (b) an entity that is otherwise a Qualified Transferee pursuant to clauses (A), (B), (C), (D) or (F) of the definition thereof, and (iv) is investing through one or more funds with committed capital of at least \$400,000,000.

“Permitted Indirect Pledge” shall mean a pledge of any direct or indirect minority, non–controlling interest in Guarantor that in each case do not (when aggregated with any other Permitted Indirect Pledges) result in more than 10% of the direct and/or indirect interests in Guarantor being pledged, provided, that: (i) Borrower shall continue to comply with the relevant provisions of Article 5 hereof, (ii) after giving effect to the exercise of any remedies available under such Permitted Indirect Pledge, the requirements of Sections 6.3(B), (C), (D) and (G) shall be continue to be satisfied, (iii) if the exercise of any remedies available under such Permitted Indirect Pledge would result in the transferee, together with its affiliates, to increase its direct or indirect interest in Borrower to an amount which equals or exceeds twenty percent (20%) (or if such transferee is not a citizen of the United States (or otherwise formed/incorporated in the United States), then ten percent (10%)), then (x) such transferee is a Qualified Transferee and (y) Borrower shall provide to Lender thirty (30) days prior written notice thereof and deliver to Lender (and Borrower shall be responsible for any reasonable out of pocket costs and expenses in connection therewith), searches (including, without limitation, a credit check) with respect to such Qualified Transferee acceptable to Lender; (iv) if the exercise of any remedies available under such Permitted Indirect Pledge would result in any person or entity (together with its affiliates) acquiring more than 49% of the direct or indirect interest in Borrower and such person or entity (together with its affiliates) did not own more than 49% of the direct or indirect interest in Borrower on the date hereof or at the time of the delivery of any New Non–Consolidation Opinion prior to such event, Borrower shall have delivered to Lender a New Non–Consolidation Opinion and (v) the repayment of such pledged obligations is not specifically tied to the cash flow of the Property.

“Permitted Investment Fund” shall have the meaning set forth in the definition of “Qualified Transferee”.

“Permitted Mezzanine Borrower” shall have the meaning set forth in Section 6.6 hereof.

“Permitted Mezzanine Financing” shall have the meaning set forth in Section 6.6 hereof.

“Permitted Property Transfer” shall have the meaning set forth in Section 6.4 hereof.

“Permitted Transfer” shall mean (i) a Permitted Equity Transfer, (ii) a Permitted Property Transfer, (iii) a Lease entered into in accordance with the terms hereof, (iv) any Permitted Encumbrances, (v) any Permitted Equipment Leases and/or (vi) the Expansion Parcel Release in accordance with the terms of Section 2.9 hereof.

“Person” shall mean any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

“Personal Property” shall have the meaning set forth in the granting clause of the Security Instrument.

“Policies” shall have the meaning specified in Section 7.1 hereof.

“Prior Lender” shall mean Morgan Stanley Mortgage Capital Inc. and Metropolitan Life Insurance Company, and their successors and assignees.

“Prior Loan” shall mean that certain loan made by Prior Lender to Borrower on or about August 27, 2004, in the original principal amount of \$242,000,000.

“Prohibited Person” means any Person:

- (i) listed in the annex to, or who is otherwise subject to the provisions of, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the “Executive Order”);
- (ii) that is owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;
- (iii) with whom a Person is prohibited from dealing or otherwise engaging in any transaction by any terrorism or money laundering law, including the Executive Order;
- (iv) who commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order;
- (v) that is named as a “specially designated national and blocked person” on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website or at any replacement website or other replacement official publication of such list; or
- (vi) who is an Affiliate of a Person listed in clauses (i) through (v) above.

“Prohibited Tenant” shall mean Capital Group.

“Prohibited Transfer” shall have the meaning set forth in Section 6.2 hereof.

“Property” shall have the meaning set forth in the Security Instrument.

“Property Condition Report” shall mean that certain Property Condition Report, dated as of July 7, 2014, prepared by Partner Engineering and Science, Inc.

“Provided Information” shall have the meaning set forth in Section 11.2(b) hereof.

“Prudent Lender Standard” shall, with respect to any matter, be deemed to have been met if the matter in question (i) prior to a Securitization, is reasonably acceptable to Lender and (ii) after a Securitization, would be acceptable to a prudent lender of similarly situated securitized commercial mortgage loans.

“Qualified Insurer” shall have the meaning set forth in Section 7.1 hereof.

“Qualified Leasing Expenses” shall mean actual, out-of-pocket expenses incurred by Borrower in leasing space at the Property pursuant to Leases entered into in accordance with the terms hereof, including brokerage commissions and tenant improvements, which expenses (a) (i) in connection with Leases which require Lender’s approval under the Loan Documents, are specifically contemplated by such Lease which has been approved by Lender, (ii) in connection with Leases which do not require Lender’s approval under the Loan Documents, are on market terms and conditions, or (iii) are otherwise approved by Lender, which approval shall not be unreasonably withheld or delayed, and (b) are substantiated by executed Lease documents and/or brokerage agreements.

“Qualified Manager” shall have the meaning set forth in the Assignment of Management Agreement.

“Qualified Transferee” means (one or more of the following):

(A) a real estate investment trust, bank, saving and loan association, investment bank, insurance company, trust company, commercial credit corporation, pension plan, pension fund or pension advisory firm, mutual fund, sovereign fund, government entity or plan that satisfies the Eligibility Requirements;

(B) an investment company, money management firm or “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act of 1933, as amended, or an institutional “accredited investor” within the meaning of Regulation D under the Securities Act of 1933, as amended, that, in any case, satisfies the Eligibility Requirements;

(C) an institution substantially similar to any of the foregoing entities described in clauses (A) or (B) that satisfies the Eligibility Requirements;

(D) any entity Controlled by, Controlling or under common control with any of the entities described in clauses (A), (B), (C) or (E) of this definition;

(E) an investment fund, limited liability company, limited partnership or general partnership (a “Permitted Investment Fund”) where a Permitted Fund Manager acts as general partner, managing member or fund manager and at least fifty percent (50%) of the equity interests in such investment vehicle are owned, directly or indirectly, by one or more of the following: a Qualified Transferee, an institutional “accredited investor”, within the meaning of Regulation D promulgated under the Securities Act of 1933, as amended, and/or a “qualified institutional buyer” or both within the meaning of

Rule 144A promulgated under the Securities Exchange Act of 1934, as amended, provided such institutional “accredited investors” or “qualified institutional buyers” that are used to satisfy the fifty percent (50%) test (the “50% Test”) set forth above in this clause (E) satisfy the financial tests in clause (i) of the definition of Eligibility Requirements; or

(F) a Qualified Trustee (or, in the case of collateralized debt obligations (“CDO”), a single-purpose bankruptcy-remote entity which contemporaneously assigns or pledges its interest in the Permitted Mezzanine Financing to a Qualified Trustee) in connection with (aa) a securitization of, (bb) the creation of a CDO secured by, or (cc) a financing through an “owner trust” of, the Permitted Mezzanine Financing (any of the foregoing, a “Securitization Vehicle”); provided that (1) one or more classes of securities issued by such Securitization Vehicle is initially rated at least investment grade by each of the Rating Agencies which assigned a rating to one or more classes of securities issued in connection with such securitization (it being understood that with respect to any Rating Agency that assigned such a rating to the securities issued by such Securitization Vehicle, a Rating Agency Confirmation will not be required in connection with a transfer of the Permitted Mezzanine Financing to such Securitization Vehicle, except that if one or more classes of securities issued in connection with such Securitization is rated by Moody’s, the transferee may not rely on this clause (1) with respect to Moody’s); (2) in the case of a Securitization Vehicle that is not a CDO, the special servicer of such Securitization Vehicle has the Required Special Servicer Rating at the time of Transfer and the related transaction documents for such Securitization Vehicle require that any successor have the Required Special Servicer Rating (such entity, an “Approved Servicer”) and such Approved Servicer is required to service and administer the Permitted Mezzanine Financing in accordance with servicing arrangements for the assets held by the Securitization Vehicle which require that such Approved Servicer act in accordance with a servicing standard notwithstanding any contrary direction or instruction from any other Person; or (3) in the case of a Securitization Vehicle that is a CDO, the CDO Asset Manager and, if applicable, each Intervening Trust Vehicle that is not administered and managed by a CDO Asset Manager which is a Qualified Transferee, are each a Qualified Transferee under clauses (A), (B), (C), (D) or (E) of this definition; or

(G) following a Securitization any Person for which the Rating Agencies have issued a Rating Agency Confirmation with respect to such Transfer.

“Qualified Trustee” means (i) a corporation, national bank, national banking association or a trust company, organized and doing business under the laws of any state or the United States of America, authorized under such laws to exercise corporate trust powers and to accept the trust conferred, having a combined capital and surplus of at least \$100,000,000 and subject to supervision or examination by federal or state authority, (ii) an institution insured by the Federal Deposit Insurance Corporation or (iii) an institution whose long-term senior unsecured debt is rated either of the then in effect top two rating categories of each of the Rating Agencies.

“Ratable Share” or “ratably” shall mean, with respect to any Lender, its share of the Loan based upon the proportion of the outstanding principal amount of the Loan held by such

Lender to the total outstanding principal amount of the Loan. As of the date hereof, the Ratable Share of Lender A-1 is 37.5%, Ratable Share of Lender A-2 is 29.1675% and the Ratable Share of Lender A-3 is 33.3325%.

“Rating Agencies” shall mean each of S&P, Moody’s, Fitch, DBRS, Kroll and Morningstar, or any successor thereto, or any other nationally-recognized statistical rating agency which has been approved by Lender, but only to the extent that (i) prior to a Securitization, such Rating Agency has been designated by Lender, or is anticipated to be designated by Lender, in connection with any Secondary Market Transaction and (ii) after the occurrence of a Securitization, such Rating Agency has been designated (i.e., hired) by Lender to rate the Securities.

“Rating Agency Confirmation” shall mean a written affirmation from each of the Rating Agencies (obtained at Borrower’s sole cost and expense) that the credit rating of the Securities by such Rating Agency immediately prior to the occurrence of the event with respect to which such Rating Agency Confirmation is sought will not be qualified, downgraded or withdrawn as a result of the occurrence of such event, which affirmation may be granted or withheld in such Rating Agency’s sole and absolute discretion. For the purposes of this Agreement and the other Loan Documents, if any Rating Agency shall waive, decline or refuse to review or otherwise engage any request for a Rating Agency Confirmation hereunder or under the other Loan Documents (hereinafter, a “RA Consent”), such RA Consent shall be deemed to eliminate, for such request only, the condition that a Rating Agency Confirmation by such Rating Agency (only) be obtained for purposes of this Agreement or the other Loan Documents, as applicable. For purposes of clarity, any such waiver, declination or refusal to review or otherwise engage in any request for a Rating Agency Confirmation hereunder or under the other Loan Documents shall not be deemed a waiver, declination or refusal to review or otherwise engage in any subsequent request for a Rating Agency Confirmation hereunder or under the other Loan Documents, and the condition for Rating Agency Confirmation pursuant to this Agreement and the other Loan Documents for any subsequent request shall apply regardless of any previous waiver, declination or refusal to review or otherwise engage in such prior request.

“REA” shall mean, individually and/or collectively (as the context may require), each reciprocal easement, covenant, condition and restriction agreement or similar agreement affecting the Property as more particularly described on Schedule III hereto and any future reciprocal easement or similar agreement affecting the Property entered into in accordance with the applicable terms and conditions hereof.

“Recourse Guaranty” shall mean that certain Guaranty of Recourse Obligations executed by Guarantor and dated as of the date hereof.

“Register” shall have the meaning set forth in Section 11.7 hereof.

“Registration Statement” shall have the meaning set forth in Section 11.2 hereof.

“Regulation AB” shall mean Regulation AB under the Securities Act and the Exchange Act, as such Regulation may be amended from time to time.

“Reimbursement Contribution” shall have the meaning set forth in Section 17.16 hereof.

“Related Loan” shall mean a loan made to an Affiliate of Borrower, or secured by a Related Property, that is included with the Loan (or a portion of the Loan) in a Securitization.

“Related Property” shall mean a parcel of real property, together with improvements thereon and personal property related thereto, that is “related”, within the meaning of the definition of Significant Obligor, to the Property.

“Release Transferee” shall have the meaning set forth in Section 2.9 hereof.

“Released Expansion Parcel” shall have the meaning set forth in Section 2.9 hereof.

“Remaining Property” shall have the meaning set forth in Section 2.9 hereof.

“REMIC Requirements” shall mean any applicable federal income tax requirements relating to the continued qualification of any REMIC Trust (including, without limitation, the continued treatment of the Loan as a “qualified mortgage” in the hands of the REMIC Trust) as such under the IRS Code, the non-imposition of any tax on such REMIC Trust under the IRS Code (including, without limitation, the taxes on “prohibited transactions” and “contributions”), and any other constraints, rules or other regulations or requirements relating to the servicing, modification or other similar matters with respect to the Loan (or any portion thereof or interest therein) that may exist in, or be promulgated administratively under, the IRS Code.

“REMIC Trust” shall mean a “real estate mortgage investment conduit” within the meaning of Section 860D of the IRS Code that holds any interest in all or any portion of the Loan (including, without limitation, the Note).

“Rent Concession Reserve Funds” shall have the meaning set forth in Section 8.8 hereof.

“Rent Loss Proceeds” shall have the meaning set forth in Section 7.1 hereof.

“Rent Roll” shall have the meaning set forth in Section 3.17 hereof.

“Rents” shall have the meaning set forth in the Security Instrument.

“Replacement Guarantor” shall have the meaning set forth in Section 6.4 hereof.

“Replacement Guarantor Documents” shall have the meaning set forth in Section 6.4 hereof.

“Replacement Lease” shall have the meaning set forth in the Cash Management Agreement.

“Replacement Reserve Funds” shall have the meaning set forth in Section 8.4 hereof.

“Replacement Reserve Monthly Deposit” shall have the meaning set forth in Section 8.4 hereof.

“Replacements” for any period shall mean amounts expended for replacements and/or alterations to the Property and required to be capitalized according to GAAP and reasonably approved by Lender.

“Required Financial Item” shall have the meaning set forth in Section 4.12 hereof.

“Required Rating” shall mean a rating of not less than “A-1” (or its equivalent) from each of the Rating Agencies if the term of such Letter of Credit is no longer than three (3) months or if the term of such Letter of Credit is in excess of three (3) months, a rating of not less than “A+” (or its equivalent) from each of the Rating Agencies, or, if a Securitization has not occurred, such other rating that is reasonably acceptable to Lender or, if a Securitization shall have occurred, such other rating with respect to which Lender shall have received a Rating Agency Confirmation.

“Required Special Servicer Rating” means a special servicer that (i) has a rating of “CSS1” in the case of Fitch, (ii) is on S&P’s select servicer list as a “U.S. Commercial Mortgage Special Servicer” in the case of S&P, (iii) in the case of Moody’s, such special servicer is acting as special servicer in a commercial mortgage loan securitization that was rated by Moody’s within the twelve (12) month period prior to the date of determination, and Moody’s has not downgraded or withdrawn the then current rating on any class of commercial mortgage securities or placed any class of commercial mortgage securities on watch citing the continuation of such special servicer as special servicer of such commercial mortgage securities as the reason for such downgrade or withdrawal, (iv) in the case of Moody’s, such special servicer is acting as special servicer in a commercial mortgage loan securitization that was rated by Moody’s within the twelve (12) month period prior to the date of determination, and Moody’s has not downgraded or withdrawn the then current rating on any class of commercial mortgage securities or placed any class of commercial mortgage securities on watch citing the continuation of such special servicer as special servicer of such commercial mortgage securities as the reason for such downgrade or withdrawal, (v) in the case of Morningstar, such special servicer is acting as special servicer in a commercial mortgage loan securitization that was rated by a Rating Agency within the twelve (12) month period prior to the date of determination, and Morningstar has not downgraded or withdrawn the then-current rating on any class of commercial mortgage securities or placed any class of commercial mortgage securities on watch citing the continuation of such special servicer as special servicer of such commercial mortgage securities, and (vi) in the case of DBRS, such special servicer is currently acting as special servicer in a commercial mortgage loan securitization that is rated by DBRS, and DBRS has not downgraded or withdrawn the then-current rating on any class of commercial mortgage securities or placed any class of commercial mortgage securities on watch citing the continuation of such special servicer as special servicer of such commercial mortgage securities. The requirement of any rating agency that is not a Rating Agency shall be disregarded.

“Reserve Guaranty” shall mean that certain Reserve Guaranty executed by Guarantor and dated as of the date hereof.

“Reserve Guaranty Conditions” shall mean (i) the Reserve Guaranty is in full force and effect, (ii) no Event of Default has occurred and is continuing, (iii) [intentionally omitted], (iv) no Permitted Property Transfer has occurred and (v) Sponsor Controls Borrower and owns not less than ten percent (10%) of the indirect legal and beneficial interests in Borrower.

“Reserve Funds” shall mean the Tax Reserve Funds, the Insurance Reserve Funds, the Replacement Reserve Funds, the Rent Concession Reserve Funds, the Existing TI/LC Reserve Funds, the Leasing Reserve Funds, and any other escrow funds established by this Agreement or the other Loan Documents.

“Responsible Officer” shall mean with respect to a Person, the chairman of the board, president, chief operating officer, chief financial officer, treasurer, controller, senior vice president or vice president of such Person or such other similar officer of such Person reasonably acceptable to Lender and appropriately authorized by the applicable Person in a manner reasonably acceptable to Lender.

“Restoration” shall have the meaning set forth in Section 7.2 hereof.

“Restoration Retainage” shall have the meaning set forth in Section 7.4 hereof.

“Restoration Threshold” shall mean an amount equal to \$20,000,000.00.

“Restricted Party” shall have the meaning set forth in Section 6.1 hereof.

“Reviewed Sections” shall have the meaning set forth in Section 11.2 hereof.

“Sale or Pledge” shall have the meaning set forth in Section 6.1 hereof.

“Scheduled Defeasance Payments” shall mean scheduled payments of interest and principal under the Note in the case of a Total Defeasance and under the Defeased Note in the case of a Partial Defeasance (as applicable) for all Monthly Payment Dates occurring after the Total Defeasance Date or Partial Defeasance Date (as applicable) (provided that, if the Total Defeasance Date or Partial Defeasance Date (as applicable) is not a Monthly Payment Date and the Shortfall Payment is paid on the Total Defeasance Date or Partial Defeasance Date (as applicable), then for all ensuing Monthly Payment Dates other than the Monthly Payment Date immediately following the Total Defeasance Date or Partial Defeasance Date (as applicable)) and up to and including the Open Period Start Date (including, in the case of a Total Defeasance, the outstanding principal balance on the Note as of the Open Period Start Date and, in the case of a Partial Defeasance, the outstanding principal balance on the Defeased Note as of the Open Period Start Date).

“Secondary Market Transaction” shall have the meaning set forth in Section 11.1 hereof.

“Securities” shall have the meaning set forth in Section 11.1 hereof.

“Securities Act” shall have the meaning set forth in Section 11.2 hereof.

“Securitization” shall have the meaning set forth in Section 11.1 hereof.

“Securitization Vehicle” shall have the meaning set forth in the definition of “Qualified Transferee”.

“Security Agreement” shall mean a security agreement in form and substance that would be satisfactory to a prudent lender pursuant to which Borrower grants Lender a perfected, first priority security interest in the Defeasance Collateral Account and the Total Defeasance Collateral or the Partial Defeasance Collateral (as applicable).

“Security Deposits” shall mean any advance deposits or any other deposits collected with respect to the Property, whether in the form of cash, letter(s) of credit or other cash equivalents (including, without limitation, such deposits made in connection with any Lease).

“Security Instrument” shall mean that certain first priority Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated the date hereof, executed and delivered by Borrower as security for the Loan and encumbering the Property, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Senior Mezzanine Loan” shall have the meaning set forth in Section 11.6 hereof.

“Servicer” shall have the meaning set forth in Section 11.4 hereof.

“Severed Loan Documents” shall have the meaning set forth in Article 10.

“Shared Facilities REA” shall have the meaning set forth in Section 2.9 hereof.

“Shortfall Payment” shall have the meaning set forth in Section 2.8(a)(ii) hereof.

“Significant Obligor” shall have the meaning set forth in Item 1101(k) of Regulation AB under the Securities Act.

“Single Purpose Entity” shall mean an entity which satisfies all of the requirements of Section 5.1 hereof and whose structure and organizational and governing documents are otherwise in form and substance acceptable to Lender and the Rating Agencies.

“SPE Component Entity” shall have the meaning set forth in Section 5.1(c) hereof.

“Special Member” shall have the meaning set forth in Section 5.1(d) hereof.

“Specified Reserve” shall have the meaning set forth in Section 8.9 hereof.

“Specified Reserve Amount” shall have the meaning set forth in Section 8.9 hereof.

“Sponsor” shall mean Brookfield Office Properties Inc., a Canadian corporation.

“S&P” shall mean Standard & Poor’s Ratings Services, a division of The McGraw–Hill Companies, Inc.

“State” shall mean the state in which the Property or any part thereof is located.

“Successor Borrower” shall have the meaning set forth in Section 2.8 hereof.

“Survey” shall mean that certain ALTA survey delivered to Lender in connection with the closing of the Loan.

“Tax Reserve Funds” shall have the meaning set forth in Section 8.1 hereof.

“Taxes” shall mean all taxes, assessments, water rates, sewer rents, business improvement district or other similar assessments and other governmental impositions, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Land, now or hereafter levied or assessed or imposed against the Property or any part thereof.

“Tenant” shall mean any Person leasing, subleasing or otherwise occupying any portion of the Property under a Lease or other occupancy agreement between such Person and Borrower.

“Title Insurance Policy” shall mean that certain ALTA mortgagee title insurance policy issued with respect to the Property and insuring the lien of the Security Instrument.

“Total Defeasance Collateral” shall mean U.S. Obligations, which provide payments (i) on or prior to, but as close as possible to, the Business Day immediately preceding all Monthly Payment Dates (provided, however, if the Total Defeasance Date is not a Monthly Payment Date and the Shortfall Payment is made on the Total Defeasance Date, then for all ensuing Monthly Payment Dates other than the Monthly Payment Date immediately following the Total Defeasance Date) and other scheduled payment dates, if any, under the Note after the Total Defeasance Date and up to and including the Open Period Start Date, and (ii) in amounts equal to or greater than the Scheduled Defeasance Payments relating to such Monthly Payment Dates and other scheduled payment dates.

“Total Defeasance Date” shall have the meaning set forth in Section 2.8 hereof.

“Total Defeasance Event” shall have the meaning set forth in Section 2.8 hereof.

“Transferee” shall have the meaning set forth in Section 6.4 hereof.

“UCC” or “Uniform Commercial Code” shall mean the Uniform Commercial Code as in effect in the State.

“Underwriter Group” shall have the meaning set forth in Section 11.2 hereof.

“Updated Information” shall have the meaning set forth in Section 11.1 hereof.

“U.S. Obligations” shall mean “government securities” as defined in Section 2(a)(16) of the Investment Company Act of 1940 and within the meaning of Treasury Regulation Section 1.860G-2(a)(8); provided, that, (i) such “government securities” are not subject to prepayment, call or early redemption, (ii) to the extent that any REMIC Requirements require a revised and/or

alternate definition of “government securities” in connection with any defeasance hereunder, the foregoing shall be deemed amended in a manner commensurate therewith and (iii) the aforesaid laws and regulations shall be deemed to refer to the same as may be and/or may hereafter be amended, restated, replaced or otherwise modified.

“Wells Fargo” shall mean Wells Fargo Bank, National Association.

“Wells Group” shall have the meaning set forth in Section 11.2 hereof.

“Work Charge” shall have the meaning set forth in Section 4.16(a) hereof.

“Yield Maintenance Premium” shall mean an amount equal to the greater of the following two amounts: (a) (i) prior to the Defeasance Lockout Release Date, an amount equal to 3% of the amount prepaid and (ii) on and after the Defeasance Lockout Release Date, an amount equal to 2% of the amount prepaid; or (b) an amount equal to (i) the amount, if any, by which the sum of the present values as of the prepayment date of all unpaid principal and interest payments required hereunder, calculated by discounting such payments from the respective dates each such payment was due hereunder (or, with respect to the payment required on the Open Period Start Date (assuming the outstanding principal balance of the Loan is due on the Open Period Start Date), from the Open Period Start Date) back to the prepayment date at a discount rate equal to the Periodic Treasury Yield (defined below) exceeds the outstanding principal balance of the Loan as of the prepayment date, multiplied by (ii) a fraction whose numerator is the amount prepaid and whose denominator is the outstanding principal balance of the Loan as of the prepayment date. For purposes of the foregoing, “Periodic Treasury Yield” shall mean (y) the annual yield to maturity of the actively traded non-callable United States Treasury fixed interest rate security (other than any such security which can be surrendered at the option of the holder at face value in payment of federal estate tax or which was issued at a substantial discount) that has a maturity closest to (whether before, on or after) the Open Period Start Date (or if two or more such securities have maturity dates equally close to the Open Period Start Date, the average annual yield to maturity of all such securities), as reported in The Wall Street Journal or other authoritative publication or news retrieval service on the fifth Business Day preceding the prepayment date, divided by (z) 12. Lender’s calculation of the Yield Maintenance Premium, and all component calculations, shall be conclusive and binding on Borrower absent manifest error.

Section 1.2 Principles of Construction.

All references to sections, exhibits and schedules are to sections, exhibits and schedules in or to this Agreement unless otherwise specified. All uses of the word “including” shall mean “including, without limitation” unless the context shall indicate otherwise. Unless otherwise specified, the words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

ARTICLE 2.

GENERAL TERMS

Section 2.1 The Loan.

Subject to and upon the terms and conditions set forth herein, Lender hereby agrees to make and Borrower hereby agrees to accept the Loan on the Closing Date.

Section 2.2 Disbursement to Borrower.

Borrower may request and receive only one borrowing hereunder in respect of the Loan and any amount borrowed and repaid hereunder in respect of the Loan may not be re-borrowed.

Section 2.3 The Note and the other Loan Documents.

The Loan shall be evidenced by the Note and this Agreement and secured by this Agreement, the Security Instrument and the other Loan Documents.

Section 2.4 Use of Proceeds.

Borrower shall use the proceeds of the Loan to (i) pay and discharge any existing loans relating to the Property, (ii) pay all past-due Taxes, Insurance Premiums and Other Charges, if any, in respect of the Property, (iii) make initial deposits of the Reserve Funds, (iv) pay costs and expenses incurred in connection with the closing of the Loan, and (v) to the extent any proceeds remain after satisfying clauses (i) through (iv) above, for such lawful purposes as Borrower shall designate, including, without limitation, distribution to its equityholders.

Section 2.5 Interest Rate.

(a) Generally. Interest on the outstanding principal balance of the Loan shall accrue from the Closing Date up to but excluding the Maturity Date at the Interest Rate.

(b) Default Rate. In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the outstanding principal balance of the Loan and, to the extent permitted by Applicable Law, overdue interest in respect of the Loan, shall accrue interest at the Default Rate, calculated from the earlier of the occurrence of such event resulting in the Event of Default and the date such payment was due without regard to any grace or cure periods contained herein.

(c) Interest Calculation. Interest on the outstanding principal balance of the Loan shall accrue at the Interest Rate calculated on an Actual/360 Basis. Borrower acknowledges that interest calculated on an Actual/360 Basis exceeds interest calculated on a 30/360 Basis and, therefore: (i) a greater portion of each monthly installment of principal (if applicable) and interest will be applied to interest using the Actual/360 Basis than would be the case if interest accrued on a 30/360 Basis and (ii) the unpaid principal balance of the Loan on the Maturity Date will be greater using the Actual/360 Basis than would be the case if interest accrued on a 30/360 Basis.

(d) Usury Savings. This Agreement and the other Loan Documents are subject to the express condition that at no time shall Borrower be required to pay interest on the principal balance of the Loan at a rate which could subject Lender to either civil or criminal liability as a

result of such rate being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the Interest Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal (without the payment of any prepayment fee or Yield Maintenance Premium) and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use or forbearance of the sums due under the Loan, shall, to the extent permitted by Applicable Law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

Section 2.6 Loan Payments.

(a)Payment Before Maturity. Borrower shall make a payment to Lender of interest only on the Closing Date for the period from the Closing Date through the last day of the month in which the Closing Date occurs (unless the Closing Date is the first day of a calendar month, in which case no such separate payment of interest shall be due). Borrower shall make a payment to Lender of principal (if applicable) and interest in the amount of the Monthly Debt Service Payment Amount on the Monthly Payment Date occurring in October, 2014 and on each Monthly Payment Date thereafter to and including the Maturity Date. Each payment shall be applied first to accrued and unpaid interest and the balance, if any, to principal.

(b)[Intentionally Omitted].

(c)Payment on Maturity. Borrower shall pay to Lender on the Maturity Date the outstanding principal balance of the Loan, all accrued and unpaid interest and all other amounts due hereunder and under the Note, the Security Instrument and the other Loan Documents.

(d)Late Payment Charge. If any principal, interest or any other sum due under the Loan Documents, other than the payment of principal due on the Maturity Date, is not paid by Borrower within five (5) days when due, Borrower shall pay to Lender upon demand an amount equal to the lesser of five percent (5%) of such unpaid sum or the maximum amount permitted by Applicable Law in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by the Security Instrument and the other Loan Documents.

(e)Method and Place of Payment.

(i)Except as otherwise specifically provided herein, all payments and prepayments under this Agreement and the Note shall be made to Lender not later than 12:00 P.M., California time, on the date when due and shall be made in lawful money of the United States of America in immediately available funds at Lender's office, and any funds received by Lender after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day.

(ii) Whenever any payment to be made hereunder or under any other Loan Document shall be stated to be due on a day which is not a Business Day, the due date thereof shall be deemed to be the immediately succeeding Business Day.

(iii) All payments required to be made by Borrower hereunder or under the Note or the other Loan Documents shall be made irrespective of, and without deduction for, any setoff, claim or counterclaim and shall be made irrespective of any defense thereto.

Section 2.7 Prepayments.

(a) Except as otherwise provided herein, Borrower shall not have the right to prepay the Loan in whole or in part. On and after the Monthly Payment Date occurring six (6) months prior to the Maturity Date (the "Open Period Start Date"), Borrower may, provided no Event of Default has occurred and is continuing, at its option and upon fifteen (15) days prior notice to Lender (or such shorter period of time as may be permitted by Lender in its sole discretion), prepay the Debt in whole on any date without payment of the Yield Maintenance Premium. Any prepayment received by Lender on a date other than a Monthly Payment Date shall include interest which would have accrued thereon to the next Monthly Payment Date (such amounts, the "Interest Shortfall").

(b) Mandatory Prepayments. On each date on which Lender actually receives a distribution of Net Proceeds, and if such Net Proceeds are not made available to Borrower for Restoration, Borrower shall prepay the outstanding principal balance of the Note in an amount equal to one hundred percent (100%) of such Net Proceeds together with any applicable Interest Shortfall. In the event that Lender applies the Net Proceeds as a mandatory prepayment pursuant to the first sentence of this Section 2.7(b) in which the Net Proceeds applied to the outstanding principal balance of the Loan is in an aggregate amount exceeding forty percent (40%) of the then outstanding principal balance of the Loan, then, provided no Event of Default is then continuing, Borrower may within one hundred (120) days following such application of Net Proceeds, at its option and upon fifteen (15) days' prior written notice to Lender, prepay the Debt in whole (but not in part). No Yield Maintenance Premium shall be due in connection with any prepayment made pursuant to this Section 2.7(b), but Borrower shall be liable for Interest Shortfall and all other amounts due under the Loan Documents.

(c) Prepayments After Default. If concurrently with or after an Event of Default, payment of all or any part of the principal of the Loan is tendered by Borrower, a purchaser at foreclosure or any other Person, such tender shall be deemed an attempt to circumvent the prohibition against prepayment prior to the Open Period Start Date as set forth herein and Borrower, such purchaser at foreclosure or other Person shall pay (i) the Yield Maintenance Premium and (ii) Interest Shortfall, in addition to the outstanding principal balance, all accrued and unpaid interest and other amounts payable under the Loan Documents. Borrower acknowledges that (i) a prepayment will cause damage to Lender; (ii) the Yield Maintenance Premium is intended to compensate Lender for the loss of its investment and the expense incurred and time and effort associated with making the Loan, which will not be fully repaid if the Loan is prepaid; (iii) it will be extremely difficult and impractical to ascertain the extent of Lender's damages caused by a prepayment after an acceleration or any other prepayment not

permitted by the Loan Documents; and (iv) the Yield Maintenance Premium represents Lender's and Borrower's reasonable estimate of Lender's damages from the prepayment and is not a penalty.

(d) Release of Lien. Except as expressly set forth in this Article 2, no repayment, prepayment or defeasance of all or any portion of the Note shall cause, give rise to a right to require, or otherwise result in, the release of the lien of the Security Instrument.

Section 2.8 Defeasance.

(a) Total Defeasance. Provided no Event of Default shall have occurred and remain uncured, Borrower shall have the right at any time after the Defeasance Lockout Release Date and prior to the Open Period Start Date to voluntarily defease the entire Loan and obtain a release of the lien of the Security Instrument by providing Lender with the Total Defeasance Collateral (hereinafter, a "Total Defeasance Event"), subject to the satisfaction of the following conditions precedent:

(i) Borrower shall provide Lender not less than thirty (30) days' notice (or such shorter period of time if permitted by Lender in its sole discretion) but not more than ninety (90) days' notice specifying a date (the "Total Defeasance Date") on which the Total Defeasance Event is scheduled to occur;

(ii) Borrower shall pay to Lender (A) all payments of principal and interest due and payable on the Loan to and including the Total Defeasance Date (provided that, if such Total Defeasance Date is not a Monthly Payment Date, Borrower shall also pay to Lender all payments of principal and interest due on the Loan to and including the next occurring Monthly Payment Date (the "Shortfall Payment")); (B) all other sums, if any, then due and payable under the Note, this Agreement, the Security Instrument and the other Loan Documents through and including the Total Defeasance Date (or, if the Total Defeasance Date is not a Monthly Payment Date, the next occurring Monthly Payment Date); (C) all escrow, closing, recording, legal, appraisal, Rating Agency and other reasonable and customary third-party fees, costs and expenses actually paid or incurred by Lender or its agents in connection with the Total Defeasance Event, the release of the lien of Security Instrument on the Property, the review of the proposed Defeasance Collateral and the preparation of the Security Agreement and related documentation; and (D) any revenue, documentary stamp, intangible or other taxes, charges or fees due in connection with the transfer or assumption of the Note and/or the Total Defeasance Event.

(iii) Borrower shall deposit the Total Defeasance Collateral into the Defeasance Collateral Account and otherwise comply with the provisions of Section 2.8(d) hereof;

(iv) Borrower shall execute and deliver to Lender a Security Agreement in respect of the Defeasance Collateral Account and the Total Defeasance Collateral;

(v) Borrower shall deliver to Lender an opinion of counsel for Borrower that is standard in commercial lending transactions and subject only to customary

qualifications, assumptions and exceptions opining, among other things, that (A) Lender has a legal and valid perfected first priority security interest in the Defeasance Collateral Account and the Total Defeasance Collateral; (B) if a Securitization has occurred (1) the REMIC Trust formed pursuant to such Securitization and/or any subsequent or prior Securitization of the Loan or any portion thereof or interest therein will each not fail to maintain their respective status as a “real estate mortgage investment conduit” within the meaning of Section 860D of the IRS Code as a result of a Total Defeasance Event pursuant to this Section 2.8 and (2) the Total Defeasance Event would not (I) constitute a “significant modification” of the Loan within the meaning of Treasury Regulation Section 1.860G–2(b) or (II) cause the Loan to fail to be a “qualified mortgage” within the meaning of Section 860G(a)(3)(A) of the IRS Code; and (C) a New Non–Consolidation Opinion with respect to the Successor Borrower;

(vi) Borrower shall deliver to Lender a Rating Agency Confirmation as to the Total Defeasance Event;

(vii) Borrower shall deliver an Officer’s Certificate certifying that the requirements set forth in this Section 2.8(b) have been satisfied;

(viii) Borrower shall deliver a certificate of a “big four” or other nationally recognized public accounting firm acceptable to Lender certifying that the Total Defeasance Collateral will generate monthly amounts equal to or greater than the Scheduled Defeasance Payments;

(ix) Borrower shall deliver such other certificates, opinions, documents and instruments as Lender may reasonably request to effectuate the terms of this Section 2.8; and

(x) Borrower shall pay all reasonable and customary third party costs and expenses of Lender actually incurred in connection with the Total Defeasance Event, including, without limitation, Lender’s reasonable attorneys’ fees and expenses and Rating Agency fees and expenses.

(b) If Borrower has elected to defease the entire Note and the requirements of Section 2.8(a) above have been satisfied, the Property shall be released from the lien of the Security Instrument and the Total Defeasance Collateral pledged pursuant to the Security Agreement shall be the sole source of collateral securing the Note. In connection with the release of the lien, Borrower shall submit to Lender, not less than ten (10) days prior to the Total Defeasance Date (or such shorter time as is acceptable to Lender in its sole discretion), a release of lien (and related Loan Documents) for execution by Lender. Such release shall be in a form appropriate in the jurisdiction in which the Property is located and shall contain standard provisions protecting the rights of the releasing lender. In addition, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with such release. Borrower shall pay all costs, taxes and expenses associated with the release of the lien of the Security Instrument, including Lender’s reasonable attorneys’ fees.

(c) Partial Defeasance. Provided no Event of Default shall have occurred and remain uncured and only in connection with an Expansion Parcel Release which requires the payment of the Partial Payment Amount, Borrower shall defease a portion of the Loan by providing Lender with the Partial Defeasance Collateral (hereinafter, a “Partial Defeasance Event”) upon satisfaction of the following conditions precedent:

(i) Borrower shall provide Lender not less than thirty (30) days’ notice (or a shorter period of time if permitted by Lender in its sole discretion) but not more than one hundred twenty (120) days notice specifying a date (the “Partial Defeasance Date”) on which the Partial Defeasance Event is scheduled to occur;

(ii) Borrower shall pay to Lender (A) all payments of principal and interest due and payable on the Loan to and including the Partial Defeasance Date (provided that, if such Partial Defeasance Date is not a Monthly Payment Date, Borrower shall also pay to Lender the Shortfall Payment); (B) all other sums, if any, then due and payable under the Note, this Agreement, the Security Instrument and the other Loan Documents through and including the Partial Defeasance Date (or, if the Partial Defeasance Date is not a Monthly Payment Date, the next occurring Monthly Payment Date); (C) all escrow, closing, recording, legal, Appraisal, Rating Agency and other reasonable and customary third-party fees, costs and expenses actually paid or incurred by Lender or its agents in connection with the Partial Defeasance Event, the release of the lien of the Security Instrument on the Expansion Parcel, the review of the proposed Partial Defeasance Collateral and the preparation of the Security Agreement and related documentation; and (D) any revenue, documentary stamp, intangible or other taxes, charges or fees due in connection with the transfer or assumption of the Defeased Note and/or the Partial Defeasance Event;

(iii) Borrower shall deposit the Partial Defeasance Collateral into the Defeasance Collateral Account and otherwise comply with the provisions of this Section 2.8(c);

(iv) Lender shall prepare and Borrower shall execute all necessary documents to modify this Agreement and to amend and restate the Note and issue two substitute notes, one note having a principal balance equal to the Partial Payment Amount (the “Defeased Note”), and the other note having a principal balance equal to the excess of (A) the principal amount of the Loan existing immediately prior to the applicable Partial Defeasance Event, over (B) the amount of the Defeased Note (the “Undefeased Note”). The Defeased Note and Undefeased Note shall have identical terms as the Note except for the principal balance; and, in connection therewith, the Monthly Debt Service Payment Amount and the amount of each such payment applied to principal thereafter (if any) shall be divided between the Defeased Note and the Undefeased Note in the same proportion as the unpaid principal balance (in each case immediately after the Partial Defeasance Event) of the Defeased Note and the Undefeased Note, as the case may be, bears to the aggregate principal balance due under the Defeased Note and the Undefeased Note immediately after the Partial Defeasance Event. The Defeased Note and the Undefeased Note shall be cross defaulted and cross collateralized unless the Rating Agencies shall require otherwise or unless a Successor Borrower that is not an Affiliate

of Borrower is established pursuant to this Section 2.8. A Defeased Note may not be the subject of any further defeasance;

(v) Borrower shall execute and deliver to Lender a Security Agreement in respect of the Defeasance Collateral Account and the Partial Defeasance Collateral;

(vi) Borrower shall deliver to Lender an opinion of counsel for Borrower that is standard in commercial lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that (A) Lender has a legal and valid perfected first priority security interest in the Defeasance Collateral Account and the Partial Defeasance Collateral, (B) if a Securitization has occurred, (1) the REMIC Trust formed pursuant to such Securitization and/or any subsequent or prior Securitization of the Loan or any portion thereof or interest therein will each not fail to maintain their respective status as a “real estate mortgage investment conduit” within the meaning of Section 860D of the IRS Code as a result of a Partial Defeasance Event pursuant to this Section 2.8 and (z) the Partial Defeasance Event would not (i) constitute a “significant modification” of the Loan within the meaning of Treasury Regulation Section 1.1001-3 or (ii) cause the Loan to fail to be a “qualified mortgage” within the meaning of Section 860G(a)(3)(A) of the IRS Code, (C) the Partial Defeasance Event will not result in a deemed exchange for purposes of the IRS Code will not adversely affect the status of the Defeased Note and the Undefeased Note as indebtedness for federal income tax purposes and (D) a New Non-Consolidation Opinion with respect to the Successor Borrower;

(vii) Borrower shall deliver to Lender an Officer’s Certificate certifying that the requirements set forth in this Section 2.8(c) have been satisfied;

(viii) Borrower shall deliver to Lender a certificate of a “big four” or other nationally recognized public accounting firm acceptable to Lender certifying that the Partial Defeasance Collateral will generate monthly amounts equal to or greater than the Scheduled Defeasance Payments;

(ix) Borrower shall pay all of the Rating Agencies’ fees, costs and expenses (to the extent applicable) in connection with the Partial Defeasance Event; and

(x) Borrower shall deliver such other certificates, opinions, documents and instruments as Lender may reasonably request to effectuate the terms of this Section 2.8(c).

(d) If Borrower has elected to make a partial defeasance and the requirements of this Section 2.8 have been satisfied, the Expansion Parcel shall be released from the lien of the Security Instrument subject to the terms of Section 2.9 below. Except as set forth in this Article 2, no repayment, prepayment or defeasance of all or any portion of the Note shall cause, give rise to a right to require, or otherwise result in, the release of the lien of the Security Instrument from the Expansion Parcel.

(e) On or before the date on which Borrower delivers the Total Defeasance Collateral or Partial Defeasance Collateral (as applicable), Borrower or Successor Borrower (as applicable)

shall open at any Eligible Institution an Eligible Account (the “Defeasance Collateral Account”). The Defeasance Collateral Account shall contain only (i) Total Defeasance Collateral or Partial Defeasance Collateral (as applicable), and (ii) cash from interest and principal paid on the Total Defeasance Collateral or Partial Defeasance Collateral (as applicable). All cash from interest and principal payments paid on the Total Defeasance Collateral or Partial Defeasance Collateral (as applicable) shall be paid over to Lender on each Monthly Payment Date and applied first to accrued and unpaid interest and then to principal, and any cash from interest and principal paid on the Total Defeasance Collateral or Partial Defeasance Collateral (as applicable) not needed to pay the Scheduled Defeasance Payments shall be paid to Borrower or Successor Borrower (as applicable) upon the satisfaction in full of the Note or Defeased Note (as applicable). Borrower or Successor Borrower (as applicable) shall cause the Eligible Institution at which the Total Defeasance Collateral or Partial Defeasance Collateral (as applicable) is deposited to enter into an agreement with Borrower or Successor Borrower (as applicable) and Lender, satisfactory to Lender in its sole discretion, pursuant to which such Eligible Institution shall agree to hold and distribute the Total Defeasance Collateral or Partial Defeasance Collateral (as applicable) in accordance with this Agreement. Borrower or Successor Borrower (as applicable) shall be the owner of the Defeasance Collateral Account and shall report all income accrued on Total Defeasance Collateral or Partial Defeasance Collateral (as applicable) for federal, state and local income tax purposes. Borrower shall prepay all cost and expenses associated with opening and maintaining the Defeasance Collateral Account. Lender shall not in any way be liable by reason of any insufficiency in the Defeasance Collateral Account, unless due to the gross negligence or willful misconduct of Lender.

(f) In connection with a Total Defeasance Event or Partial Defeasance Event (as applicable) under this Section 2.8, Borrower shall transfer and assign all obligations, rights and duties under and to the Note or the Defeased Note (as applicable), together with the Total Defeasance Collateral or the Partial Defeasance Collateral (as applicable) to such Successor Borrower. Such Successor Borrower shall assume the obligations under the Note or the Defeased Note (as applicable) and the Security Agreement, together with the Total Defeasance Collateral to a newly-created successor entity, which entity shall be a Single Purpose Entity and which entity shall be designated or established by Borrower, at Borrower’s option (the “Successor Borrower”). Such Successor Borrower shall assume the obligations under the Note or the Defeased Note (as applicable) and the Security Agreement and Borrower shall be relieved of its obligations under the Loan Documents (other than those obligations which by their terms survive a repayment, defeasance or other satisfaction of the Loan and/or a transfer of the Property in connection with Lender’s exercise of its remedies under the Loan Documents). Borrower shall pay a minimum of \$1,000 to any such Successor Borrower as consideration for assuming the obligations under the Note or the Defeased Note (as applicable) and the Security Agreement. Borrower shall pay all reasonable and customary out-of-pocket costs and expenses incurred by Lender, including the cost of establishing the Successor Borrower and Lender’s attorney’s fees and expenses, incurred in connection therewith.

(g) Notwithstanding anything to the contrary contained in this Section 2.8, the parties hereto hereby acknowledge and agree that after the Securitization of the Loan (or any portion thereof or interest therein), with respect to any Lender approval or similar discretionary rights over any matters contained in this Section (any such matter, a “Defeasance Approval Item”), such rights shall be construed such that Lender shall only be permitted to withhold its consent or

approval with respect to any Defeasance Approval Item if the same fails to meet the Prudent Lender Standard.

Section 2.9 Expansion Parcel Release. Borrower may obtain the release of the Expansion Parcel (the “Released Expansion Parcel”) from the lien of the Security Instrument (and the related Loan Documents) and the release of Borrower’s obligations under the Loan Documents with respect to the Released Expansion Parcel (other than those expressly stated to survive) (such release, the “Expansion Parcel Release”), upon the satisfaction of each of the following conditions:

(a) Borrower shall provide Lender not less than sixty (60) days’ notice (or a shorter period of time if permitted by Lender in its sole discretion) but not more than one hundred twenty (120) days’ notice specifying a date for the proposed Expansion Parcel Release;

(b) No Default or Event of Default shall have occurred and be continuing at the time the Expansion Parcel Release is requested or at the time that the Expansion Parcel Release occurs;

(c) Borrower shall submit to Lender, not less than ten (10) Business Days prior to the date of the Expansion Parcel Release (or such shorter time as is acceptable to Lender in its sole discretion), a release of lien (and related Loan Documents) for the Released Expansion Parcel for execution by Lender, in form and substance reasonably acceptable to Lender. Such release shall be in a form appropriate in the jurisdiction in which the Released Expansion Parcel is located and shall contain the following language “Nothing herein shall in any way limit, impair, alter or diminish the lien of the Security instrument on the remaining portion of the property mortgaged thereby”. In addition, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with the Expansion Parcel Release, together with an Officer’s Certificate certifying that such documentation (A) is in compliance in all material respects with all Applicable Law, (B) will effectuate the Expansion Parcel Release in accordance with the terms of this Agreement, and (C) will not impair or otherwise adversely affect the liens, security interests and other rights of Lender under the Loan Documents not being released (or as to the parties to the Loan Documents and the Property subject to the Loan Documents not being released);

(d) The Released Expansion Parcel shall be conveyed to a Person other than Borrower or any SPE Component Entity (such Person, together with its successors and assigns, the “Release Transferee”);

(e) Borrower shall deliver to Lender a revised, updated title insurance policy (or an endorsement to the existing title insurance policy) acceptable to Lender in all respects reflecting the Expansion Parcel Release and containing such endorsements as Lender may reasonably require (including, without limitation, a “bring down”, “date down” or similar endorsement, a separate tax lot endorsement, a zoning endorsement and a subdivision endorsement) insuring that, other than the Security Instrument, the Permitted Encumbrances and any other liens permitted under this Agreement, there are no liens, mortgages, deeds of trust or other security instruments, as the case may be, encumbering the Remaining Property (defined below)

remaining subject to the lien of the Security Instrument which would have priority over the lien and security interest of the Security Instrument;

(f) Borrower shall provide Lender with reasonable evidence that after the Expansion Parcel Release (A) the Property remaining encumbered by the lien of the Security Instrument (the "Remaining Property") shall continue to comply with all Applicable Laws (including, without limitation, all zoning (including any parking requirements) and building codes) as well as the applicable requirements of the Leases (including any parking requirements set forth in such Leases), (B) the Remaining Property shall constitute a separate and legal lot for tax, subdivision, assessment and zoning purposes, (C) the Expansion Released Property shall not materially adversely affect ingress or egress to or from the Remaining Property or access to utilities for the Remaining Property, (D) [intentionally omitted], (E) documents with respect to such Expansion Parcel Release shall not impose any new obligations upon, or otherwise further burden, the Remaining Property and/or Borrower in any way other than as expressly agreed to by Lender in connection with any Construction Impact Agreements, any Shared Facilities REA and any other documents or agreements reasonably approved by Lender and executed in connection with the Expansion Parcel Release, (F) Borrower has obtained or caused to be obtained all necessary approvals, consents or permits with respect to such Expansion Parcel Release (whether from applicable governmental or municipal authorities, parties to instruments of record affecting the Property or otherwise) necessary to sever such Released Expansion Parcel from the Remaining Property, (G) the documents and/or instruments executed in connection with the conveyance of the Released Expansion Parcel must be reasonably acceptable to Lender, and (H) such Expansion Parcel Release shall not, in and of itself, (I) give rise to any right of any tenant at the Property to terminate its Lease or abate the Rent payable thereunder or (II) otherwise have a Material Adverse Effect;

(g) Borrower shall deliver to Lender evidence (which may be in the form of an Officer's Certificate) that Borrower has complied with all requirements of and obtained all approvals required under any Leases and any REA applicable to the Expansion Parcel Release and that the transactions contemplated under this Section 2.9 will not (1) violate any of the provisions of any Leases or any REA (including, without limitation, provisions relating to the availability of parking at the Remaining Property), which such evidence shall include, without limitation, written approval thereof from any parties to any REA (to the extent such approvals are required pursuant to the terms thereof) or (2) reduce the amount of parking availability below that required pursuant to the Leases (in the aggregate), the REA and Applicable Law;

(h) Borrower shall deliver to Lender an Officer's Certificate with supporting documentation indicating (1) that the Expansion Parcel is not necessary for the uses of the Remaining Property, including, without limitation, for structural support, access, driveways, parking, utilities, drainage flows or any other purpose (after giving effect to any easements therefor reserved over the Expansion Parcel for the benefit of the Remaining Property), and (2) that sufficient parking remains on the Remaining Property (including parking easements over adjacent properties which are appurtenances to the Remaining Property) to comply with all Leases of such Remaining Property (in the aggregate), with any applicable REA and all Applicable Law and which is adequate for the proper use and enjoyment of the Remaining Property;

(i) Borrower shall deliver a copy of any new easement or amendment to any applicable REA or other cross easement agreement addressing shared facilities, cross-indemnification, remaining development rights and other matters reasonably requested by Lender (the "Shared Facilities REA"), which Shared Facilities REA shall be reasonably acceptable to Lender (and, if required by Lender, acceptable to the Rating Agencies) and which may be effected directly or by reservation in the deed conveying the applicable Expansion Parcel, to be executed on or prior to the date the Expansion Parcel Release occurs which will provide for any of the reservations required by Section 2.9(h) above and which will otherwise conform to the other requirements of Section 2.9(h) above and with all Applicable Law and may contain cross-easements for the benefit of the Released Expansion Parcel and the Remaining Property in respect of access, driveways, parking, utilities, drainage flows, storm and sanitary sewers, and other customary purposes;

(j) Borrower shall deliver to Lender a revision of the survey delivered to Lender in connection with the closing of the Loan reflecting the Expansion Parcel Release;

(k) With respect to any demolition, construction, development, improvement and/or alteration to be performed (initially and from time to time) on the Expansion Parcel (the "Construction"):

(i) Borrower shall use commercially reasonable efforts to cause such Construction (A) not to materially and adversely impair access to the Remaining Property or materially interfere with the use or operation of the Remaining Property by Borrower, any Tenant or any patron of the Remaining Property; (B) not to give rise to any right of any tenant at the Remaining Property to terminate its Lease or abate the Rent payable thereunder; (C) not to materially and adversely affect the structural components of the Improvements or otherwise adversely disturb the structural integrity of the Improvements except as reasonably required in order to complete the applicable Construction Impact Alterations; and (D) to be performed in accordance with all Applicable Law (including, without limitation, applicable building and zoning codes),

(ii) the extent any lien is imposed in connection therewith, Borrower shall cause the same to be removed from the Remaining Property in accordance with the applicable terms and conditions hereof,

(iii) to the extent that any Construction Impact Alterations are to be performed in connection therewith, Borrower shall comply with the relevant terms and conditions of this Agreement in connection therewith, including, without limitation, Sections 4.21 and 4.24 hereof,

(iv) Borrower shall have delivered to Lender preliminary plans and drawings for the Construction Impact Alterations (which such plans shall include construction staging and similar plans) together with an architect's or civil engineer's certificate certifying that such plans and drawings and the improvements to be constructed pursuant thereto will comply with all Applicable Law (to the extent that a determination of compliance can be made generally on the basis of preliminary plans and drawings) and Lender shall have the

right to approve the portions of the aforesaid plans and drawings which relate to the Construction Impact Alterations;
(v) Borrower and Guarantor (and their respective Affiliates or agents, or any other party acting on behalf of or at the direction of any of the foregoing) shall be prohibited from leasing any space at the Released Expansion Parcel to the Prohibited Tenant, pursuant to a Lease under which such Tenant takes occupancy of any portion of the Released Expansion Parcel at any time after the completion of the Construction unless Lender has provided its prior written consent thereto; and

(vi) Borrower shall deliver evidence satisfactory acceptable to Lender and its construction consultant that the Construction Impact Alterations shall be completed at least six (6) months prior to the Maturity Date or Borrower has delivered to Lender such other assurances, reasonably acceptable to Lender, that the ongoing performance of the Construction Impact Alterations will not materially and adversely affect Borrower's ability to repay the Loan on the Maturity Date (each of the foregoing, collectively, the "Construction Covenants");

(l) If the Loan is part of a Securitization and if required by Lender, Lender shall be satisfied that the Expansion Parcel Release shall be permitted pursuant to REMIC Requirements (which may include, without limitation, the receipt of an opinion of counsel reasonably acceptable to Lender and acceptable to the Rating Agencies that the Expansion Parcel Release would not constitute a "significant modification" of the Loan under Section 1001 of the Internal Revenue Code or otherwise cause a tax to be imposed on a "prohibited transaction" by any REMIC);

(m) Borrower shall deliver to Lender such amendments or modifications to the Loan Documents as may be reasonably required by Lender to reflect the Expansion Parcel Release (including, without limitation, an amendment to the Security Instrument substituting a revised legal description reflecting the Expansion Parcel Release);

(n) After giving effect to the Expansion Parcel Release, the Debt Yield for the Remaining Property (after taking into account the effect of (x) any reduction in the outstanding principal balance of the Loan by the Partial Payment Amount and (y) any income reasonably projected by Lender which will no longer be collateral for the Loan as a result of the Expansion Parcel Release) shall be no less than the Debt Yield for the Property immediately prior to the Expansion Parcel Release;

(o) After giving effect to the Expansion Parcel Release, the Loan-to-Value Ratio (after taking into account the effect of (x) any reduction in the outstanding principal balance of the Loan by the Partial Payment Amount and (y) any income reasonably projected by Lender which will no longer be collateral for the Loan as a result of the Expansion Parcel Release) for the Remaining Property shall be no greater than the Loan-to-Value Ratio immediately prior to the Expansion Parcel Release (as determined based upon an updated Appraisal for the Property (including the Expansion Parcel));

(p) If required by Lender, Lender shall have received a Rating Agency Confirmation with respect to the Expansion Parcel Release and the Construction Impact Alterations;

(q) If any portion of the Expansion Parcel approved by Lender includes any portion of the Property which is subject to a Lease or otherwise attributed value in the Appraisal delivered to Lender in connection with the origination of the Loan, Borrower shall cause a Partial Defeasance Event with respect to any required Partial Payment Amount;

(r) If such Expansion Parcel Release requires the payment of the Partial Payment Amount, then such Expansion Parcel Release shall not occur prior to the Defeasance Lockout Release Date;

(s) Borrower shall deliver such other documents and instruments as Lender may reasonably request in connection with the Expansion Parcel Release and the Construction Impact Alterations;

(t) Borrower shall pay all of the Rating Agencies' fees, costs and expenses (to the extent applicable) in connection with the Expansion Parcel Release and the Construction; and

(u) Borrower shall pay all of Lenders' reasonable and customary third party costs and expenses in connection with the Expansion Parcel Release and the Construction Impact Alterations, including, without limitation, reasonable out-of-pocket attorney's fees and construction consultant fees (collectively, the "Expansion Parcel Release Costs"). Notwithstanding the foregoing, at Lender's request, Borrower shall deliver to Lender, within five (5) days of request by Lender to Borrower, a good faith deposit, in an amount reasonably determined by Lender, to be applied towards the payment of all of Lender's Expansion Parcel Release Costs, and the remainder of which, if any, shall be repaid to Borrower in the event that the Expansion Parcel Release is not consummated or to the extent any amount remains upon the consummation of the Expansion Parcel Release in accordance with the terms of this Section 2.9.

ARTICLE 3.

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as of the Closing Date that:
Section 3.1 Legal Status and Authority.

Borrower (a) is duly organized, validly existing and in good standing under the laws of its state of formation; (b) is duly qualified to transact business and is in good standing in the State; and (c) has all necessary approvals, governmental and otherwise, and full power and authority to own, operate and lease the Property other than those for which the failure to obtain will not result in a Material Adverse Effect. Borrower has full power, authority and legal right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the Property pursuant to the terms hereof and to keep and observe all of the terms of this Agreement, the Note, the Security Instrument and the other Loan Documents on Borrower's part to be performed.

Section 3.2 Validity of Documents.

(a) The execution, delivery and performance of this Agreement, the Note, the Security Instrument and the other Loan Documents by Borrower and Guarantor and the borrowing evidenced by the Note and this Agreement (i) are within the power and authority of such parties; (ii) have been authorized by all requisite organizational action of such parties; (iii) have received all necessary approvals and consents, corporate, governmental or otherwise; (iv) will not violate, conflict with, result in a breach of or constitute (with notice or lapse of time, or both) a material default under any provision of law, any order or judgment of any court or Governmental Authority, any license, certificate or other approval required to operate the Property, Borrower's organizational documents, or any indenture, agreement or other instrument to which Borrower is a party or by which it or any of its assets or the Property is or may be bound or affected, including, without limitation, the Management Agreement; (v) will not result in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of its assets, except the lien and security interest created hereby and by the other Loan Documents; and (vi) will not require any authorization or license from, or any filing with, any Governmental Authority (except for the recordation of the Security Instrument in appropriate land records in the State and except for Uniform Commercial Code filings relating to the security interest created hereby), (b) this Agreement, the Note, the Security Instrument and the other Loan Documents have been duly executed and delivered by Borrower through the undersigned authorized representative of Borrower and (c) this Agreement, the Note, the Security Instrument and the other Loan Documents constitute the legal, valid and binding obligations of Borrower and are enforceable against Borrower in accordance with their respective terms. The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by Borrower, including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable (except as such enforcement may be limited by bankruptcy, insolvency, fraudulent transfers, reorganization, moratorium or other similar Creditors Rights Laws, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law)), and Borrower has not asserted any right of rescission, set-off, counterclaim or defense with respect thereto.

Section 3.3 Litigation.

There is no action, suit, investigation, arbitration or proceeding, judicial, governmental, administrative or otherwise (including any condemnation or similar proceeding), pending, filed, or, to the best of Borrower's knowledge, threatened or contemplated against or affecting Borrower or Guarantor or against or affecting the Property that has not been disclosed to Lender by Borrower in writing in connection with the closing of the Loan, is not fully covered by insurance or, if determined adversely to Borrower, would have a material adverse effect on (a) Borrower's title to the Property, (b) the validity or enforceability of the Security Instrument, (c) Borrower's ability to perform under the Loan Documents, (d) Guarantor's ability to perform under the Guaranty, (e) the use or operation of the Property or (f) the principal benefit of the security intended to be provided by the Loan Documents.

Section 3.4 Agreements.

Borrower is not a party to any agreement or instrument or subject to any restriction which would have a Material Adverse Effect. Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Material Agreement or instrument to which it is a party or by which Borrower or the Property is bound which would result in a Material Adverse Effect. Borrower has no material financial obligation under any agreement or instrument to which Borrower is a party or by which Borrower or the Property is otherwise bound, other than (a) obligations incurred in the ordinary course of the operation of the Property and (b) obligations under this Agreement, the Security Instrument, the Note and the other Loan Documents. There is no agreement or instrument to which Borrower is a party or by which Borrower is bound that would require the subordination in right of payment of any of Borrower's obligations hereunder or under the Note to an obligation owed to another party.

Section 3.5 Financial Condition.

(a) Borrower is solvent, and no proceeding under Creditors Rights Laws with respect to Borrower has been initiated and Borrower has received reasonably equivalent value for the granting of the Security Instrument.

(b) Neither the Property, nor any portion thereof, is the subject of any proceeding under Creditors Rights Laws.

(c) No petition in bankruptcy has been filed by or against Borrower, Guarantor or any Person under the Control of Sponsor, in the last ten (10) years, and neither Borrower, Guarantor nor any Person under the Control of Sponsor, in the last ten (10) years has ever made any assignment for the benefit of creditors or taken advantage of any Creditors Rights Laws.

(d) Borrower is not contemplating either the filing of a petition by it under any Creditors Rights Laws or the liquidation of its assets or property, and Borrower does not have any knowledge of any Person contemplating the filing of any such petition against it.

Section 3.6 [Intentionally omitted].

Section 3.7 No Plan Assets.

As of the date hereof and throughout the term of the Loan (a) Borrower is not and will not be an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, (b) Borrower is not and will not be a "governmental plan" within the meaning of Section 3(32) of ERISA, (c) transactions by or with Borrower are not and will not be subject to any state statute, regulation or ruling regulating investments of, or fiduciary obligations with respect to, governmental plans, and (d) none of the assets of Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA. As of the date hereof, neither Borrower nor any ERISA Affiliate maintains, sponsors or contributes to a Defined Benefit Plan or a Multiemployer Plan. Neither the Borrower nor an ERISA Affiliate sponsors, contributes to or maintains either currently or in the past a plan, document, agreement, or arrangement subject to ERISA.

Section 3.8 Not a Foreign Person.

Borrower is not a “foreign person” within the meaning of § 1445(f)(3) of the IRS Code.
Section 3.9 Business Purposes.

The Loan is solely for the business purpose of Borrower, and is not for personal, family, household, or agricultural purposes.

Section 3.10 Borrower Information.

Borrower’s principal place of business and its chief executive office as of the date hereof is c/o Brookfield Office Properties Inc., Brookfield Place, 250 Vesey Street, New York, NY 10281. Borrower’s mailing address, as set forth in the opening paragraph hereof or as changed in accordance with the provisions hereof, is true and correct. Borrower is not subject to back-up withholding taxes.

Section 3.11 Status of Property.

(a) Borrower has obtained all material certificates, licenses, permits, franchises, consents, and other approvals, governmental and otherwise, necessary for the ownership and operation of the Property (including, without limitation, the ownership, use and operation of the Co-Gen Facility) and the conduct of its business (collectively, “Licenses”), the failure of which would have a Material Adverse Effect, and all required zoning, building code, land use, environmental and other similar permits or approvals, all of which are (i) in full force and effect as of the date hereof and (ii) not subject to revocation, suspension, forfeiture or modification the result of which would have a Material Adverse Effect.

(b) The Property and the present and contemplated use and occupancy thereof (including, without limitation, the ownership, use and operation of the Co-Gen Facility) are in full compliance with all applicable zoning ordinances, building codes, land use laws, Environmental Laws and other similar Applicable Law the failure of which would have a Material Adverse Effect.

(c) The Property is served (or through the Co-Gen Facility, is self-served) by all utilities necessary for the current or contemplated use thereof. All utility service is provided by public utilities (or through the Co-Gen Facility, is self-provided) and the Property has accepted or is equipped to accept such utility service. In the event the Co-Gen Facility were to cease operations, all utility service provided by the Co-Gen Facility would be provided by public utilities and/or the independent central plant facility providing service to the Bunker Hill area without material impairment to the Property or Borrower’s ability to comply with its obligations under the Leases. The Property is served by public water and sewer systems. Except as set forth in the Property Condition Report, all utilities and public water and sewer systems serving the Property are adequate for the current or contemplated use thereof.

(d) All public roads and streets necessary for service of and access to the Property for the current or contemplated use thereof have been completed, and are physically and legally open for use by the public. The Property has either direct access to such public roads or streets or access to such public roads or streets by virtue of a perpetual easement or similar agreement inuring in favor of Borrower and any subsequent owners of the Property.

(e) To Borrower's knowledge, the Property is free from damage caused by fire or other casualty. Except as set forth in the Property Condition Report, the Property, including, without limitation, all buildings, improvements, parking facilities, sidewalks, storm drainage systems, roofs, plumbing systems, HVAC systems, fire protection systems, electrical systems, equipment, elevators, exterior sidings and doors, landscaping, irrigation systems and all structural components, are in good condition, order and repair in all material respects; there exists no structural or other material defects or damages in the Property, whether latent or otherwise, and Borrower has not received notice from any insurance company or bonding company of any defects or inadequacies in the Property, or any part thereof, which would adversely affect the insurability of the same or cause the imposition of extraordinary premiums or charges thereon or of any termination or threatened termination of any policy of insurance or bond.

(f) All costs and expenses (other than those not yet due and payable) of any and all labor, materials, supplies and equipment used in the construction of the Improvements have been paid in full. There are no mechanics' or similar liens or claims which have been filed for work, labor or material (and no rights are outstanding that under Applicable Law could give rise to any such liens) affecting the Property which are or may be prior to or equal to the lien of the Security Instrument.

(g) Borrower is the owner or lessee of all furnishings, fixtures and equipment (other than Tenants' and Manager's property) used in connection with the operation of the Property, free and clear of any and all security interests, liens or encumbrances, except the lien and security interest, if any, created with respect to any Permitted Equipment Leases and the lien and security interest created by this Agreement, the Note, the Security Instrument and the other Loan Documents. 333 Hope is the owner of all of the Land and the Improvements (other than the Co-Gen Facility, which is owned by 333 Plant). 333 Plant does not own any Property other than the Co-Gen Facility.

(h) To Borrower's knowledge and except as disclosed in the Property Condition Report or the Environmental Report, all liquid and solid waste disposal, septic and sewer systems located on the Property are in a good and safe condition and repair and in compliance with all Applicable Law.

(i) Except as shown on the Survey, no portion of the Improvements is located in an area identified by the Federal Emergency Management Agency or any successor thereto as an area having special flood hazards pursuant to the Flood Insurance Acts or, if any portion of the Improvements is located within such area, Borrower has obtained and will maintain the insurance prescribed in Section 7.1(a) hereof. No part of the Property consists of or is classified as wetlands, tidelands or swamp and overflow lands.

(j) Except for encroachments shown on the Survey or which otherwise (i) do not cause a Material Adverse Effect or (ii) may exist in accordance with Applicable Law pursuant to recorded agreements between Borrower and such applicable Person owning such adjoining land, all the Improvements lie within the boundaries of the Land and any building restriction lines applicable to the Land and no improvements on adjoining properties encroach onto the Property.

(k) To Borrower's knowledge, there are no pending or proposed special or other assessments for public improvements or otherwise affecting the Property, nor are there any contemplated improvements to the Property that may result in such special or other assessments.

Section 3.12 Financial Information.

All financial data, including, without limitation, the balance sheets, statements of cash flow, statements of income and operating expense and rent rolls, that have been prepared by or on behalf of Borrower and delivered to Lender in respect of Borrower, Guarantor and/or the Property (a) are true, complete and correct in all material respects, (b) accurately represent the financial condition of Borrower, Guarantor or the Property, as applicable, as of the date of such reports, and (c) to the extent prepared or audited by an independent certified public accounting firm, have been prepared in accordance with GAAP throughout the periods covered, except as disclosed therein. Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and reasonably likely to have a Material Adverse Effect, except as referred to or reflected in said financial statements. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of Borrower or Guarantor from that set forth in said financial statements.

Section 3.13 Condemnation.

No Condemnation or other proceeding has been commenced, is pending or, to Borrower's knowledge, has been threatened in writing with respect to all or any portion of the Property or for the relocation of the access to the Property.

Section 3.14 Separate Lots.

The Property is assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements is assessed and taxed together with the Property or any portion thereof.

Section 3.15 Insurance.

Borrower has obtained and has delivered to Lender certificates of insurance, together with binders, evidencing the Policies reflecting the insurance coverages, amounts and other requirements set forth in this Agreement. There are no present claims of any material nature under any of the Policies, and to Borrower's knowledge, no Person, including Borrower, has done, by act or omission, anything which would impair the coverage of any of the Policies.

Section 3.16 Use of Property.

The Property is used exclusively as first class office, parking and retail uses and other appurtenant and related uses.

Section 3.17 Leases and Rent Roll.

Except as set forth on Schedules IV and V attached hereto, as disclosed in the rent roll for the Property delivered to and approved by Lender (the "Rent Roll") and the aging report and Tenant estoppels delivered to and approved by Lender, (a) Borrower is the sole owner of the entire lessor's interest in the Leases; (b) the Leases are valid and enforceable against Borrower and the Tenants set forth therein and are in full force and effect; (c) all of the Leases are arms-length agreements with bona fide, independent third parties; (d) to Borrower's knowledge, no party under any Lease is in default; (e) all Rents due have been paid in full and no Tenant is in arrears in its payment of Rent; (f) to Borrower's knowledge, none of the Rents reserved in the Leases have been assigned or otherwise pledged or hypothecated; (g) none of the Rents have been collected for more than one (1) month in advance (except a Security Deposit shall not be deemed rent collected in advance); (h) the premises demised under the Leases have been completed and the Tenants under the Leases have accepted the same and have taken possession of the same on a rent-paying basis with no rent concessions to any Tenants; (i) to Borrower's knowledge, there exist no offsets or defenses to the payment of any portion of the Rents and Borrower has no monetary obligation to any Tenant under any Lease; (j) Borrower has received no notice from any Tenant challenging the validity or enforceability of any Lease; (k) there are no agreements with the Tenants under the Leases with respect to the Property other than expressly set forth in each Lease; (l) no Lease contains an option to purchase, or right of first refusal to purchase, the Property; (m) to Borrower's knowledge, no person or entity has any possessory interest in, or right to occupy, the Property except under and pursuant to a Lease; (n) [Intentionally omitted]; (o) all Security Deposits relating to the Leases reflected on the Rent Roll have been collected by Borrower; (p) no brokerage commissions or finder's fees are due and payable regarding any Lease; (q) to Borrower's knowledge, each Tenant is in actual, physical occupancy of the premises demised under its Lease and is paying full rent under its Lease; and (r) no Tenant occupying 20% or more (by square feet) of the net rentable area of the Property is, to Borrower's knowledge, a debtor in any state or federal bankruptcy, insolvency or similar proceeding.

Section 3.18 Filing and Recording Taxes.

All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid by any Person under Applicable Law currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of this Agreement, the Security Instrument, the Note and the other Loan Documents, including, without limitation, the Security Instrument, if any, have been paid or will be paid, and, under current Applicable Law, the Security Instrument is enforceable in accordance with its terms by Lender (or any subsequent holder thereof), except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Creditors Rights Laws, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 3.19 Management Agreement.

The Management Agreement is in full force and effect and there is no default thereunder by any party thereto and, to Borrower's knowledge, no event has occurred that, with the passage of time and/or the giving of notice would constitute a default thereunder. As of the date hereof, no management fees under the Management Agreement are due and payable.

Section 3.20 Illegal Activity/Forfeiture.

(a) No portion of the Property has been or will be purchased, improved, equipped or furnished with proceeds of any illegal activity and, to Borrower's knowledge, there are no illegal activities or activities relating to controlled substances at the Property (including, without limitation, any growing, distributing and/or dispensing of medical marijuana).

(b) There has not been committed by Borrower or, to Borrower's knowledge, any other person in occupancy of or involved with the operation or use of the Property, any act or omission affording the federal government or any state or local government the right of forfeiture as against the Property or any part thereof or any monies paid in performance of Borrower's obligations under this Agreement, the Note, the Security Instrument or the other Loan Documents (a "Forfeiture").

Section 3.21 Taxes.

Borrower has filed all federal, state, county, municipal, and city income, personal property and other tax returns required to have been filed by it and has paid all taxes and related liabilities which have become due pursuant to such returns or pursuant to any assessments received by it. Borrower knows of no basis for any additional assessment in respect of any such taxes and related liabilities for prior years.

Section 3.22 Permitted Encumbrances.

None of the Permitted Encumbrances, individually or in the aggregate, materially interferes with the benefits of the security intended to be provided by this Agreement, the Security Instrument, the Note and the other Loan Documents, materially and adversely affects the value or marketability of the Property, materially and adversely impairs the use or the operation of the Property or materially and adversely impairs Borrower's ability to pay its obligations in a timely manner.

Section 3.23 Material Agreements.

With respect to each Material Agreement, (a) each Material Agreement is in full force and effect and has not been amended, restated, replaced or otherwise modified (except, in each case, as expressly set forth herein), (b) there are no defaults under any Material Agreement by any party thereto and, to Borrower's knowledge, no event has occurred which, but for the passage of time, the giving of notice, or both, would constitute a default under any Material Agreement, (c) all payments and other sums due and payable under the Material Agreements have been paid in full, and (d) no party to any Material Agreement has commenced any action or given or received any notice for the purpose of terminating any Material Agreement.

Section 3.24 Non-Consolidation Opinion Assumptions.

All of the assumptions made in the Non-Consolidation Opinion, including, but not limited to, any exhibits attached thereto, are true, complete and correct in all material respects.

Section 3.25 Federal Reserve Regulations.

No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any “margin stock” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or for any purposes prohibited by Applicable Law or by the terms and conditions of this Agreement, the Security Instrument, the Note or the other Loan Documents.

Section 3.26 Investment Company Act.

Borrower is not (a) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (b) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

Section 3.27 Fraudulent Conveyance.

Borrower (a) has not entered into the Loan or any Loan Document with the actual intent to hinder, delay, or defraud any creditor and (b) received reasonably equivalent value in exchange for its obligations under the Loan Documents. Giving effect to the Loan, the fair saleable value of Borrower’s assets exceeds and will, immediately following the execution and delivery of the Loan Documents, exceed Borrower’s total liabilities, including, without limitation, subordinated, unliquidated, disputed or contingent liabilities.

Section 3.28 Embargoed Person.

As of the date hereof and at all times throughout the term of the Loan, including after giving effect to any transfers of interests permitted pursuant to the Loan Documents, (a) none of the funds or other assets of Borrower or Guarantor constitute property of, or are beneficially owned, directly or, to Borrower’s knowledge, indirectly, by any person, entity or country which is a sanctioned person, entity or country under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder (including regulations administered by the Office of Foreign Assets Control (“OFAC”) of the U.S. Department of the Treasury and the Specially Designated Nationals List maintained by OFAC) with the result that the investment in Borrower and/or Guarantor, as applicable (whether directly or indirectly), is prohibited by Applicable Law or the Loan made by Lender is in violation of Applicable Law (“Embargoed Person”); (b) unless expressly waived in writing by Lender, no Embargoed Person has any interest of any nature whatsoever in Borrower or Guarantor, as applicable, with the result that the investment in Borrower and/or Guarantor, as applicable (whether directly or indirectly), is prohibited by Applicable Law or the Loan is in violation of Applicable Law; and (c) to Borrower’s knowledge, none of the funds of Borrower or Guarantor, as applicable, have been derived from any unlawful activity with the result that the investment in Borrower and/or Guarantor, as applicable (whether directly or indirectly), is prohibited by Applicable Law or the Loan is in violation of Applicable Law. Borrower covenants and agrees that in the event Borrower receives any notice that Borrower or Guarantor

(or any of their respective beneficial owners, affiliates or participants) or any Person that has an interest in the Property is designated as an Embargoed Person, Borrower shall immediately notify Lender in writing. At Lender's option, it shall be an Event of Default hereunder if Borrower, Guarantor or any other party to the Loan is designated as an Embargoed Person. The representations contained in this Section 3.28 shall not be deemed to apply to shareholders in any indirect owner of Borrower whose shares are listed through a publicly traded company listed on the New York Stock Exchange or another nationally recognized stock exchange.

Section 3.29 Patriot Act.

All capitalized words and phrases and all defined terms used in the USA Patriot Act of 2001, 107 Public Law 56 (October 26, 2001) and in other statutes and all orders, rules and regulations of the United States government and its various executive departments, agencies and offices related to the subject matter of the Patriot Act (collectively referred to in this Section only as the "Patriot Act") are incorporated into this Section. Borrower hereby represents and warrants that Borrower and Guarantor and each other Person directly or indirectly owned or Controlled by Sponsor, or, to Borrower's knowledge, any other Person that has an economic interest in Borrower or the Property, is: (i) in full compliance with all applicable requirements of the Patriot Act and any regulations issued thereunder; (ii) operated under policies, procedures and practices, if applicable, that are in compliance with the Patriot Act and available to Lender for Lender's review and inspection during normal business hours and upon reasonable prior notice; (iii) not in receipt of any notice from the Secretary of State or the Attorney General of the United States or any other department, agency or office of the United States claiming a violation or possible violation of the Patriot Act; (iv) not a person who has been determined by competent authority to be subject to any of the prohibitions contained in the Patriot Act; and (v) not owned or controlled by or now acting and or will in the future act for or on behalf of any person who has been determined to be subject to the prohibitions contained in the Patriot Act. Borrower covenants and agrees that in the event Borrower receives any notice that Borrower, Guarantor or any Person directly or indirectly owned and/or Controlled by Sponsor is indicted, arraigned, or custodially detained on charges involving money laundering or predicate crimes to money laundering, Borrower shall immediately notify Lender. At Lender's option, it shall be an Event of Default hereunder if Borrower or Guarantor is indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering. The representations contained in this Section 3.29 shall not be deemed to apply to shareholders in any indirect owner of Borrower whose shares are listed through a publicly traded company listed on the New York Stock Exchange or another nationally recognized stock exchange.

Section 3.30 Organizational Chart.

The organizational chart attached as Schedule II hereto, relating to Borrower and certain Affiliates and other parties, is true, complete and correct on and as of the date hereof.

Section 3.31 Bank Holding Company.

Borrower is not a "bank holding company" or a direct or indirect subsidiary of a "bank holding company" as defined in the Bank Holding Company Act of 1956, as amended, and Regulation Y thereunder of the Board of Governors of the Federal Reserve System.

Section 3.32 [Intentionally Omitted].

Section 3.33 REA Representations.

With respect to each REA, (a) each REA is in full force and effect and has not been amended, restated, replaced or otherwise modified (except, in each case, as expressly set forth herein), (b) there are no defaults under any REA by any party thereto and, to Borrower's knowledge, no event has occurred which, but for the passage of time, the giving of notice, or both, would constitute a default under any REA, (c) all sums due and payable under each REA have been paid in full, (d) no party to any REA has commenced any action or given or received any notice for the purpose of terminating any REA, and (e) the representations made in any estoppel or similar document delivered with respect to any REA in connection with the Loan, if any, are true, complete and correct and are hereby incorporated by reference as if fully set forth herein.

Section 3.34 No Change in Facts or Circumstances.

All information prepared by or on behalf of Borrower or Guarantor and delivered to Lender and in all financial statements, rent rolls, reports, certificates and other documents prepared by or on behalf of Borrower or Guarantor and submitted in connection with the Loan or in satisfaction of the terms thereof and all statements of fact made by Borrower and/or Guarantor in this Agreement or in the other Loan Documents, are accurate, complete and correct in all material respects. There has been no material adverse change in any condition, fact, circumstance or event that would have a Material Adverse Effect.

Section 3.35 Perfection of Accounts.

Borrower hereby represents and warrants to Lender that:

(a) This Agreement, together with the other Loan Documents, create a valid and continuing security interest (as defined in the Uniform Commercial Code) in the Accounts in favor of Lender, which security interest is prior to all other Liens, other than Permitted Encumbrances, and is enforceable as such against creditors of and purchasers from Borrower. Other than in connection with the Loan Documents and except for Permitted Encumbrances, Borrower has not sold or otherwise conveyed the Accounts; and

(b) The Accounts constitute "deposit accounts" or "securities accounts" within the meaning of the Uniform Commercial Code, as set forth in the Cash Management Agreement.

Section 3.36 [Intentionally Omitted].

Section 3.37 Co-Gen Facility.

(a) (i) Each Co-Gen Facility Agreement is in full force and effect and has not been amended, restated, replaced or otherwise modified (except, in each case, as expressly set forth herein), (ii) there are no defaults under any Co-Gen Facility Agreement by any party thereto and, to Borrower's knowledge, no event has occurred which, but for the passage of time, the giving of notice, or both, would constitute a default under any Co-Gen Facility Agreement, (ii) all sums

due and payable under each Co-Gen Facility Agreement have been paid in full, (iv) no party to any Co-Gen Facility Agreement has commenced any action or given or received any notice for the purpose of terminating any Co-Gen Facility Agreement and (v) other than the Co-Gen Facility Agreements, there are no agreements, contracts or other documents governing the relationship between 333 Hope and 333 Plant with respect to the Co-Gen Facility.

(b) Each of the Co-Gen Facility Agreements is on terms and conditions that are intrinsically fair and commercially reasonable and is terminable upon the foreclosure of the Security Instrument or the acceptance of a deed-in-lieu thereof.

(c) The Co-Gen Facility does not provide any Energy Services (as defined in the Energy Services Agreement) to any Person or any property other than the Property.

Section 3.38 Guarantor Representations.

(a) Borrower hereby represents and warrants that, as of the date hereof, the representations and warranties set forth in Sections 3.1 through 3.8, 3.12, 3.27, 3.28, 3.29, and 3.34 above are true and correct with respect to Guarantor, as the same are applicable to Guarantor. Wherever the term "Borrower" is used in each of the foregoing Sections it shall be deemed to be "Guarantor" with respect to Guarantor.

Section 3.9 Borrower's knowledge. To the extent any statement herein is qualified to "Borrower's knowledge" or "the knowledge of Borrower" or some similar statement, such knowledge shall be deemed to mean the actual knowledge of Mark Brown and Mark Phillips after due inquiry (including, without limitation, consultation with the Manager), provided, however, that designating such individuals as knowledge parties hereunder shall not be deemed to subject such individuals to any personal liability whatsoever. Borrower represents and warrants that Mark Brown and Mark Phillips have current, factual knowledge of the matters covered in herein and in the other Loan Documents with respect to Borrower, Guarantor and the Property.

Borrower agrees that, unless expressly provided otherwise, all of the representations and warranties of Borrower set forth in this Article 3 and elsewhere in this Agreement and the other Loan Documents shall survive for so long as any portion of the Debt remains owing to Lender. All representations, warranties, covenants and agreements made in this Agreement and in the other Loan Documents shall be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf.

ARTICLE 4.

BORROWER COVENANTS

From the date hereof and until payment and performance in full of all obligations of Borrower under this Agreement, the Security Instrument, the Note and the other Loan Documents or the earlier release of the lien of the Security Instrument (and all related obligations) in accordance with the terms of this Agreement, the Security Instrument, the Note and the other Loan Documents, Borrower hereby covenants and agrees with Lender that:

Section 4.1 Existence.

Borrower will continuously maintain (a) its existence and shall not dissolve or permit its dissolution, (b) its rights to do business in the applicable State and (c) its franchises and trade names, if any.

Section 4.2 Applicable Law.

(a) Borrower shall promptly comply and shall cause the Property to comply in all material respects with all Applicable Law affecting the Borrower and the Property, or the use thereof, including, without limitation, all Environmental Laws and Applicable Law relating to OFAC, Embargoed Persons and the Patriot Act the failure of which is reasonably likely to have a Material Adverse Effect. Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence, rights, Licenses, permits, trade names, and franchises the failure of which is reasonably likely to have a Material Adverse Effect. Borrower shall give prompt notice to Lender of the receipt by Borrower of any notice related to a material violation of any Applicable Law and of the commencement of any proceedings or investigations which relate to non-compliance with Applicable Law.

(b) After prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the validity of any Applicable Law, the applicability of any Applicable Law to Borrower or the Property or any alleged material violation of any Applicable Law, provided that (i) no Event of Default has occurred and remains uncured; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any instrument to which Borrower is subject and shall not constitute a default thereunder and such proceeding shall be permitted by and conducted in accordance with all Applicable Law; (iii) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; (iv) Borrower shall promptly upon final determination thereof comply with any such Applicable Law determined to be valid or applicable or cure any violation of any Applicable Law; (v) such proceeding shall suspend the enforcement of the contested Applicable Law against Borrower or the Property; and (vi) Borrower shall furnish such security as may be required in the proceeding, or as may be requested by Lender (provided, however, Lender shall not require such security in excess of 110% of any amount owed by Borrower as a result of such non-compliance), to insure compliance with such Applicable Law, together with all interest and penalties payable in connection therewith. Lender may apply any such security or part thereof, as necessary to cause compliance with such Applicable Law at any time when, in the judgment of Lender, the validity, applicability or violation of such Applicable Law is finally established or the Property (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost.

(c) Borrower hereby covenants and agrees not to commit, permit or suffer to exist, and to use commercially reasonable efforts to prevent any other Person from committing, permitting or suffering to exist (which such efforts shall include enforcement of any applicable contract), any act or omission affording a right of Forfeiture. Borrower also hereby covenants and agrees that it shall not commit, permit or suffer to exist, and to use commercially reasonable efforts to prevent any other Person from committing, permitting or suffering to exist (which such

efforts shall include enforcement of any applicable contract), any illegal activities or activities relating to controlled substances at the Property (including, without limitation, any growing, distributing and/or dispensing of medical marijuana).

Section 4.3 Maintenance and Use of Property.

Borrower shall cause the Property to be maintained in a good and safe condition and repair in all material respects. The Improvements and the Personal Property shall not be removed, demolished or materially altered (except for normal replacement of the Personal Property) without the consent of Lender or as otherwise permitted pursuant to Section 4.21 hereof. Borrower shall promptly repair, replace or rebuild any part of the Property which may be destroyed by any casualty, or become damaged, worn or dilapidated or which may be affected by any proceeding of the character referred to in Section 3.13 hereof and shall complete and pay for any structure at any time in the process of construction or repair on the Land. Borrower shall not initiate, join in, acquiesce in, or consent to any change in any private restrictive covenant, zoning law or other public or private restriction, limiting or defining the uses which may be made of the Property or any part thereof. If under applicable zoning provisions the use of all or any portion of the Property is or shall become a nonconforming use, Borrower will not cause or permit the nonconforming use to be discontinued or the nonconforming Improvement to be abandoned without the express written consent of Lender.

Section 4.4 Waste.

Borrower shall not commit or suffer any physical waste of the Property or make any change in the use of the Property which will in any way materially increase the risk of fire or other hazard arising out of the operation of the Property, or take any action that is reasonably likely to invalidate or give cause for cancellation of any Policy, or do or permit to be done thereon anything that may in any way impair the value of the Property or the security for the Loan. Borrower will not, without the prior written consent of Lender, permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of the Property, regardless of the depth thereof or the method of mining or extraction thereof.

Section 4.5 Taxes and Other Charges.

(a) Borrower shall pay all Taxes and Other Charges now or hereafter levied or assessed or imposed against the Property or any part thereof as the same become due and payable; provided, however, Borrower's obligation to directly pay Taxes and Other Charges shall be suspended for so long as Borrower complies with the terms and provisions of Section 8.1 hereof. Borrower shall furnish to Lender receipts for the payment of the Taxes and the Other Charges prior to the date the same shall become delinquent (provided, however, that Borrower is not required to furnish such receipts for payment of Taxes and Other Charges in the event that such Taxes and Other Charges have been paid by Lender pursuant to Section 8.1 hereof). Borrower shall not suffer and shall promptly cause to be paid and discharged any lien or charge whatsoever which may be or become a lien or charge against the Property, and shall promptly pay for all utility services provided to the Property.

(b) After prior written notice to Lender (provided, however, so long as the conditions set forth in items (i) through (v) below are satisfied and the full amount of such Taxes and/or Other Charges, as applicable, have been paid in full, then no such prior notice shall be required), Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any Taxes or Other Charges, provided that (i) no Event of Default has occurred and remains uncured; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder and such proceeding shall be permitted by and conducted in accordance with all Applicable Law; (iii) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost; (iv) Borrower shall promptly upon final determination thereof pay the amount of any such Taxes or Other Charges, together with all costs, interest and penalties which may be payable in connection therewith; (v) such proceeding shall suspend the collection of such contested Taxes or Other Charges from the Property; and (vi) Borrower shall furnish such security as may be required in the proceeding, or deliver to Lender such reserve deposits as may be requested by Lender (provided, however, Lender shall not require any reserve deposit in excess of 110% of any disputed Taxes or Other Charges, together with all interest and penalties thereon), to insure the payment of any such Taxes or Other Charges, together with all interest and penalties thereon. Lender may pay over any such cash deposit or part thereof held by Lender to the claimant entitled thereto at any time when, in the judgment of Lender, the entitlement of such claimant is established or the Property (or part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, canceled or lost or there shall be any danger of the lien of the Security Instrument being primed by any related lien.

Section 4.6 Litigation.

Borrower shall give prompt written notice to Lender of any litigation or governmental proceedings pending or threatened in writing against Borrower or any SPE Component Entity which is reasonably likely to have a Material Adverse Effect.

Section 4.7 Access to Property.

Subject to the rights of Tenants under Leases, Borrower shall permit agents, representatives and employees of Lender to inspect the Property or any part thereof at reasonable hours upon reasonable advance notice.

Section 4.8 Non-Consolidation Opinion.

Borrower shall not violate or cause to be violated the assumptions made with respect to Borrower and its principals in the Non-Consolidation Opinion or in any New Non-Consolidation Opinion. In the event Borrower becomes aware, from any source whatsoever, that any of the assumptions contained in the Non-Consolidation Opinion or in any New Non-Consolidation Opinion is untrue or becomes untrue (a "Non-Con Assumption Event"), then Borrower shall notify Lender of such Non-Con Assumption Event within fifteen (15) days of such knowledge. Borrower shall deliver to Lender, within fifteen (15) days of Lender's written request, a New Non-Consolidation Opinion or an update from the law firm under the most recent Non-

Consolidation Opinion previously delivered to Lender to the effect that such Non-Con Assumption Event does not negate/impair the Non-Consolidation Opinion previously delivered to Lender.

Section 4.9 Cooperate in Legal Proceedings.

Borrower shall cooperate fully with Lender with respect to any proceedings before any court, board or other Governmental Authority which may in any way affect the rights of Lender hereunder or any rights obtained by Lender under any of the Note, the Security Instrument or the other Loan Documents and, in connection therewith, permit Lender, at Lender's election, to participate in any such proceedings.

Section 4.10 Performance by Borrower.

Borrower shall in a timely manner observe, perform and fulfill each and every covenant, term and provision to be observed and performed by Borrower under this Agreement, the Security Instrument, the Note and the other Loan Documents and any other agreement or instrument affecting or pertaining to the Property and any amendments, modifications or changes thereto.

Section 4.11 Awards.

Borrower shall cooperate with Lender in obtaining for Lender the benefits of any Awards or insurance proceeds lawfully or equitably payable in connection with the Property, and Lender shall be reimbursed for any expenses incurred in connection therewith (including reasonable, actual attorneys' fees and disbursements, and the payment by Lender of the expense of an appraisal on behalf of Borrower in case of a Casualty or Condemnation affecting the Property or any part thereto) out of such Awards or insurance proceeds.

Section 4.12 Books and Records.

(a) Borrower shall keep adequate books and records of account in accordance with GAAP, or in accordance with other methods acceptable to Lender in its reasonable discretion (consistently applied), and furnish to Lender:

(i) quarterly (and upon written request of Lender prior to a Securitization, monthly) certified rent rolls (in the form approved by Lender in connection with the closing of the Loan), each signed and dated by a Responsible Officer of Borrower, within fifteen (15) Business Days after the end of each calendar month (if requested) or sixty (60) days after the end of each calendar quarter, as applicable;

(ii) quarterly (and upon written request of Lender prior to a Securitization, monthly) operating statements of the Property, prepared and certified by a Responsible Officer of Borrower in the form required by Lender, detailing the revenues received, the expenses incurred and major capital improvements for the period of calculation and containing appropriate year-to-date information, within fifteen (15) Business Days after the end of each calendar month (if requested) or sixty (60) days after the end of each calendar quarter, as applicable;

(iii) an annual balance sheet, profit and loss statement, statement of cash flow and statement of change in financial position of Borrower audited by a “Big Four” accounting firm or other independent certified public accountant reasonably acceptable to Lender, within one hundred twenty (120) days after the close of each fiscal year of Borrower;

(iv) by no later than December 15 of each calendar year, an annual operating budget for the next succeeding calendar year presented on a monthly basis consistent with the annual operating statement described above for the Property, including cash flow projections for the upcoming year and all proposed capital replacements and improvements (the “Annual Budget”). Upon the occurrence and during the continuance of a Trigger Period (as defined in the Cash Management Agreement) Lender shall have the right to approve each Annual Budget. In the event that Lender objects to a proposed Annual Budget submitted by Borrower, Lender shall advise Borrower of such objections (and deliver to Borrower a reasonably detailed description of such objections) within fifteen (15) days after receipt of written request for approval and all required information and documentation relating thereto in which to approve or disapprove such matter, provided that such request to Lender is marked in bold lettering with the following language: “LENDER’S RESPONSE IS REQUIRED WITHIN FIFTEEN (15) DAYS OF RECEIPT OF THIS NOTICE PURSUANT TO THE TERMS OF A LOAN AGREEMENT BETWEEN THE UNDERSIGNED AND LENDER”. Borrower shall promptly revise such Annual Budget and resubmit the same to Lender. Lender shall advise Borrower of any objections to such revised Annual Budget within ten (10) days after receipt thereof (and deliver to Borrower a reasonably detailed description of such objections) and Borrower shall promptly revise the same in accordance with the process described in this subsection until Lender approves the Annual Budget. Until such time that Lender approves a proposed Annual Budget, the most recent Annual Budget shall apply; provided that, such approved Annual Budget shall be adjusted to reflect actual increases in Taxes, Insurance Premiums, utilities expenses and expenses under the Management Agreement. In the event that Lender fails to respond to the budget approval request within such time periods set forth above, Lender’s approval shall be deemed given for all purposes. Borrower shall provide Lender with such information and documentation as may be reasonably required by Lender to approve such Annual Budget. For purposes of clarification, Lender requesting additional and/or clarified information, in addition to approving or denying any request (in whole or in part), shall be deemed a response by Lender for purposes of the foregoing. In the event that Borrower incurs an extraordinary operating expense or extraordinary capital expenditure not set forth in an Approved Budget during a Cash Trap Event Period, then Borrower shall promptly deliver to Lender a reasonably detailed explanation of such expenditure for Lender’s approval; provided, however that Lender’s approval shall not be required with respect to any such expense that is funded from a capital contribution to Borrower from any of its members or any other funds of Borrower. Within sixty (60) days of the occurrence of a Trigger Event (as defined in the Cash Management Agreement) Borrower may elect to submit a replacement Annual Budget for approval by Lender;

(v) by no later than fifteen (15) Business Days after Lender’s request prior to Securitization, and thereafter by no later than sixty (60) days after and as of the end of

each calendar quarter, a calculation of the then current Debt Service Coverage Ratio certified by a Responsible Officer of Borrower to be true and complete, together with such back-up information as Lender shall require;

(vi) upon request of Lender prior to Securitization, and thereafter by no later than sixty (60) days after and as of the end of each calendar quarter, a tenant aging and receivables report with respect to the Property for the most recently completed calendar month or quarter (as applicable); and

(vii) by no later than sixty (60) days after the end of each calendar quarter, a copy of each new Lease or any renewals, amendments or modification of a Lease, in each case, not previously delivered to Lender, together with Borrower's certification that such Lease (or such renewal, amendment or modification) was entered into in accordance with the terms of this Agreement.

(b) Upon request from Lender, Borrower shall furnish in a timely manner to Lender, an accounting of all Security Deposits held in connection with any Lease of any part of the Property, including the name and identification number of the accounts in which such Security Deposits are held, the name and address of the financial institutions in which such Security Deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

(c) Within ten (10) days of Lender's request, Borrower shall furnish Lender with such other additional financial or management information as may, from time to time, be reasonably required by Lender in form and substance satisfactory to Lender. Borrower shall furnish to Lender and its agents convenient facilities for the examination and audit of any such books and records at any reasonable time from time to time during business hours upon reasonable advance notice.

(d) Borrower agrees that all financial statements and other items required to be delivered to Lender pursuant to this Section 4.12 (each a "Required Financial Item" and, collectively, the "Required Financial Items") shall: (i) be complete and correct in all material respects; (ii) present fairly the financial condition of the party; (iii) disclose all liabilities that are required to be reflected or reserved against; and (iv) be prepared (A) in hardcopy or electronic formats and (B) in accordance with GAAP or in accordance with other methods acceptable to Lender in its sole discretion (consistently applied). Borrower agrees that all Required Financial Items shall not contain any misrepresentation or omission of a material fact.

Section 4.13 Estoppel Certificates.

(a) After request by Lender, Borrower, within ten (10) Business Days of such request, shall furnish Lender or any proposed assignee (including any Investor or potential Investor) with a statement, duly acknowledged and certified, setting forth (i) the original principal amount of the Note, (ii) the unpaid principal amount of the Note, (iii) the rate of interest of the Note, (iv) the maturity date of the Note, (v) the date installments of interest and/or principal were last paid, (vi) [Intentionally omitted], (vii) that this Agreement, the Note, the

Security Instrument and the other Loan Documents are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification and (viii) whether any offsets or defenses exist against the obligations secured hereby and, if any are alleged to exist, a detailed description thereof. Borrower shall not be required to deliver the above required estoppel more often than once in any calendar year except in connection with any Secondary Market Transaction or if an Event of Default has occurred and is continuing.

(b) Borrower shall use commercially reasonable efforts to deliver to Lender, promptly upon request, duly executed estoppel certificates from any one or more Tenants as required by Lender attesting to such facts regarding the Lease as Lender may reasonably require, including, but not limited to, attestations that each Lease covered thereby is in full force and effect with no defaults thereunder on the part of any party, that none of the Rents have been paid more than one month in advance, except as security, and that the lessee claims no defense or offset against the full and timely performance of its obligations under the Lease. Borrower shall not be required to deliver the above required estoppel more often than once in any calendar year except in connection with any Secondary Market Transaction or if an Event of Default has occurred and is continuing

(c) Borrower shall use commercially reasonable efforts to deliver to Lender, upon request, estoppel certificates from each party under each REA in form and substance reasonably acceptable to Lender. Borrower shall not be required to deliver the above required estoppel more often than once in any calendar year except in connection with any Secondary Market Transaction or if an Event of Default has occurred and is continuing.

(d) Provided no Event of Default has occurred and is continuing, after written request by Borrower to Lender, not more often than once in any calendar year, Lender shall within fifteen (15) Business Days furnish Borrower with a statement, stating (i) the outstanding principal balance of the Loan, (ii) the interest rate of the Note, and (iii) that this Agreement and the other Loan Documents have not been modified or if modified, giving particulars of such modification.

Section 4.14 Leases and Rents.

(a) Upon request, Borrower shall furnish Lender with executed copies of all Leases then in effect. All renewals of Leases and all proposed leases shall provide for rental rates and terms comparable to existing local market rates for similar properties in the downtown Los Angeles, California submarket and shall be arm's length transactions with bona fide, independent third-party Tenants.

(b) Any Lease and any renewals, amendments or modification of a Lease (provided such Lease or Lease renewal, amendment or modification is not a Major Lease (or a renewal, amendment or modification to a Major Lease)) that meets the following requirements may be entered into by Borrower without Lender's prior consent: such Lease (i) provides for rental rates comparable to existing local market rates for similar properties and is otherwise on commercially reasonable terms, (ii) unless a subordination, non-disturbance and attornment agreement is delivered pursuant to this Section 4.14, provides that such Lease is subordinate to the Security Instrument and that the lessee will attorn to Lender and any purchaser at a foreclosure sale, (iii)

is written substantially in accordance with the standard form of Lease which shall have been approved by Lender (subject to any commercially–reasonable changes made in the course of negotiations with the applicable Tenant), (iv) is not with an Affiliate of Borrower or any Guarantor, and (v) does not contain any option to purchase, any right of first refusal to purchase, any right to terminate (except (A) in the event of the destruction or condemnation of substantially all of the Property and (B) a termination right entered into in the ordinary course of business that (1) would not result in any event in a lease term of less than five (5) years (if such termination right was exercised by Tenant), (2) requires the Tenant to pay a termination fee equal to any unamortized leasing costs (including without limitation any rent abatements, rent concessions, tenant improvement costs, tenant allowances or leasing commissions) and (3) could not be reasonably expected to cause a Material Adverse Effect). All other Leases (including Major Leases) and all renewals, amendments and modifications thereof (including, without limitation, any subletting or assignment thereunder not contemplated by the express terms of such Lease (other than any subletting or assignment which does not require Borrower’s consent under such Lease)) not permitted under the terms of this Section 4.14(b) executed after the date hereof shall be subject to Lender’s prior approval, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Lender’s consent shall not be required in connection with the assignment or sublease of a Lease if (i) no Event of Default is continuing, (ii) the assignment or sublease is effectuated in accordance with the terms of such Lease, (iii) not later than ten (10) Business Days prior to the effective date of any assignment of a Major Lease Borrower delivers to Lender written notice describing in reasonable detail such assignment of such Major Lease, (iv) the assigning or subletting Tenant continues to remain liable for all obligations and liabilities under such Lease following such assignment or sublease and (v) there is no other amendment or modification to such Lease which would otherwise require the Lender’s approval under this Section 4.14 hereof.

(c) Lender shall execute and deliver a Subordination, Non–Disturbance and Attornment Agreement in the form attached hereto as Exhibit C to Tenants under future Leases demising 15,000 square feet or more of the net leasable square footage of the Property promptly upon request with such commercially reasonable changes as may be requested by Tenants, from time to time, as are reasonably acceptable to Lender.

(d) Borrower (i) shall observe and perform the obligations imposed upon the lessor under the Leases in all material respects in a commercially reasonable manner; (ii) shall enforce the terms, covenants and conditions contained in the Leases upon the part of the lessee thereunder to be observed or performed in a commercially reasonable manner, provided, however, Borrower shall not terminate or accept a surrender of a Major Lease without Lender’s prior approval; (iii) shall not collect any of the Rents more than one (1) month in advance (other than Security Deposits); (iv) shall not execute any assignment of lessor’s interest in the Leases or the Rents (except as contemplated by the Loan Documents); (v) shall not, without Lender’s consent, materially and adversely alter, modify or change any Lease so as to change the amount of or payment date for rent, change the expiration date, materially reduce the obligations of the lessee or materially increase the obligations of lessor, unless, in each case, such amendment or modification would otherwise be permitted pursuant to Section 4.14(b) above; and (vi) shall hold all Security Deposits under all Leases in accordance with Applicable Law. Notwithstanding the foregoing, provided that an Event of Default shall have not occurred and be continuing, Borrower shall have the right, without the consent or approval of Lender, to terminate or accept a

surrender of any Lease (other than a Major Lease) so long as such termination or surrender is (i) by reason of a monetary or material non-monetary default by the Tenant thereunder and (ii) in a commercially reasonable manner to preserve and protect the Property.

(e) Notwithstanding anything contained herein to the contrary, Borrower shall not willfully withhold from Lender any information reasonably requested by Lender regarding renewal, extension, amendment, modification, waiver of provisions of, termination, rental reduction of, surrender of space of, or shortening of the term of, any Lease during the term of the Loan.

(f) Borrower shall notify Lender in writing, within two (2) Business Days following receipt thereof, of Borrower's receipt of any termination fee or payment ("Lease Event Payment") paid by any Tenant under any Lease in consideration of any termination, modification or amendment or settlement of any Lease or any release or discharge of any Tenant under any Lease from any obligation thereunder, including, without limitation, the voluntary surrender of any space demised under a Lease (a "Lease Event"). Borrower further covenants and agrees that (i) Borrower shall hold any such Lease Event Payment in trust for the benefit of Lender and (ii) (A) in the event such Lease Event Payment is less than \$50,000 and such Lease Event does not have a Material Adverse Effect, such Lease Event Payment shall be payable to Borrower or (B) in the event such Lease Event Payment equals or exceeds \$50,000 or such Lease Event has a Material Adverse Effect, such Lease Event Payment shall be placed by Borrower in reserve with Lender, to be disbursed by Lender for tenant improvement and leasing commission costs with respect to the Property in accordance with the terms and conditions of Section 8.5(b) hereof.

(g) Notwithstanding anything to the contrary contained herein, to the extent Lender's prior approval is required for any leasing matters set forth in this Section 4.14, Lender shall have ten (10) Business Days from receipt of written request and all required information and documentation relating thereto in which to approve or disapprove such matter, provided that such request to Lender is marked in bold lettering with the following language: "LENDER'S RESPONSE IS REQUIRED WITHIN TEN (10) BUSINESS DAYS OF RECEIPT OF THIS NOTICE PURSUANT TO THE TERMS OF A LOAN AGREEMENT BETWEEN THE UNDERSIGNED AND LENDER". In the event that Lender fails to respond to the leasing matter in question within such time, Lender's approval shall be deemed given for all purposes. Borrower shall provide Lender with such information and documentation as may be reasonably required by Lender, including, without limitation, lease comparables and other market information as reasonably required by Lender. For purposes of clarification, Lender requesting additional and/or clarified information, in addition to approving or denying any request (in whole or in part), shall be deemed a response by Lender for purposes of the foregoing; provided that Borrower's subsequent response to such request shall again be subject to the terms of this Section 4.14(g).

Section 4.15 Management Agreement.

(a) Borrower shall (i) diligently perform, observe and enforce all of the terms, covenants and conditions of the Management Agreement on the part of Borrower to be performed, observed and enforced which are necessary to keep unimpaired the rights of

Borrower under the Management Agreement and (ii) promptly notify Lender of the giving of any notice to Borrower of any default by Borrower in the performance or observance of any of the terms, covenants or conditions of the Management Agreement on the part of Borrower to be performed and observed and deliver to Lender a true copy of each such notice. Without Lender's prior written consent, Borrower shall not surrender the Management Agreement, consent to the assignment by Manager of its interest under the Management Agreement (unless such assignment is to an Affiliate of Borrower which is Controlled by Sponsor and such Affiliate enters into an Assignment of Management Agreement in form and substance substantially similar to the Assignment of Management Agreement executed by Manager as of the Closing Date), or terminate or cancel the Management Agreement or modify, change, supplement, alter or amend the Management Agreement, in any material respect, either orally or in writing, and Borrower hereby assigns to Lender as further security for the payment of the Debt and for the performance and observance of the terms, covenants and conditions of this Agreement, all the rights, privileges and prerogatives of Borrower to surrender the Management Agreement or to terminate, cancel, materially modify, materially change, materially supplement, materially alter or materially amend the Management Agreement in any respect, and any such surrender of the Management Agreement or termination, cancellation, modification, change, supplement, alteration or amendment of the Management Agreement without the prior consent of Lender shall be void and of no force and effect.

(b) If Borrower shall default in the performance or observance of any material term, covenant or condition of the Management Agreement on the part of Borrower to be performed or observed, then, without limiting the generality of the other provisions of this Agreement, and without waiving or releasing Borrower from any of its obligations hereunder, Lender shall have the right, but shall be under no obligation, to pay any sums and to perform any act or take any action as may be appropriate to cause all the terms, covenants and conditions of the Management Agreement on the part of Borrower to be performed or observed to be promptly performed or observed on behalf of Borrower, to the end that the rights of Borrower in, to and under the Management Agreement shall be kept unimpaired and free from default. Lender and any person designated by Lender shall have, and are hereby granted, the right to enter upon the Property at any time and from time to time for the purpose of taking any such action. If Manager shall deliver to Lender a copy of any notice sent to Borrower of default under the Management Agreement, such notice shall constitute full protection to Lender for any action taken or omitted to be taken by Lender in good faith, in reliance thereon.

(c) Borrower shall notify Lender if Manager sub-contracts to a third party any or all of its management and/or leasing responsibilities under the Management Agreement. Borrower shall, from time to time, use commercially reasonable efforts to obtain from Manager under the Management Agreement such certificates of estoppel with respect to compliance by Borrower with the terms of the Management Agreement as may be reasonably requested by Lender. Borrower shall not be required to deliver the above required estoppel more often than once in any calendar year except in connection with any Secondary Market Transaction or if an Event of Default has occurred and is continuing.

(d) Without limitation of the foregoing, if the Management Agreement is terminated pursuant to the Assignment of Management Agreement or for any other reason, then Lender, at its option, may require Borrower to engage, in accordance with the terms and conditions set forth

in the Assignment of Management Agreement, a new manager (the “New Manager”) to manage the Property, which such New Manager shall be a Qualified Manager. New Manager shall be engaged by Borrower pursuant to a written management agreement that complies with the terms hereof and of the Assignment of Management Agreement and is otherwise satisfactory to Lender in all respects. New Manager and Borrower shall execute an Assignment of Management Agreement in the form then used by Lender. Without limitation of the foregoing, if required by Lender, Borrower shall, as a condition precedent to Borrower’s engagement of such New Manager, obtain a Rating Agency Confirmation with respect to such New Manager and management agreement. To the extent that such New Manager is an Affiliated Manager, Borrower’s engagement of such New Manager shall be subject to Borrower’s delivery to Lender of a New Non–Consolidation Opinion with respect to such New Manager and new management agreement.

Section 4.16 Payment for Labor and Materials.

(a) Subject to Section 4.16(b), Borrower will promptly pay when due all bills and costs for labor, materials, and specifically fabricated materials incurred in connection with the Property (any such bills and costs, a “Work Charge”) and never permit to exist in respect of the Property or any part thereof any lien or security interest, even though inferior to the liens and the security interests hereof, and in any event never permit to be created or exist in respect of the Property or any part thereof any other or additional lien or security interest other than the liens or security interests created hereby and by the Security Instrument, except for the Permitted Encumbrances.

(b) After prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the validity of any Work Charge, the applicability of any Work Charge to Borrower or to the Property or any alleged non–payment of any Work Charge and defer paying the same, provided that (i) no Event of Default has occurred and is continuing; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any instrument to which Borrower is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all Applicable Law; (iii) neither the Property nor any part thereof or interest therein will be in imminent danger of being sold, forfeited, terminated, cancelled or lost; (iv) Borrower shall promptly upon final determination thereof pay (or cause to be paid) any such contested Work Charge determined to be valid, applicable or unpaid; (v) such proceeding shall suspend the collection of such contested Work Charge from the Property or Borrower shall have paid the same (or shall have caused the same to be paid) under protest; and (vi) Borrower shall furnish (or cause to be furnished) such security as may be required in the proceeding, or as may be reasonably requested by Lender (provided, however, Lender shall not require such security in excess of 110% of any amount owed by Borrower for such Work Charge), to insure payment of such Work Charge, together with all interest and penalties payable in connection therewith. Lender may apply any such security or part thereof, as necessary to pay for such Work Charge at any time when, in the judgment of Lender, the validity, applicability or non–payment of such Work Charge is finally established or the Property (or any part thereof or interest therein) shall be in present danger of being sold, forfeited, terminated, cancelled or lost.

Section 4.17 Performance of Other Agreements.

Borrower shall observe and perform each and every term to be observed or performed by Borrower pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Property, or given by Borrower to Lender for the purpose of further securing the Debt and any amendments, modifications or changes thereto the failure of which is reasonably likely to result in a Material Adverse Effect.

Section 4.18 Debt Cancellation.

Borrower shall not cancel or otherwise forgive or release any claim or debt (other than termination of Leases in accordance herewith) owed to Borrower by any Person, except for adequate consideration and in the ordinary course of Borrower's business.

Section 4.19 ERISA.

(a) Borrower shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Lender of any of its rights under the Note, this Agreement or the other Loan Documents) to be a non-exempt (under a statutory or administrative exemption) prohibited transaction under ERISA ("ERISA") or constitute a violation of any state statute, regulation or ruling impacting a Defined Benefit Plan or a governmental plan.

(b) Borrower shall deliver to Lender such certifications or other evidence from time to time throughout the term of the Loan, as requested by Lender in its sole discretion, that (A) Borrower is not an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(32) of ERISA; (B) Borrower is not subject to any state statute, regulation or ruling regulating investments of, or fiduciary obligations with respect to, governmental plans; and (C) one or more of the following circumstances is true:

(i) Equity interests in Borrower are publicly offered securities, within the meaning of 29 C.F.R. §2510.3-101(b)(2);

(ii) Less than twenty-five percent (25%) of each outstanding class of equity interests in Borrower is held by "benefit plan investors" within the meaning of 29 C.F.R. §2510.3-101(f)(2), as modified by ERISA Section 3(42), disregarding the value of any equity interests in Borrower held by (I) a person (other than a benefit plan investor) who has discretionary authority or control with respect to the assets of Borrower, (II) any person who provides investment advice for a fee (direct or indirect) with respect to the assets of Borrower, or (III) any affiliate of a person described in the immediately preceding clause (I) or (II);

(iii) Borrower qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. §2510.3-101(c) or (e);

(iv) The assets of Borrower are not otherwise "plan assets" of one or more "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, within the meaning of 29 C.F.R. §2510.3-101, as modified by ERISA Section 3(42); or

(v) If a state statute, regulation or ruling does apply to transactions by or with Borrower regulating investments of, or fiduciary obligations with respect to, governmental plans, no transactions contemplated by the Loan Documents will violate such statute, regulation or ruling.

(c) Borrower shall not maintain, sponsor, contribute to or become obligated to contribute to, or suffer or permit any ERISA Affiliate of Borrower to, maintain, sponsor, contribute to or become obligated to contribute to, any Defined Benefit Plan or a Multiemployer Plan or permit the assets of Borrower to (i) become “plan assets”, whether by operation of law or under regulations promulgated under ERISA or (ii) become subject to any state statute, regulation or ruling regulating investments of, or fiduciary obligations with respect to, governmental plans.

Section 4.20 No Joint Assessment.

Borrower shall not suffer, permit or initiate the joint assessment of the Property with (a) any other real property constituting a tax lot separate from the Property, or (b) any portion of the Property which may be deemed to constitute personal property, or any other procedure whereby the lien of any taxes which may be levied against such personal property shall be assessed or levied or charged to the Property.

Section 4.21 Alterations.

Borrower may, without Lender’s consent, perform alterations to any Improvements which (i) do not constitute a Material Alteration and (ii) upon completion are not reasonably expected to result in a Material Adverse Effect. Borrower shall not perform any Material Alteration without Lender’s prior written consent. If the total unpaid amounts incurred and to be incurred with respect to any alterations to the Improvements shall at any time exceed the Alteration Threshold, Borrower shall promptly deliver to Lender as security for the payment of such amounts and as additional security for Borrower’s obligations under the Loan Documents any of the following: (i) cash, (ii) U.S. Obligations, (iii) a Letter of Credit, (iv) other securities acceptable to Lender (provided that, if required by Lender, Lender shall have received a Rating Agency Confirmation as to the form and issuer of same), or (v) a completion bond (provided that, if required by Lender, Lender shall have received a Rating Agency Confirmation as to the form and issuer of same) (items (i) through (v) above, the “Alteration Security”). Such security shall be in an amount equal to the excess of the total unpaid amounts incurred and to be incurred with respect to such alterations to the Improvements (other than such amounts to be paid or reimbursed by Tenants under the Leases) over the Alteration Threshold. All alterations to any Improvements shall be made lien-free and in a good and workmanlike manner in accordance with all Applicable Laws. It being understood that if the remaining cost to the complete the applicable alterations is equal to or less than the amount of the Alteration Security, then any Alteration Security delivered to Lender shall be disbursed to Borrower (or shall be proportionately reduced by Borrower with respect to non-cash Alteration Security) no more frequently than monthly in accordance with the terms and conditions set forth in Section 8.4(b) through (e) hereof (except that all references in Section 8.4(b), 8.4(d) and 8.4(e) hereof to “Replacements” or “Replacement work” shall be deemed reference to the alterations and alterations work performed pursuant to this Section 4.21). Any Alteration Security delivered to

Lender in a form other than cash may be reduced in connection with the disbursements referred to in the previous sentence. All alterations to any Improvements shall be made lien-free and in a good and workmanlike manner in accordance in all material respects with Applicable Law.

Nothing in this Section 4.21 shall (i) make Lender responsible for making or completing any alterations; (ii) require Lender to expend funds in addition to the Alteration Security to complete any alterations; (iii) obligate Lender to proceed with any alterations; or (iv) obligate Lender to demand from Borrower additional sums to complete any alterations.

Section 4.22 REA Covenants.

Borrower shall (a) promptly perform and/or observe, in all material respects, all of the covenants and agreements required to be performed and observed by it under any REA and do all things necessary to preserve and to keep unimpaired its material rights thereunder the failure of which is reasonably likely to have a Material Adverse Effect; (b) promptly notify Lender of any material default under any REA of which Borrower has received notice; (c) [Intentionally omitted]; (d) enforce the performance and observance of all of the covenants and agreements required to be performed and/or observed under any REA in a commercially reasonable manner the failure of which is reasonably likely to have a Material Adverse Effect; (e) cause the Property to be operated, in all material respects, in accordance with any REA the failure of which is reasonably likely to have a Material Adverse Effect; and (f) not, without the prior written consent of Lender, and except with respect to Permitted Encumbrances, (i) enter into any new REA or execute modifications to any existing REA, (ii) surrender, terminate or cancel any REA, (iii) reduce or consent to the reduction of the term of any REA, (iv) increase or consent to the increase of the amount of any charges under any REA, (v) otherwise modify, change, supplement, alter or amend, or waive or release any of its rights and remedies under, any REA in any material respect, or (vi) following the occurrence and during the continuance of an Event of Default, exercise any rights, make any decisions, grant any approvals or otherwise take any action under any REA.

Section 4.23 Material Agreements.

Borrower shall (a) promptly perform and/or observe, in all material respects, all of the covenants and agreements required to be performed and observed by it under the Material Agreements and do all things necessary to preserve and to keep unimpaired its material rights thereunder the failure of which is reasonably likely to have a Material Adverse Effect; (b) promptly notify Lender of any material default under the Material Agreements of which Borrower has received notice; (c) enforce the performance and observance of all of the covenants and agreements required to be performed and/or observed under the Material Agreements in a commercially reasonable manner the failure of which is reasonably likely to have a Material Adverse Effect; (d) cause the Property to be operated, in all material respects, in accordance with the Material Agreements the failure of which is reasonably likely to have a Material Adverse Effect; and (e) not, without the prior written consent of Lender, (i) enter into any new Material Agreement or execute modifications to any existing Material Agreements, (ii) surrender, terminate or cancel the Material Agreements, (iii) reduce or consent to the reduction of the term of the Material Agreements, (iv) increase or consent to the increase of the amount of any charges under the Material Agreements, (v) otherwise modify, change, supplement, alter or amend, or

waive or release any of its rights and remedies under, the Material Agreements in any material respect, or (vi) following the occurrence and during the continuance of an Event of Default, exercise any rights, make any decisions, grant any approvals or otherwise take any action under the Material Agreements.

Section 4.24 Construction Impact Alterations.

(a) Borrower shall (i) timely perform and/or observe, in all material respects, all of the covenants and agreements required to be performed and observed by it under the Construction Impact Agreements and do all things necessary to preserve and to keep unimpaired its material rights thereunder; (ii) promptly notify Lender of any material default under the Construction Impact Agreements of which it is aware; (iii) promptly deliver to Lender a copy of each expenditures plan, notice, report (including, without limitation, any monitor reports) and estimate which is material in nature and received by it under the Construction Impact Agreements; (iv) use commercially reasonable efforts to enforce the performance and observance of all of the material covenants and agreements required to be performed and/or observed under the Construction Impact Agreements in a commercially reasonable manner; (v) cause the Property to be operated, in all material respects, in accordance with the Construction Impact Agreements; (vi) in the event Release Transferee fails to substantially complete any Construction Impact Alteration, in accordance in all material respects with the terms of the Construction Impact Agreements and Applicable Law, which has been commenced by Release Transferee (or any of its agents, contractors or affiliates) (each such commenced Construction Impact Alteration, the “Commenced Work”), Borrower shall substantially complete, or cause the substantial completion of, in a good and workman-like lien-free manner the Commenced Work (provided, however, such Commenced Work shall not be required to be completed pursuant to the original plans and specifications so long as such Commenced Work is completed so as to repair and restore any portion of the Property affected by such Commenced Work (the “Affected Area”) which is required for the use, operation or structural support of the Property to such that such Affected Area is safe and not dangerous to health or other property, is in compliance with all Applicable Law and is suitable for the continued use, operation and structural support of the Property); and (vii) not, without the prior written consent of Lender, not to be unreasonably withheld, conditioned or delayed, (A) enter into any Construction Impact Agreements, or execute modifications to any Construction Impact Agreements which materially increase the obligations or materially decrease the rights of Borrower, (B) surrender, terminate or cancel any Construction Impact Agreement, (C) increase or consent to the material increase of the amount of any charges payable by Borrower, if any, under any Construction Impact Agreement, (D) otherwise modify, change, supplement, alter or amend, or waive or release any of its rights and remedies under, any Construction Impact Agreement in any material respect, (E) approve any plans and specifications for any Construction Impact Alteration or any budget for same, or materially amend or modify any of the foregoing (it being understood that Lender’s approval rights under this subsection may be conditioned upon evidence of insurance reasonably acceptable to Lender (following Lender’s consultation with Lender’s insurance consultant as to the adequacy of such insurance coverages) being in effect with respect to and commensurate with the scope of work being performed with respect to the Construction Impact Alterations), (F) approve any engineering, seismic, environmental or other related report related to the Construction, any Construction Impact Alterations or the impact of the same on the Remaining Property, (G) grant any licenses to Release Transferee for access or use of the Property which is

reasonably likely to result in a Material Adverse Effect, or (H) following the occurrence and during the continuance of an Event of Default, exercise any rights, make any decisions, grant any approvals or otherwise take any action under the Construction Impact Agreements.

(b) Borrower shall deliver to Lender, promptly following receipt by Borrower from Release Transferee, a copy of (i) all material plans, specifications, contracts, permits and licenses with respect to the Construction Impact Alterations, (ii) all “as-built” drawings and surveys with respect to any Construction Impact Alterations and (iii) the certificate of occupancy for any improvements built upon the Released Expansion Parcel which are interconnected with any portion of the Remaining Property.

(c) Upon at least two (2) Business Days’ prior written notice from Lender (unless Lender reasonably determines an emergency condition exists), Borrower shall permit Lender and Lender’s agents and representatives (including, without limitation, Lender’s CIA Consultant) to enter onto the Property during normal business hours (subject to the rights of Tenants under their Leases) to inspect the progress of any Construction Impact Alterations and all materials being used in connection therewith and to examine all plans and shop drawings relating to such Construction Impact Alterations. Borrower shall cause all contractors and subcontractors to cooperate with Lender or Lender’s CIA Consultant in connection with inspections described in this subclause (c).

(d) In connection with any Construction Impact Alterations, Lender may, in its sole and absolute discretion, engage an independent architect or contractor (the “CIA Consultant”) at Borrower’s cost and expense. The CIA Consultant shall have all rights of Lender as set forth in Section 4.24(c) above.

(e) Nothing in this Section 4.24 shall (i) make Lender responsible for making or completing any Construction Impact Alterations or any Commenced Work; (ii) require Lender to expend funds to complete any Construction Impact Alterations or any Commenced Work; or (iii) obligate Lender to proceed with any Construction Impact Alterations or any Commenced Work.

(f) In addition to any insurance required under the Loan Documents, Borrower shall provide or cause to be provided workmen’s compensation insurance, builder’s risk, and public liability insurance and other insurance to the extent required under Applicable Law in connection with any Construction Impact Alterations or any Commenced Work. All such policies shall be in form and amount reasonably satisfactory to Lender.

(g) If the total unpaid amounts incurred and to be incurred with respect to any Construction Impact Alterations shall at any time exceed the Alteration Threshold, Borrower shall promptly deliver to Lender as security for the payment of such amounts and as additional security for Borrower’s obligations under the Loan Documents either (i) Alteration Security or (ii) a contractor default insurance policy reasonably acceptable to Lender (which such approval may, if requested by Lender, be conditioned on receipt of a Rating Agency Confirmation). Such security shall be in an amount equal to the excess of the total unpaid amounts incurred and to be incurred with respect to such Construction Impact Alterations over the Alteration Threshold. It being understood that if the remaining cost to the complete the applicable Construction Impact Alteration is equal to or less than the amount of the Alteration Security, then any Alteration

Security delivered to Lender shall be disbursed to Borrower (or shall be proportionately reduced by Borrower with respect to non-cash Alteration Security) no more frequently than monthly in accordance with the terms and conditions set forth in Section 8.4(b) through (e) hereof (except that all references in Section 8.4(b), 8.4(d) and 8.4(e) hereof to “Replacements” or “Replacement work” shall be deemed reference to the Construction Impact Alterations and work performed pursuant to this Section 4.24). Any Alteration Security delivered to Lender in a form other than cash may be reduced in connection with the disbursements referred to in the previous sentence.

Section 4.25 Co-Gen Facility.

(a) Borrower shall (i) promptly perform and/or observe, in all material respects, all of the covenants and agreements required to be performed and observed by it under the Co-Gen Facility Agreements and do all things necessary to preserve and to keep unimpaired its material rights thereunder the failure of which is reasonably likely to have a Material Adverse Effect; (ii) promptly notify Lender of any material default under the Co-Gen Facility Agreements of which Borrower has received notice; (c) enforce the performance and observance of all of the covenants and agreements required to be performed and/or observed under the Co-Gen Facility Agreements in a commercially reasonable manner the failure of which is reasonably likely to have a Material Adverse Effect; (d) cause the Property to be operated, in all material respects, in accordance with the Co-Gen Facility Agreements the failure of which is reasonably likely to have a Material Adverse Effect; and (e) not, without the prior written consent of Lender, (i) enter into any new Co-Gen Facility Agreement or execute modifications to any existing Co-Gen Facility Agreements, (ii) surrender, terminate or cancel the Co-Gen Facility Agreements, (iii) reduce or consent to the reduction of the term of the Co-Gen Facility Agreements, (iv) increase or consent to the increase of the amount of any charges under the Co-Gen Facility Agreements, except as such increase is expressly set forth in such Co-Gen Facility Agreement, (v) otherwise modify, change, supplement, alter or amend, or waive or release any of its rights and remedies under, the Co-Gen Facility Agreements in any material respect, or (vi) following the occurrence and during the continuance of an Event of Default, exercise any rights, make any decisions, grant any approvals or otherwise take any action under the Co-Gen Facility Agreements.

(b) Borrower shall not use the Co-Gen Facility to provide any Energy Services (as defined in the Energy Services Agreement) to any Person or any property other than the Property. For the avoidance of doubt, Borrower shall not use the Co-Gen Facility to provide any Energy Services for the Released Expansion Parcel.

ARTICLE 5. ENTITY COVENANTS

Section 5.1 Single Purpose Entity/Separateness.

(a) Each Borrower has not and will not:

(i) engage in any business or activity other than the ownership, operation and maintenance of the Property, and activities incidental thereto;

(ii) acquire or own any assets other than (A) the Property, and (B) such incidental Personal Property as may be necessary for the ownership, leasing, maintenance and operation of the Property;

(iii) merge into or consolidate with any Person, or dissolve, terminate, liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure;

(iv) fail to observe all organizational formalities, or fail to preserve its existence as an entity duly organized, validly existing and in good standing (if applicable) under the Applicable Law of the jurisdiction of its organization or formation, or amend, modify, terminate or fail to comply with the provisions of its organizational documents;

(v) own any subsidiary, or make any investment in, any Person;

(vi) commingle its assets with the assets of any other Person;

(vii) incur any Indebtedness, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (A) the Debt and the Prior Loan, (B) trade and operational indebtedness incurred in the ordinary course of business with trade creditors, provided such indebtedness is (1) unsecured, (2) not evidenced by a note, (3) on commercially reasonable terms and conditions, and (4) due not more than sixty (60) days past the date incurred and paid on or prior to such date, and/or (C) Permitted Equipment Leases; provided however, the aggregate amount of the indebtedness described in (B) and (C) shall not exceed at any time three percent (3%) of the outstanding principal amount of the Debt. No Indebtedness other than the Debt may be secured (subordinate or pari passu) by the Property;

(viii) fail to maintain all of its books, records, financial statements and bank accounts separate from those of its affiliates and any constituent party. Borrower's assets have not and will not be listed as assets on the financial statement of any other Person; provided, however, that Borrower's assets may be included in a consolidated financial statement of its affiliates provided that (i) appropriate notation shall be made on such consolidated financial statements to indicate the separateness of Borrower and such affiliates and to indicate that Borrower's assets and credit are not available to satisfy the debts and other obligations of such affiliates or any other Person and (ii) such assets shall be listed on Borrower's own separate balance sheet. Borrower has maintained and will maintain its books, records, resolutions and agreements as official records;

(ix) enter into any contract or agreement with any general partner, member, shareholder, principal or affiliate, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm's-length basis with unaffiliated third parties;

(x) maintain its assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(xi) assume or guaranty the debts of any other Person, hold itself out to be responsible for the debts of any other Person, or otherwise pledge its assets for the benefit of any other Person or hold out its credit as being available to satisfy the obligations of any other Person;

(xii) make any loans or advances to any Person;

(xiii) fail to file its own tax returns unless prohibited by Applicable Law from doing so (except that Borrower may file or may include its filing as part of a consolidated federal tax return, to the extent required and/or permitted by Applicable Law, provided that there shall be an appropriate notation indicating the separate existence of Borrower and its assets and liabilities);

(xiv) fail either to hold itself out to the public, and identify itself, in each case, as a legal entity separate and distinct from any other Person and not as a division or part of any other Person, fail to conduct its business solely in its own name or fail to correct any known misunderstanding regarding its separate identity;

(xv) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations (to the extent there exists sufficient cash flow from the Property to do so after the payment of Debt Service, monthly deposits into the Reserve Funds, other sums due and payable under the Loan Documents and Operating Expenses; it being understood that this provision shall not require any equity owner to make any additional capital contribution to Borrower);

(xvi) without the unanimous written consent of all of its partners or members, as applicable, and the consent of each Independent Director (regardless of whether such Independent Director is engaged at the Borrower or SPE Component Entity level), take any Material Action;

(xvii) fail to allocate shared expenses (including, without limitation, shared office space) or fail to use separate stationery, invoices and checks;

(xviii) fail to remain solvent, to pay its own liabilities (including, without limitation, salaries of its own employees) from its own funds or fail to maintain a sufficient number of employees in light of its contemplated business operations (in each case, to the extent there exists sufficient cash flow from the Property to do so after the payment of Debt Service, monthly deposits into the Reserve Funds, other sums due and payable under the Loan Documents and Operating Expenses; it being understood that this provision shall not require any equity owner to make any additional capital contribution to Borrower);

(xix) acquire obligations or securities of its partners, members, shareholders or other affiliates, as applicable or identify its partners, members or shareholders or other affiliates, as applicable, as a division or part of it; or

(xx) identify its partners, members, shareholders or other Affiliates, as applicable, as a division or part of it.

(b) Borrower hereby represents and warrants that (I) Borrower (i) is and has always been duly formed, validly existing and in good standing in the state of its incorporation and in all other jurisdictions where it is qualified to do business; (ii) does not have any judgments or liens

of any nature against it (except for Permitted Encumbrances not yet due); (iii) has been and is in material compliance with all Applicable Law and has received all permits necessary for it to operate its contemplated business; (iv) except as set forth on Schedule VII attached hereto (the "Existing Litigation"), is not the subject of, or currently involved in any capacity in, any pending or threatened litigation; and such Existing Litigation, if determined adversely against Borrower would not reasonably be expected to result in a Material Adverse Effect; (v) has paid all Taxes and Other Charges; (vi) has never owned any property other than the Property and has never engaged in any business except the ownership and operation of the Property; (vii) is not now and has not ever been a party to any lawsuit, arbitration, summons or legal proceeding; (viii) has not failed to provide Lender with complete financial statements that reflect a fair and accurate view of its financial condition; and (ix) has no material contingent or actual obligations not related to the Property; and (II)(A) Prior Lender is the current holder of the Prior Loan, (B) the Prior Loan has been satisfied in full on or before the date hereof, (C) neither Borrower, SPE Component Entity, nor Guarantor have any remaining liabilities or obligations in connection with the Prior Loan (other than environmental and other limited and customary indemnity obligations), and (D) Prior Lender has released all collateral and security for the Prior Loan as of the date hereof.

(c) If Borrower is a limited partnership or a limited liability company (other than an Acceptable LLC), each general partner or managing member (each, an "SPE Component Entity") shall be a corporation or an Acceptable LLC (I) whose sole asset is its interest in Borrower, (II) which has not been and shall not be permitted to engage in any business or activity other than owning an interest in Borrower; (III) which has not been and shall not be permitted to incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation); and (IV) which has and will at all times own at least a 0.5% direct equity ownership interest in Borrower. Each such SPE Component Entity will at all times comply, and will cause Borrower to comply, with each of the representations, warranties, and covenants contained in this Article 5 (to the extent applicable) as if such representation, warranty or covenant was made directly by such SPE Component Entity. Upon the withdrawal or the disassociation of an SPE Component Entity from Borrower, Borrower shall immediately appoint a new SPE Component Entity whose articles of incorporation or organization are substantially similar to those of such SPE Component Entity and deliver a New Non-Consolidation Opinion to Lender with respect to the new SPE Component Entity and its equity owners.

(d) In the event Borrower or the SPE Component Entity is an Acceptable LLC, the limited liability company agreement of Borrower or the SPE Component Entity (as applicable) (the "LLC Agreement") shall provide that (i) upon the occurrence of any event that causes the last remaining member of Borrower or the SPE Component Entity (as applicable) ("Member") to cease to be the member of Borrower or the SPE Component Entity (as applicable) (other than (A) upon an assignment by Member of all of its limited liability company interest in Borrower or the SPE Component Entity (as applicable) and the admission of the transferee in accordance with the Loan Documents and the LLC Agreement, or (B) the resignation of Member and the admission of an additional member of Borrower or the SPE Component Entity (as applicable) in accordance with the terms of the Loan Documents and the LLC Agreement), any person acting as Independent Director of Borrower or the SPE Component Entity (as applicable) shall, without any action of any other Person and simultaneously with the Member ceasing to be the member of Borrower or the SPE Component Entity (as applicable) automatically be admitted to Borrower or

the SPE Component Entity (as applicable) as a member with a 0% economic interest (“Special Member”) and shall continue Borrower or the SPE Component Entity (as applicable) without dissolution and (ii) Special Member may not resign from Borrower or the SPE Component Entity (as applicable) or transfer its rights as Special Member unless (A) a successor Special Member has been admitted to Borrower or the SPE Component Entity (as applicable) as a Special Member in accordance with requirements of Delaware or Maryland law (as applicable) and (B) after giving effect to such resignation or transfer, there remains at least two (2) Independent Directors of the SPE Component Entity or Borrower (as applicable) in accordance with Section 5.2 below. The LLC Agreement shall further provide that (i) Special Member shall automatically cease to be a member of Borrower or the SPE Component Entity (as applicable) upon the admission to Borrower or the SPE Component Entity (as applicable) of the first substitute member, (ii) Special Member shall be a member of Borrower or the SPE Component Entity (as applicable) that has no interest in the profits, losses and capital of Borrower or the SPE Component Entity (as applicable) and has no right to receive any distributions of the assets of Borrower or the SPE Component Entity (as applicable), (iii) pursuant to the applicable provisions of the limited liability company act of the State of Delaware or Maryland (as applicable, the “Act”), Special Member shall not be required to make any capital contributions to Borrower or the SPE Component Entity (as applicable) and shall not receive a limited liability company interest in Borrower or the SPE Component Entity (as applicable), (iv) Special Member, in its capacity as Special Member, may not bind Borrower or the SPE Component Entity (as applicable) and (v) except as required by any mandatory provision of the Act, Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, Borrower or the SPE Component Entity (as applicable) including, without limitation, the merger, consolidation or conversion of Borrower or the SPE Component Entity (as applicable); provided, however, such prohibition shall not limit the obligations of Special Member, in its capacity as Independent Director, to vote on such matters required by the Loan Documents or the LLC Agreement. In order to implement the admission to Borrower or the SPE Component Entity (as applicable) of Special Member, Special Member shall execute a counterpart to the LLC Agreement. Prior to its admission to Borrower or the SPE Component Entity (as applicable) as Special Member, Special Member shall not be a member of Borrower or the SPE Component Entity (as applicable), but Special Member may serve as an Independent Director of Borrower or the SPE Component Entity (as applicable).

(e) The LLC Agreement shall further provide that, (i) upon the occurrence of any event that causes the Member to cease to be a member of Borrower or the SPE Component Entity (as applicable) to the fullest extent permitted by law, the personal representative of Member shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of Member in Borrower or the SPE Component Entity (as applicable) agree in writing (A) to continue Borrower or the SPE Component Entity (as applicable) and (B) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of Borrower or the SPE Component Entity (as applicable) effective as of the occurrence of the event that terminated the continued membership of Member in Borrower or the SPE Component Entity (as applicable), (ii) any action initiated by or brought against Member or Special Member under any Creditors Rights Laws shall not cause Member or Special Member to cease to be a member of Borrower or the SPE Component Entity (as applicable) and upon the occurrence of such an event, the business of Borrower or the SPE Component Entity (as applicable) shall continue without dissolution, and (iii) each of Member and Special Member

waives any right it might have to agree in writing to dissolve Borrower or the SPE Component Entity (as applicable) upon the occurrence of any action initiated by or brought against Member or Special Member under any Creditors Rights Laws, or the occurrence of an event that causes Member or Special Member to cease to be a member of Borrower or the SPE Component Entity (as applicable).

Section 5.2 Independent Director.

(a) The organizational documents of Borrower (to the extent Borrower is a corporation or an Acceptable LLC) or the SPE Component Entity, as applicable, shall provide that at all times there shall be at least two (2) duly appointed members of its board of directors or managers, as applicable (each, an "Independent Director") who each shall not have been at the time of each such individual's initial appointment, and (I) shall not have been at any time during the preceding five years, and shall not be at any time while serving as Independent Director, either (i) a shareholder (or other equity owner) of, or an officer, director (other than in its capacity as Independent Director), partner, member or employee of, Borrower or any of its respective shareholders, partners, members, subsidiaries or affiliates, (ii) a customer of, or supplier to, or other Person who derives any of its purchases or revenues from its activities with, Borrower or any of its respective shareholders, partners, members, subsidiaries or affiliates (other than in its capacity as a special member or independent director or manager of such affiliate; provided, that the fees that such individual earns from serving in such capacity constitute in the aggregate less than five percent (5%) of such individual's annual income and such individual was engaged by Borrower and its affiliates through an Approved ID Provider), (iii) a Person who Controls or is under common Control with any such shareholder, officer, director, partner, member, employee supplier, customer or other Person, or (iv) a member of the immediate family of any such shareholder, officer, director, partner, member, employee, supplier, customer or other Person, and (II) shall be employed by, in good standing with and engaged by Borrower in connection with, in each case, an Approved ID Provider. Each Independent Director at the time of their initial engagement shall have had at least three (3) years prior experience as an independent director to a company or a corporation in the business of owning and operating commercial properties similar in type and quality to the Property.

(b) The organizational documents of Borrower or the SPE Component Entity (as applicable) shall further provide that (I) the board of directors or managers of Borrower or the SPE Component Entity as applicable, and the constituent members of such entities (the "Constituent Members") shall not take any action which, under the terms of any organizational documents of Borrower or the SPE Component Entity, as applicable, requires the unanimous vote of (1) the board of directors or managers of Borrower or the SPE Component Entity as applicable, or (2) the Constituent Members, unless at the time of such action there shall be at least two (2) Independent Directors engaged as provided by the terms hereof; (II) any resignation, removal or replacement of any Independent Director shall not be effective without two (2) Business Days prior written notice to Lender accompanied by evidence that the replacement Independent Director satisfies the applicable terms and conditions hereof and of the applicable organizational documents; (III) to the fullest extent permitted by applicable law, including Section 18-1101(c) of the Act and notwithstanding any duty otherwise existing at law or in equity, the Independent Directors shall consider only the interests of the Constituent Members and Borrower and any SPE Component Entity (including Borrower's and any SPE

Component Entity's respective creditors) in acting or otherwise voting on the matters provided for herein and in Borrower's and SPE Component Entity's organizational documents (which such fiduciary duties to the Constituent Members and Borrower and any SPE Component Entity (including Borrower's and any SPE Component Entity's respective creditors), in each case, shall be deemed to apply solely to the extent of their respective economic interests in Borrower or SPE Component Entity (as applicable) exclusive of (x) all other interests (including, without limitation, all other interests of the Constituent Members), (y) the interests of other affiliates of the Constituent Members, Borrower and SPE Component Entity and (z) the interests of any group of affiliates of which the Constituent Members, Borrower or SPE Component Entity is a part)); (IV) other than as provided in subsection (III) above, the Independent Directors shall not have any fiduciary duties to any Constituent Members, any directors of Borrower or SPE Component Entity or any other Person; (V) the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing under applicable law; and (VI) to the fullest extent permitted by applicable law, including Section 18-1101(e) of the Act, an Independent Director shall not be liable to Borrower, SPE Component Entity, any Constituent Member or any other Person for breach of contract or breach of duties (including fiduciary duties), unless the Independent Director acted in bad faith or engaged in willful misconduct.

Section 5.3 Change of Name, Identity or Structure.

Borrower shall not change (or permit to be changed) Borrower's or the SPE Component Entity's (a) name, (b) identity (including its trade name or names), (c) principal place of business set forth on the first page of this Agreement or, (d) if not an individual, Borrower's or the SPE Component Entity's status as a limited liability company, without notifying Lender of such change in writing at least thirty (30) days prior to the effective date of such change and, in the case of a change in Borrower's or the SPE Component Entity's status as a limited liability company, without first obtaining the prior written consent of Lender. Borrower shall execute and deliver to Lender, prior to or contemporaneously with the effective date of any such change, any financing statement or financing statement change required by Lender to establish or maintain the validity, perfection and priority of the security interest granted herein.

Section 5.4 Business and Operations.

Borrower will continue to engage in the businesses now conducted by it as and to the extent the same are necessary for the ownership, maintenance, management and operation of the Property. Borrower will qualify to do business and will remain in good standing under the laws of the jurisdiction as and to the extent the same are required for the ownership, maintenance, management and operation of the Property.

ARTICLE 6.

NO SALE OR ENCUMBRANCE

Section 6.1 Transfer Definitions.

For purposes of this Article 6, "Restricted Party" shall mean Borrower, Guarantor, any SPE Component Entity, any Affiliated Manager, or any shareholder, partner, member or non-

member manager, or any direct or indirect legal or beneficial owner of Borrower, Guarantor, any SPE Component Entity, any Affiliated Manager or any non-member manager; and a "Sale or Pledge" shall mean a voluntary or involuntary sale, conveyance, mortgage, grant, bargain, lien, encumbrance, pledge, assignment, grant of any options with respect to, or any other transfer or disposition of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) a legal or beneficial interest (including, without limitation, an Action for Partition).

Section 6.2 No Sale/Encumbrance.

(a) Without the prior written consent of Lender, Borrower shall not cause or permit (i) a Sale or Pledge of the Property or any part thereof or any legal or beneficial interest therein, (ii) a Sale or Pledge of an interest in any Restricted Party or (iii) any change in Control of Borrower, Guarantor, any Affiliated Manager, or any change in control of the day-to-day operations of the Property (collectively, a "Prohibited Transfer"), other than pursuant to (v) Leases of space in the Improvements to Tenants in accordance with the provisions of Section 4.14, (w) any Permitted Encumbrances, (x) any Permitted Equipment Leases and (y) any Permitted Equity Transfer in accordance with Section 6.3 below.

(b) A Prohibited Transfer shall include, but not be limited to, (i) an installment sales agreement wherein Borrower agrees to sell the Property or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower leasing all or a substantial part of the Property for other than actual occupancy by a Tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to (A) any Leases or any Rents or (B) any REA or any Material Agreements; (iii) any action for partition (including, without limitation, an Action for Partition) of the Property (or any portion thereof or interest therein) or any similar action instituted or prosecuted by Borrower or by any other person or entity, pursuant to any contractual agreement or other instrument or under Applicable Law (including, without limitation, common law); (iv) [Intentionally omitted]; (v) if a Restricted Party is a corporation, any merger, consolidation or Sale or Pledge of such corporation's stock or the creation or issuance of new stock in one or a series of transactions; (vi) if a Restricted Party is a limited or general partnership or joint venture, any merger or consolidation or the change, removal, resignation or addition of a general partner or the Sale or Pledge of the partnership interest of any general or limited partner or any profits or proceeds relating to such partnership interests or the creation or issuance of new limited partnership interests; (vii) if a Restricted Party is a limited liability company, any merger or consolidation or the change, removal, resignation or addition of a managing member or non-member manager (or if no managing member, any member) or the Sale or Pledge of the membership interest of any member or any profits or proceeds relating to such membership interest; or (viii) if a Restricted Party is a trust or nominee trust, any merger, consolidation or the Sale or Pledge of the legal or beneficial interest in a Restricted Party or the creation or issuance of new legal or beneficial interests.

Section 6.3 Permitted Equity Transfers.

Notwithstanding the restrictions contained in this Article 6, the following equity transfers shall be permitted without Lender's consent (each, a "Permitted Equity Transfer"): (a) a transfer (but not a pledge) by devise or descent or by operation of law upon the death of a

Restricted Party or any member, partner or shareholder of a Restricted Party, (b) the transfer (but not the pledge), in one or a series of transactions, of the stock, partnership interests or membership interests (as the case may be) in a Restricted Party (including, without limitation, transfers for estate planning purposes), (c) the sale, transfer or issuance of shares of common stock in any Restricted Party that is a publicly traded entity, provided such shares of common stock are listed on the New York Stock Exchange or another nationally recognized stock exchange (provided, that, the foregoing provisions of clause (c) shall not be deemed to waive, qualify or otherwise limit Borrower's obligation to comply (or to cause the compliance with) the other covenants set forth herein and in the other Loan Documents (including, without limitation, the covenants contained herein relating to ERISA matters)), (d) a Mezzanine Transfer, and (e) the Permitted Indirect Pledge; provided, further, that, with respect only to the transfers listed in clauses (a), (b) and/or (d) above:

(A) Lender shall receive written notice of any transfers within ten (10) days of such transfer (or with respect to any Mezzanine Transfer, the notice required pursuant to Section 6.6 below);

(B) other than in connection with any Mezzanine Foreclosure, no such transfers shall result in a change in Control of Borrower, Guarantor or Affiliated Manager;

(C) (x) other than in connection with any Mezzanine Foreclosure, after giving effect to such transfers, (I) Sponsor and/or one or more Eligible Transferees, in the aggregate, (or in the event of a Mezzanine Foreclosure, a Qualified Transferee) shall own at least a fifty-one percent (51%) direct or indirect, legal and beneficial, equity ownership interest in each of Borrower and any SPE Component Entity; (II) Sponsor shall own at least a ten percent (10%) direct or indirect, legal and beneficial, equity ownership interest in Borrower and any SPE Component Entity; (III) Sponsor shall own at least a twenty percent (20%) direct or indirect, legal and beneficial, equity ownership interest in Guarantor and Control Guarantor, (IV) Guarantor shall own at least a ten percent (10%) direct or indirect, legal and beneficial, equity ownership interest in each Borrower; (V) Sponsor shall Control each Borrower and any SPE Component Entity; and (VI) Sponsor and/or a Qualified Manager shall control the day-to-day operation of the Property; and (y) in connection with any Mezzanine Foreclosure, a Qualified Transferee shall own at least a fifty-one percent (51%) direct or indirect, legal and beneficial, equity ownership interest in each of Borrower, Guarantor and any SPE Component Entity and shall control the day-to-day operation of the Property;

(D) after giving effect to such transfers, the Property shall continue to be managed by Affiliated Manager or a New Manager approved in accordance with the applicable terms and conditions hereof;

(E) in the case of the transfer of any direct equity ownership interests in Borrower or in any SPE Component Entity, such transfers shall be conditioned upon continued compliance with the relevant provisions of Article 5 hereof;

(F) in the case of the transfer of any direct or indirect equity ownership interests in any Restricted Party that results in any Person and its Affiliates owning in excess of forty-nine percent (49%) of the direct or indirect equity ownership interests in any Borrower or in any SPE

Component Entity that did not own the same on the date hereof or at the time of the delivery of any New Non-Consolidation Opinion prior to such transfer, such transfers shall be conditioned upon delivery to Lender of a New Non-Consolidation Opinion addressing such transfer; and

(G) such transfers shall be conditioned upon Borrower's ability to, after giving effect to the equity transfer in question, remake the representations set forth in Sections 3.7, 3.28 and 3.29 hereof and continue to comply with the covenants set forth in Sections 3.7, 3.28, 3.29, 4.2(a), 4.2(c) and 4.19 hereof and, upon Lender's request, Borrower shall deliver to Lender (x) an Officer's Certificate containing such updated representations and covenants effective as of the date of the consummation of the applicable equity transfer and (y) searches, acceptable to Lender, for any Person owning, directly or indirectly, 20% or more (or if such Person is not a citizen of the United States (or otherwise formed/incorporated in the United States) then ten percent (10%) or more) of the interests in the Borrower as a result of such transfer).

Upon request from Lender, Borrower shall promptly provide Lender a revised version of the organizational chart delivered to Lender in connection with the Loan reflecting any equity transfer consummated in accordance with this Section 6.3.

Section 6.4 Permitted Property Transfers (Assumptions).

Notwithstanding the foregoing provisions of this Article 6, following the date which is twelve (12) months from the Closing Date, Lender shall not unreasonably withhold consent to up to two (2) transfers of the Property in its entirety to, and the related assumptions of the Loan by, any Person (a "Transferee") provided that, with respect to each such transfer, each of the following terms and conditions are satisfied (each, a "Permitted Property Transfer"):

(a) no Default or Event of Default has occurred and is continuing;

(b) Borrower shall have delivered written notice to Lender of the terms of such prospective transfer not less than thirty (30) days before the date on which such transfer is scheduled to close and, concurrently therewith, all such information concerning the proposed Transferee as Lender shall reasonably require. Lender shall have the right to approve or disapprove the proposed transfer based on its then current underwriting and credit requirements for similar loans secured by similar properties which loans are sold in the secondary market, such approval not to be unreasonably withheld. In determining whether to give or withhold its approval of the proposed transfer, Lender shall consider the experience and track record of Transferee and its principals in owning and operating facilities similar to the Property, the financial strength of Transferee and its principals, the general business standing of Transferee and its principals and Transferee's and its principals' relationships and experience with contractors, vendors, tenants, lenders and other business entities; provided, however, that, notwithstanding Lender's agreement to consider the foregoing factors in determining whether to give or withhold such approval, such approval shall be given or withheld based on what Lender determines to be commercially reasonable and, if given, may be given subject to such conditions as Lender may deem reasonably appropriate;

(c) Borrower shall have paid to Lender, concurrently with the closing of such prospective transfer, (i) a non-refundable assumption fee in an amount equal to \$250,000, (ii) all

reasonable out-of-pocket costs and expenses, including reasonable attorneys' fees, reasonably and customary incurred by Lender in connection therewith and (iii) all fees, costs and expenses of all third parties and the Rating Agencies incurred in connection therewith;

(d) Transferee assumes and agrees to pay the Debt as and when due subject to the provisions of Article 13 hereof and, prior to or concurrently with the closing of such transfer, Transferee and its constituent partners, members, shareholders, affiliates or sponsors as Lender may require, shall execute, without any cost or expense to Lender, such documents and agreements as Lender shall reasonably require (as reasonably acceptable to Borrower and Transferee) to evidence and effectuate said assumption and an Affiliate of Transferee reasonably acceptable to Lender (but such Affiliate of Transferee shall have as of the date of the assumption and shall covenant in the replacement Guaranty to maintain, so long as the Loan is outstanding, a Net Worth of no less than \$400,000,000.00, exclusive of the Property (the "Replacement Guarantor") shall execute a recourse guaranty and an environmental indemnity in form and substance identical to the Guaranty (other than with respect to the Net Worth covenant set forth above which shall apply to such replacement guarantor) and Environmental Indemnity, respectively (collectively, the "Replacement Guarantor Documents"), with such changes to each of the foregoing as may be reasonably approved by Lender;

(e) Borrower and Transferee, without any cost to Lender, shall furnish any information requested by Lender for the preparation of, and shall authorize Lender to file, new financing statements and financing statement amendments and other documents to the fullest extent permitted by Applicable Law, and shall execute any additional documents reasonably requested by Lender;

(f) Borrower shall have delivered to Lender, without any cost or expense to Lender, such endorsements to Lender's Title Insurance Policy insuring that fee simple or leasehold title to the Property, as applicable, is vested in Transferee (subject to Permitted Encumbrances), hazard insurance endorsements or certificates and other similar materials as Lender may deem necessary at the time of the transfer, all in form and substance satisfactory to Lender;

(g) Transferee shall have furnished to Lender all appropriate papers evidencing Transferee's organization and good standing, and the qualification of the signers to execute the assumption of the Debt, which papers shall include certified copies of all documents relating to the organization and formation of Transferee and of the entities, if any, which are partners or members of Transferee. Transferee and such constituent partners, members or shareholders of Transferee (as the case may be), as Lender shall reasonably require, shall comply with the covenants set forth in Article 5 hereof (provided, however, such Transferee shall not be a Delaware Statutory Trust or tenancy-in-common);

(h) Transferee shall assume the obligations of Borrower under any Management Agreement or provide a new management agreement with a new manager which meets with the requirements of the Assignment of Management Agreement and Section 4.15 hereof and assign to Lender as additional security such new management agreement;

(i) Transferee shall deposit with Lender all amounts required to be deposited into the Specified Reserve pursuant to Section 8.9(a) hereof;

(j) Transferee shall furnish to Lender a New Non-Consolidation Opinion and an opinion of counsel satisfactory to Lender and its counsel (A) that the assumption of the Debt has been duly authorized, executed and delivered, and that the assumption agreement and the other Loan Documents are valid, binding and enforceable against Transferee in accordance with their terms, (B) that Transferee and any entity which is a controlling stockholder, member or general partner of Transferee, have been duly organized, and are in existence and good standing, (C) that the transfer will not constitute a “significant modification” of the Loan under Section 1001 of the IRS Code or otherwise cause a tax to be imposed on a “prohibited transaction” by any REMIC Trust and (D) with respect to such other matters as Lender may reasonably request; and

(k) if required by Lender, Lender shall have received a Rating Agency Confirmation with respect to such transfer.

Upon the consummation of a Permitted Property Transfer permitted in accordance with this Section 6.4 and provided the Replacement Guarantor delivers to Lender the Replacement Guarantor Documents, Guarantor shall be released from liability under the Guaranty in accordance with Section 17 of the Guaranty and the Environmental Indemnity in accordance with Section 10 of the Environmental Indemnity.

Notwithstanding the foregoing or anything herein to the contrary, Borrower may not exercise its rights pursuant to this Section 6.4 during the period that commences on the date that is sixty (60) days prior to the date of any intended Securitization of the Loan and ending on the date that is sixty (60) days after the date of such Securitization of the Loan.

Section 6.5 Lender’s Rights.

Lender reserves the right to condition the consent to a Prohibited Transfer requested hereunder upon (a) a modification of the terms hereof and on assumption of this Agreement and the other Loan Documents as so modified by the proposed Prohibited Transfer, (b) payment of a transfer fee of \$250,000.00 and all of Lender’s reasonable out-of-pocket expenses incurred in connection with such Prohibited Transfer, (c) to the extent required by Lender, receipt of a Rating Agency Confirmation with respect to the Prohibited Transfer, (d) the proposed transferee’s continued compliance with the covenants set forth in this Agreement, including, without limitation, the covenants in Article 5, (e) if such transfer results in any Person owning in excess of forty-nine percent (49%) of the direct or indirect interests in Borrower that did not own the same immediately prior to such Prohibited Transfer, receipt of a New Non-Consolidation Opinion with respect to the Prohibited Transfer, and/or (f) such other conditions and/or legal opinions as Lender shall determine in its sole discretion to be in the interest of Lender. All expenses incurred by Lender shall be payable by Borrower whether or not Lender consents to the Prohibited Transfer. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon a Prohibited Transfer without Lender’s consent. This provision shall apply to every Prohibited Transfer, whether or not Lender has consented to any previous Prohibited Transfer.

Section 6.6 Permitted Mezzanine Financing.

For the avoidance of doubt and notwithstanding the restrictions contained in Section 6.2 hereof and Article 5 of the Security Instrument, a constituent party or parties (direct or indirect) of Borrower (other than any SPE Component Entity) (collectively, the “Permitted Mezzanine Borrower”) shall be permitted to incur on a one-time basis mezzanine financing secured by a pledge of Permitted Mezzanine Borrower’s direct or indirect equity interests in Borrower (the “Permitted Mezzanine Financing”) only upon the satisfaction of the following terms and conditions, and if such conditions are satisfied, the Permitted Mezzanine Financing shall not be a Prohibited Transfer:

(a) No Default or Event of Default shall have occurred and be continuing;

(b) Lender shall have received at least thirty (30) days’ and no more than ninety (90) days’ prior written notice of the proposed Permitted Mezzanine Financing;

(c) the Loan-To-Value Ratio, as determined by Lender, taking into account the outstanding principal balance of the Loan and the Permitted Mezzanine Financing (and the mezzanine loan if Lender exercises its Mezzanine Option pursuant to Section 11.6 hereof) shall not exceed 66%;

(d) the Debt Service Coverage Ratio shall be greater than or equal to 2.10 to 1.00 (when calculating the Debt Service in connection therewith, Debt Service shall be deemed to include the Debt Service hereunder, under the Permitted Mezzanine Financing and under any mezzanine loan entered into in connection with Mezzanine Option);

(e) the Permitted Mezzanine Financing shall bear interest at (i) a fixed rate or (b) a variable rate of interest, provided that, the Permitted Mezzanine Financing requires the Permitted Mezzanine Borrower to maintain an interest rate cap or other form of interest rate protection agreement acceptable to Lender throughout the term of the Permitted Mezzanine Financing;

(f) the loan term (including any extension terms) of the Permitted Mezzanine Financing shall be co-terminus with or longer than the term of the Loan;

(g) the Permitted Mezzanine Financing shall be secured by a pledge of Permitted Mezzanine Borrower’s direct or indirect interest in Borrower and/or any SPE Component Entity;

(h) the holder of the Permitted Mezzanine Financing (the “Mezzanine Lender”) shall be a Qualified Transferee;

(i) (I) the Mezzanine Lender shall have executed and delivered to Lender a mezzanine intercreditor agreement (the “Mezzanine Intercreditor Agreement”) in form and substance reasonably acceptable to Lender and (II) if required by Lender, a credit-worthy Person acceptable to Lender, shall have executed and delivered to Lender a guaranty of Mezzanine Lender’s obligations under the Mezzanine Intercreditor Agreement (which shall include a springing guaranty of the obligations of Guarantor under the Guaranty and the Environmental Indemnity in the event Mezzanine Lender (or any affiliate, designee or nominee thereof) exercises any rights after an event of default under the documents evidencing the Permitted

Mezzanine Financing that result in Guarantor no longer directly or indirectly Controlling Borrower);

(j) Borrower shall deliver to Lender a copy of documents and instruments evidencing and securing the Permitted Mezzanine Financing;

(k) Borrower shall deliver to Lender, at Borrower's sole cost and expense, revised and/or updated versions of the opinions of counsel given in connection with the closing of the Loan (including, without limitation a New Non-Consolidation Opinion) acceptable to Lender reflecting the Permitted Mezzanine Financing;

(l) Borrower, at Borrower's sole cost and expense, shall provide to Lender satisfactory (i.e., showing no liens other than Permitted Encumbrances) UCC searches, together with tax lien, bankruptcy, judgment and litigation searches with respect to the Property, the Borrower, any SPE Component Entity, Guarantor and Sponsor in the jurisdictions where each such Person has its principal place of business, was formed and/or resides, as applicable;

(m) Borrower shall have paid or reimbursed Lender for all reasonable, out of pocket costs and expenses incurred by Lender (including, without limitation, reasonable attorneys' fees and disbursements) in connection with the Permitted Mezzanine Financing and Borrower shall have paid or shall have caused the Permitted Mezzanine Borrower to pay all title premiums, recording charges, filing fees, taxes or other expenses (including, without limitation, mortgage and intangibles taxes and documentary stamp taxes) payable in connection with the Permitted Mezzanine Financing. Borrower shall also have paid all costs and expenses of the Rating Agencies (including legal fees) incurred in connection with the Permitted Mezzanine Financing, if any;

(n) Lender shall have received a Rating Agency Confirmation from the Rating Agencies with respect to the proposed Permitted Mezzanine Financing; and

(o) Borrower shall deliver to Lender an Officer's Certificate certifying that the requirements in this Section 6.6 have been satisfied.

If Lender has exercised the Mezzanine Option set forth in Section 11.6 hereof, the Permitted Mezzanine Financing hereunder shall be subordinate and junior to the mezzanine loan, if any, contemplated in Section 11.6 hereof.

ARTICLE 7.

INSURANCE; CASUALTY; CONDEMNATION; RESTORATION

Section 7.1 Insurance.

(a) Borrower shall obtain and maintain, or cause to be obtained and maintained, insurance for Borrower and the Property providing at least the following coverages:

(i) comprehensive "All Risk" property insurance on the Improvements and the Personal Property, including contingent liability from Operation of Building Laws,

Demolition Costs and Increased Cost of Construction Endorsements with a sublimit of not less than Ten Million Dollars (\$10,000,000.00), in each case (A) in an amount equal to one hundred percent (100%) of the "Full Replacement Cost," which for purposes of this Agreement shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation; (B) that have no co-insurance provisions or contain an agreed amount endorsement with respect to the Improvements and Personal Property waiving all co-insurance provisions; (C) providing for no deductible in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00) for all such insurance coverage, (D) containing an "Ordinance or Law Coverage" or "Enforcement" endorsement or its equivalent if any of the Improvements or the use of the Property shall at any time constitute legal non-conforming structures or uses. In addition, Borrower shall obtain: if any portion of the Improvements is currently or at any time in the future located in a federally designated "special flood hazard area", flood hazard insurance in an amount equal to the lesser of (1) the outstanding principal balance of the Note or (2) the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended or such greater amount as Lender shall reasonably require; provided that such insurance shall be on terms consistent with the all risk insurance policy required under this subsection (i);

(ii) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Property, such insurance shall include terrorism and (A) to be on the so-called "occurrence" form with a combined limit of not less than Two Million and No/100 Dollars (\$2,000,000.00) in the aggregate and One Million and No/100 Dollars (\$1,000,000.00) per occurrence, (B) to continue at not less than the aforesaid limit until required to be changed by Lender in writing by reason of changed economic conditions making such protection inadequate; and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations; (3) independent contractors; and (4) blanket contractual liability for all insured contracts;

(iii) business income insurance (A) with loss payable to Lender; (B) covering all risks required to be covered by the insurance provided for in subsection (i) above; (C) in an amount equal to one hundred percent (100%) of the projected gross income from the Property for a period of thirty-six (36) months from the date of such Casualty (assuming such Casualty had not occurred) plus an extended period of indemnity for twelve (12) months and notwithstanding that the policy may expire at the end of such period. All Net Proceeds payable to Lender pursuant to this Subsection (the "Rent Loss Proceeds") shall be held by Lender in accordance with the terms of the Cash Management Agreement and shall be applied to the obligations secured hereunder from time to time due and payable hereunder and under the Note; provided, however, that (I) nothing herein contained shall be deemed to relieve Borrower of its obligations to pay the obligations secured hereunder on the respective dates of payment provided for in the Note except to the extent such amounts are actually paid out of the Rent Loss Proceeds and (II) in the event the Rent Loss Proceeds are paid in a lump sum in advance and Borrower is entitled to disbursement of such Rent Loss Proceeds in accordance with the terms hereof, Lender or Servicer shall hold such Rent Loss Proceeds in a segregated

interest-bearing Eligible Account and Lender or Servicer shall estimate the number of months required for Borrower to restore the damage caused by the applicable Casualty, shall divide the applicable aggregate Rent Loss Proceeds by such number of months and shall disburse such monthly installment of Rent Loss Proceeds from such Eligible Account (x) if no Cash Trap Event Period has occurred and is continuing, to Borrower after Lender's deduction therefrom of the amount of Debt Service and deposits into the Reserve Funds then due and payable hereunder and (y) upon the occurrence and during the continuance of a Cash Trap Event Period, into the Cash Management Account each month during the performance of such Restoration;

(iv) at all times during which structural construction, repairs or alterations are being made with respect to the Improvements, and only if the Property coverage form does not otherwise apply, (A) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy; and (B) the insurance provided for in subsection (i) above written in a so-called builder's risk completed value form (1) on a non-reporting basis, (2) against all risks insured against pursuant to subsection (i) above, (3) including permission to occupy the Property, and (4) with an agreed amount endorsement waiving co-insurance provisions;

(v) if the Borrower has employees, workers' compensation insurance with respect to any employees of Borrower, as required by any Governmental Authority or Applicable Law;

(vi) comprehensive boiler and machinery insurance in amounts as shall be reasonably required by Lender with limits of not less than Twenty Million and No/100 Dollars (\$20,000,000.00) on terms consistent with the commercial property insurance policy required under subsection (i) and (iii) above;

(vii) umbrella liability insurance, including terrorism, in an amount not less than One Hundred Million and No/100 Dollars (\$100,000,000.00) per occurrence on terms consistent with the commercial general liability insurance policy required under subsection (ii) above;

(viii) if applicable, motor vehicle liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence of One Million and No/100 Dollars (\$1,000,000.00);

(ix) if applicable, earthquake insurance in amounts equal to one and one-half times (1.5x) the probable maximum loss or scenario expected loss of the Property plus loss of rents and/or business interruption as determined by Lender in its sole discretion and in form and substance satisfactory to Lender, provided that the insurance pursuant to this subsection shall be on terms consistent with the all risk insurance policy required under section (i) above;

(x) if any portion of the improvements is at any time located in an area identified in the Federal Register by the Federal Emergency Management Agency or any

successor thereto as an area having special flood hazards pursuant to the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended, or any successor law (the "Flood Insurance Acts"), flood hazard insurance in an amount equal to "Full Replacement Cost", which shall include, without limitation, the maximum limit of coverage available for the Property under the Flood Insurance Acts; provided, that, the insurance provided pursuant to this clause shall be on terms consistent with the "All Risk" insurance policy required in section (i) above;

(xi) Terrorism insurance for acts of terror or similar acts of sabotage ("Terrorism Coverage"); provided, that, for so long as the Terrorism Risk Insurance Act of 2002, as extended and modified by the Terrorism Risk Insurance Program Authorization Act of 2007 (as the same may be further modified, amended, or extended, "TRIPRA") (i) remains in full force and effect and (ii) continues to cover both foreign and domestic acts of terror, the provisions of TRIPRA shall determine what is deemed to be included within this definition of "Terrorism Coverage." Borrower shall be required to carry Terrorism Coverage throughout the term of the Loan as required by the preceding sentence. However, if TRIPRA is discontinued or not renewed, then Borrower shall be required to carry Terrorism Coverage in an amount (the "Minimum Coverage Amount") at least equal to the lesser of (a) the outstanding principal balance of the Loan (provided such policy contains a waiver of coinsurance) or (b) the sum of the business income insurance equal to 100% of the projected gross income from the Property for a period of twelve (12) months from the date that of the Casualty plus the Full Replacement Cost as required under subsections (i) and (iii) above; provided, however, Borrower shall not be required to spend on Terrorism Coverage more than two (2) times the amount of the premium for property insurance required under subsections (i) and (iii) above at the time that any Terrorism Coverage is excluded from any applicable Policy required hereunder.

Notwithstanding anything to the contrary contained in Section 7.1(b) below, with respect to insurance required to be maintained by Borrower pursuant to this Section 7.1(a), Liberty IC Casualty LLC ("Liberty") shall be an acceptable insurer of perils of terrorism and acts of terrorism so long as (i) the policy issued by Liberty has (a) no aggregate limit and (b) a deductible of no greater than that as calculated pursuant to TRIPRA, (ii) other than the deductible, the portion of such insurance which is not reinsured by TRIPRA, is reinsured by an insurance carrier rated no less than "A" by S&P, (iii) TRIPRA or a similar federal statute is in effect and provides that the federal government must reinsure that portion of any terrorism insurance claim above (a) the applicable deductible payable by Liberty and (b) those amounts which are reinsured pursuant to clause (ii) above, (iv) Liberty is not the subject of a bankruptcy or similar insolvency proceeding, (v) no Governmental Authority issues any statement, finding or decree that insurers of perils of terrorism similar to Liberty i.e., captive insurers arranged similar to Liberty) do not qualify for the payments or benefits of TRIPRA, and (vi) all re-insurance agreements with respect to such Liberty Policy shall be reasonably acceptable to Lender. Further, Borrower shall cause such re-insurance agreements to provide a cut-through endorsement acceptable to Lender. Lender shall have received each of the following, each of which shall be reasonably acceptable to Lender: (1) the form of the Policy to be used by Liberty

to provide the insurance coverage described herein, (2) the reinsurance binder and (3) a copy of the certificate of authority issued to Liberty by the State where the Property is located. In the event that Liberty is providing insurance coverage (A) to other properties immediately adjacent to the Property, and/or (B) to other properties owned by a Person(s) who is not an Affiliate of Borrower, and such insurance is not subject to the same reinsurance and other requirements of this Section, then Lender may reasonably re-evaluate the limits and deductibles of the insurance required to be provided by Liberty hereunder. In the event any of the foregoing conditions are not satisfied, Liberty shall not be deemed an acceptable insurer of Terrorism Coverage;

(xii) such insurance as may be required pursuant to the terms of the Construction Impact Documents; and

(xiii) upon sixty (60) days' notice, such other reasonable insurance and in such reasonable amounts as Lender from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the Property and located in the vicinity of the Property.

(b) All insurance required pursuant to this Article 7 shall be obtained under valid and enforceable policies (collectively, the "Policies" or in the singular, the "Policy") and shall be issued by financially sound and responsible insurance companies authorized to do business in the state in which the Property is located and having a claims paying ability rating with the issuing companies and/or within the reinsurance companies/organizations that reinsure 100% of the risks of the issuing companies, of "A" or better by S&P (provided, however, (A) if more than one (1) but less than five (5) insurance companies issue the Policies required hereunder, then at least seventy-five percent (75%) of the applicable insurance coverage's represented by the Policies required hereunder must be provided by insurance companies having a credit rating of "A" or better by S&P and the balance of the applicable insurance coverage's represented by the Policies required hereunder must be provided by insurance companies having a credit rating of "BBB" or better by S&P or (B) if Five (5) or more insurance companies issue the Policies required hereunder, then at least sixty percent (60%) of the applicable insurance coverage's required hereunder must be provided by insurance companies having a credit rating of "A" or better by S&P and the balance of the applicable insurance coverages required hereunder must be provided by insurance companies having a credit rating of "BBB" or better by S&P. Moreover, if Borrower desires to maintain insurance required hereunder from an insurance company which does not meet the claims paying ability rating set forth herein but the parent of such insurance company, maintains such ratings, Borrower may use such insurance companies if approved by the Rating Agencies (such approval may be conditioned on items required by the Ratings Agencies including a requirement that the parent guarantee the obligations of such insurance companies). The Lender hereby acknowledges and agrees (x) FM Global ("FM Global") is an acceptable insurance company provided it maintains a rating of "Api" or better from S&P and (y) Ironshore Insurance Ltd. ("Ironshore") is an acceptable insurance company in its current participation amount and position within the syndicate for umbrella liability coverage provided it maintains a rating of "Baa1" with Moody's and "A-XIV" with A.M. Best Company, Inc.. In the event of a ratings withdrawal or downgrade with respect to FM Global or Ironshore, Borrower shall promptly notify Lender and replace the applicable insurer with an insurer meeting the requirements of this Section 7.1(b).

(c) Not less than fifteen (15) days prior to the expiration dates of the Policies theretofore furnished to Lender pursuant to Subsection 7.1(a), Borrower shall deliver carrier-issued binders and certificates of the renewal Policies. Upon renewal of the Policies, Borrower shall deliver evidence satisfactory to Lender of payment of the premiums due thereunder (the "Insurance Premiums").

(d) Any blanket insurance Policy shall otherwise provide the same protection as would a separate Policy insuring only the Property in compliance with the provisions of Section 7.1 hereof;

(e) All Policies provided for or contemplated by Section 7.1(a) shall name Borrower as the insured and Lender, its successors and/or assigns as its interests may appear, as the additional insured on liability coverages (except for the Policy referenced in Section 7.1 (a)(v)) and as mortgagee/lender's loss payable on property coverages;

(f) All property Policies of insurance provided for in Subsection 7.1(a) shall provide that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or of any Tenant or other occupant, or failure to comply with the provisions of any Policy, or any foreclosure or other proceeding or notice of sale relating to the Property which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policies shall not be materially changed (other than to increase the coverage provided thereby) or canceled without at least thirty (30) days' notice to Lender and any other party named therein as an additional insured;

(iii) the issuers thereof shall give notice to Lender if the Policies have not been renewed fifteen (15) days prior to its expiration; and

(iv) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder.

(g) Borrower shall promptly forward to Lender a copy of each written notice received by Borrower of any modification, reduction or cancellation of any of the Policies or of any of the coverages afforded under any of the Policies.

(h) In the event of foreclosure of the Mortgage or other transfer of title to the Property in extinguishment in whole or in part of the Debt, all right, title and interest of Borrower in and to the Policies then in force with respect to the Property (except to the extent such Policies are blanket Policies) and all proceeds payable thereunder with respect to the Property only shall thereupon vest in the purchaser at such foreclosure or in Lender or other transferee in the event of such other transfer of title.

(i) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, without notice to Borrower to take such action as Lender deems necessary to protect its interest in the Property,

including, without limitation, the obtaining of such insurance coverage as Lender in its sole discretion deems appropriate, and all expenses incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and until paid shall be secured by the Security Instrument and shall bear interest at the Default Rate.

(j) As an alternative to the Policies required to be maintained pursuant to the preceding provisions of this Section 7.1(a), Borrower will not be in default under this Section 7.1 if Borrower maintains (or causes to be maintained) Policies which (i) have coverages, deductibles and/or other related provisions other than those specified above and/or (ii) are provided by insurance companies not meeting the credit ratings requirements set forth above (any such Policy, a “Non-Conforming Policy”), provided, that, prior to obtaining such Non-Conforming Policies (or permitting such Non-Conforming Policies to be obtained), (1) Borrower shall have received Lender’s prior written consent thereto and (2) if required by Lender, confirmed that Lender has received a Rating Agency Confirmation with respect to any such Non-Conforming Policy.

Section 7.2 Casualty.

If the Property shall be damaged or destroyed, in whole or in part, by fire or other casualty (a “Casualty”), Borrower shall give prompt notice of such damage to Lender and shall promptly commence and diligently prosecute the completion of the repair and restoration of the Property as nearly as possible to the condition the Property was in immediately prior to such Casualty, with such alterations as may be reasonably approved by Lender (a “Restoration”) and otherwise in accordance with Section 7.4. Borrower shall pay all costs of such Restoration whether or not such costs are covered by insurance. Lender may, but shall not be obligated to make proof of loss if not made promptly by Borrower.

Section 7.3 Condemnation.

Borrower shall promptly give Lender notice of the actual or threatened in writing commencement of any proceeding for the Condemnation of the Property of which Borrower has knowledge and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the Debt shall not be reduced until any Award shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. If the Property or any portion thereof is taken by a condemning authority, Borrower shall promptly commence and diligently prosecute the Restoration of the Property and otherwise comply with

the provisions of Section 7.4. If the Property is sold, through foreclosure or otherwise, prior to the receipt by Lender of the Award, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the Award, or a portion thereof sufficient to pay the remaining outstanding balance of the Debt, if any.

Section 7.4 Restoration.

The following provisions shall apply in connection with the Restoration of the Property:

(a) If the Net Proceeds shall be less than the Restoration Threshold and the costs of completing the Restoration shall be less than the Restoration Threshold, the Net Proceeds will be disbursed by Lender to Borrower upon receipt, provided that all of the conditions set forth in Section 7.4(b)(i) are met and Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration in accordance with the terms of this Agreement.

(b) If the Net Proceeds are equal to or greater than the Restoration Threshold or the costs of completing the Restoration are equal to or greater than the Restoration Threshold, Lender shall make the Net Proceeds available for the Restoration in accordance with the provisions of this Section 7.4.

(i) The Net Proceeds shall be made available for Restoration provided that each of the following conditions are met:

- (A) no Event of Default shall have occurred and be continuing;
- (B) (1) in the event the Net Proceeds are insurance proceeds, less than thirty percent (30%) of each of (i) the fair market value of the Property as reasonably determined by Lender, and (ii) the rentable area of the Property has been damaged, destroyed or rendered unusable as a result of a Casualty or (2) in the event the Net Proceeds are condemnation proceeds, less than ten percent (10%) of each of (i) the fair market value of the Property as reasonably determined by Lender and (ii) the rentable area of the Property is taken, such land is located along the perimeter or periphery of the Property, no portion of the Improvements is located on such land, and such taking does not materially impair the existing access to the Property;
- (C) Leases demising in the aggregate a percentage amount equal to or greater than 75% of the total rentable space in the Property which has been demised under executed and delivered Leases in effect as of the date of the occurrence of such fire or other casualty or taking, whichever the case may be, shall remain in full force and effect during and after the completion of the Restoration (other than Leases which by their terms would expire due to the passage of time and not as a result of the occurrence of such Casualty or Condemnation or other termination right exercisable by Borrower or any Tenant), notwithstanding the occurrence of any such Casualty or Condemnation, whichever the case may be;

- (D) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than thirty (30) days after the issuance of a building permit with respect thereto) and shall diligently pursue the same to satisfactory completion in compliance with all Applicable Laws, in all material respects, including, without limitation, all applicable Environmental Laws;
- (E) Lender shall be satisfied that any operating deficits, if any, which will be incurred with respect to the Property as a result of the occurrence of any such fire or other casualty or taking will be covered out of (1) the Net Proceeds, (2) the insurance coverage referred to in Section 7.1(a)(iii) above, or (3) by other funds of Borrower;
- (F) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) six (6) months prior to the Maturity Date, (2) the expiration of the insurance coverage referred to in Section 7.1(a)(iii) above, or (3) such time as may be required under applicable zoning law, ordinance, rule or regulation in order to repair and restore the Property to the condition it was in immediately prior to such fire or other casualty or taking;
- (G) the Property and the use thereof after the Restoration will be in compliance with and permitted under any Major Lease, any REA, any Material Agreements and all Applicable Law;
- (H) the Restoration shall be done and completed in an expeditious and diligent fashion and in compliance with any Major Lease, any REA, any Material Agreements and all Applicable Law; and
- (I) Lender shall be satisfied that making the Net Proceeds available for Restoration shall be permitted pursuant to REMIC Requirements.

(ii) Subject to the terms of Section 7.4(a) above, the Net Proceeds shall be held by Lender and, until disbursed in accordance with the provisions of this Section 7.4(b), shall constitute additional security for the Debt and other obligations under this Agreement, the Security Instrument, the Note and the other Loan Documents. The Net Proceeds (other than the Rent Loss Proceeds) shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the related Restoration item have been paid for in full, and (B) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Property which have not either been fully bonded to the satisfaction of Lender and discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company issuing the Title Insurance Policy.

(iii) All plans and specifications required in connection with the Restoration shall be subject to prior review and acceptance in all respects by Lender and by an independent consulting engineer selected by Lender (the “Casualty Consultant”). All such plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration shall be assigned to Lender as additional collateral for the Loan and Lender shall have the use of the same. The identity of the contractors, subcontractors and materialmen engaged in the Restoration shall be subject to prior review and acceptance by Lender. All customary and reasonable out-of-pocket costs and expenses incurred by Lender in connection with making the Net Proceeds available for the Restoration including, without limitation, reasonable counsel fees and disbursements and the Casualty Consultant’s fees, shall be paid by Borrower. Borrower shall have the right to settle all claims under the Policies jointly with Lender, provided that (a) no Event of Default exists, (b) Borrower promptly and with commercially reasonable diligence negotiates a settlement of any such claims and (c) the insurer with respect to the Policy under which such claim is brought has not raised any act of the insured as a defense to the payment of such claim. If an Event of Default exists, Lender shall, at its election, have the exclusive right to settle or adjust any claims made under the Policies in the event of a Casualty.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Casualty Consultant, minus the Restoration Retainage. The term “Restoration Retainage” as used in this Section 7.4(b) shall mean an amount equal to 10% of the costs actually incurred for work in place as part of the Restoration, as certified by the Casualty Consultant, until such time as the Casualty Consultant certifies to Lender that Net Proceeds representing 50% of the required Restoration have been disbursed. There shall be no Restoration Retainage with respect to costs actually incurred by Borrower for work in place in completing the last 50% of the required Restoration. The Restoration Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this Section 7.4(b), be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Restoration Retainage shall not be released until the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 7.4(b) and that all approvals necessary for the re-occupancy and use of the Property have been obtained from all appropriate governmental and quasi-governmental authorities, and Lender receives evidence satisfactory to Lender that such portion of the costs of the Restoration have been paid in full or will be paid in full out of the Restoration Retainage, provided, however, that Lender will release the portion of the Restoration Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which the Casualty Consultant certifies to Lender that the contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of the contractor’s, subcontractor’s or materialman’s contract, and the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company insuring the lien of the Security Instrument. If required by Lender, the release of any such portion

of the Restoration Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the reasonable opinion of Lender in consultation with the Casualty Consultant, be sufficient to pay in full the balance of the costs which are estimated by the Casualty Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "Net Proceeds Deficiency") with Lender before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be held by Lender and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Section 7.4(b) shall constitute additional security for the Debt and other obligations under this Agreement, the Security Instrument, the Note and the other Loan Documents.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 7.4(b), and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and shall be continuing under this Agreement, the Security Instrument, the Note or any of the other Loan Documents.

(c) All Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to Borrower as excess Net Proceeds pursuant to Section 7.4(b)(vii) shall be retained and applied by Lender toward the payment of the outstanding principal balance of the Loan together with any accrued interest thereon whether or not then due and payable. If Lender shall receive and retain Net Proceeds, the lien of the Security Instrument shall be reduced by the amount thereof received and retained by Lender and applied by Lender in reduction of the Debt.

(d) Notwithstanding the foregoing provisions of this Section 7.4 or anything herein to the contrary, this Section 7.4 is subject to the terms of Section 11.3 hereof to the extent applicable with respect to any Casualty or Condemnation.

ARTICLE 8.

RESERVE FUNDS

Section 8.1 Tax Reserve Funds.

(a) On the Closing Date, Borrower shall deposit with Lender the amount of \$4,151,842.00, and Borrower shall deposit on each Monthly Payment Date an amount equal to one twelfth (1/12th) of the Taxes that Lender estimates will be payable during the next ensuing

twelve (12) months in order to accumulate sufficient funds to pay all such Taxes at least ten (10) days prior to their respective due dates (the "Monthly Tax Deposit"). Amounts deposited pursuant to this Section 8.1 are referred to herein as the ("Tax Reserve Funds"). The initial estimated Monthly Tax Deposit shall be \$518,981.00. If at any time Lender reasonably determines that the Tax Reserve Funds will not be sufficient to pay the Taxes, Lender shall notify Borrower of such determination and the monthly deposits for Taxes shall be increased by the amount that Lender estimates is sufficient to make up the deficiency at least ten (10) days prior to the respective due dates for the Taxes; provided that if Borrower receives notice of any deficiency after the date that is ten (10) days prior to the date that Taxes are due, Borrower will deposit such amount within three (3) Business Days after its receipt of such notice.

(b) Lender shall apply the Tax Reserve Funds to payments of Taxes. In making any payment relating to Taxes, Lender may do so according to any bill, statement or estimate procured from the appropriate public office (with respect to Taxes) without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof. If the amount of the Tax Reserve Funds shall exceed the amounts due for Taxes, Lender shall return any excess to Borrower. Any Tax Reserve Funds remaining after the Debt has been paid in full shall be returned to Borrower.

Section 8.2 Insurance Reserve Funds.

(a) Borrower shall deposit with Lender on each Monthly Payment Date an amount equal to one twelfth (1/12th) of the Insurance Premiums that Lender estimates will be payable for the renewal of the coverage afforded by the Policies upon the expiration thereof in order to accumulate sufficient funds to pay all such Insurance Premiums at least thirty (30) days prior to the expiration of the Policies (the "Monthly Insurance Deposit"). Amounts deposited pursuant to this Section 8.2 are referred to herein as the ("Insurance Reserve Funds"). If at any time Lender reasonably determines that the Insurance Reserve Funds will not be sufficient to pay the Insurance Premiums, Lender shall notify Borrower of such determination and the monthly deposits for Insurance Premiums shall be increased by the amount that Lender estimates is sufficient to make up the deficiency at least thirty (30) days prior to expiration of the Policies.

Notwithstanding the forgoing, Borrower shall not be required to make the Monthly Insurance Deposit as set forth above provided (i) no Event of Default shall have occurred and be continuing, (ii) the liability and casualty policies maintained by Borrower covering the Property are part of a blanket or umbrella policy approved by Lender in its reasonable discretion, (iii) Borrower provides Lender evidence of renewal of such policy pursuant to Section 7.1(c) hereof, and (iv) Borrower provides Lender paid receipts (or such other evidence of payment as may be reasonably acceptable to Lender) for the payment of the Insurance Premiums by no later than fifteen (15) days prior to the expiration dates of the Policies. Borrower shall immediately commence making all Monthly Insurance Deposits, as required by Lender pursuant to this Section 8.2, within five (5) days of receipt of notice from Lender of Borrower's failure to comply with items (i), (ii), (iii) or (iv) above, which such notice shall instruct Borrower to immediately commence making all Monthly Insurance Deposits.

(b) Lender shall apply the Insurance Reserve Funds to payment of Insurance Premiums. In making any payment relating to Insurance Premiums, Lender may do so according

to any bill, statement or estimate procured from the insurer or its agent, without inquiry into the accuracy of such bill, statement or estimate. If the amount of the Insurance Reserve Funds shall exceed the amounts due for Insurance Premiums, Lender shall return any excess to Borrower. Any Insurance Reserve Funds remaining after the Debt has been paid in full shall be returned to Borrower.

Section 8.3 [Intentionally omitted].

Section 8.4 Replacement Reserve Funds.

(a) Borrower shall deposit with Lender on each Monthly Payment Date an amount equal to \$23,871.42 (the "Replacement Reserve Monthly Deposit") for the Replacements. Amounts deposited pursuant to this Section 8.4 are referred to herein as the "Replacement Reserve Funds".

(b) Lender shall disburse Replacement Reserve Funds only for Replacements. Provided no Event of Default has occurred and is continuing, Lender shall disburse Replacement Reserve Funds to Borrower within ten (10) days after the delivery by Borrower to Lender of a request therefor (but not more often than once per month), in increments of at least the Minimum Disbursement Amount (or a lesser amount if the total amount of the Replacement Reserve Funds is less than the Minimum Disbursement Amount, in which case only one disbursement of the amount remaining shall be made), accompanied by the following items (which items shall be in form and substance satisfactory to Lender): (i) an Officer's Certificate (A) stating that the items to be funded by the requested disbursement are Replacements, (B) stating that all Replacements at the Property to be funded by the requested disbursement have been completed in a good and workmanlike manner and in accordance with all Applicable Law, (C) identifying each Person that supplied materials or labor in connection with the Replacements to be funded by the requested disbursement, (D) stating that each such Person has been paid in full or will be paid in full upon such disbursement or, if such payment is a progress payment, that such payment represents full payment to such Person, less any applicable retention amount, for work completed through the date of the relevant invoice from such Person, (E) stating that the Replacements (or relevant portion thereof) to be funded have not been the subject of a previous disbursement, (F) stating that all previous disbursements of for Replacements have been used to pay the previously identified Replacements and (G) stating that any license, permit or other approval required by any Governmental Authority, if any, in connection with the Replacement has been obtained, (ii) if the cost of the applicable Replacement exceeds \$100,000.00, copies of appropriate lien waivers (or conditional lien waivers) or other evidence of payment satisfactory to Lender, (iii) at Lender's option, if the cost of the applicable Replacement exceeds \$100,000.00, a title search for the Property indicating that the Property is free from all Liens, claims and other encumbrances not previously approved by Lender, (iv) at Lender's option, if the cost of any individual Replacement exceeds \$5,000,000.00, a report satisfactory to Lender in its reasonable discretion from an architect or engineer approved by Lender in respect of such architect or engineer's inspection of the applicable Replacement, and (vi) such other evidence as Lender shall reasonably request to demonstrate that the Replacements to be funded by the requested disbursement have been completed (or completed to the extent of the requested payment) and are paid for or will be paid upon such disbursement to Borrower.

(c) Nothing in this Section 8.4 shall (i) make Lender responsible for making or completing the Replacements; (ii) require Lender to expend funds in addition to the Replacement Reserve Funds to complete any Replacements; (iii) obligate Lender to proceed with the Replacements; or (iv) obligate Lender to demand from Borrower additional sums to complete any Replacements.

(d) Borrower shall permit Lender and Lender's agents and representatives (including, without limitation, Lender's engineer, architect, or inspector) or third parties to enter onto the Property during normal business hours (subject to the rights of Tenants under their Leases) upon reasonable advance notice to inspect the progress of any Replacements and all materials being used in connection therewith and to examine all plans and shop drawings relating to such Replacements. Borrower shall cause all contractors and subcontractors to cooperate with Lender or Lender's representatives or such other Persons described above in connection with inspections described in this Section.

(e) In addition to any insurance required under the Loan Documents, Borrower shall provide or cause to be provided workmen's compensation insurance, builder's risk, and public liability insurance and other insurance to the extent required under Applicable Law in connection with the Replacements. All such policies shall be in form and amount reasonably satisfactory to Lender.

Section 8.5 Leasing Reserve Funds.

(a) Commencing on the Monthly Payment Date occurring in September, 2020 Borrower shall deposit with Lender on each Monthly Payment Date the sum of \$119,357.08 (the "Leasing Reserve Monthly Deposit"), for tenant improvements and leasing commissions that may be incurred following the date thereof. Amounts deposited pursuant to this Section 8.5 are referred to herein as the "Leasing Reserve Funds".

(b) Provided no Event of Default has occurred and is continuing, Lender shall disburse Leasing Reserve Funds to Borrower for Qualified Leasing Expenses, within ten (10) days after the delivery by Borrower to Lender of a request therefor (but not more often than once per month), in increments of at least the Minimum Disbursement Amount (or a lesser amount if the total amount of Leasing Reserve Funds is less than the Minimum Disbursement Amount, in which case only one disbursement of the amount remaining shall be made), accompanied by the following items (which items shall be in form and substance satisfactory to Lender): (i) an Officer's Certificate (A) stating that all Qualified Leasing Expenses at the Property to be funded by the requested disbursement have been completed in a good and workmanlike manner and in accordance with all Applicable Law, (B) identifying each Person, if any, that supplied materials or labor in connection with the Qualified Leasing Expenses to be funded by the requested disbursement, (C) stating that each such Person has been paid in full or will be paid in full upon such disbursement, or if such payment is a progress payment, that such payment represents full payment to such Person, less any applicable retention amount, for work completed through the date of the relevant invoice from such Person, (D) stating that the Qualified Leasing Expenses to be funded have not been the subject of a previous disbursement, (E) stating that all previous disbursements for Qualified Leasing Expenses have been used to pay the previously identified Qualified Leasing Expenses and (F) stating that any license, permit or other approval required by

any Governmental Authority, if any, in connection with the Qualified Leasing Expenses has been obtained, (ii) if the cost of the applicable Qualified Leasing Expense exceeds \$100,000.00, copies of appropriate lien waivers (or conditional lien waivers) or other evidence of payment satisfactory to Lender, (iii) at Lender's option, if the cost of the applicable Qualified Leasing Expense exceeds \$100,000.00, a title search for the Property indicating that the Property is free from all Liens, claims and other encumbrances not previously approved by Lender, and (iv) such other evidence as Lender shall reasonably request to demonstrate that the Qualified Leasing Expenses to be funded by the requested disbursement have been completed (or completed to the extent of the requested payment) and are paid for or will be paid upon such disbursement to Borrower.

Section 8.6 The Accounts Generally.

(a) All Reserve Funds shall be held in Eligible Accounts. Borrower grants to Lender a first-priority perfected security interest in each of the Reserve Funds and all sums now or hereafter deposited in the Reserve Funds as additional security for payment of the Debt. Until expended or applied in accordance herewith, the Reserve Funds shall constitute additional security for the Debt. The provisions of this Section 8.6 are intended to give Lender and/or Servicer "control" of the Reserve Funds within the meaning of the UCC. Borrower acknowledges and agrees that the Reserve Funds are subject to the sole dominion, control and discretion of Lender, its authorized agents or designees, subject to the terms hereof, and Borrower shall have no right of withdrawal with respect to any Reserve Funds except with the prior written consent of Lender or as otherwise provided herein. The Reserve Funds shall not constitute trust funds and may be commingled with other monies held by Lender.

(b) Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in the Reserve Funds or permit any lien to attach thereto, or any levy to be made thereon, or any UCC-1 Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto. Lender shall have the right to file a financing statement or statements under the UCC in connection with any of the Reserve Funds with respect thereto in the form required to properly perfect Lender's security interest therein. Borrower agrees that at any time and from time to time, at the expense of Borrower, Borrower will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or desirable, or that Lender may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable Lender to exercise and enforce its rights and remedies hereunder with respect to any Reserve Funds.

(c) Notwithstanding anything to the contrary contained herein or in any other Loan Document, upon the occurrence and during the continuance of an Event of Default, without notice from Lender or Servicer (i) Borrower shall have no rights in respect of the Reserve Funds and (ii) Lender shall have all rights and remedies with respect to the Accounts and the amounts on deposit therein and the Reserve Funds as described in this Agreement, the Cash Management Agreement and in the Security Instrument, in addition to all of the rights and remedies available to a secured party under the UCC, and, notwithstanding anything to the contrary contained in this Agreement, the Cash Management Agreement or in the Security Instrument, may apply the

Reserve Funds as Lender determines in its sole discretion including, but not limited to, payment of the Debt.

(d) The insufficiency of Reserve Funds on deposit with Lender shall not absolve Borrower of the obligation to make any payments, as and when due pursuant to this Agreement and the other Loan Documents, and such obligations shall be separate and independent, and not conditioned on any event or circumstance whatsoever.

(e) Borrower shall indemnify Lender and hold Lender harmless from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations and costs and expenses (including litigation costs and reasonable attorneys' fees and expenses) arising from or in any way connected with the Reserve Funds, the sums deposited therein or the performance of the obligations for which the Reserve Funds were established, except to the extent arising from the gross negligence or willful misconduct of Lender, its agents or employees. Borrower shall assign to Lender all rights and claims Borrower may have against all Persons supplying labor, materials or other services which are to be paid from or secured by the Reserve Funds; provided, however, that Lender may not pursue any such right or claim unless an Event of Default has occurred and remains uncured.

(f) Interest accrued, if any, on the Reserve Funds, other than on the Interest Bearing Reserve Funds, shall not be required to be remitted to any Account and may instead be retained by Lender. Reserve Funds that are Interest Bearing Reserve Funds shall be held in an interest-bearing account. In no event shall Lender or any Servicer be required to select any particular interest-bearing account or the account that yields the highest rate of interest, provided that selection of the account shall be consistent with the general standards at the time being utilized by Lender or such Servicer, as applicable, in establishing similar accounts for loans of comparable type. All such interest that so becomes part of the applicable Interest Bearing Reserve Funds shall be disbursed in accordance with the disbursement procedures contained herein applicable to such Interest Bearing Reserve Funds; provided, however, that Lender may, at its election, retain any such interest for its own account during the occurrence and continuance of an Event of Default.

(g) Borrower acknowledges and agrees that it solely shall be, and shall at all times remain, liable to Lender or Servicer for all reasonable and customary fees, charges, costs and expenses in connection with the Accounts, the Reserve Funds, including, without limitation, any monthly or annual fees or charges as may be assessed by Lender or Servicer in connection with the administration of the Accounts and the Reserve Funds and the reasonable and customary fees and expenses of legal counsel to Lender and Servicer as needed to enforce, protect or preserve the rights and remedies of Lender and/or Servicer with respect to the Accounts and the Reserve Funds.

Section 8.7 Existing TI/LC Obligations Reserve Funds.

(a) Subject to Section 8.9 below, Borrower shall deposit with Lender, on the date hereof the sum of \$6,777,187.10 for tenant improvements and leasing commissions which are obligations of Borrower under existing Leases (the "Existing TI/LC Obligations") as set forth

and allocated on a Lease-by-Lease basis on Schedule IV attached hereto. Amounts deposited pursuant to this Section 8.7 are referred to herein as the “Existing TI/LC Reserve Funds”.

(b) Lender shall disburse to Borrower the Existing TI/LC Reserve Funds upon satisfaction by Borrower of each of the following conditions: (i) Borrower shall submit a request for payment to Lender at least ten (10) days prior to the date on which Borrower requests such payment be made and specifies the tenant improvement costs and leasing commissions to be paid; (ii) on the date such request is received by Lender and on the date such payment is to be made, no Event of Default shall exist and remain uncured; (iii) [Intentionally omitted]; (iv) [Intentionally omitted]; (v) Lender shall have received an Officer’s Certificate from Borrower (A) stating that all tenant improvements at the Property to be funded by the requested disbursement have been completed in good and workmanlike manner and in accordance with all Applicable Law, such certificate to be accompanied by a copy of any license, permit or other approval by any Governmental Authority required in connection with the tenant improvements, (B) identifying each Person that supplied materials or labor in connection with the tenant improvements to be funded by the requested disbursement, (C) the leasing commission is due and payable to the applicable leasing agent/broker and (D) stating that each such Person has been paid in full or will be paid in full upon such disbursement, such certificate to be accompanied by lien waivers or other evidence of payment satisfactory to Lender; (vi) at Lender’s option, if the cost of the applicable Existing TI/LC Obligation exceeds \$100,000.00, a title search for the Property indicating that the Property is free from all liens, claims and other encumbrances not previously approved by Lender; and (vii) Lender shall have received such other evidence as Lender shall reasonably request that the tenant improvements at the Property and/or leasing commissions to be funded by the requested disbursement have been completed (to the extent applicable) and are paid for or will be paid upon such disbursement to Borrower (including, without limitation, an estoppel from the applicable Tenant in form and substance reasonably acceptable to Lender). Lender shall not be required to disburse Existing TI/LC Reserve Funds more frequently than once each calendar month nor in an amount less than the Minimum Disbursement Amount (or a lesser amount if the total amount of Existing TI/LC Reserve Funds is less than the Minimum Disbursement Amount, in which case only one disbursement of the amount remaining in the account shall be made).

Section 8.8 Rent Concession Reserve Funds.

(a) Borrower shall deposit with Lender, on the date hereof, an amount equal to \$520,213.00, representing the amount of future rent credits or abatements under existing Leases (the “Rent Concession Reserve Funds”). So long as no Event of Default has occurred and is continuing, Lender shall, upon written request of Borrower received no less than five (5) Business Days prior to any Monthly Payment Date, disburse amounts from the Rent Concession Reserve Funds to the Deposit Account, in an amount equal to any then applicable rent concession realized by any Tenant for the next ensuing calendar month as set forth on Schedule VI attached hereto; provided, however, the aggregate amount of any such rent concession relating to a particular Tenant pursuant to a Lease shall not exceed the amount set forth on Schedule VI attached hereto.

Section 8.9 Reserve Guaranty.

(a)Notwithstanding anything to the contrary contained herein, in lieu of cash deposits in an amount up to \$3,785,317.00 (the “Specified Reserve Amount”), representing a portion of the Existing TI/LC Reserve Funds, required to be made pursuant to Section 8.7 above (the “Specified Reserve”), Guarantor may deliver to Lender, on the date hereof, the Reserve Guaranty. So long as the Reserve Guaranty Conditions remain satisfied, Borrower shall have no obligation to make any deposits into the Specified Reserve with respect to the Specified Reserve Amount. If at any time the Reserve Guaranty Conditions are not satisfied, then Borrower shall, within ten (10) days of Lender’s written demand, deposit with Lender an amount equal to the amount that would have accumulated in the Specified Reserve and not have been required to be disbursed to Borrower by Lender in accordance with the terms of this Agreement, as reasonably determined by Lender, if the Reserve Guaranty had not been delivered.

(b)Upon thirty (30) days prior written notice to Lender, Borrower may replace the Reserve Guaranty with cash deposits to the Specified Reserve. Prior to the release of the Reserve Guaranty, Borrower shall deposit an amount equal to the amount that would have accumulated in the Specified Reserve and not have been required to be disbursed to Borrower by Lender in accordance with the terms of this Agreement, as reasonably determined by Lender, if the Reserve Guaranty had not been delivered.

ARTICLE 9.

CASH MANAGEMENT AGREEMENT

Section 9.1 Cash Management Agreement.

Borrower shall enter into the Cash Management Agreement on the date hereof which shall govern the collection, holding and disbursement of Rents and any other income from the Property during the term of the Loan.

Section 9.2 Cash Trap Event Period.

In the event of a Cash Trap Event Period, all Excess Cash Flow (as defined in the Cash Management Agreement) shall be deposited into the Excess Cash Flow Subaccount (as defined in the Cash Management Agreement), as more particularly set forth in the Cash Management Agreement.

ARTICLE 10.

EVENTS OF DEFAULT; REMEDIES

Section 10.1 Event of Default.

The occurrence of any one or more of the following events shall constitute an “Event of Default”:

(a) if Borrower shall fail to (i) pay when due (A) any sums which by the express terms of this Agreement and the other Loan Documents require immediate or prompt payment

without any grace period or (B) sums which are payable on the Maturity Date, or (ii) pay within five (5) days when due (A) any monthly Debt Service and any amount required to be paid into the Reserve Funds or (B) any other sums payable under the Note, this Agreement or any of the other Loan Documents;

(b) if any of the Taxes or Other Charges is not paid when the same is due and payable except to the extent sums sufficient to pay such Taxes and Other Charges have been deposited with Lender in accordance with the terms of this Agreement and Lender's access to such funds is not restricted by Applicable Law, injunction or other court order or as a result of any action, inaction or omission by Borrower, Guarantor or any other Borrower Party;

(c) if the Policies are not kept in full force and effect or if evidence of the same is not delivered to Lender as provided in Section 7.1 hereof;

(d) if any of the representations or covenants contained in Article 5 hereof are breached or violated in any material respect, and Borrower does not, within fifteen (15) days of receipt of notice by Borrower from any source whatsoever of such breach or violation, cure such breach and deliver to Lender a New Non-Consolidation Opinion or an update from the law firm under the most recent Non-Consolidation Opinion previously delivered to Lender to the effect that such failure does not negate/impair the Non-Consolidation Opinion previously delivered to Lender;

(e) a Sale or Pledge occurs that is not a Permitted Transfer;

(f) if any representation or warranty of, or with respect to, Borrower, Guarantor or any member, general partner, principal or beneficial owner of any of the foregoing, made herein, in the Guaranty or in the Environmental Indemnity or in any other guaranty, or in any certificate, report, financial statement or other instrument or document furnished to Lender shall have been false or misleading in any material adverse respect when made; provided, however, in the event (i) such misrepresentation was not intentional and (ii) the condition causing such representation or warranty to be false or misleading is susceptible of being cured, then the same shall not constitute an Event of Default hereunder if such condition is cured within thirty (30) days of notice to Borrower from any source whatsoever;

(g) if (i) Borrower, any SPE Component Entity or Guarantor shall commence any case, proceeding or other action (A) under any Creditors Rights Laws seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or Borrower or any managing member or general partner of Borrower, any SPE Component Entity or Guarantor shall make a general assignment for the benefit of its creditors; (ii) there shall be commenced against Borrower or any managing member or general partner of Borrower, any SPE Component Entity or Guarantor any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of ninety (90) days; (iii) there shall be commenced against Borrower, any SPE Component Entity or Guarantor any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or

similar process against all or any substantial part of its assets which results in the entry of any order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within ninety (90) days from the entry thereof; (iv) Borrower, any SPE Component Entity or Guarantor shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) Borrower, any SPE Component Entity or Guarantor shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(h) if Borrower shall be in default beyond applicable notice and grace periods under any other mortgage, deed of trust, deed to secure debt or other security agreement covering any part of the Property whether it be superior or junior in lien to the Security Instrument;

(i) subject to Borrower's right to contest pursuant to Sections 4.5(b) and 4.16(b) hereof, if the Property becomes subject to any mechanic's, materialman's or other lien other than a lien for any Taxes not then due and payable and the lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of thirty (30) days;

(j) if any federal tax lien is filed against Borrower, any SPE Component Entity, Guarantor or the Property and same is not discharged of record (by payment, bonding or otherwise) within thirty (30) days after same is filed;

(k) if Borrower shall fail to comply with the covenants in Article 15 or otherwise fails to deliver to Lender, within ten (10) Business Days after request by Lender, the estoppel certificates required by Section 4.13(a) hereof;

(l) if any default occurs under any guaranty or indemnity executed in connection herewith (including, without limitation, the Environmental Indemnity and/or the Guaranty) and such default continues after the expiration of applicable grace periods, if any;

(m) if Borrower fails to deliver to Lender a New Non-Consolidation Opinion or an update from the law firm under the most recent Non-Consolidation Opinion previously delivered to Lender pursuant to the terms of Section 4.8 hereof;

(n) if Borrower shall fail to deliver to Lender within thirty (30) days after request by Lender any unaudited Required Financial Item;

(o) [intentionally omitted];

(p) if any representation and/or covenant herein relating to ERISA matters is breached;

(q) if (i) Borrower shall fail (beyond any applicable notice or grace period) to pay any charges payable under any REA as and when payable thereunder, (ii) Borrower defaults under any REA beyond the expiration of applicable notice and grace periods, if any, thereunder, (iii) any REA is amended, supplemented, replaced, restated or otherwise modified by Borrower without Lender's prior written consent or if Borrower consents to a transfer of any party's interest thereunder without Lender's prior written consent, or (iv) any REA and/or the estate created thereunder is canceled, rejected, terminated, surrendered or expires pursuant to its terms,

unless in such case Borrower enters into a replacement thereof in accordance with the applicable terms and provisions hereof;

(r) if Borrower shall continue to be in default under any term, covenant or condition of this Agreement not specified in subsections (a) through (q) above or not otherwise specifically specified as an Event of Default herein, (i) for more than ten (10) days after notice from Lender, in the case of any default which can be cured by the payment of a sum of money or (ii) for thirty (30) days after notice from Lender, in the case of any other default, provided that if such default cannot reasonably be cured within such thirty (30) day period and Borrower shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Borrower in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of ninety (90) days (subject to further extension by Lender, in Lender's sole discretion); and/or

(s) if there shall be default under any of the other Loan Documents beyond any applicable cure periods contained in such Loan Documents, whether as to Borrower or the Property, or if any other such event shall occur or condition shall exist, if the effect of such event or condition is to accelerate the maturity of any portion of the Debt or to permit Lender to accelerate the maturity of all or any portion of the Debt.

Section 10.2 Remedies.

(a) Upon the occurrence and during the continuance of an Event of Default (other than an Event of Default described in Section 10.1(g) above with respect to Borrower and SPE Component Entity only) and at any time thereafter Lender may, in addition to any other rights or remedies available to it pursuant to this Agreement, the Security Instrument, the Note and the other Loan Documents or at law or in equity, take such action, without notice or demand, that Lender deems advisable to protect and enforce its rights against Borrower and in the Property, including, without limitation, declaring the Debt to be immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided in this Agreement, the Security Instrument, the Note and the other Loan Documents against Borrower and the Property, including, without limitation, all rights or remedies available at law or in equity. Upon any Event of Default described in Section 10.1(g) above (with respect to Borrower and SPE Component Entity only), the Debt and all other obligations of Borrower under this Agreement, the Security Instrument, the Note and the other Loan Documents shall immediately and automatically become due and payable, without notice or demand, and Borrower hereby expressly waives any such notice or demand, anything contained herein or in the Security Instrument, the Note and the other Loan Documents to the contrary notwithstanding.

(b) Upon the occurrence and during the continuance of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against Borrower under this Agreement, the Security Instrument, the Note or the other Loan Documents executed and delivered by, or applicable to, Borrower or at law or in equity may be exercised by Lender at any time and from time to time, whether or not all or any of the Debt shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under this Agreement, the Security

Instrument, the Note or the other Loan Documents with respect to the Property. Any such actions taken by Lender shall be cumulative and concurrent and may be pursued independently, singularly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by Applicable Law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by Applicable Law, equity or contract or as set forth herein or in the Security Instrument, the Note or the other Loan Documents. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to Borrower shall not be construed to be a waiver of any subsequent Default or Event of Default by Borrower or to impair any remedy, right or power consequent thereon.

(c) Upon the occurrence and during the continuance of an Event of Default, Lender shall have the right from time to time to partially foreclose the Security Instrument in any manner and for any amounts secured by the Security Instrument then due and payable as determined by Lender in its sole discretion including, without limitation, the following circumstances: (i) in the event Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and interest, Lender may foreclose the Security Instrument to recover such delinquent payments, or (ii) in the event Lender elects to accelerate less than the entire outstanding principal balance of the Loan, Lender may foreclose the Security Instrument to recover so much of the principal balance of the Loan as Lender may accelerate and such other sums secured by the Security Instrument as Lender may elect. Notwithstanding one or more partial foreclosures, the Property shall remain subject to the Security Instrument to secure payment of sums secured by the Security Instrument and not previously recovered.

(d) Upon the occurrence and during the continuance of an Event of Default, Lender shall have the right from time to time to sever the Note and the other Loan Documents into one or more separate notes, security instruments and other security documents (the "Severed Loan Documents") in such denominations as Lender shall determine in its sole discretion for purposes of evidencing and enforcing its rights and remedies provided hereunder. Borrower shall execute and deliver to Lender from time to time, promptly after the request of Lender, a severance agreement and such other documents as Lender shall request in order to effect the severance described in the preceding sentence, all in form and substance reasonably satisfactory to Lender. Borrower hereby absolutely and irrevocably appoints Lender as its true and lawful attorney, coupled with an interest, in its name and stead to make and execute all documents necessary or desirable to effect the aforesaid severance, Borrower ratifying all that its said attorney shall do by virtue thereof; provided, however, Lender shall not make or execute any such documents under such power until three (3) days after notice has been given to Borrower by Lender of Lender's intent to exercise its rights under such power. Borrower shall not be obligated to pay any costs or expenses incurred in connection with the preparation, execution, recording or filing of the Severed Loan Documents and the Severed Loan Documents shall not contain any representations, warranties or covenants not contained in the Loan Documents and any such representations and warranties contained in the Severed Loan Documents will be given by Borrower only as of the Closing Date.

(e) Any amounts recovered from the Property or any other collateral for the Loan after an Event of Default may be applied by Lender toward the payment of any interest and/or principal of the Loan and/or any other amounts due under the Loan Documents in such order, priority and proportions as Lender in its sole discretion shall determine.

(f) Lender may, but without any obligation to do so and without notice to or demand on Borrower and without releasing Borrower from any obligation hereunder or being deemed to have cured any Event of Default hereunder, make, do or perform any obligation of Borrower hereunder in such manner and to such extent as Lender may deem necessary. Lender is authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property for such purposes, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by Applicable Law), with interest as provided in this Section, shall constitute a portion of the Debt and shall be due and payable to Lender upon demand. All such costs and expenses incurred by Lender in remedying such Event of Default or such failed payment or act or in appearing in, defending, or bringing any action or proceeding shall bear interest at the Default Rate, for the period after such cost or expense was incurred through and including the date of payment to Lender. All such costs and expenses incurred by Lender together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Debt and be secured by the liens, claims and security interests provided to Lender under the Loan Documents and shall be immediately due and payable upon demand by Lender therefore.

ARTICLE 11.

SECONDARY MARKET

Section 11.1 Securitization.

(a) Lender shall have the right (i) to sell or otherwise transfer the Loan or any portion thereof as a whole loan, (ii) to sell participation interests in the Loan or (iii) to securitize the Loan or any portion thereof in a single asset securitization or a pooled loan securitization. The transaction referred to in clauses (i), (ii) and (iii) above shall hereinafter be referred to collectively as "Secondary Market Transactions" and the transactions referred to in clause (iii) shall hereinafter be referred to as a "Securitization". Any certificates, notes or other securities issued in connection with a Securitization are hereinafter referred to as "Securities".

(b) If requested by Lender, Borrower shall assist Lender in satisfying the market standards to which Lender customarily adheres or which may be reasonably required in the marketplace or by the Rating Agencies in connection with any Secondary Market Transactions (provided, that, Borrower shall only be responsible for any of Borrower's out-of-pocket and internal costs and expenses (together with Borrower's attorney's fees and expenses) incurred in connection with Borrower's compliance with this Section 11.1, but Borrower shall not be required to reimburse Lender for Lender's costs and expenses in connection with this Section 11.1 or any other third party's costs and expenses in connection with this Section 11.1, except as expressly set forth above, including, without limitation, to:

(i)(A) provide updated financial and other information with respect to the Property, the business operated at the Property, Borrower, Guarantor and Manager, (B) provide updated budgets relating to the Property, if any, and (C) provide updated appraisals, market studies, environmental reviews (Phase I's and, if appropriate, Phase II's), property condition reports and other due diligence investigations of the Property (the "Updated Information"), together, if customary, with appropriate verification of the Updated Information through letters of auditors acceptable to Lender and the Rating Agencies;

(ii) provide updates of opinions of counsel delivered at closing, which may be relied upon by Lender, the Rating Agencies and their respective counsel, agents and representatives, which shall be satisfactory in form and substance to Lender and the Rating Agencies;

(iii) provide updated, as of the closing date of the Secondary Market Transaction, representations and warranties made in the Loan Documents; and

(iv) execute such amendments to the Loan Documents and Borrower or any SPE Component Entity's organizational documents as may be reasonably requested by Lender or requested by the Rating Agencies or otherwise to effect the Securitization including, without limitation, bifurcation of the Loan into two or more components and/or separate notes and/or creating a senior/subordinate note structure (any of the foregoing, a "Loan Bifurcation"); provided, however, that Borrower shall not be required to modify or amend any Loan Document if such modification or amendment would change the interest rate, the stated maturity, the amortization of principal set forth in the Note (except in connection with a Loan Bifurcation which may result in varying fixed interest rates and amortization schedules, but which shall have the same initial weighted average coupon of the original Note) or otherwise increase Borrower's obligations or decrease Borrower's rights, under the Loan Documents other than in a de-minimus manner; provided, however, (a) prior to an Event of Default, payments and/or prepayments of principal hereunder shall be applied on a pro-rata basis to each loan component/note evidencing the Loan and (b) after an Event of Default, Lender may apply principal payments and/or prepayments in its sole discretion.

(c) If, at the time one or more Disclosure Documents are being prepared for a Securitization, Lender expects that Borrower alone or Borrower and one or more Affiliates of Borrower collectively, or the Property alone or the Property and Related Properties collectively, will be a Significant Obligor for purposes of such Securitization, Borrower shall furnish (or cause to be furnished) to Lender upon request (i) the selected financial data or, if applicable, net operating income, described in Item 1112(b)(1) of Regulation AB, if Lender expects that the principal amount of the Loan together with any Related Loans as of the cut-off date for such Securitization may, or if the principal amount of the Loan together with any Related Loans as of the cut-off date for such Securitization and at any time during which the Loan (or portion of the Loan included in such Securitization) and any Related Loans are included in a Securitization does, equal or exceed ten percent (10%) (but less than twenty percent (20%)) of the aggregate principal amount of all mortgage loans included or expected to be included, as applicable, in such Securitization or (ii) the financial statements described in Item 1112(b)(2) of Regulation

AB, if Lender expects that the principal amount of the Loan (or portion of the Loan included in such Securitization) together with any Related Loans as of the cut-off date for such Securitization may, or if the principal amount of the Loan together with any Related Loans as of the cut-off date for such Securitization and at any time during which the Loan (or apportion of the Loan included in such Securitization) and any Related Loans are included in a Securitization does, equal or exceed twenty percent (20%) of the aggregate principal amount of all mortgage loans included or expected to be included, as applicable, in the Securitization. Such financial data or financial statements shall be furnished to Lender (A) within ten (10) Business Days after notice from Lender in connection with the preparation of Disclosure Documents for the Securitization, (B) not later than thirty (30) days after the end of each fiscal quarter of Borrower and (C) not later than seventy-five (75) days after the end of each fiscal year of Borrower; provided, however, that Borrower shall not be obligated to furnish financial data or financial statements pursuant to clauses (B) or (C) of this sentence with respect to any period for which an Exchange Act Filing is not required. If requested by Lender, and to the extent not prohibited by any applicable lease, other agreement or order, Borrower shall furnish to Lender financial data and/or financial statements for any tenant of any of the Properties if, in connection with a Securitization, Lender expects there to be, with respect to such tenant or group of affiliated tenants, a concentration within all of the mortgage loans included or expected to be included, as applicable, in the Securitization such that such tenant or group of affiliated tenants would constitute a Significant Obligor.

(d) All financial data and financial statements provided by Borrower hereunder pursuant to Section 11.1(c) and (d) hereof shall be prepared in accordance with GAAP, and shall meet the requirements of Regulation AB and other applicable legal requirements. All financial statements referred to in Section 11.1(c) above shall be audited by independent accountants of Borrower (which accountants shall be acceptable to Lender) in accordance with Regulation AB and all other applicable legal requirements, shall be accompanied by the manually executed report of the independent accountants thereon, which report shall meet the requirements of Regulation AB and all applicable legal requirements, and shall be further accompanied by a manually executed written consent of the independent accountants, in form and substance acceptable to Lender, to the inclusion of such financial statements in any Disclosure Document and any Exchange Act Filing and to the use of the name of such independent accountants and the reference to such independent accountants as “experts” in any Disclosure Document and Exchange Act Filing, all of which shall be provided at the same time as the related financial statements are required to be provided. All financial data and financial statements (audited or unaudited) provided by Borrower under Section 11.1(c) shall be accompanied by an Officer’s Certificate stating that such financial statements meet the requirements set forth in the first sentence of this Section 11.1(d).

(e) If requested by Lender, Borrower shall provide Lender, promptly upon request, with any other or additional financial statements, or financial, statistical or operating information, as Lender shall determine to be required pursuant to Regulation AB or any amendment, modification or replacement thereto or other legal requirements in connection with any Disclosure Document or any Exchange Act Filing or as shall otherwise be reasonably requested by Lender.

(f) In the event Lender determines, in connection with a Securitization, that the financial data and financial statements and (if applicable) related accountants' reports and consents required in order to comply with Regulation AB or any amendment, modification or replacement of Regulation AB or with other legal requirements are other than as provided herein, then notwithstanding the provisions of Section 11.1(c) and (d), Lender may request, and Borrower shall promptly provide, such other financial statements and (if applicable) related accountants' reports and consents as Lender determines to be necessary or appropriate for such compliance.

Section 11.2 Securitization Indemnification.

(a) Borrower understands that, subject to the terms of the Confidentiality Agreement, information provided to Lender by Borrower and its agents, counsel and representatives may be included in disclosure documents in connection with the Securitization, including, without limitation, an offering circular, a prospectus, prospectus supplement, private placement memorandum or other offering document (each, a "Disclosure Document") and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), or the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and may be made available to investors or prospective investors in the Securities, the Rating Agencies, and service providers relating to the Securitization.

(b) Borrower shall (A) indemnify Lender (and for purposes of this Section 11.2, Lender hereunder shall include its officers and directors), the Affiliate of Wells Fargo that has filed the registration statement relating to the Securitization (the "Registration Statement"), each of its directors, each of its officers who have signed the Registration Statement and each Person that controls the Affiliate within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "Wells Group"), and Wells Fargo, and any other placement agent or underwriter with respect to the Securitization, each of their respective directors and each Person who controls Wells Fargo or any other placement agent or underwriter within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act (collectively, the "Underwriter Group") for any losses, claims, damages or liabilities (collectively, the "Liabilities") to which Lender, the Wells Group or the Underwriter Group may become subject insofar as the Liabilities arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Disclosure Documents that specifically relate to Borrower, Guarantor, Affiliated Manager, and Affiliate of Borrower, the Loan and/or the Property as identified by Lender (collectively, the "Reviewed Sections") or in the Provided Information (defined below) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in the Reviewed Sections and/or the Provided Information or necessary in order to make the statements in the Reviewed Sections, in light of the circumstances under which they were made, not misleading, and (B) reimburse Lender, the Wells Group and/or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, the Wells Group and the Underwriter Group in connection with investigating or defending the Liabilities; provided, however, that Borrower will be liable in any such case under clauses (A) or (B) above only to the extent that any such Liability arises out of or is based upon any such untrue statement or omission made therein in reliance upon and in conformity with information furnished to Lender by or on behalf of Borrower in connection with the preparation of the Disclosure Document or in connection with the underwriting or closing of

the Loan, including, without limitation, financial statements of Borrower, operating statements and rent rolls with respect to the Property (collectively, the "Provided Information"). The obligations of Borrower provided for in clauses (A) and (B) above shall be effective on the date hereof; provided, however, such indemnity shall be limited to the Provided Information and the Reviewed Sections and shall only be effective to the extent that Lender accurately states the Provided Information in the Reviewed Sections of the applicable Disclosure Document. The aforesaid indemnity will be in addition to any liability which Borrower may otherwise have.

(c) In connection with Exchange Act Filings, Borrower shall (i) indemnify Lender, the Wells Group and the Underwriter Group for Liabilities to which Lender, the Wells Group or the Underwriter Group may become subject insofar as the Liabilities arise out of or are based upon the omission or alleged omission to state in the Reviewed Sections and/or the Provided Information a material fact required to be stated in the Reviewed Sections and/or the Provided Information in order to make the statements in the Reviewed Sections, in light of the circumstances under which they were made, not misleading and (ii) reimburse Lender, the Wells Group or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, the Wells Group or the Underwriter Group in connection with defending or investigating the Liabilities; provided, however, such indemnity shall be limited to the Provided Information and the Reviewed Sections shall only be effective to the extent that Lender accurately states the Provided Information in the Reviewed Sections in the applicable Disclosure Document.

(d) Promptly after receipt by an indemnified party under this Section 11.2 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 11.2, notify the indemnifying party in writing of the commencement thereof, but the omission to so notify the indemnifying party will not relieve the indemnifying party from any liability which the indemnifying party may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the indemnifying party. In the event that any action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel satisfactory to such indemnified party. After notice from the indemnifying party to such indemnified party under this Section 11.2, such indemnified party shall pay for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there are any legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party at the cost of the indemnifying party. The indemnifying party shall not be liable for the expenses of more than one separate counsel unless an indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to another indemnified party.

(e) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section 11.2(b) or (c) hereof is for any reason held to be unenforceable as to an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under Section 11.2(b) or (c) hereof, the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) Wells Fargo's and Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. Lender and Borrower hereby agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(f) Borrower shall indemnify Lender and its officers, directors, partners, employees, representatives, agents and Affiliates against any actual Losses to which Lender or its officers, directors, partners, employees, representatives, agents and Affiliates, may become subject in connection with any indemnification to the Rating Agencies in connection with issuing, monitoring or maintaining the Securities insofar as the Losses arise out of or are based upon any untrue statement of any material fact in any Provided Information provided by or on behalf of Borrower to the Rating Agencies (the "Covered Rated Agency Information") or arise out of or are based upon the omission to state a material fact in the Covered Rating Agency Information required to be stated therein or necessary in order to make the statements in Covered Rating Agency Information, in light of the circumstances under which they were made, not misleading. The foregoing indemnity shall be limited to the Provided Information and shall only be effective to the extent Lender accurately states the Provided Information in the disclosure to the Rating Agencies. Additionally, the Losses incurred by Lender pursuant to this Section 11.2(f) for which Borrower is liable shall not be duplicative of the amounts that Borrower is liable to Indemnified Parties pursuant to Section 11.2(b) above.

(g) The liabilities and obligations of both Borrower and Lender under this Section 11.2 shall survive the termination of this Agreement and the satisfaction and discharge of the Debt.

Section 11.3 REMIC Savings Clause.

Notwithstanding anything herein to the contrary, if the Loan is included in a REMIC Trust and, immediately following a release of any portion of the real property relating to the Property, the ratio of the unpaid principal balance of the Loan to the value of the remaining real property relating to the Property is greater than 125% (such value to be determined, in Lender's sole discretion, by any commercially reasonable method permitted to a REMIC Trust and it being agreed and acknowledged that such loan-to-value determination shall be based on the value of only real property and shall exclude any personal property or going-concern value, if any), the principal balance of the Loan must be paid down by Borrower by an amount sufficient to satisfy REMIC Requirements, unless the Lender receives an opinion of counsel that the Loan

will not fail to maintain its status as a “qualified mortgage” within the meaning of Section 860G(a)(3)(A) of the IRS Code as a result of the related release of lien.

Section 11.4 Servicer.

(a) At the option of Lender, the Loan may be serviced by a servicer/trustee selected by Lender (the “Servicer”) and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to such servicer/trustee pursuant to a servicing agreement between Lender and such Servicer; provided, however, Borrower shall not be obligated to pay any monthly servicing fees to such Servicer.

(b) As between the Lender and Borrower, (i) Servicer shall be the sole party authorized to grant or withhold consents or take similar actions hereunder or under the other Loan Documents on behalf of the Lender which such consents and actions shall be given, taken or withheld only in accordance with the terms and conditions (and within the time periods) provided herein or in the other Loan Documents, and Borrower is hereby expressly authorized to rely on any consents so given or actions so taken, and (ii) all indemnifications, payment and reimbursement obligations and rights hereunder and under the other Loan Documents accruing in favor of Lender shall also accrue to Servicer.

Section 11.5 Rating Agency Costs.

In connection with any Rating Agency Confirmation or other Rating Agency consent, approval or review required hereunder (other than the initial review of the Loan by the Rating Agencies in connection with a Securitization), Borrower shall pay all of the costs and expenses of Lender, Servicer and each Rating Agency in connection therewith, and, if applicable, shall pay any fees imposed by any Rating Agency in connection therewith.

Section 11.6 Mezzanine Option.

Lender shall have the option (the “Mezzanine Option”) at any time to divide the Loan into two parts, a mortgage loan and a mezzanine loan (such mezzanine loan, the “Senior Mezzanine Loan”), provided, that (i) the total loan amounts for such mortgage loan and the Senior Mezzanine Loan shall equal the then outstanding amount of the Loan immediately prior to Lender’s exercise of the Mezzanine Option and (ii) the weighted average interest rate of such mortgage loan and the Senior Mezzanine Loan shall equal the Interest Rate (other than as the result of the application by Lender or mezzanine lender of payments and/or proceeds after an Event of Default or an event of default under the Senior Mezzanine Loan) . Borrower shall, at Borrower’s sole cost and expense, cooperate with Lender in Lender’s exercise of the Mezzanine Option in good faith and in a timely manner, which such cooperation shall include, but not be limited to, (i) executing such amendments to the Loan Documents and Borrower or any SPE Component Entity’s organizational documents as may be reasonably requested by Lender or requested by the Rating Agencies, (ii) creating one or more Single Purpose Entities (the “Mezzanine Borrower”), which such Mezzanine Borrower shall (A) own, directly or indirectly, 100% of the equity ownership interests in Borrower (the “Equity Collateral”), and (B) together with such constituent equity owners of such Mezzanine Borrower as may be designated by Lender, execute such agreements, instruments and other documents as may be required by

Lender in connection with the Senior Mezzanine Loan (including, without limitation, a promissory note evidencing the Senior Mezzanine Loan and a pledge and security agreement pledging the Equity Collateral to Lender as security for the mezzanine loan); and (iii) delivering such opinions, title endorsements, UCC title insurance policies and other materials as may be required by Lender or the Rating Agencies. Borrower hereby acknowledges and agrees that (1) the Permitted Mezzanine Financing shall at all times be junior and subordinate to the Senior Mezzanine Loan, (2) without limitation of the foregoing, the Equity Collateral will be of a more direct interest in Borrower and any SPC Component Entity than the equity collateral for the Permitted Mezzanine Financing, (3) Lender, in its capacity as Lender under the Senior Mezzanine Loan, shall be a party to the any intercreditor agreement entered into in connection with the Permitted Mezzanine Financing, and (4) Borrower shall cooperate in connection with the foregoing.

Section 11.7 Conversion to Registered Form.

At Lender's request, Borrower shall keep a "register" in which Borrower shall provide for the recordation of the name and address of, and the amount of outstanding principal and interest owing to Lender (the "Register") and the entries in the Register shall be conclusive evidence of the amounts due and owing to the Lender in the absence of manifest error. Once established, Borrower and Lender shall treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender for all purposes. Notwithstanding anything to the contrary contained in this Agreement, the Note or other Loan Documents, the Note is intended to constitute a registered obligation and the right, title and interest of Lender and its assignees in and to such Note shall be transferable only upon notation of such transfer in the Register. This Section 11.7 shall be construed so that the Note is at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code and any related regulations (and any other relevant or successor provisions of the Code or such regulations). The Register shall be available for inspection by any Lender from time to time upon reasonable prior notice. Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrower, at the time or times reasonably requested by Borrower, such property completed and executed documentation (including Internal Revenue Service Form W-9 or W-8, as applicable) as will permit such payments to be made without withholding or at a reduced rate of withholding.

Section 11.8 Lenders' Ratable Shares.

(a) Each Noteholder shall have a ratably concurrent and co-equal legal and beneficial interest in the Loan, each Loan Document, and all rights, remedies, payments, collateral and proceeds thereof, equal to its Ratable Share, without any preference or priority over the Ratable Share of the other Noteholder in the Loan, the Loan Documents and the rights, remedies, payments, collateral and the proceeds thereof.

(b) The liabilities of each Noteholder shall be several and not joint. No Noteholder shall be responsible for the obligations of the other. Each Noteholder shall be liable to Borrower only for its Ratable Share of the Loan. Notwithstanding anything to the contrary herein, all indemnities by Borrower and obligations for costs, expenses, damages or advances set forth herein shall run to and benefit each Noteholder in accordance with their Ratable Shares.

ARTICLE 12.
INDEMNIFICATIONS

Section 12.1 General Indemnification.

Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all actual Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (b) any use, nonuse or condition in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (c) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof; (d) any failure of the Property to be in compliance with any Applicable Law; (e) any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in any Lease; (f) the payment of any commission, charge or brokerage fee to anyone (other than a broker or other agent retained by Lender) which may be payable in connection with the funding of the Loan evidenced by the Note and secured by the Security Instrument; and/or (g) the holding or investing of the funds on deposit in the Accounts or the performance of any work or the disbursement of funds in each case in connection with the Reserve Funds. Any amounts payable to Indemnified Parties by reason of the application of this Section 12.1 shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Indemnified Parties until paid. Notwithstanding the foregoing, Borrower shall not have any indemnification obligations or liabilities to the Indemnified Parties under this Section 12.1 with respect to any Losses (i) that Borrower can prove to the satisfaction of the Indemnified Parties (determined in Indemnified Parties sole and absolute discretion) that arose after the date that Lender or its nominee acquired title to the Property (and in no event resulting from or relating to a condition existing or which may have existed prior to the date that Lender or its nominee acquired title to the Property), whether by foreclosure, exercise of power of sale, acceptance of a deed-in-lieu of foreclosure, or otherwise, and (ii) that were not the result of any act or negligence of Indemnitor or any of Indemnitor's affiliates, agents or contractors.

Section 12.2 Mortgage and Intangible Tax and Transfer Tax Indemnification.

Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all actual Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to (a) any tax on the making and/or recording of the Security Instrument, the Note or any of the other Loan Documents (whether due upon the making of same or upon the exercise of its remedies under the Loan Documents), and (b) any transfer tax incurred by Indemnified Parties in connection with the exercise of remedies hereunder or under any other Loan Documents.

Section 12.3 ERISA Indemnification.

Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all actual Losses (including, without limitation, reasonable attorneys' fees and costs incurred in the investigation, defense, and settlement of Losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, in Lender's sole discretion) that Indemnified Parties may incur, directly or indirectly, as a result of a default under Sections 3.7 or 4.19 of this Agreement.

Section 12.4 Duty to Defend, Legal Fees and Other Fees and Expenses.

Upon written request by any Indemnified Party in connection with the indemnification obligations set forth in this Article 12, Borrower shall defend such Indemnified Party (if requested by any Indemnified Party, in the name of the Indemnified Party) by attorneys and other professionals approved by the Indemnified Parties. Notwithstanding the foregoing, any Indemnified Parties may, in their sole discretion, engage their own attorneys and other professionals to defend or assist them, and, at the option of Indemnified Parties, their attorneys shall control the resolution of any claim or proceeding. Upon demand, Borrower shall pay or, in the sole discretion of the Indemnified Parties, reimburse, the Indemnified Parties for the payment of reasonable fees and disbursements of attorneys, engineers, environmental consultants, laboratories and other professionals in connection therewith.

Section 12.5 Survival.

The obligations and liabilities of Borrower under this Article 12 shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure of the Security Instrument.

Section 12.6 Environmental Indemnity.

Simultaneously herewith, Borrower and Guarantor have executed and delivered the Environmental Indemnity to Lender, which Environmental Indemnity is not secured by the Security Instrument.

ARTICLE 13.

EXCULPATION

Section 13.1 Exculpation.

(a) Subject to the qualifications below, Lender shall not enforce the liability and obligation of Borrower to perform and observe the obligations contained in the Note, this Agreement, the Security Instrument or the other Loan Documents by any action or proceeding wherein a money judgment or any deficiency judgment or other judgment establishing personal liability shall be sought against Borrower or any principal, director, officer, employee, beneficiary, shareholder, partner, member, trustee, agent, or Affiliate of Borrower (but

specifically excluding Guarantor) or any legal representatives, successors or assigns of any of the foregoing (collectively, the “Exculpated Parties”), except that Lender may bring a foreclosure action, an action for specific performance or any other appropriate action or proceeding to enable Lender to enforce and realize upon its interest under the Note, this Agreement, the Security Instrument and the other Loan Documents, or in the Property, the Rents, or any other collateral given to Lender pursuant to the Loan Documents; provided, however, that, except as specifically provided herein, any judgment in any such action or proceeding shall be enforceable against Borrower only to the extent of Borrower’s interest in the Property, in the Rents and in any other collateral given to Lender, and Lender, by accepting the Note, this Agreement, the Security Instrument and the other Loan Documents, shall not sue for, seek or demand any deficiency judgment against Borrower or any of the Exculpated Parties in any such action or proceeding under or by reason of or under or in connection with the Note, this Agreement, the Security Instrument or the other Loan Documents. The provisions of this Section shall not, however, (1) constitute a waiver, release or impairment of any obligation evidenced or secured by any of the Loan Documents; (2) impair the right of Lender to name Borrower as a party defendant in any action or suit for foreclosure and sale under the Security Instrument; (3) affect the validity or enforceability of any indemnity, guaranty or similar instrument (including, without limitation, the indemnities set forth in Article 12 hereof, Section 11.2 hereof, in the Guaranty and in the Environmental Indemnity) made in connection with the Loan or any of the rights and remedies of Lender thereunder (including, without limitation, Lender’s right to enforce said rights and remedies against Borrower and/or Guarantor (as applicable) personally and without the effect of the exculpatory provisions of this Article 13); (4) impair the right of Lender to obtain the appointment of a receiver; (5) impair the enforcement of the assignment of leases and rents contained in the Security Instrument; (6) impair the right of Lender to enforce Section 4.12(e) of this Agreement; (7) constitute a prohibition against Lender to seek a deficiency judgment against Borrower in order to fully realize the security granted by the Security Instrument or to commence any other appropriate action or proceeding in order for Lender to exercise its remedies against the Property; or (8) constitute a waiver of the right of Lender to enforce the liability and obligation of Borrower, by money judgment or otherwise, to the extent of any actual Losses incurred by Lender (including attorneys’ fees and costs reasonably incurred) arising out of or in connection with any of the following:

(i) fraud or material intentional misrepresentation by Borrower or Guarantor;

(ii) the gross negligence or willful misconduct of Borrower or Guarantor or the commission of a criminal act by Borrower or Guarantor, which results in any seizure or forfeiture of the Property, or any portion thereof, or Borrower’s interest therein;

(iii) the breach by Borrower or Guarantor of any representation, warranty, covenant or indemnification provision in the Environmental Indemnity;

(iv) physical waste of the Property caused by the intentional acts or intentional omissions of Borrower or Guarantor; and/or the removal or disposal of any portion of the Property after an Event of Default by Borrower or Guarantor;

(v) the misapplication or conversion, in violation of the terms hereof and the terms of the other Loan Documents, by Borrower or Guarantor of (A) any insurance

proceeds paid by reason of any loss, damage or destruction to the Property, or (B) any Awards or other amounts received in connection with the Condemnation of all or a portion of the Property, in each case only to the extent Lender has not taken title to the Property either through a foreclosure or deed-in-lieu thereof;

(vi) all Rents received or collected by or on behalf of Borrower during the continuance of an Event of Default and not applied as required by terms hereof and the terms of the other Loan Documents (except to the extent that such application of such funds is prevented by bankruptcy, receivership, or similar judicial proceeding in which Borrower is legally prevented from directing the disbursement of such sums);

(vii) any Security Deposits, advance deposits or any other deposits collected by Borrower (or Manager on their behalf) or any Rents collected in advance with respect to the Property which are not delivered to a receiver appointed by Lender or to Lender after a foreclosure under the Security Instrument;

(viii) Borrower's breach of, or failure to comply with, the representations, warranties and/or covenants contained in Section 11.2 hereof;

(ix) Borrower fails to appoint a new property manager upon the request of Lender as required by, and in accordance with, the terms and provisions of, this Agreement, the Assignment of Management Agreement and the other Loan Documents or Borrower appoints a new property manager or replaces the property manager other than in accordance with the terms of this Agreement, the Assignment of Management Agreement and the other Loan Documents;

(x) any involuntary transfer or conveyance by Borrower of its interest in the Property, any voluntary transfer or conveyance of any direct and/or indirect, non-Controlling interest in Borrower or any involuntary transfer or conveyance of any Controlling or non-Controlling, direct and/or indirect interest in Borrower; in each case in violation of the covenants set forth in Article 6 hereof;

(xi) arising out of, in connection with or resulting from (A) any Construction Impact Alterations and/or (B) any claims, suits, actions, proceedings or damages brought by any third party against Lender and/or any property damage to the Remaining Property arising out of, in connection with or resulting from the Construction (provided, however, such recourse obligation shall result in recourse liability hereunder only to the extent that Borrower's or such other Person's liability insurance policy does not cover such Loss(es) of Lender);

(xii) Borrower, Guarantor or any of their respective Affiliates or agents (or any other Person acting on their behalf or at the direction of any of the foregoing) leasing any space at the Released Expansion Parcel to the Prohibited Tenant, pursuant to a Lease under which such Tenant takes occupancy of any portion of the Released Expansion Parcel at any time after the completion of the Construction unless Lender has provided its prior written consent thereto; and

(xiii) the granting by Borrower of any voluntary non-monetary Lien against Borrower's interest in the Property in violation of the covenants contained in the Loan Documents.

Notwithstanding anything to the contrary in this Agreement, the Note or any of the Loan Documents, (A) Lender shall not be deemed to have waived any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of the Debt or to require that all collateral shall continue to secure all of the Debt owing to Lender in accordance with the Loan Documents, and (B) the Debt shall be fully recourse to Borrower in the event that: (i) Borrower or any SPE Component Entity files a voluntary petition under the Bankruptcy Code or any other Creditors Rights Laws; (ii) any Borrower, Guarantor, or any Affiliate, officer, director, or representative of Borrower or Guarantor, files, or joins in the filing of, an involuntary petition against Borrower under the Bankruptcy Code or any other Creditors Rights Laws, or Borrower, any SPE Component Entity or Guarantor solicits or causes to be solicited petitioning creditors for any involuntary petition against Borrower or any SPE Component Entity from any Person; (iii) Borrower or any SPE Component Entity files an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under the Bankruptcy Code or any other Creditors Rights Laws, or solicits or causes to be solicited petitioning creditors for any involuntary petition from any Person; (iv) Borrower, Guarantor, or any Affiliate, officer, director, or representative of Borrower, any SPE Component Entity or Guarantor consents to or acquiesces in or joins in an application for the appointment of a custodian, receiver, trustee, or examiner for Borrower, any SPE Component Entity or any portion of the Property (other than an application initiated by Lender); (v) Borrower or any SPE Component Entity makes an assignment for the benefit of creditors or admits in any legal proceeding its insolvency or inability to pay its debts as they become due, except to extent to prevent a claim of perjury or as required by court order; (vi) Borrower, any SPE Component Entity or Guarantor contests or opposes any motion made by Lender to obtain relief from the automatic stay or seeks to reinstate the automatic stay in the event of any federal or state bankruptcy or insolvency proceeding involving the Guarantor or its Affiliates; (vii) any voluntary transfer or conveyance by Borrower of its interest in the Property, any voluntary transfer or conveyance of any direct and/or indirect Controlling interest in Borrower or the granting by Borrower of a mortgage or other voluntary monetary Lien against Borrower's interest in the Property, in each case, in violation of the covenants contained herein or in the other Loan Documents; or (viii) the breach of any representation, warranty or covenant contained in Article 5 hereof that results in the substantive consolidation of the assets of Borrower with the assets of another Person.

Section 13.2 Survival.

The obligations and liabilities of Borrower under this Article 13 shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure of the Security Instrument.

ARTICLE 14.

NOTICES

Section 14.1 Notices.

All notices or other written communications hereunder shall be deemed to have been properly given (a) upon delivery, if delivered in person or by facsimile transmission with receipt acknowledged by the recipient thereof and confirmed by telephone by sender, (b) one (1) Business Day after having been deposited for overnight delivery with any reputable overnight courier service, or (c) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Borrower:

333 South Hope Co. LLC
333 South Hope Plant LLC
c/o Brookfield Office Properties, Inc.
Brookfield Place
250 Vesey Street, 15th Floor
New York, New York 10281
Attention: Jason Kirschner
Facsimile No. (646) 430-8556

With a copies to:

333 South Hope Co. LLC
c/o Brookfield Office Properties, Inc.
Brookfield Place
250 Vesey Street, 15th Floor
New York, New York 10281
Attention: General Counsel
Facsimile No. (212) 417-7195

Goodwin Procter, LLP
Exchange Place
53 State Street
Boston, Massachusetts 02109
Attention: Samuel L. Richardson, Esq.
Facsimile No. (617) 227-8591

If to Lender:

Wells Fargo Bank, National Association
Wells Fargo Center
1901 Harrison Street, 2nd Floor
MAC A0227-020
Oakland, California 94612
Attention: Commercial Mortgage Servicing
Facsimile No.: 866-359-5352

Citigroup Global Markets Realty Corp.
388 Greenwich Street
19th Floor
New York, New York 10013
Attention : Ana Rosu Marmann
Facsimile No.: (646) 328-2938

With a copy to:

Alston & Bird LLP
90 Park Avenue
New York, New York 10016
Attention: Ellen M. Goodwin, Esq.
Facsimile No.: 212-210-9444

or addressed as such party may from time to time designate by written notice to the other parties.

Either party by notice to the other may designate additional or different addresses for subsequent notices or communications.

ARTICLE 15.

FURTHER ASSURANCES

Section 15.1 Replacement Documents.

Upon receipt of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of the Note, this Agreement or any of the other Loan Documents which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note, this Agreement or such other Loan Document: (i) with respect to any Loan Document other than the Note, Borrower will issue, in lieu thereof, a replacement thereof, dated the date of this Agreement or such other Loan Document, as applicable, in the same principal amount thereof and otherwise of like tenor and (ii) with respect to the Note, (a) Borrower will execute a reaffirmation of the Debt as evidenced by such Note acknowledging that Lender has informed Borrower that the Note was lost, stolen, destroyed or mutilated and that such Debt continues to be an obligation and liability of the Borrower as set forth in the Note, a copy of which shall be attached to such reaffirmation and (b) if requested by Lender, Borrower will execute a replacement note and Lender or Lender's custodian (at Lender's option) shall provide to Borrower the applicable Lender's, Lender's custodian's or other applicable credit-worthy entity's then standard form of lost note affidavit and indemnity, in form and substance reasonably acceptable to Borrower and such Person.

Section 15.2 Recording of Security Instrument, etc.

Borrower forthwith upon the execution and delivery of the Security Instrument and thereafter, from time to time, will cause the Security Instrument and any of the other Loan Documents creating a lien or security interest or evidencing the lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and

fully to protect and perfect the lien or security interest hereof upon, and the interest of Lender in, the Property. Borrower will pay all taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of the Note, the Security Instrument, this Agreement, the other Loan Documents, any note, deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property and any instrument of further assurance, and any modification or amendment of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Security Instrument, any deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property or any instrument of further assurance, and any modification or amendment of the foregoing documents, except where prohibited by Applicable Law so to do.

Section 15.3 Further Acts, etc.

Borrower will, at the cost of Borrower, and without expense to Lender, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, deeds of trust, mortgages, assignments, notices of assignments, transfers and assurances as Lender shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming unto Lender the property and rights hereby mortgaged, deeded, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which Borrower may be or may hereafter become bound to convey or assign to Lender, or for carrying out the intention or facilitating the performance of the terms of this Agreement or for filing, registering or recording the Security Instrument, or for complying with all Applicable Law. Borrower, on demand, will execute and deliver, and in the event it shall fail to so execute and deliver, hereby authorizes Lender to execute in the name of Borrower or without the signature of Borrower to the extent Lender may lawfully do so, one or more financing statements to evidence more effectively the security interest of Lender in the Property. Borrower grants to Lender an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Lender at law and in equity, including without limitation, such rights and remedies available to Lender pursuant to this Section 15.3.

Section 15.4 Changes in Tax, Debt, Credit and Documentary Stamp Laws.

(a) If any law is enacted or adopted or amended after the date of this Agreement which deducts the Debt from the value of the Property for the purpose of taxation and which imposes a tax, either directly or indirectly, on the Debt or Lender's interest in the Property, Borrower will pay the tax, with interest and penalties thereon, if any. If Lender is advised by counsel chosen by it that the payment of tax by Borrower would be unlawful or taxable to Lender or unenforceable or provide the basis for a defense of usury then Lender shall have the option by written notice of not less than ninety (90) days to declare the Debt immediately due and payable.

(b) Borrower will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Property, or any part thereof, for real estate tax purposes by reason of the Security Instrument

or the Debt. If such claim, credit or deduction shall be required by Applicable Law, Lender shall have the option, by written notice of not less than ninety (90) days, to declare the Debt immediately due and payable.

(c) If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note, the Security Instrument, or any of the other Loan Documents or impose any other tax or charge on the same, Borrower will pay for the same, with interest and penalties thereon, if any.

ARTICLE 16.

WAIVERS

Section 16.1 Remedies Cumulative; Waivers.

The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against Borrower pursuant to this Agreement, the Security Instrument, the Note or the other Loan Documents, or existing at law or in equity or otherwise. Lender's rights, powers and remedies may be pursued singularly, concurrently or otherwise, at such time and in such order as Lender may determine in Lender's sole discretion. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to Borrower shall not be construed to be a waiver of any subsequent Default or Event of Default by Borrower or to impair any remedy, right or power consequent thereon.

Section 16.2 Modification, Waiver in Writing.

No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement, the Security Instrument, the Note and the other Loan Documents, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on Borrower, shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

Section 16.3 Delay Not a Waiver.

Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege under this Agreement, the Security Instrument, the Note or the other Loan Documents, or any other instrument given as security therefor, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement, the Security Instrument, the Note or the other Loan Documents, Lender shall not be deemed to

have waived any right either to require prompt payment when due of all other amounts due under this Agreement, the Security Instrument, the Note and the other Loan Documents, or to declare a default for failure to effect prompt payment of any such other amount.

Section 16.4 Waiver of Trial by Jury.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND LENDER, BY ACCEPTANCE OF THIS AGREEMENT, HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THE LOAN, THE APPLICATION FOR THE LOAN, THIS AGREEMENT, THE NOTE, THE SECURITY INSTRUMENT OR THE OTHER LOAN DOCUMENTS OR ANY ACTS OR OMISSIONS OF LENDER OR BORROWER.

Section 16.5 Waiver of Notice.

Borrower shall not be entitled to any notices of any nature whatsoever from Lender except (a) with respect to matters for which this Agreement specifically and expressly provides for the giving of notice by Lender to Borrower and (b) with respect to matters for which Lender is required by Applicable Law to give notice, and Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement does not specifically and expressly provide for the giving of notice by Lender to Borrower.

Section 16.6 Remedies of Borrower.

In the event that a claim or adjudication is made that Lender or its agents have acted unreasonably or unreasonably delayed acting in any case where by Applicable Law or under this Agreement, the Security Instrument, the Note and the other Loan Documents, Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, Borrower agrees that neither Lender nor its agents shall be liable for any monetary damages, and Borrower's sole remedies shall be limited to commencing an action seeking injunctive relief or declaratory judgment. The parties hereto agree that any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action seeking declaratory judgment. Lender agrees that, in such event, it shall cooperate in expediting any action seeking injunctive relief or declaratory judgment.

Section 16.7 Marshalling and Other Matters.

Borrower hereby waives, to the extent permitted by Applicable Law, the benefit of all appraisal, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale under the Security Instrument of the Property or any part thereof or any interest therein. Further, Borrower hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of the Security Instrument on behalf of Borrower, and on behalf of each and every person acquiring any interest in or title to the Property subsequent to the date of the Security Instrument and on behalf of all persons to the extent permitted by Applicable Law.

Section 16.8 [Intentionally omitted].

Section 16.9 Waiver of Counterclaim.

Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents.

Section 16.10 Sole Discretion of Lender.

(a) Wherever pursuant to this Agreement (a) Lender exercises any right given to it to approve or disapprove, (b) any arrangement or term is to be satisfactory to Lender, or (c) any other decision or determination is to be made by Lender, the decision to approve or disapprove all decisions that arrangements or terms are satisfactory or not satisfactory, and all other decisions and determinations made by Lender, shall be in the sole discretion of Lender, except as may be otherwise expressly and specifically provided herein. Prior to a Securitization, whenever pursuant to this Agreement or any other Loan Document the Rating Agencies are given any right to approve or disapprove any matter, or any arrangement or term is to be satisfactory to the Rating Agencies, to the extent not already required, the decision of Lender to approve or disapprove such matter or to decide whether arrangements or terms are satisfactory or not satisfactory, shall be substituted therefor.

ARTICLE 17.

MISCELLANEOUS

Section 17.1 Survival.

This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Debt is outstanding and unpaid unless a longer period is expressly set forth in this Agreement, the Security Instrument, the Note or the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All covenants, promises and agreements in this Agreement, by or on behalf of Borrower, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

Section 17.2 Governing Law.

(A) THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK AND THE LOAN WAS MADE BY LENDER AND ACCEPTED BY BORROWER IN THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS AND THE OBLIGATIONS ARISING HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED

IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA, EXCEPT THAT AT ALL TIMES THE PROVISIONS FOR THE CREATION, PERFECTION, PRIORITY AND ENFORCEMENT OF THE LIEN AND SECURITY INTEREST CREATED PURSUANT HERETO AND PURSUANT TO THE OTHER LOAN DOCUMENTS (OTHER THAN WITH RESPECT TO LIENS AND SECURITY INTERESTS IN PROPERTY WHOSE PERFECTION AND PRIORITY IS COVERED BY ARTICLE 9 OF THE UCC (INCLUDING, WITHOUT LIMITATION, THE ACCOUNTS) WHICH SHALL BE GOVERNED BY THE LAW OF THE JURISDICTION APPLICABLE THERETO IN ACCORDANCE WITH SECTIONS 9-301 THROUGH 9-307 OF THE UCC AS IN EFFECT IN THE STATE OF NEW YORK) SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE IN WHICH THE PROPERTY IS LOCATED, IT BEING UNDERSTOOD THAT, TO THE FULLEST EXTENT PERMITTED BY THE LAW OF SUCH STATE, THE LAW OF THE STATE OF NEW YORK SHALL GOVERN THE CONSTRUCTION, VALIDITY AND ENFORCEABILITY OF ALL LOAN DOCUMENTS AND ALL OF THE OBLIGATIONS ARISING HEREUNDER OR THEREUNDER. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS, AND THIS AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW EXCEPT AS SPECIFICALLY SET FORTH ABOVE.

(B) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR BORROWER ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY AT LENDER'S OPTION BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND BORROWER WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER DOES HEREBY DESIGNATE AND APPOINT:

BROOKFIELD PROPERTIES INC.
BROOKFIELD PLACE
250 VESEY STREET, 15TH FLOOR
NEW YORK, NY 10281
ATTENTION: GENERAL COUNSEL

AS ITS AUTHORIZED AGENT TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY

SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN NEW YORK, NEW YORK, AND AGREES THAT SERVICE OF PROCESS UPON SAID AGENT AT SAID ADDRESS AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWER, IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGED ADDRESS OF ITS AUTHORIZED AGENT HEREUNDER, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE A SUBSTITUTE AUTHORIZED AGENT WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH SUBSTITUTE AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE SUCH A SUBSTITUTE IF ITS AUTHORIZED AGENT CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK OR IS DISSOLVED WITHOUT LEAVING A SUCCESSOR.

Section 17.3 Headings.

The Article and/or Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 17.4 Severability.

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Agreement shall be prohibited by or invalid under Applicable Law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 17.5 Preferences.

Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any Creditors Rights Laws, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

Section 17.6 Expenses.

Borrower shall, within ten (10) Business Days of demand, pay Lender all reasonable, out-of-pocket costs and expenses incurred by Lender (including any Rating Agency costs, fees and expenses) in connection with: (a) the preparation, negotiation, execution and delivery of this Agreement and all of the other Loan Documents; (b) the administration of this Agreement and

the other Loan Documents for the term of the Loan and any modifications and amendments, if any, of this Agreement or any of the other Loan Documents; (c) the processing of any Borrower requests made hereunder and under any of the other Loan Documents; (d) the enforcement of any remedies hereunder or under the other Loan Documents or the satisfaction by Lender of any of Borrower's or Guarantor's obligations under this Agreement and the other Loan Documents; (e) enforcing or preserving any rights, in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting Borrower, this Agreement, the Security Instrument, the Note, the other Loan Documents, the Property, or any other security given for the Loan; and (f) otherwise protecting Lender's interests under this Agreement and any other Loan Document, including, without limitation, in connection with any "work-out" of the Loan or any bankruptcy, insolvency, receivership, reorganization, rehabilitation, liquidation or other similar proceeding in respect of Borrower, SPE Component Entity or Guarantor or an assignment by Borrower, SPE Component Entity or Guarantor for the benefit of its creditors (including, without limitation, any special servicing fees, "work-out" fees and/or liquidation fees, but excluding any monthly servicing fees). Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the gross negligence, illegal acts, fraud or willful misconduct of Lender or Servicer. Borrower recognizes and agrees that formal written appraisals of the Property by a licensed independent appraiser may be required by Lender's internal procedures and/or federal regulatory reporting requirements on an annual and/or specialized basis and that Lender may, at its option, require inspection of the Property by an independent supervising architect and/or cost engineering specialist at least semiannually. Notwithstanding the foregoing, Borrower shall not be required to pay for any such appraisal unless an Event of Default occurs and is continuing or as otherwise required to determine the value of the Property after a Casualty or Condemnation. Any amounts payable to Lender pursuant to this Section 17.6 shall become immediately due and payable upon written demand and, if the same is not paid within ten (10) Business Days from such written demand, shall bear interest at the Default Rate from the date which is ten (10) Business Days from such written demand until the date such amounts have been paid.

Section 17.7 Cost of Enforcement.

In the event (a) that the Security Instrument is foreclosed in whole or in part, (b) of the bankruptcy, insolvency, rehabilitation or other similar proceeding in respect of Borrower or any of its constituent Persons or an assignment by Borrower or any of its constituent Persons for the benefit of its creditors, or (c) Lender exercises any of its other remedies under this Agreement, the Security Instrument, the Note and the other Loan Documents, Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including attorneys' fees and costs, incurred by Lender or Borrower in connection therewith and in connection with any appellate proceeding or post judgment action involved therein, together with all required service or use taxes. Any amounts payable to Lender pursuant to this Section 17.7 shall become immediately due and payable upon written demand and, if the same is not paid within ten (10) Business Days from such written demand, shall bear interest at the Default Rate from the date which is ten (10) Business Days from such written demand until the date such amounts have been paid.

Section 17.8 Exhibits and Schedules Incorporated.

The Exhibits and Schedules annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

Section 17.9 Offsets, Counterclaims and Defenses.

Any assignee of Lender's interest in and to this Agreement, the Security Instrument, the Note and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower.

Section 17.10 No Joint Venture or Partnership; No Third Party Beneficiaries.

(a) Borrower and Lender intend that the relationships created under this Agreement, the Security Instrument, the Note and the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between Borrower and Lender or to grant Lender any interest in the Property other than that of mortgagee, beneficiary or lender.

(b) This Agreement, the Security Instrument, the Note and the other Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in this Agreement, the Security Instrument, the Note or the other Loan Documents shall be deemed to confer upon anyone other than Lender and Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained herein or therein. All conditions to the obligations of Lender to make the Loan hereunder are imposed solely and exclusively for the benefit of Lender and no other Person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make the Loan in the absence of strict compliance with any or all thereof and no other Person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender if, in Lender's sole discretion, Lender deems it advisable or desirable to do so.

(c) The general partners, members, principals and (if Borrower is a trust) beneficial owners of Borrower are experienced in the ownership and operation of properties similar to the Property, and Borrower and Lender are relying solely upon such expertise and business plan in connection with the ownership and operation of the Property. Borrower is not relying on Lender's expertise, business acumen or advice in connection with the Property.

(d) Notwithstanding anything to the contrary contained herein, Lender is not undertaking the performance of (i) any obligations under the Leases; or (ii) any obligations with respect to such agreements, contracts, certificates, instruments, franchises, permits, trademarks, licenses and other documents.

(e) By accepting or approving anything required to be observed, performed or fulfilled or to be given to Lender pursuant to this Agreement, the Security Instrument, the Note

or the other Loan Documents, including, without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, Lender shall not be deemed to have warranted, consented to, or affirmed the sufficiency, the legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by Lender.

(f) Borrower recognizes and acknowledges that in accepting this Agreement, the Note, the Security Instrument and the other Loan Documents, Lender is expressly and primarily relying on the truth and accuracy of the representations and warranties set forth in Article 3 of this Agreement without any obligation to investigate the Property and notwithstanding any investigation of the Property by Lender; that such reliance existed on the part of Lender prior to the date hereof, that the warranties and representations are a material inducement to Lender in making the Loan; and that Lender would not be willing to make the Loan and accept the this Agreement, the Note, the Security Instrument and the other Loan Documents in the absence of the warranties and representations as set forth in Article 3 of this Agreement.

Section 17.11 Publicity; Advertising.

(a) All news releases, publicity or advertising by Borrower, Guarantor or any Person directly or indirectly owned and/or Controlled by Sponsor through any media intended to reach the general public which refers to this Agreement, the Note, the Security Instrument or the other Loan Documents or the financing evidenced by this Agreement, the Note, the Security Instrument or the other Loan Documents, to Lender or any of its Affiliates shall be subject to the prior written approval of Lender, not to be unreasonably withheld, conditioned or delayed; provided, however, that Borrower may issue a release stating that a financing has occurred which does not mention Lender, Wells Fargo, Citi or any of the material terms of the Loan (other than the amount of the Loan) without Lender's prior written approval. Nothing contained in this Section 17.11 shall restrict Sponsor's right to include information regarding the Loan and its terms in any securities filings, disclosures or information distributed to its shareholders.

(b) Lender and its affiliated entities, including, without limitation, Wells Fargo & Company and its subsidiaries, may publicly identify details of the Loan in their respective advertising and public communications of all kinds, including, but not limited to, press releases, direct mail, newspapers, magazines, journals, e-mail or internet advertising or communications, in each case, subject to the prior written approval of Borrower, not to be unreasonably withheld, conditioned or delayed. Such details shall be limited to (i) the name of the Property, (ii) a description of the size and location of the Property, (iii) the principal amount of the Loan, (iv) the Closing Date, (v) whether the interest rate of the Loan is fixed or floating, and (vi) the identities of Borrower and Guarantor.

Section 17.12 Conflict; Construction of Documents; Reliance.

In the event of any conflict between the provisions of this Agreement and the Security Instrument, the Note or any of the other Loan Documents, the provisions of this Agreement shall control. Wherever the phrase "during the continuance of an Event of Default" or the like appears herein or in any other Loan Document, such phrase shall not mean or imply that Lender has any obligation to accept a cure of such Event of Default. The parties hereto acknowledge that they

were represented by competent counsel in connection with the negotiation, drafting and execution of this Agreement, the Note, the Security Instrument and the other Loan Documents and this Agreement, the Note, the Security Instrument and the other Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or Affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under this Agreement, the Note, the Security Instrument and the other Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or Affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse-to or competitive with the business of Borrower or its Affiliates.

Section 17.13 Entire Agreement.

This Agreement, the Note, the Security Instrument and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written between Borrower and Lender are superseded by the terms of this Agreement, the Note, the Security Instrument and the other Loan Documents.

Section 17.14 Liability.

If Borrower consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several. This Agreement shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns forever.

Section 17.15 Duplicate Originals; Counterparts.

This Agreement may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. The failure of any party hereto to execute this Agreement, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

Section 17.16 Contribution

(a) As a result of the transactions contemplated by this Agreement and the other Loan Documents, each Borrower will benefit, directly and indirectly, from each Borrower's obligation to pay the Debt and perform its obligations hereunder and under the other Loan Documents (collectively, the "Obligations") and in consideration therefore each Borrower desires to enter into an allocation and contribution agreement among themselves as set forth in this Section to allocate such benefits among themselves and to provide a fair and equitable agreement to make contributions among each of Borrowers in the event any payment is made by any individual Borrower hereunder to Lender (such payment being referred to herein as a "Contribution," and

for purposes of this Section, includes any exercise of recourse by Lender against any Property of a Borrower and application of proceeds of such Property in satisfaction of such Borrower's obligations, to Lender under the Loan Documents).

(b) Each Borrower shall be liable hereunder with respect to the Obligations only for such total maximum amount (if any) that would not render its Obligations hereunder or under any of the Loan Documents subject to avoidance under Section 548 of the Bankruptcy Code or any comparable provisions of any state law.

(c) In order to provide for a fair and equitable contribution among Borrowers in the event that any Contribution is made by an individual Borrower (a "Funding Borrower"), such Funding Borrower shall be entitled to a reimbursement Contribution ("Reimbursement Contribution") from all other Borrowers for all payments, damages and expenses incurred by that Funding Borrower in discharging any of the Obligations, in the manner and to the extent set forth in this Section.

(d) For purposes hereof, the "Benefit Amount" of any individual Borrower as of any date of determination shall be the net value of the benefits to such Borrower and its affiliates from extensions of credit made by Lenders to (i) such Borrower and (ii) to the other Borrowers hereunder and the Loan Documents to the extent such other Borrowers have guaranteed or mortgaged their property to secure the Obligations of such Borrower to Lenders.

(e) Each Borrower shall be liable to a Funding Borrower in an amount equal to the lesser of (i) the (A) ratio of the Benefit Amount of such Borrower to the total amount of Obligations, multiplied by (B) the amount of Obligations paid by such Funding Borrower, or (ii) ninety-five percent (95%) of the excess of the fair saleable value of the property of such Borrower over the total liabilities of such Borrower (including the maximum amount reasonably expected to become due in respect of contingent liabilities) determined as of the date on which the payment made by a Funding Borrower is deemed made for purposes hereof (giving effect to all payments made by other Funding Borrowers as of such date in a manner to maximize the amount of such Contributions).

(f) In the event that at any time there exists more than one Funding Borrower with respect to any Contribution (in any such case, the "Applicable Contribution"), then Reimbursement Contributions from other Borrowers pursuant hereto shall be allocated among such Funding Borrowers in proportion to the total amount of the Contribution made for or on account of the other Borrowers by each such Funding Borrower pursuant to the Applicable Contribution. In the event that at any time any Borrower pays an amount hereunder in excess of the amount calculated pursuant to this Section above, that Borrower shall be deemed to be a Funding Borrower to the extent of such excess and shall be entitled to a Reimbursement Contribution from the other Borrowers in accordance with the provisions of this Section.

(g) Each Borrower acknowledges that the right to Reimbursement Contribution hereunder shall constitute an asset in favor of Borrower to which such Reimbursement Contribution is owing.

(h) No Reimbursement Contribution payments payable by a Borrower pursuant to the terms of this Section shall be paid until all amounts then due and payable by all of Borrowers to Lender, pursuant to the terms of the Loan Documents, are paid in full in cash. Nothing contained in this Section shall limit or affect in any way the Obligations of any Borrower to Lender under the Loan Documents.

(i) To the extent permitted by applicable law, each Borrower waives the defenses below solely to the extent such defenses are available to any Borrower in its capacity as a surety or guarantor of the Debt, and not as a direct obligor hereunder or under the other Loan Documents:

(i) any right to require Lender to proceed against any other Borrower or any other person or to proceed against or exhaust any security held by Lender at any time or to pursue any other remedy in Lender's power before proceeding against Borrower;

(ii) any defense based upon any legal disability or other defense of any other Borrower, any guarantor of any other person or by reason of the cessation or limitation of the liability of any other Borrower or any guarantor from any cause other than full payment of all sums payable under the Loan Documents;

(iii) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of any other Borrower or any principal of any other Borrower or any defect in the formation of any other Borrower or any principal of any other Borrower;

(iv) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal;

(v) any defense based upon any failure by Lender to obtain collateral for the indebtedness or failure by Lender to perfect a lien on any collateral;

(vi) presentment, demand, protest and notice of any kind;

(vii) any defense based upon any failure of Lender to give notice of sale or other disposition of any collateral to any other Borrower or to any other person or entity or any defect in any notice that may be given in connection with any sale or disposition of any collateral;

(viii) any defense based upon any failure of Lender to comply with applicable laws in connection with the sale or other disposition of any collateral, including any failure of Lender to conduct a commercially reasonable sale or other disposition of any collateral;

(ix) any defense based upon any use of cash collateral under Section 363 of the Bankruptcy Code;

(x) any defense based upon any agreement or stipulation entered into by Lender with respect to the provision of adequate protection in any bankruptcy proceeding;

(xi) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Bankruptcy Code;

(xii) any defense based upon the avoidance of any security interest in favor of Lender for any reason;

(xiii) any defense based upon any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding, including any discharge of, or bar or stay against collecting, all or any of the obligations evidenced by the Note or owing under any of the Loan Documents;

(xiv) any defense or benefit based upon Borrower's, or any other party's, resignation of the portion of any obligation secured by the Security Instrument to be satisfied by any payment from any other Borrower or any such party;

(xv) all rights and defenses arising out of an election of remedies by Lender even though the election of remedies, such as non-judicial foreclosure with respect to security for the Loan or any other amounts owing under the Loan Documents, has destroyed Borrower's rights of subrogation and reimbursement against any other Borrower; and

(xvi) all rights and defenses that Borrower may have because any of Debt is secured by real property. This means, among other things (subject to the other terms and conditions of the Loan Documents): (1) Lender may collect from Borrower without first foreclosing on any real or personal property collateral pledged by any other Borrower, and (2) if Lender forecloses on any real property collateral pledged by any other Borrower, (I) the amount of the Debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price and (II) Lender may collect from Borrower even if any other Borrower, by foreclosing on the real property collateral, has destroyed any right Borrower may have to collect from any other Borrower. This is an unconditional and irrevocable waiver of any rights and defenses Borrower may have because any of the Debt is secured by real property; and except as may be expressly and specifically permitted herein, any claim or other right which Borrower might now have or hereafter acquire against any other Borrower or any other person that arises from the existence or performance of any obligations under the Loan Documents, including any of the following: (1) any right of subrogation, reimbursement, exoneration, contribution, or indemnification; or (2) any right to participate in any claim or remedy of Lender against any other Borrower or any collateral security therefor, whether or not such claim, remedy or right arises in equity or under contract, statute or common law.

(j) Each Borrower hereby waives each of the following:

(i) Any rights of Borrower of subrogation, reimbursement, indemnification, and/or contribution against the other Borrower or any other person or entity, and any other rights and defenses that are or may become available to such Borrower or any other person or entity by reasons of Sections 2787–2855, inclusive of the California Civil Code;

(ii) Any rights or defenses that may be available by reason of any election of remedies by Lender (including, without limitation, any such election which in any manner impairs, effects, reduces, releases, destroys or extinguishes such Borrower’s subrogation rights, rights to proceed against Borrower for reimbursement, or any other rights of such Borrower to proceed against any other person, entity or security, including but not limited to any defense based upon an election of remedies by Lender under the provisions of Section 580(d) of the California Code of Civil Procedure or any similar law of California or of any other State or of the United States); and

(iii) Any rights or defenses such Borrower may have because the obligations hereunder and under the other Loan Documents are secured by real property or any estate for years. These rights or defenses include, but are not limited to, any rights or defenses that are based upon, directly or indirectly, the application of Section 580(a), Section 580(b), Section 580(d) or Section 726 of the California Code of Civil Procedure to the such obligations.

The provisions of this subsection (iii) mean, among other things:

(x) Lender may collect from any Borrower without first foreclosing on any real or personal property collateral pledged by Borrower for the Debt; and

(y) If Lender forecloses on real property collateral pledged by Borrower:

The obligations hereunder may be reduced only by the price for which such real property collateral is sold at the foreclosure sale even if such real property collateral is worth more than the sale price, and the Lender may collect from such Borrower even if the Lender, by foreclosing on the real property collateral, has destroyed any right such Borrower may have to collect from the other Borrower.

Further, the provisions of this Agreement constitute an unconditional and irrevocable waiver of any rights and defenses Borrower may have because such obligations are secured by real property. These rights and defenses, include, but are not limited to, any rights or defenses based upon Section 580(a), Section 580(b), Section 580(d) or Section 726 of the California Code of Civil Procedure.)).

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWER:

333 SOUTH HOPE CO. LLC, a Delaware limited liability company

By: /s/ JASON KIRSCHNER

Name: Jason Kirschner

Title: Vice President, Finance

333 SOUTH HOPE PLANT LLC, a Delaware limited liability company

By: /s/ JASON KIRSCHNER

Name: Jason Kirschner

Title: Vice President, Finance

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

Loan Agreement – Signature Page

LENDER:
WELLS FARGO BANK, NATIONAL
ASSOCIATION
By: /s/ JEFFREY L. CIRILLO
Name: Jeffrey L. Cirillo
Title: Director

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

Loan Agreement – Signature Page

LENDER:
CITIGROUP GLOBAL MARKETS REALTY
CORP., a New York corporation
By: /s/ RICHARD W. SIMPSON
Name: Richard W. Simpson
Title: Authorized Signatory

Loan Agreement – Signature Page

EXHIBIT A
ADDITIONAL DEFINITIONS

“Debt Service Coverage Ratio” shall mean as of the last day of the calendar month immediately preceding the applicable date of calculation, the quotient obtained by dividing (1) the Adjusted Net Cash Flow by (2) the sum of (x) the aggregate interest-only payments projected to be due and payable under the Note over the twelve (12) month period subsequent to the date of calculation plus (y) the aggregate principal, if any, and interest payment projected to be due and payable under the Permitted Mezzanine Financing, if any, over the twelve (12) month period subsequent to the date of calculation. Borrower shall deliver to Lender such information as is reasonably required for Lender to make all applicable calculations. Lender’s calculation of the Debt Service Coverage Ratio, and all component calculations, shall be conclusive and binding on Borrower absent manifest error.

“Debt Yield” shall mean, as of the last day of the calendar month immediately preceding the applicable date of determination, the quotient (expressed as a percentage) obtained by dividing (a) Adjusted Net Cash Flow as of such date by (b) the sum of (i) the outstanding principal amount of the Loan as of such date plus (ii) the outstanding principal amount of the Permitted Mezzanine financing as of such date. Lender’s calculation of the Debt Yield, and all component calculations, shall be conclusive and binding on Borrower absent manifest error.

“Adjusted Net Cash Flow” shall mean Underwritten NOI minus (a) normalized tenant improvement and leasing commission expenditures equal to \$1.00 per square foot per annum, and (b) normalized capital improvements equal to \$0.20 per square foot per annum.

“Underwritten NOI” shall mean Underwritten EGI minus Underwritten Operating Expenses.

INCOME

“Underwritten EGI” shall mean Net Rental Income plus Other Income minus Bad Debt and Rent Concessions.

“Net Rental Income” shall mean Gross Potential Rent plus Expense Reimbursements minus Vacancy Deduction plus Percentage Rent.

“Gross Potential Rent” shall mean gross potential rent, computed in accordance with accounting principles reasonably acceptable to Lender, based on the most recent rent roll annualized, which should include (a) effective rent for space leased pursuant to valid Leases (the “In-Place Tenants”), provided that (i) to the extent a particular tenant is either in a scheduled rent concession period at the time of determination or has a rent concession period scheduled in the future, such tenant’s annualized rent, including, without limitation, contractual parking rent, may be adjusted by Lender in its reasonable discretion to reflect a normalized annualized amount unless no future rent is scheduled to be received from such tenant in which case no rent will be included for such tenant, (ii) effective rent shall also include rental increases for In-Place Tenants (other than the Specified Tenant (defined below)) pursuant to Leases through and including

August 1, 2015 and (iii) with respect to the Lease with Bank of America, N.A. (the “Specified Tenant”), effective rent shall be further adjusted by Lender to include the average base rent for such Specified Tenant calculated based upon the effective rent over the remaining applicable Lease term) and (b) market rents for vacant space. Gross Potential Rent will not include potential rent by or on behalf of any tenant under a Lease which is the subject of any proceeding or action relating to its bankruptcy, reorganization or other arrangement pursuant to the Bankruptcy Code or any similar federal or state law or which has been adjudicated a bankrupt or insolvent unless such Lease has been affirmed by the trustee in such proceeding or action pursuant to a final, non–appealable order of a court of competent jurisdiction.

“Expense Reimbursements” shall mean expense reimbursements as determined from the most recent operating statement, to the extent deemed recurring and sustainable, determined on a trailing 12–month basis (which should include actual expense reimbursements for occupied space and market expense reimbursements for vacant space and newly–leased space); provided, however, (i) that total Expense Reimbursements cannot exceed one hundred percent (100%) of Borrower’s actual Operating Expenses and (ii) the following shall not be included as Expense Reimbursements: any expense reimbursements from Tenants relating to any national or regional marketing expenses allocated to the Property; any extraordinary non–recurring expenses; any bank charges; any corporate overhead costs allocated or charged to the Property (such as information technology and legal and marketing costs associated with leasing of space at the Property); bad debts relating to the current accounting period; and any audit and other fees associated with the Loan.

“Vacancy Deduction” shall be determined by multiplying Gross Potential Rent and Expense Reimbursements by the greatest of (a) the actual vacancy at the Property at the time of determination, and (b) an imputed vacancy rate of 5%.

“Percentage Rent” shall mean percentage rent as determined from the most recent operating statement, to the extent deemed recurring and sustainable, determined on a trailing 12–month basis.

“Other Income” shall mean all other applicable income as determined from the most recent operating statement for the Property at the time of determination, to the extent such income is deemed recurring and sustainable, determined on a trailing 12–month basis, computed in accordance with accounting principles reasonably acceptable to Lender, including, without limitation (and without duplication), parking income, cellular tower income, vending income and other similar items. Notwithstanding the foregoing, Other Income will not include Insurance Proceeds (other than proceeds of rent loss, business interruption or other similar insurance allocable to the applicable period); Condemnation Proceeds (other than Condemnation Proceeds arising from a temporary taking or the use and occupancy of all or part of the applicable Property allocable to the applicable period); proceeds of any financing; proceeds of any sale, exchange or transfer of the Property or any part thereof or interest therein (including proceeds of any sales of furniture, fixtures and equipment); capital contributions or loans to Borrower or an Affiliate of Borrower; any item of income otherwise includable in Other Income but paid directly by any tenant to a Person other than Borrower; any other extraordinary, non–recurring revenues; payments paid by or on behalf of any tenant under a Lease which is the subject of any proceeding or action relating to its bankruptcy, reorganization or other arrangement pursuant to

the Bankruptcy Code or any similar federal or state law or which has been adjudicated a bankrupt or insolvent unless such Lease has been affirmed by the trustee in such proceeding or action pursuant to a final, non–appealable order of a court of competent jurisdiction; payments paid by or on behalf of any tenant under a Lease in whole or partial consideration for the termination of any Lease; sales tax rebates from any Governmental Authority; sales, use and occupancy taxes on receipts required to be accounted for by Borrower to any Governmental Authority; refunds and uncollectible accounts; interest income from any source; unforfeited Security Deposits, utility and other similar deposits; income from tenants not paying rent; or any disbursements to Borrower from the Reserve Funds.

“Bad Debt” shall mean debt that remains uncollectible after reasonable efforts have been exhausted to collect the debt. Bad Debt will be determined on a trailing 12–month basis.

“Rent Concessions” shall mean any remaining rent concessions for the Leases used to determine Gross Potential Rent (other than any concessions already accounted for in the determination of Gross Potential Rent above) to the extent such rent concessions relate to the forward 12–month period at the time of determination.

EXPENSE

“Underwritten Operating Expenses” shall mean projected annualized Operating Expenses based on a trailing 12–month period adjusted upwards or downwards in Lender’s reasonable discretion by anticipated changes in Operating Expenses.

“Operating Expenses” shall mean all expenses, computed in accordance with accounting principles reasonably acceptable to Lender, of whatever kind and from whatever source, relating to the ownership, operation, repair, maintenance and management of the Property that are incurred on a regular monthly or other periodic basis, including, without limitation (and without duplication): Taxes (based on the most current bill annualized, subject to adjustment by Lender to take into account any change in assessment that has not yet been reflected in the most current tax bill); Insurance Premiums (based on the most current premium annualized); management fees (whether or not actually paid) equal to the greater of the actual management fees or 3% of Underwritten EGI; costs attributable to the ordinary operation, repair and maintenance of the Improvements; common area maintenance costs; advertising and marketing expenses; professional fees; license fees; general and administrative costs and expenses; utilities; payroll, benefits and related taxes and expenses; janitorial expenses; computer processing charges; operating equipment or other lease payments as approved by Lender; ground lease payments; bond assessments; and other similar costs and expenses; in each instance, unless otherwise noted, only to the extent actually paid for by Borrower (the foregoing expenses being referred to herein as “Actual Operating Expenses”). Notwithstanding the foregoing, Operating Expenses shall not include debt service (including principal, interest, impounds and other reserves), capital expenditures, tenant improvement costs, leasing commissions or other expenses which are paid from escrows required by the Loan Documents; any payment or expense for which Borrower was or is to be reimbursed from proceeds of the loan or insurance or by any third party; federal, state or local income taxes; any non–cash charges such as depreciation and amortization; any item of expense otherwise includable in Operating Expenses which is paid directly by any tenant except real estate taxes paid directly to any taxing authority by any tenant; any national or

regional marketing expenses allocated to the Property; any extraordinary non-recurring expenses; any bank charges; any corporate overhead costs allocated or charged to the Property (such as information technology and legal and marketing costs associated with leasing of space at the Property); bad debts relating to the current accounting period; and any audit and other fees associated with the Loan.

In making the calculations described herein, applicable line items may be adjusted by Lender in its reasonable discretion (a) to accurately reflect the amounts of any extraordinary non-recurring items in the relevant period and to reflect on a pro rata basis those items on an annual or semi-annual basis and (b) to reflect Leases (and projected changes to the applicable line items above) which are either (i) anticipated to terminate within the 90 days of the date of calculation or (ii) executed with creditworthy tenants with rent commencement dates scheduled to occur within 90 days of the date of calculation.

[NO FURTHER TEXT ON THIS PAGE]

333 SOUTH HOPE CO. LLC and 333 SOUTH HOPE PLANT LLC, collectively, as grantor

to
FIDELITY NATIONAL TITLE COMPANY, as trustee

for the benefit of
WELLS FARGO BANK, NATIONAL ASSOCIATION and CITIGROUP GLOBAL
MARKETS REALTY CORP., collectively, as beneficiary

DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY
AGREEMENT AND FIXTURE FILING

Dated: As of August 7, 2014
Location: Bank of America Plaza
333 South Hope Street
Los Angeles, California
County: Los Angeles

PREPARED FOR OR BY AND UPON
RECORDATION RETURN TO:

WELLS FARGO BANK
NATIONAL ASSOCIATION
150 East 42nd St, 38th Floor
New York, NY 10174
Attention: Loan Administration

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Security Instrument") is made as of this 7th day of August, 2014, by 333 SOUTH HOPE CO. LLC ("333 Hope") and 333 SOUTH HOPE PLANT LLC ("333 Plant"), each a Delaware limited liability company, having an address at c/o Brookfield Properties Inc., Brookfield Place, 250 Vesey Street, 15th Floor, New York, NY 10281, (333 Hope and/or 333 Plant, individually and collectively, as the context may require, together with each of their successors and/or assigns, "Borrower"), as grantor, to the FIDELITY NATIONAL TITLE COMPANY, a California corporation, having an address at 1300 Dove Street, Suite 310, Newport Beach, CA 92660, as trustee (together with its successors and assigns, "Trustee") for the benefit of WELLS FARGO BANK, NATIONAL ASSOCIATION, having an address at Wells Fargo Center, 1901 Harrison Street, 2nd Floor, MAC A0227 020, Oakland, California 94612 (together with its successors and assigns, "WFB") and CITIGROUP GLOBAL MARKETS REALTY CORP., a New York corporation, having an address at 388 Greenwich Street, 19th Floor, New York, New York 10013 (together with its successors and/or assigns, "Citi"; WFB and Citi, individually and/or collectively, as the context may require, "Lender"). All capitalized terms not defined herein shall have the respective meanings set forth in the Loan Agreement (defined below).

RECITALS:

This Security Instrument is given to Lender to secure a certain loan (the "Loan") advanced pursuant to that certain Loan Agreement between Borrower and Lender, dated as of the date hereof (as the same may have been or may be amended, restated, replaced, supplemented or otherwise modified from time to time, the "Loan Agreement"), which such Loan is evidenced by, among other things, those certain Promissory Notes, each dated as of the date hereof, executed by Borrower in connection with the Loan Agreement in the aggregate principal amount of \$400,000,000.00 (together with all extensions, renewals, replacements, restatements or other modifications thereof, whether one or more being hereinafter collectively referred to as the "Note") the last payment under which is due on the "Maturity Date" set forth in the Loan Agreement, which shall in no event be later than September 6, 2024;

Borrower desires to secure the payment of the outstanding principal amount set forth in, and evidenced by, the Loan Agreement and the Note together with all interest accrued and unpaid thereon and all other sums due to Lender in respect of the Loan under the Note, the Loan Agreement, this Security Instrument or any of the other Loan Documents (defined below) (collectively, the "Debt") and the performance of all of the obligations due under the Note, the Loan Agreement and all other documents, agreements and certificates executed and/or delivered in connection with the Loan (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, collectively, the "Loan Documents"); and

This Security Instrument is given pursuant to the Loan Agreement, and payment, fulfillment, and performance of the obligations due thereunder and under the other Loan Documents are secured hereby in accordance with the terms hereof.

Article 1 – GRANTS OF SECURITY

Section 1.1. Property Mortgaged. Borrower does hereby irrevocably mortgage, bargain, sell, pledge, assign, warrant, transfer, convey and grant a security interest to Trustee, its successors and assigns, for the benefit of Lender and its successors and assigns in and to the following property, rights, interests and estates now owned, or hereafter acquired by Borrower (collectively, the "Property"):

(a)Land. The real property described in Exhibit A attached hereto and made a part hereof (collectively, the "Land");

(b)Additional Land. All additional lands, estates and development rights hereafter acquired by Borrower for use in connection with the Land and the development of the Land and all additional lands and estates therein which may, from time to time, by supplemental mortgage or otherwise be expressly made subject to the lien of this Security Instrument;

(c)Improvements. The buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Land (collectively, the "Improvements");

(d)Easements. All easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and the Improvements, and the reversions and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interests, rights of dower, rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Borrower of, in and to the Land and the Improvements, and every part and parcel thereof, with the appurtenances thereto;

(e)Fixtures and Personal Property. All machinery, equipment, fixtures (including, but not limited to, all heating, air conditioning, plumbing, lighting, communications and elevator fixtures), furniture, software used in or to operate any of the foregoing and other property of every kind and nature whatsoever owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, and usable in connection with the present or future operation and occupancy of the Land and the Improvements and all building equipment, materials and supplies of any nature whatsoever owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, or usable in connection with the present or future operation and occupancy of the Land and the Improvements (collectively, the "Personal Property"), and the right, title and interest of Borrower in and to any of the Personal Property which may be subject to any security interests, as defined in the Uniform Commercial Code, as adopted and enacted by the state or states where any of the Property is located (the "Uniform Commercial Code"), and all proceeds and products of the above;

(f)Leases and Rents. All leases, subleases, subsubleases, lettings, licenses (including, without limitation, that certain License Agreement effective as of January 1, 2014 by

and between 333 Hope and 333 Plant), concessions or other agreements (whether written or oral) (including, without limitation, that certain Energy Services Agreement effective as of January 1, 2014 by and between 333 Hope and 333 Plant) pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of the Land and the Improvements, and every modification, amendment or other agreement relating to such leases, subleases, subsubleases, or other agreements entered into in connection with such leases, subleases, subsubleases, or other agreements and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto, heretofore or hereafter entered into, whether before or after the filing by or against Borrower of any petition for relief under any Creditors Rights Laws (collectively, the "Leases") and all right, title and interest of Borrower, its successors and assigns therein and thereunder, including, without limitation, cash or securities deposited thereunder to secure the performance by the lessees of their obligations thereunder and all rents, additional rents, rent equivalents, moneys payable as damages or in lieu of rent or rent equivalents, royalties (including, without limitation, all oil and gas or other mineral royalties and bonuses), income, receivables, receipts, revenues, deposits (including, without limitation, security, utility and other deposits), accounts, cash, issues, profits, charges for services rendered, and other consideration of whatever form or nature received by or paid to or for the account of or benefit of Borrower or its agents or employees from any and all sources arising from or attributable to the Property, including, all receivables, customer obligations, installment payment obligations and other obligations now existing or hereafter arising or created out of the sale, lease, sublease, license, concession or other grant of the right of the use and occupancy of property or rendering of services by Borrower or Manager and proceeds, if any, from business interruption or other loss of income insurance whether paid or accruing before or after the filing by or against Borrower of any petition for relief under any Creditors Rights Laws (collectively, the "Rents") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Debt;

(g) Insurance Proceeds. All insurance proceeds in respect of the Property under any insurance policies covering the Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Property (collectively, the "Insurance Proceeds");

(h) Condemnation Awards. All condemnation awards, including interest thereon, which may heretofore and hereafter be made with respect to the Property by reason of any taking or condemnation, whether from the exercise of the right of eminent domain (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property (collectively, the "Awards");

(i) Tax Certiorari. All refunds, rebates or credits in connection with reduction in real estate taxes and assessments charged against the Property as a result of tax certiorari or any applications or proceedings for reduction;

(j) Rights. The right, in the name and on behalf of Borrower, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Lender in the Property;

(k) Agreements. All agreements, contracts, certificates, instruments, franchises, permits, licenses, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Land and any part thereof and any Improvements or any business or activity conducted on the Land and any part thereof and all right, title and interest of Borrower therein and thereunder, including, without limitation, the right, upon the happening of any Event of Default hereunder, to receive and collect any sums payable to Borrower thereunder;

(l) Intangibles. All tradenames, trademarks, servicemarks, logos, copyrights, goodwill, books and records and all other general intangibles relating to or used in connection with the operation of the Property;

(m) Accounts. All reserves, escrows and deposit accounts maintained by Borrower with respect to the Property, including without limitation, the Accounts and all cash, checks, drafts, certificates, securities, investment property, financial assets, instruments and other property held therein from time to time and all proceeds, products, distributions or dividends or substitutions thereon and thereof;

(n) [Intentionally Omitted];

(o) [Intentionally Omitted];

(p) Proceeds. All proceeds of any of the foregoing items set forth in subsections (a) through (o), including, without limitation, Insurance Proceeds and Awards, whether cash, liquidation or other claims, or otherwise; and

(q) Other Rights. Any and all other rights of Borrower in and to the items set forth in subsections (a) through (p) above.

Section 1.2. ASSIGNMENT OF RENTS. Borrower hereby absolutely and unconditionally assigns to Lender and Trustee all of Borrower's right, title and interest in and to all current and future Leases and Rents; it being intended by Borrower that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to the terms of the Loan Agreement and Section 8.1(h) of this Security Instrument, Lender grants to Borrower a revocable license to (i) collect, receive, use and enjoy the Rents and Borrower shall hold the Rents, or a portion thereof sufficient to discharge all current sums due on the Debt, for use in the payment of such sums, and (ii) enforce the terms of, and perform the obligations of the landlord under, the Leases.

Section 1.3. SECURITY AGREEMENT. This Security Instrument is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Borrower in the Property. By executing and delivering this Security Instrument, Borrower hereby grants to Lender, as security for the Obligations (hereinafter defined), a security interest in the Property to the full extent that the Property may be subject to the Uniform Commercial Code.

Section 1.4. **FIXTURE FILING.** Certain of the Property is or will become “fixtures” (as that term is defined in the Uniform Commercial Code) on the Land, and this Security Instrument, upon being filed for record in the real estate records of the city or county wherein such fixtures are situated, shall operate also as a financing statement filed as a fixture filing in accordance with the applicable provisions of said Uniform Commercial Code upon such of the Property that is or may become fixtures.

Section 1.5. **CONDITIONS TO GRANT. TO HAVE AND TO HOLD** the above granted and described Property unto Trustee for and on behalf of Lender and to the use and benefit of Lender and Trustee and their successors and assigns, forever; **IN TRUST, WITH POWER OF SALE**, to secure payment to Lender of the Debt at the time and in the manner provided for its payment in the Note and the Loan Agreement; **PROVIDED, HOWEVER**, these presents are upon the express condition that, if Lender shall be well and truly paid the Debt at the time and in the manner provided in the Note, the Loan Agreement and this Security Instrument, if Borrower shall well and truly perform the Other Obligations as set forth in this Security Instrument and shall well and truly abide by and comply with each and every covenant and condition set forth herein and in the Note, the Loan Agreement and the other Loan Documents, these presents and the estate hereby granted shall cease, terminate and be void.

Article 2 – DEBT AND OBLIGATIONS SECURED

Section 2.1. **DEBT.** This Security Instrument and the grants, assignments and transfers made in Article 1 are given for the purpose of securing the Debt.

Section 2.2. **OTHER OBLIGATIONS.** This Security Instrument and the grants, assignments and transfers made in Article 1 are also given for the purpose of securing the performance of the following (the “Other Obligations”): (a) all other obligations of Borrower contained herein; (b) each obligation of Borrower contained in the Loan Agreement and any other Loan Document; and (c) each obligation of Borrower contained in any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part of the Note, the Loan Agreement or any other Loan Document.

Section 2.3. **DEBT AND OTHER OBLIGATIONS.** Borrower’s obligations for the payment of the Debt and the performance of the Other Obligations shall be referred to collectively herein as the “Obligations.”

Section 2.4. **PAYMENT OF DEBT.** Borrower will pay the Debt at the time and in the manner provided in the Loan Agreement, the Note and this Security Instrument.

Section 2.5. **INCORPORATION BY REFERENCE.** All the covenants, conditions and agreements contained in (a) the Loan Agreement, (b) the Note and (c) all and any of the other Loan Documents, are hereby made a part of this Security Instrument to the same extent and with the same force as if fully set forth herein.

Article 3 – PROPERTY COVENANTS

Borrower covenants and agrees that:

Section 3.1. **INSURANCE.** Borrower shall obtain and maintain, or cause to be obtained and maintained, in full force and effect at all times insurance with respect to Borrower and the Property as required pursuant to the Loan Agreement.

Section 3.2. **TAXES AND OTHER CHARGES.** Borrower shall pay all real estate and personal property taxes, assessments, water rates or sewer rents (collectively "Taxes"), ground rents, maintenance charges, impositions (other than Taxes), and any other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Property (collectively, "Other Charges"), now or hereafter levied or assessed or imposed against the Property or any part thereof in accordance with the Loan Agreement.

Section 3.3. **LEASES.** Borrower shall not (and shall not permit any other applicable Person to) enter in any Leases for all or any portion of the Property unless in accordance with the provisions of the Loan Agreement.

Section 3.4. **WARRANTY OF TITLE.** Borrower has good, marketable and insurable title to the Property and has the right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the same. Borrower possesses an unencumbered fee simple absolute estate in the Land and the Improvements except for the Permitted Encumbrances, such other liens as are permitted pursuant to the Loan Documents and the liens created by the Loan Documents. This Security Instrument, when properly recorded in the appropriate records, together with any Uniform Commercial Code financing statements required to be filed in connection therewith, will create (a) a legal, enforceable, valid, and perfected first priority lien on the Property, subject only to Permitted Encumbrances and the liens created by the Loan Documents and (b) a legal, enforceable, valid, and perfected first priority security interests in and to, and legal, enforceable, valid, and perfected first priority collateral assignments of, all personalty (including the Leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances, such other liens as are permitted pursuant to the Loan Documents and the liens created by the Loan Documents. Borrower shall forever warrant, defend and preserve the title and the validity and priority of the lien of this Security Instrument and shall forever warrant and defend the same to Lender against the claims of all Persons whomsoever.

Section 3.5. **PAYMENT FOR LABOR AND MATERIALS.** Subject to Borrower's right to contest any Work Charge (defined herein) pursuant to the terms of the Loan Agreement, Borrower will promptly pay (or cause to be paid) when due all bills and costs for labor, materials, and specifically fabricated materials incurred in connection with the Property (each, a "Work Charge") and never permit to exist beyond the due date thereof in respect of the Property or any part thereof any lien or security interest, even though inferior to the liens and the security interests hereof, and in any event never permit to be created or exist in respect of the Property or any part thereof any other or additional lien or security interest other than the liens or security interests hereof except for the Permitted Encumbrances. Borrower represents there are no claims for payment for work, labor or materials affecting the Property which are or may become a lien prior to, or of equal priority with, the liens created by the Loan Documents.

Article 4 – FURTHER ASSURANCES

Section 4.1. COMPLIANCE WITH LOAN AGREEMENT. Borrower shall comply in all material respects with all covenants set forth in the Loan Agreement relating to acts or other further assurances to be made on the part of Borrower in order to protect and perfect the lien or security interest hereof upon, and in the interest of Lender in, the Property.

Section 4.2. AUTHORIZATION TO FILE FINANCING STATEMENTS; POWER OF ATTORNEY. Borrower hereby authorizes Lender at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements as authorized by applicable law, as applicable to all or part of the Personal Property and as necessary or required in connection herewith. For purposes of such filings, Borrower agrees to furnish any information requested by Lender promptly upon request by Lender. Borrower also ratifies its authorization for Lender to have filed any like initial financing statements, amendments thereto or continuation statements, if filed prior to the date of this Security Instrument. Borrower hereby irrevocably constitutes and appoints Lender and any officer or agent of Lender, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Borrower or in Borrower's own name to execute in Borrower's name any such documents and otherwise to carry out the purposes of this Section 4.2, to the extent that Borrower's authorization above is not sufficient and Borrower fails or refuses to promptly execute such documents after prior notice from Lender. To the extent permitted by law, Borrower hereby ratifies all acts said attorneys-in-fact have lawfully done in the past or shall lawfully do or cause to be done in the future by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

Article 5 – DUE ON SALE/ENCUMBRANCE

Section 5.1. NO SALE/ENCUMBRANCE. Except in accordance with the express terms and conditions contained in the Loan Agreement, Borrower shall not cause or permit a sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or grant of any options with respect to, or any other transfer or disposition (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) of a legal or beneficial interest in the Property or any part thereof, Borrower, any constituent owner or other holder of a direct or indirect equity interest in Borrower, any indemnitor or other guarantor of the Loan, any constituent owner or other holder of a direct or indirect equity interest in such indemnitor or guarantor, any manager or operating lessee of the Property that is affiliated with Borrower or any constituent owner or other holder of a direct or indirect equity interest in such manager or such operating lessee.

Article 6 – PREPAYMENT; RELEASE OF PROPERTY

Section 6.1. PREPAYMENT. The Debt may not be prepaid in whole or in part except in strict accordance with the express terms and conditions of the Note and the Loan Agreement.

Section 6.2. RELEASE OF PROPERTY. Borrower shall not be entitled to a release of any portion of the Property from the lien of this Security Instrument except in accordance with terms and conditions of the Loan Agreement.

Article 7 – DEFAULT

Section 7.1. EVENT OF DEFAULT. The term “Event of Default” as used in this Security Instrument shall have the meaning assigned to such term in the Loan Agreement.

Article 8 – Rights And Remedies Upon Default

Section 8.1. REMEDIES. Upon the occurrence and during the continuance of any Event of Default, Borrower agrees that Lender may or acting by or through Trustee may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower and in and to the Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Lender or Trustee may determine, in their sole discretion, without impairing or otherwise affecting the other rights and remedies of Lender or Trustee:

(a) declare the entire unpaid Debt to be immediately due and payable;

(b) institute proceedings, judicial or otherwise, for the complete foreclosure of this Security Instrument under any applicable provision of law, in which case the Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;

(c) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Security Instrument for the portion of the Debt then due and payable, subject to the continuing lien and security interest of this Security Instrument for the balance of the Debt not then due, unimpaired and without loss of priority;

(d) sell for cash or upon credit the Property or any part thereof and all estate, claim, demand, right, title and interest of Borrower therein and rights of redemption thereof, pursuant to power of sale or otherwise, at one or more sales, as an entirety or in parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law;

(e) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in the Note, the Loan Agreement or in the other Loan Documents;

(f) recover judgment on the Note either before, during or after any proceedings for the enforcement of this Security Instrument or the other Loan Documents;

(g) apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without notice to Borrower, which notice Borrower expressly waives, and without regard for the adequacy of the security for the Debt and without regard for the solvency of Borrower, any guarantor or indemnitor under the Loan or any other Person liable for the payment of the Debt and whose appointment Borrower expressly consents to take possession of and to operate the Property and to collect the Rents and to otherwise protect and preserve the Property;

(h) the license granted to Borrower under Section 1.2 hereof shall automatically be revoked and Lender may enter into or upon the Property, either personally or by its agents, nominees or attorneys and dispossess Borrower and its agents and servants therefrom, without liability for trespass, damages or otherwise, excluding liability arising out of the gross negligence or willful misconduct of Lender or by its agents, nominees or attorneys, and exclude Borrower and its agents or servants wholly therefrom, and take possession of all books, records and accounts relating to Borrower and/or the Property and Borrower agrees to surrender possession of the Property and of such books, records and accounts to Lender upon demand, and thereupon Lender may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Property and conduct the business thereat; (ii) complete any construction on the Property in such manner and form as Lender deems reasonably advisable; (iii) make reasonable alterations, additions, renewals, replacements and improvements to or on the Property; (iv) exercise all rights and powers of Borrower with respect to the Property, whether in the name of Borrower or otherwise, including, without limitation, the right to make, cancel, enforce or modify Leases, obtain and evict tenants, and demand, sue for, collect and receive all Rents of the Property and every part thereof; (v) require Borrower to pay monthly in advance to Lender, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Property as may be occupied by Borrower; (vi) require Borrower to vacate and surrender possession of the Property to Lender or to such receiver and, in default thereof, Borrower may be evicted by summary proceedings or otherwise; and (vii) apply the receipts from the Property to the payment of the Debt, in such order, priority and proportions as Lender shall deem appropriate in its sole discretion after deducting therefrom all reasonable expenses (including reasonable attorneys' fees) incurred in connection with the aforesaid operations and all amounts necessary to pay the Taxes, Other Charges, insurance and other expenses in connection with the Property, as well as just and reasonable compensation for the services of Lender, its counsel, agents and employees as set forth in the Loan Agreement;

(i) apply any sums then deposited or held in escrow or otherwise by or on behalf of Lender in accordance with the terms of the Loan Agreement, this Security Instrument or any other Loan Document to the payment of the following items in any order in its sole discretion: (i) Taxes and Other Charges; (ii) insurance premiums; (iii) interest on the unpaid principal balance of the Note; (iv) amortization of the unpaid principal balance of the Note; (v) all other sums payable pursuant to the Note, the Loan Agreement, this Security Instrument and the other Loan Documents, including without limitation advances made by Lender pursuant to the terms of this Security Instrument;

(j) subject to the terms and restrictions set forth in Section 7.1(h) of the Loan Agreement, surrender the insurance policies maintained pursuant to the Loan Agreement, collect the unearned insurance premiums for such insurance policies and apply such sums as a credit on the Debt in such priority and proportion as Lender in its discretion shall deem proper, and in connection therewith, Borrower hereby appoints Lender as agent and attorney-in-fact (which is coupled with an interest and is therefore irrevocable) for Borrower to collect such insurance premiums;

(k) apply the undisbursed balance of any deposit made by Borrower with Lender in connection with the restoration of the Property after a casualty thereto or condemnation thereof,

together with interest thereon, to the payment of the Debt in such order, priority and proportions as Lender shall deem to be appropriate in its discretion; and/or

- (l) pursue such other remedies as Lender may have under Applicable Law.

In the event of a sale, by foreclosure, power of sale or otherwise, of less than all of Property, this Security Instrument shall continue as a lien and security interest on the remaining portion of the Property unimpaired and without loss of priority. Notwithstanding the provisions of this Section to the contrary, if any Event of Default as described in Section 10.1(g) of the Loan Agreement shall occur (with respect to Borrower and SPE Component Entity only), the entire unpaid Debt shall be automatically due and payable, without any further notice, demand or other action by Lender.

Section 8.2. APPLICATION OF PROCEEDS. The purchase money, proceeds and avails of any disposition of the Property, and or any part thereof, or any other sums collected by Lender pursuant to the Note, this Security Instrument or the other Loan Documents, may be applied by Lender to the payment of the Debt in such priority and proportions as Lender in its discretion shall deem proper.

Section 8.3. RIGHT TO CURE DEFAULTS. Upon the occurrence and during the continuance of any Event of Default, Lender may, but without any obligation to do so and without notice to or demand on Borrower and without releasing Borrower from any obligation hereunder, make any payment or do any act required of Borrower hereunder in such manner and to such extent as Lender may deem reasonably necessary to protect the security hereof. Lender or Trustee is authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property or to foreclose this Security Instrument or collect the Debt, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this Section 8.3, shall constitute a portion of the Debt and shall be due and payable to Lender upon demand. All such costs and expenses incurred by Lender in remedying such Event of Default or such failed payment or act or in appearing in, defending, or bringing any such action or proceeding shall bear interest at any default rate specified in the Loan Agreement, if any (the "Default Rate"), for the period after notice from Lender that such cost or expense was incurred to the date of payment to Lender. All such costs and expenses incurred by Lender or Trustee together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Debt and be secured by this Security Instrument and the other Loan Documents and shall be immediately due and payable upon demand by Lender therefor.

Section 8.4. ACTIONS AND PROCEEDINGS. During the continuance of an Event of Default, Lender or Trustee has the right to appear in and defend any action or proceeding brought with respect to the Property and to bring any action or proceeding, in the name and on behalf of Borrower, which Lender, in its discretion, decides should be brought to protect its interest in the Property.

Section 8.5. RECOVERY OF SUMS REQUIRED TO BE PAID. Lender shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due,

and without prejudice to the right of Lender thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Borrower existing at the time such earlier action was commenced.

Section 8.6. OTHER RIGHTS, ETC. (a) The failure of Lender to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Security Instrument. Borrower shall not be relieved of Borrower's obligations hereunder by reason of (i) the failure of Lender or Trustee to comply with any request of Borrower or any guarantor or indemnitor with respect to the Loan to take any action to foreclose this Security Instrument or otherwise enforce any of the provisions hereof or of the Note or the other Loan Documents, (ii) the release, regardless of consideration, of the whole or any part of the Property, or of any Person liable for the Debt or any portion thereof, or (iii) any agreement or stipulation by Lender extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Security Instrument or the other Loan Documents.

(b) It is agreed that the risk of loss or damage to the Property is on Borrower, and Lender shall have no liability whatsoever for decline in the value of the Property, for failure to maintain the insurance policies required to be maintained pursuant to the Loan Agreement, or for failure to determine whether insurance in force is adequate as to the amount of risks insured. Possession by Lender shall not be deemed an election of judicial relief if any such possession is requested or obtained with respect to any Property or collateral not in Lender's possession.

(c) Lender may resort for the payment of the Debt to any other security held by Lender in such order and manner as Lender, in its discretion, may elect. Lender or Trustee may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Lender or Trustee thereafter to foreclose this Security Instrument. The rights of Lender or Trustee under this Security Instrument shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Lender or Trustee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Neither Lender nor Trustee shall be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

Section 8.7. RIGHT TO RELEASE ANY PORTION OF THE PROPERTY. Upon the occurrence and during the continuance of an Event of Default, Lender may release any portion of the Property for such consideration as Lender may require without, as to the remainder of the Property, in any way impairing or affecting the lien or priority of this Security Instrument, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the obligations hereunder shall have been reduced by the actual monetary consideration, if any, received by Lender for such release, and may accept by assignment, pledge or otherwise any other property in place thereof as Lender may require without being accountable for so doing to any other lienholder. This Security Instrument shall continue as a lien and security interest in the remaining portion of the Property.

Section 8.8. RIGHT OF ENTRY. Upon reasonable notice to Borrower and subject to the rights of Tenants under Leases, Lender and its agents shall have the right to enter and inspect the Property at all reasonable times subject to the terms of the Loan Agreement.

Section 8.9. **BANKRUPTCY.** (a) Upon the occurrence and during the continuance of an Event of Default, Lender shall have the right to proceed in its own name or in the name of Borrower in respect of any claim, suit, action or proceeding relating to the rejection of any Lease, including, without limitation, the right to file and prosecute, to the exclusion of Borrower, any proofs of claim, complaints, motions, applications, notices and other documents, in any case in respect of the lessee under such Lease under the Bankruptcy Code (defined below).

(b) If there shall be filed by or against Borrower a petition under the Bankruptcy Code and Borrower, as lessor under any Lease, shall determine to reject such Lease pursuant to Section 365(a) of the Bankruptcy Code, then Borrower shall give Lender not less than ten (10) days' prior notice of the date on which Borrower shall apply to the bankruptcy court for authority to reject the Lease. Lender shall have the right, but not the obligation, to serve upon Borrower within such ten-day period a notice stating that (i) Lender demands that Borrower assume and assign the Lease to Lender pursuant to Section 365 of the Bankruptcy Code and (ii) Lender covenants to cure or provide adequate assurance of future performance under the Lease. If Lender serves upon Borrower the notice described in the preceding sentence, Borrower shall not seek to reject the Lease and shall comply with the demand provided for in clause (i) of the preceding sentence within thirty (30) days after the notice shall have been given, subject to the performance by Lender of the covenant provided for in clause (ii) of the preceding sentence.

Section 8.10. **SUBROGATION.** If any or all of the proceeds of the Note have been used to extinguish, extend or renew any indebtedness heretofore existing against the Property, then, to the extent of the funds so used, Lender shall be subrogated to all of the rights, claims, liens, titles, and interests existing against the Property heretofore held by, or in favor of, the holder of such indebtedness and such former rights, claims, liens, titles, and interests, if any, are not waived but rather are continued in full force and effect in favor of Lender and are merged with the lien and security interest created herein as cumulative security for the repayment of the Debt, the performance and discharge of the Other Obligations.

Article 9 – ENVIRONMENTAL HAZARDS

Section 9.1. **ENVIRONMENTAL COVENANTS.** Borrower has provided representations, warranties and covenants regarding environmental matters set forth in the Environmental Indemnity and Borrower shall comply with the aforesaid covenants regarding environmental matters.

Article 10 – WAIVERS

Section 10.1. **MARSHALLING AND OTHER MATTERS.** Borrower hereby waives, to the extent permitted by law, the benefit of all Applicable Law now or hereafter in force regarding appraisal, valuation, stay, extension, reinstatement and redemption and all rights of marshalling in the event of any sale hereunder of the Property or any part thereof or any interest therein. Further, Borrower hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Security Instrument on behalf of Borrower, and on behalf of each and every Person acquiring any interest in or title to the Property subsequent to the date of this Security Instrument and on behalf of all Persons to the extent permitted by Applicable Law.

Section 10.2. WAIVER OF NOTICE. Borrower shall not be entitled to any notices of any nature whatsoever from Lender or Trustee except with respect to matters for which this Security Instrument or the Loan Agreement specifically and expressly provides for the giving of notice by Lender or Trustee to Borrower and except with respect to matters for which Borrower is not permitted by Applicable Law to waive its right to receive notice, and Borrower hereby expressly waives the right to receive any notice from Lender or Trustee with respect to any matter for which this Security Instrument or Applicable Law does not specifically and expressly provide for the giving of notice by Lender or Trustee to Borrower.

Section 10.3. INTENTIONALLY OMITTED.

Section 10.4. SOLE DISCRETION OF LENDER. Whenever pursuant to this Security Instrument, Lender exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole (but reasonable) discretion of Lender and shall be final and conclusive.

Section 10.5. WAIVER OF TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND LENDER EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER AND LENDER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH OF LENDER AND BORROWER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY BORROWER AND LENDER.

Section 10.6. WAIVER OF FORECLOSURE DEFENSE. Borrower hereby waives any defense Borrower might assert or have by reason of Lender's failure to make any tenant or lessee of the Property a party defendant in any foreclosure proceeding or action instituted by Lender.

Article 11 – INTENTIONALLY OMITTED

Article 12 – NOTICES

Section 12.1. NOTICES. All notices or other written communications hereunder shall be delivered in accordance with the applicable terms and conditions of the Loan Agreement.

Article 13 – APPLICABLE LAW

Section 13.1 GOVERNING LAW. (A) THIS SECURITY INSTRUMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, AND MADE BY BORROWER AND ACCEPTED BY LENDER IN THE STATE OF NEW YORK, WHICH STATE THE

PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS SECURITY INSTRUMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA, EXCEPT THAT AT ALL TIMES (I) THE PROVISIONS FOR THE CREATION, PERFECTION, PRIORITY AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS CREATED PURSUANT HERETO AND PURSUANT TO THE OTHER LOAN DOCUMENTS WITH RESPECT TO THE PROPERTY (OTHER THAN THAT DESCRIBED IN SUBPARAGRAPH II BELOW) SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE IN WHICH THE PROPERTY AND FIXTURES ARE LOCATED AND (II) WITH RESPECT TO THE PERFECTION, PRIORITY AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS CREATED BY THIS SECURITY INSTRUMENT AND THE OTHER LOAN DOCUMENTS IN PROPERTY WHOSE PERFECTION AND PRIORITY IS COVERED BY ARTICLE 9 OF THE UCC (INCLUDING, WITHOUT LIMITATION, THE ACCOUNTS), THE LAW OF THE JURISDICTION APPLICABLE IN ACCORDANCE WITH SECTIONS 9-301 THROUGH 9-307 OF THE UCC AS IN EFFECT IN THE STATE OF NEW YORK SHALL GOVERN. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS SECURITY INSTRUMENT AND THE NOTE, AND THIS SECURITY INSTRUMENT AND THE NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW EXCEPT AS SPECIFICALLY SET FORTH ABOVE.

(B) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR BORROWER ARISING OUT OF OR RELATING TO THIS SECURITY INSTRUMENT MAY AT LENDER'S OPTION BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, AND BORROWER WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER DOES HEREBY DESIGNATE AND APPOINT

BROOKFIELD PROPERTIES INC.
BROOKFIELD PLACE
250 VESEY STREET, 15TH FLOOR
NEW YORK, NY 10281
ATTENTION: GENERAL COUNSEL

AS ITS AUTHORIZED AGENT TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN NEW YORK, NEW YORK, AND AGREES THAT SERVICE OF PROCESS UPON SAID AGENT AT SAID ADDRESS AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWER IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGED ADDRESS OF ITS AUTHORIZED AGENT HEREUNDER, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE A SUBSTITUTE AUTHORIZED AGENT WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH SUBSTITUTE AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE SUCH A SUBSTITUTE IF ITS AUTHORIZED AGENT CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK OR IS DISSOLVED WITHOUT LEAVING A SUCCESSOR.

Section 13.1. PROVISIONS SUBJECT TO APPLICABLE LAW. All rights, powers and remedies provided in this Security Instrument may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law and are intended to be limited to the extent necessary so that they will not render this Security Instrument invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law. If any term of this Security Instrument or any application thereof shall be invalid or unenforceable, the remainder of this Security Instrument and any other application of the term shall not be affected thereby.

Article 14 – DEFINITIONS

Section 14.1. GENERAL DEFINITIONS. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Security Instrument may be used interchangeably in singular or plural form and the word “Borrower” shall mean “each Borrower and any subsequent owner or owners of the Property or any part thereof or any interest therein,” the word “Lender” shall mean “Lender and any of Lender’s successors and assigns,” the word “Note” shall mean “the Note and any other evidence of indebtedness secured by this Security Instrument,” “Trustee” shall mean “Trustee and any substitute Trustee of the estates, properties, powers, trusts and rights conferred upon Trustee pursuant to this Security Instrument, the word “Property” shall include any portion of the Property and any interest therein, and the phrases “attorneys’ fees”, “legal fees” and “counsel fees” shall include any and all reasonable attorneys’, paralegal and law clerk fees and disbursements, including, but not limited to, fees and disbursements at the pre-trial, trial and appellate levels actually incurred or paid by Lender in protecting its interest in the Property, the Leases and the Rents and enforcing its rights hereunder.

Article 15 – MISCELLANEOUS PROVISIONS

Section 15.1. NO ORAL CHANGE. This Security Instrument, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower, Lender or Trustee, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Section 15.2. SUCESSORS AND ASSIGNS. This Security Instrument shall be binding upon and inure to the benefit of Borrower, Lender and their respective successors and assigns forever.

Section 15.3. INAPPLICABLE PROVISIONS. If any term, covenant or condition of the Loan Agreement, the Note or this Security Instrument is held to be invalid, illegal or unenforceable in any respect, the Loan Agreement, the Note and this Security Instrument shall be construed without such provision.

Section 15.4. HEADINGS, ETC. The headings and captions of various Sections of this Security Instrument are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 15.5. NUMBER AND GENDER. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

Section 15.6. ENTIRE AGREEMENT. This Security Instrument and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written, are superseded by the terms of this Security Instrument and the other Loan Documents.

Section 15.7. LIMITATION ON LENDER'S RESPONSIBILITY. No provision of this Security Instrument shall operate to place any obligation or liability for the control, care, management or repair of the Property upon Lender, nor shall it operate to make Lender responsible or liable for any waste committed on the Property by the tenants or any other Person, or for any dangerous or defective condition of the Property, or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any tenant, licensee, employee or stranger. Nothing herein contained shall be construed as constituting Lender a "mortgagee in possession."

Article 16 – DEED OF TRUST PROVISIONS

Section 16.1. CONCERNING THE TRUSTEE. Trustee shall be under no duty to take any action hereunder except as expressly required hereunder or by law, or to perform any act which would involve Trustee in any expense or liability or to institute or defend any suit in respect hereof, unless properly indemnified to Trustee's reasonable satisfaction. Trustee, by acceptance of this Security Instrument, represents that it is duly qualified to serve as Trustee hereunder and

covenants to perform and fulfill the trusts herein created, being liable, however, only for gross negligence or willful misconduct, and hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by Trustee in accordance with the terms hereof. Trustee may resign at any time upon giving thirty (30) days' notice to Borrower and to Lender. Lender may remove Trustee at any time or from time to time and select a successor trustee. In the event of the death, removal, resignation, refusal to act, or inability to act of Trustee, or in its sole discretion for any reason whatsoever Lender may, without notice and without specifying any reason therefor and without applying to any court, select and appoint a successor trustee, by an instrument recorded wherever this Security Instrument is recorded and all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall not be required to give bond for the faithful performance of the duties of Trustee hereunder unless required by Lender. The procedure provided for in this paragraph for substitution of Trustee shall be in addition to and not in exclusion of any other provisions for substitution, by law or otherwise.

Section 16.2. Trustee's Fees. Borrower shall pay all reasonable costs, fees and expenses incurred by Trustee and Trustee's agents and counsel in connection with the performance by Trustee of Trustee's duties hereunder and all such costs, fees and expenses shall be secured by this Security Instrument. Notwithstanding anything to the contrary contained herein or in any other Loan Document, Trustee hereby acknowledges and agrees that no fees or other compensation shall be payable to Trustee hereunder or otherwise in connection with the Loan or Loan Documents except in connection with (a) a sale of the Property in connection with an exercise of remedies hereunder and/or under the other Loan Documents or (b) a release hereof in accordance with the applicable terms and conditions hereof and of the other Loan Documents.

Section 16.3. Certain Rights. With the approval of Lender, Trustee shall have the right to take any and all of the following actions: (i) to select, employ, and advise with counsel (who may be, but need not be, counsel for Lender) upon any matters arising hereunder, including the preparation, execution, and interpretation of the Note, this Security Instrument or the other Loan Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (ii) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his/her agents or attorneys, (iii) to select and employ, in and about the execution of his/her duties hereunder, suitable accountants, engineers and other experts, agents and attorneys-in-fact, either corporate or individual, not regularly in the employ of Trustee, and Trustee shall not be answerable for any act, default, negligence, or misconduct of any such accountant, engineer or other expert, agent or attorney-in-fact, if selected with reasonable care, or for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith, and (iv) any and all other lawful action as Lender may instruct Trustee to take to protect or enforce Lender's rights hereunder. Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Property for debts contracted for or liability or damages incurred in the management or operation of the Property. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting an action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. Trustee shall be entitled to reimbursement for actual expenses incurred by Trustee in the performance of Trustee's duties hereunder and to reasonable compensation for such of Trustee's services hereunder as shall be rendered.

Section 16.4. **RETENTION OF MONEY.** All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law) and Trustee shall be under no liability for interest on any moneys received by Trustee hereunder.

Section 16.5. **PERFECTION OF APPOINTMENT.** Should any deed, conveyance, or instrument of any nature be required from Borrower by any Trustee or substitute trustee to more fully and certainly vest in and confirm to Trustee or substitute trustee such estates rights, powers, and duties, then, upon request by Trustee or substitute trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Borrower.

Section 16.6. **SUCCESSION INSTRUMENTS.** Any substitute trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed, or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its or his/her predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Lender or of the substitute trustee, Trustee ceasing to act shall execute and deliver any instrument transferring to such substitute trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Trustee to the substitute trustee so appointed in Trustee's place.

Article 17 – STATE–SPECIFIC PROVISIONS

Section 17.1. **PRINCIPLES OF CONSTRUCTION.** In the event of any inconsistencies between the terms and conditions of this Article 17 of this Security Instrument and any other terms of this Security Instrument, the terms and conditions of this Article 17 shall control and be binding.

Section 17.2. **TRUSTOR.** The word “grantor” is hereby deleted wherever it appears in this Security Instrument and the word “Trustor” is substituted therefor.

Section 17.3. **CONDITIONS TO GRANT.** The portion of the paragraph beginning with the words “PROVIDED, HOWEVER” appearing in Section 1.5 of this Security Instrument is hereby deleted in its entirety and the following language is substituted therefor:

PROVIDED, HOWEVER, upon written request of Lender stating that all sums secured hereby have been paid, that Borrower has well and truly abided by and complied with each and every covenant and condition set forth herein and in the Note, and upon the surrendering of this Security Instrument and the Note to Trustee for cancellation and retention and upon payment by Borrower of Trustee’s fees, Trustee shall reconvey to Borrower, or to the person or persons legally entitled thereto, without warranty, any portion of the estate hereby granted and then held hereunder. The recitals in such reconveyance of any matters or facts shall

be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as “the person or persons legally entitled thereto”.

Section 17.4. ASSIGNMENT OF LEASES AND RENTS. Section 1.2 of this Security Instrument entitled “Assignment of Rents” is hereby deleted in its entirety and the following is substituted therefor:

This Security Instrument constitutes a present, absolute assignment of the Leases and Rents from Borrower to Lender. The Leases and Rents are hereby absolutely and irrevocably assigned by Borrower to Lender. Lender is hereby granted and assigned by Borrower the right to enter the Property for the purpose of enforcing its right in the Leases and Rents. Nevertheless, subject to the terms of this Section 1.2, Lender grants to Borrower a revocable license to operate and manage the Property and to collect Rents. Upon or at any time after the occurrence and continuance of an Event of Default, the license granted to Borrower herein may be revoked by Lender, and Lender may enter upon the Property, and collect, retain and apply the Rents toward payment of the Debt in accordance with the Note. The foregoing assignment shall be fully operative without any further action on the part of either party and the Lender shall be entitled to the Leases and Rents whether or not the Lender takes possession of the Property or any part thereof.

Section 17.5. SECURITY AGREEMENT. The first two sentences of Section 1.3 of this Security Instrument entitled “Security Agreement” are hereby deleted and the following is substituted therefor:

This Security Instrument is both a real property deed of trust and a “security agreement” within the meaning of the Uniform Commercial Code of the State of California (the “California UCC”) and is being recorded as a fixture filing. With respect to said fixture filing, (i) the debtor is Borrower, and Borrower’s name and address appear in the first paragraph of this Security Instrument, and (ii) the secured party is Lender, and Lender’s name and address appear in the first paragraph of the Security Instrument. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Borrower in the Property, including, but not limited to, the Leases and Rents and all proceeds thereof and all fixtures.

[NO FURTHER TEXT ON THIS PAGE]

Section 17.6. DUE ON SALE/ENCUMBRANCE. The following is hereby added after the last sentence to Article 5 of this Security Instrument:

Borrower expressly agrees that upon a violation of Article 5 of this Security Instrument by Borrower and acceleration of the principal balance of the Note because of such violation, Borrower will pay all sums required to be paid in connection with a prepayment, if any, as described in the Loan Agreement, herein imposed on prepayment after an Event of Default and acceleration of the principal balance. Borrower expressly acknowledges that Borrower has received adequate consideration for the foregoing agreement.

BORROWER:
333 SOUTH HOPE CO. LLC, a Delaware limited
liability company
By: /s/ JASON KIRSCHNER
Name: Jason Kirschner
Title: Vice President, Finance

333 SOUTH HOPE PLANT LLC, a Delaware
limited liability company

By: /s/ JASON KIRSCHNER
Name: Jason Kirschner
Title: Vice President, Finance

[ACKNOWLEDGMENTS APPEAR ON THE FOLLOWING PAGE]

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

On August 5, 2014, before me, Margaret Gordon, Notary Public, personally appeared Jason Kirschner, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

Signature/s/ MARGARET GORDON

MARGARET GORDON
NOTARY PUBLIC–STATE OF NEW YORK
No. 01GO6104465
Qualified in Nassau County
My Commission Expires January 20, 2016

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

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Signature/s/ MARGARET GORDON

MARGARET GORDON
NOTARY PUBLIC–STATE OF NEW YORK
No. 01GO6104465
Qualified in Nassau County
My Commission Expires January 20, 2016

Section 17.7. REMEDIES NOT EXCLUSIVE; WAIVER. Trustee and Lender shall have all powers, rights and remedies under applicable law whether or not specifically or generally granted or described in this Security Instrument. Nothing contained herein shall be construed to impair or to restrict such powers, rights and remedies or to preclude any procedures or process otherwise available to trustees or beneficiaries under deeds of trust in the State of California. Trustee and Lender, and each of them, shall be entitled to enforce the payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Security Instrument or under any other Loan Document or other agreement or any laws now or hereafter in force, notwithstanding the fact that some or all of the indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Security Instrument nor its enforcement, whether by court action or pursuant to the power of sale or other powers contained herein, shall prejudice or in any manner affect Trustee's or Lender's right to realize upon or enforce any other rights or security now or hereafter held by Trustee or Lender. Trustee and Lender, and each of them, shall be entitled to enforce this Security Instrument and any other rights or security now or hereafter held by Lender or Trustee in such order and manner as they or either of them may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Lender is intended to be exclusive of any other remedy contained herein or by law provided or permitted, but each shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. Every power or remedy given by any of this Security Instrument or the other Loan Documents to Trustee or Lender, or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Lender, and either of them may pursue inconsistent remedies. By exercising or by failing to exercise any right, option or election hereunder, Lender shall not be deemed to have waived any provision hereof or to have released Borrower from any of the obligations secured hereby unless such waiver or release is in writing and signed by Lender. The waiver by Lender of Borrower's failure to perform or observe any term, covenant or condition referred to or contained herein to be performed or observed by Borrower shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent failure of Borrower to perform or observe the same or any other such term, covenant or condition referred to or contained herein, and no custom or practice which may develop between Borrower and Lender during the term hereof shall be deemed a waiver of or in any way affect the right of Lender to insist upon the performance by Borrower of the obligations secured hereby in strict accordance with the terms hereof or of any other Loan Document.

Section 17.8. POWER OF SALE. The Lender, its successors and assigns, may elect to cause the Property or any part thereof to be sold as follows:

(a) Lender may proceed as if all of the Property were real property, in accordance with subparagraph (d) below, or Lender may elect to treat any of the Property which consists of a right in action or which is property that can be severed from the Land without causing structural damage thereto as if the same were personal property, and dispose of the same in accordance with subparagraph (c) below, separate and apart from the sale of real property, the remainder of the Property being treated as real property.

(b) Lender may cause any such sale or other disposition to be conducted immediately following the expiration of any grace or notice and cure period, if any, herein provided (or immediately upon the expiration of any redemption period required by law) or Lender may delay any such sale or other disposition for such period of time as Lender deems to be in its best interest. Should Lender desire that more than one such sale or other disposition be conducted, Lender may at its option, cause the same to be conducted simultaneously, or successively on the same day, or at such different days or times and in such order as Lender may deem to be in its best interest.

(c) Should Lender elect to cause any of the Property to be disposed of as personal property as permitted by subparagraph (a) above, it may dispose of any part hereof in any manner now or hereafter permitted by Article 9 of the California UCC or in accordance with any other remedy provided by law. Both Borrower and Lender shall be eligible to purchase any part or all of such property at any such disposition. Any such disposition may be either public or private as Lender may so elect, subject to the provisions of the California UCC. Lender shall give Borrower at least ten (10) days' prior written notice of the time and place of any public sale or other disposition of such property or of the time at or after which any private sale or any other intended disposition is to be made, and if such notice is sent to Borrower as provided in subparagraph (k) hereof, it shall constitute reasonable notice to Borrower.

(d) Should Lender elect to sell the Property which is real property or which Lender has elected to treat as real property, upon such election Lender or Trustee shall give such notice of default and election to sell as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of sale as may then be required by law, Trustee, at the time and place specified in the notice of sale, shall sell such Property, or any portion thereof specified by Lender, at public auction to the highest bidder for cash in lawful money of the United States, subject, however, to the provisions of subparagraph (i) hereof. Trustee for good cause may, and upon request of Lender shall, from time to time, postpone the sale by public announcement thereof at the time and place noticed therefor. If the Property consists of several lots or parcels, Lender may designate the order in which such lots or parcels shall be offered for sale or sold. Any person, including Borrower, Trustee or Lender, may purchase at the sale. Upon any sale Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession.

(e) In the event of a sale or other disposition of any such property, or any part thereof, and the execution of a deed or other conveyance, pursuant thereto, the recitals therein of facts, such as a default, the giving of notice of default and notice of sale, demand that such sale should be made, postponement of sale, terms of sale, sale, purchaser, payment of purchase money, and any other fact affecting the regularity or validity of such sale or disposition, shall be conclusive proof of the truth of such facts; and any such deed of conveyance shall be conclusive against all persons as to such facts recited therein.

(f) Lender and/or Trustee shall apply the proceeds of any sale or disposition hereunder to payment of the following: (1) the expenses of such sale or disposition together with Trustee's fees and reasonable attorneys' fees, and the actual cost of publishing, recording,

mailing and posting notice; (2) the cost of any search and/or other evidence of title procured in connection therewith and transfer tax on any deed or conveyance; (3) all sums expended under the terms hereof, not then repaid, with accrued interest in the amount provided herein; (4) all other sums secured hereby; and (5) the remainder if any to the person or persons legally entitled thereto.

(g) The acknowledgment of the receipt of the purchase money, contained in any deed or conveyance executed as aforesaid, shall be sufficient discharge from all obligations to see to the proper application of the consideration therefor.

(h) Borrower hereby expressly waives any right which it may have to direct the order in which any of the Property shall be sold in the event of any sale or sales pursuant hereto.

(i) Upon any sale of the Property, whether made under a power of sale herein granted or pursuant to judicial proceedings, if the holder of the Note is a purchaser at such sale, it shall be entitled to use and apply all or any portion of the indebtedness then secured hereby for or in settlement or payment of all or any portion of the purchase price of the property purchased, and, in such case, this Security Instrument, the Note and documents evidencing expenditures secured hereby shall be presented to the person conducting the sale in order that the amount of said indebtedness so used or applied may be credited thereon as having been paid.

(j) No remedy herein conferred upon or reserved to Trustee or Lender is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by this instrument to Trustee or Lender, or to which either of them may be otherwise entitled, may be exercised from time to time and as often as may be deemed expedient by Trustee or Lender, and either of them may pursue inconsistent remedies. If there exists additional security for the performance of the obligations secured hereby, the holder of the Note, at its sole option and without limiting or affecting any rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever other rights it may have in connection with such other security or in such order as it may determine.

(k) Borrower hereby requests that every notice of default and every notice of sale be given in accordance with the provisions of Article 12 hereof except as otherwise required by statute. Borrower may, from time to time, change the address to which notice of default and sale hereunder shall be sent by both filing a request therefor, in the manner provided by the California Civil Code, Section 2924b, and sending a copy of such request to Lender, its successors or assigns in accordance with the provisions of Article 12 hereof.

Section 17.9. **RIGHT OF RESCISSION.** Lender may from time to time rescind any notice of default or notice of sale before any Trustee's sale in accordance with the laws of the State of California. The exercise by Lender of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring, or impair the right of Lender to execute and deliver to Trustee, as above provided, other declarations or notices of default to

satisfy the obligations of this Security Instrument or secured hereby, nor otherwise affect any provision, covenant or condition of this Security Instrument or any other Loan Document or any of the rights, obligations or remedies of Trustee or Lender hereunder or thereunder.

Section 17.10. FULL RECONVEYANCE. Upon written request of Lender stating that all sums secured hereby have been paid in full without right of readvance, upon surrender to Trustee of the original or a certified copy of this Security Instrument for cancellation and retention, and upon payment of its fees, Trustee shall promptly fully reconvey, without warranty, the entire remaining Property then held hereunder. The recitals in such reconveyance of any matters of facts shall be conclusive proof of the truthfulness thereof.

Section 17.11. CONCERNING THE TRUSTEE:

(a) Trustee accepts the trust created by this Security Instrument when this Security Instrument, duly executed and acknowledged, is made a public record as provided by law.

(b) Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Borrower, Lender or Trustee shall be a party, unless brought by Trustee.

(c) Trustee shall be under no duty to take any action hereunder except as expressly required hereunder or by law, or to perform any act which would involve Trustee in any expense or liability or to institute or defend any suit in respect hereof, unless properly indemnified to Trustee's reasonable satisfaction. Trustee, by acceptance of this Security Instrument, covenants to perform and fulfill the trusts herein created, being liable, however, only for willful negligence or misconduct, and hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by Trustee in accordance with the terms hereof. Trustee may resign at any time upon giving thirty (30) days' notice to Borrower and to Lender. Lender may remove Trustee at any time or from time to time and select a successor trustee. In the event of the death, removal, resignation, refusal to act, or inability to act of Trustee, or in its sole discretion for any reason whatsoever Lender may, without notice and without specifying any reason therefor and without applying to any court, select and appoint a successor trustee, by an instrument recorded wherever this Security Instrument is recorded and all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor without conveyance from the predecessor Trustee. Such instrument must contain the name of the original Borrower, Trustee and Lender hereunder, the book and page where this Security Instrument is recorded, and the name and address of the new Trustee. Such substitute trustee shall not be required to give bond for the faithful performance of the duties of Trustee hereunder unless required by Lender. The procedure provided for in this paragraph for substitution of Trustee shall be in addition to and not in exclusion of any other provisions for substitution, by law or otherwise.

(d) Trustee shall be entitled to reasonable compensation for all services rendered or expenses incurred in the administration or execution of the trusts hereby created and Borrower hereby agrees to pay same. Trustee and Lender shall be indemnified, held harmless and reimbursed by Borrower for any liability, damage or expense, including reasonable attorneys' fees and amounts paid in settlement, which they or either of them may incur or sustain

in the execution of this trust or in the doing of any act which they, or either of them, are required or permitted to do by the terms hereof or by law, except that Borrower shall have no liability and shall not indemnify Trustee for any liability, damage or expense incurred or sustained by Trustee due to Trustee's gross negligence or willful misconduct.

Section 17.12. **FIXTURE FILING.** This Security Instrument constitutes a financing statement filed as a fixture filing pursuant to the provisions of Article 9 of the California UCC with respect to those portions of the Property consisting of goods which are or are to become fixtures relating to the Property.

Section 17.13. **BORDER ZONE PROPERTY.** Borrower represents and warrants that, to Borrower's knowledge, the Property has not been designated as Border Zone Property under the provisions of California Health and Safety Code §25220 et seq. or any regulation adopted in accordance therewith and there has been no occurrence or condition on any real property adjoining or in the vicinity of the Property that is reasonably likely to cause the Property or any part thereof to be designated as Border Zone Property.

Section 17.14. **FUTURE ADVANCES.** In addition to the foregoing described Obligations, this Security Instrument also secures future advances to Borrower and obligations of Borrower to Lender, direct or indirect, absolute or contingent, to the same extent as if the future obligation and/or advance were made on the date of this Security Instrument.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, this Security Instrument has been executed by the undersigned as of the day and year first above written.

BORROWER:
333 SOUTH HOPE CO. LLC, a Delaware limited
liability company
By: /s/ JASON KIRSCHNER
Name: Jason Kirschner
Title: Vice President, Finance

333 SOUTH HOPE PLANT LLC, a Delaware
limited liability company

By: /s/ JASON KIRSCHNER
Name: Jason Kirschner
Title: Vice President, Finance

[ACKNOWLEDGMENTS APPEAR ON THE FOLLOWING PAGE]

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

On August 5, 2014, before me, Margaret Gordon, Notary Public, personally appeared Jason Kirschner, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

Signature/s/ MARGARET GORDON

MARGARET GORDON
NOTARY PUBLIC-STATE OF NEW YORK
No. 01GO6104465
Qualified in Nassau County
My Commission Expires January 20, 2016

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

On August 5, 2014, before me, Margaret Gordon, Notary Public, personally appeared Jason Kirschner, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

Signature/s/ MARGARET GORDON

MARGARET GORDON
NOTARY PUBLIC-STATE OF NEW YORK
No. 01GO6104465
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My Commission Expires January 20, 2016

GUARANTY OF RECOURSE OBLIGATIONS

FOR VALUE RECEIVED, and to induce WELLS FARGO BANK, NATIONAL ASSOCIATION, having an address at Wells Fargo Center, 1901 Harrison Street, 2nd Floor, MAC A0227 020, Oakland, California 94612 together with its successors and assigns, "WFB") CITIGROUP GLOBAL MARKETS REALTY CORP., a New York corporation, having an address at 388 Greenwich Street, 19th Floor, New York, New York 10013 (together with its successors and/or assigns, "Citi"; WFB and Citi, individually and/or collectively, as the context may require, "Lender"), to lend to 333 SOUTH HOPE CO. LLC ("333 Hope") and 333 SOUTH HOPE PLANT LLC ("333 Plant"), each a Delaware limited liability company, having an address at c/o Brookfield Properties Inc., Brookfield Place, 250 Vesey Street, 15th Floor, New York, NY 10281, (333 Hope and/or 333 Plant, individually and collectively, as the context may require, together with each of their successors and/or assigns, "Borrower"), the aggregate principal sum of FOUR HUNDRED MILLION DOLLARS AND 00/100 (\$400,000,000.00) (the "Loan"), evidenced by those certain Promissory Notes (as the same may be amended, restated, replaced, split or otherwise modified, the "Note") and that certain Loan Agreement (as the same may be amended, restated, replaced or otherwise modified the "Loan Agreement") and secured by that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Security Instrument"), Guarantor (defined below) is delivering this Guaranty (defined below) to Lender. The Note, the Security Instrument, the Loan Agreement and all other documents, agreements and certificates executed and/or delivered in connection with the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, are collectively referred to herein as the "Loan Documents". Capitalized terms not otherwise defined herein have the meanings set forth in the Loan Agreement.

1. As of this 7th day of August, 2014, the undersigned, BROOKFIELD DTLA HOLDINGS LLC, a Delaware limited liability company, having an address at c/o Brookfield Properties, Inc., Brookfield Place, 250 Vesey Street, 15th Floor, New York, NY 10281 (hereinafter referred to as "Guarantor"), hereby absolutely and unconditionally guarantees to Lender the prompt and unconditional payment of the Guaranteed Obligations (hereinafter defined).

2. It is expressly understood and agreed that this is a continuing guaranty and that the obligations of Guarantor hereunder are and shall be absolute under any and all circumstances, without regard to the validity, regularity or enforceability of the Note, the Loan Agreement, the Security Instrument or the other Loan Documents, a true copy of each of said documents Guarantor hereby acknowledges having received and reviewed.

3. The term "Debt" as used in this Guaranty of Recourse Obligations (this "Guaranty") shall mean (i) the outstanding principal amount set forth in, and evidenced by, the Loan Agreement and the Note together with all interest accrued and unpaid thereon and all other sums due to Lender in respect of the Loan under the Note, the Loan Agreement or the other Loan Documents, (ii) all sums advanced and reasonable costs and expenses incurred by

Lender in connection with the enforcement and/or collection of the Debt or any part thereof and (iii) unpaid or unreimbursed servicing and special servicing fees.

4. The term “Guaranteed Obligations” as used in this Guaranty shall mean all obligations and liabilities of Borrower for which Borrower shall be personally liable pursuant to Article 13 of the Loan Agreement.

5. Any indebtedness of Borrower to Guarantor now or hereafter existing (including, but not limited to, any rights to subrogation Guarantor may have as a result of any payment by Guarantor under this Guaranty), together with any interest thereon, shall be, and such indebtedness is, hereby deferred, postponed and subordinated to the prior payment in full of the Debt. Until payment in full of the Debt (and including interest accruing on the Note after the commencement of a proceeding by or against Borrower under the Bankruptcy Code, which interest the parties agree shall remain a claim that is prior and superior to any claim of Guarantor notwithstanding any contrary practice, custom or ruling in cases under the Bankruptcy Code generally), Guarantor agrees not to accept any payment or satisfaction of any kind of indebtedness of Borrower to Guarantor and hereby assigns such indebtedness to Lender, including the right to file proof of claim and to vote thereon in connection with any such proceeding under the Bankruptcy Code, including the right to vote on any plan of reorganization. Further, if Guarantor shall comprise more than one person, firm or corporation, Guarantor agrees that until such payment in full of the Debt, (a) no one of them shall accept payment from the others by way of contribution on account of any payment made hereunder by such party to Lender, (b) no one of them will take any action to exercise or enforce any rights to such contribution, and (c) if any of Guarantor should receive any payment, satisfaction or security for any indebtedness of Borrower to any of Guarantor or for any contribution by the others of Guarantor for payment made hereunder by the recipient to Lender, the same shall be delivered to Lender in the form received, endorsed or assigned as may be appropriate for application on account of, or as security for, the Debt and until so delivered, shall be held in trust for Lender as security for the Debt.

6. Guarantor agrees that, with or without notice or demand, Guarantor will reimburse Lender, to the extent that such reimbursement is not made by Borrower, for all reasonable costs and expenses (including attorney’s fees) actually incurred by Lender in connection with the collection of the Guaranteed Obligations or any portion thereof or with the enforcement of this Guaranty.

7. All moneys available to Lender for application in payment or reduction of the Debt may be applied by Lender in such manner and in such amounts and at such time or times and in such order and priority as Lender may see fit to the payment or reduction of such portion of the Debt as Lender may elect, subject to the terms of the Loan Agreement.

8. Guarantor waives: (a) any defense based upon any legal disability or other defense of Borrower, any other guarantor or other person, or by reason of the cessation or limitation of the liability of Borrower from any cause other than full payment of all sums payable under the Loan Agreement or any of the other Loan Documents; (b) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of Borrower or any principal of Borrower or any defect in the formation of

Borrower or any principal of Borrower; (c) any defense based upon the application by Borrower of the proceeds of the Loan for purposes other than the purposes represented by Borrower to Lender or intended or understood by Lender or Guarantor; (d) all rights and defenses arising out of an election of remedies by Lender; (e) any defense based upon Lender's failure to disclose to Guarantor any information concerning Borrower's financial condition or any other circumstances bearing on Borrower's ability to pay all sums payable under the Loan Agreement or any of the other Loan Documents; (f) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (g) any defense based upon Lender's election, in any proceeding instituted under the Bankruptcy Code, of the application of Section 1111(b)(2) of the Bankruptcy Code or any successor statute; (h) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Bankruptcy Code; and (i) presentment, demand, protest and notice of any kind. This means, among other things: (1) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower; and (2) if Lender forecloses on any real property collateral pledged by Borrower, then (i) the amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (ii) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower. The foregoing sentence is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's debt is secured by real property. Finally, Guarantor agrees that the payment of all sums payable under the Loan Agreement or any of the other Loan Documents or any part thereof or other act which tolls any statute of limitations applicable to the Note or the other Loan Documents shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder.

Guarantor hereby acknowledges that: (a) as part of Lender's consideration for entering into this transaction, Lender has specifically bargained for the waiver and relinquishment by Guarantor of all such defenses and (b) Guarantor has had the opportunity to seek and receive legal advice from skilled legal counsel in the area of financial transactions of the type reflected in this Guaranty and the Loan Documents. Guarantor hereby represents and confirms to Lender that Guarantor is fully informed regarding, and that Guarantor does thoroughly understand, (i) the nature of all such possible defenses, (ii) the circumstances under which those defenses may arise, (iii) the benefits which those defenses might confer upon Guarantor, and (iv) the legal consequences to Guarantor of waiving those defenses. Guarantor acknowledges that Guarantor has entered into this Guaranty, and both undertaken Guarantor's obligations and given its unconditional waiver with the intent that this Guaranty and all such waivers shall be fully enforceable by Lender, and that Lender has been induced to enter into this transaction in material reliance upon the presumed full enforceability thereof.

9. Guarantor further agrees that the validity of this Guaranty and the obligations of Guarantor hereunder shall in no way be terminated, affected or impaired by reason of (a) the assertion by Lender of any rights or remedies which it may have under or with respect to the Note, the Loan Agreement, the Security Instrument, or the other Loan Documents, against any Person obligated thereunder or against the owner of the Property, (b) any failure to file or record any of such instruments or to take or perfect any security intended to be provided thereby, (c) the release or exchange of any property covered by the Security Instrument or

other collateral for the Loan, (d) Lender's failure to exercise, or delay in exercising, any such right or remedy or any right or remedy Lender may have hereunder or in respect to this Guaranty, (e) the commencement of a case under the Bankruptcy Code by or against any person obligated under the Note, the Loan Agreement, the Security Instrument or the other Loan Documents, or the death of any Guarantor, (f) by any partial or total transfer or pledge of the interests in Borrower, or in any direct or indirect owner of Borrower, and/or the reconstitution of Borrower as a result of such transfer or pledge, regardless of whether any of the foregoing is permitted under the Loan Documents, or (g) any payment made on the Debt or any other indebtedness arising under the Note, the Loan Agreement, the Security Instrument or the other Loan Documents, whether made by Borrower or Guarantor or any other person, which is required to be refunded pursuant to any bankruptcy or insolvency law; it being understood that no payment so refunded shall be considered as a payment of any portion of the Debt, nor shall it have the effect of reducing the liability of Guarantor hereunder. In the event that pursuant to any insolvency, bankruptcy, reorganization, receivership or other debtor relief law or any judgment, order or decision thereunder Lender must rescind or restore any payment or any part thereof received by Lender in satisfaction of the Guaranteed Obligations, as set forth herein, any prior release or discharge from the terms of this Guaranty given to Guarantor by Lender shall be without effect and this Guaranty shall remain in full force and effect. It is the intention of Borrower and Guarantor that the Guaranteed Obligations hereunder shall not be discharged except by Guarantor's performance of such Guaranteed Obligations and then only to the extent of such performance. It is further understood, that if Borrower shall have taken advantage of, or be subject to the protection of, any provision in the Bankruptcy Code, the effect of which is to prevent or delay Lender from taking any remedial action against Borrower, including the exercise of any option Lender has to declare the Debt due and payable on the happening of any default or event by which under the terms of the Note, the Loan Agreement, the Security Instrument or the other Loan Documents, the Debt shall become due and payable, Lender may, as against Guarantor, nevertheless, declare the Debt due and payable and enforce any or all of its rights and remedies against Guarantor provided for herein.

10. Guarantor warrants and acknowledges that: (a) Lender would not make the Loan but for this Guaranty; (b) there are no conditions precedent to the effectiveness of this Guaranty and this Guaranty shall be in full force and effect and binding on Guarantor regardless of whether Lender obtains other collateral or any guaranties from others or takes any other action contemplated by Guarantor; (c) Guarantor has established adequate means of obtaining from sources other than Lender, on a continuing basis, financial and other information pertaining to Borrower's financial condition, the Property and Borrower's activities relating thereto, and the status of Borrower's performance of obligations under the Loan Documents, and Guarantor agrees to keep adequately informed from such means of any facts, events or circumstances which might in any way affect Guarantor's risks hereunder and Lender has not made any representation to Guarantor as to any such matters; (d) the most recent financial statements of Guarantor previously delivered to Lender are true and correct in all material respects, have been prepared in accordance with GAAP or in accordance with other principles acceptable to Lender in its reasonable discretion (consistently applied) and fairly present the financial condition of Guarantor in all material respects as of the respective dates thereof, and no material adverse change has occurred in the financial condition of Guarantor since the respective dates thereof; and (e) Guarantor has not and will not cause or consent to

any action or failure to act that would result in Borrower failing to be at all times a “single purpose entity” as described in Article 5 of the Loan Agreement.

11. So long as the Loan or any other obligation guaranteed hereby remains outstanding (other than, following the termination of the Loan Agreement and all other Loan Documents, contingent indemnification obligations as to which no claim has been made), Guarantor shall provide to Lender (i) within one hundred twenty (120) days after the end of each fiscal year, and sixty (60) days after the end of each calendar quarter (A) financial statements of Guarantor covering the corresponding period then ended including a balance sheet, an income and expenses statement, (B) a statement of cash flow and (C) a statement of change in financial position, audited by a “Big Four” accounting firm or other independent certified public accountant reasonably acceptable to Lender prepared by a Responsible Officer of Guarantor together with a certificate of Guarantor that the Minimum Financial Criteria (defined below) continues to be satisfied (including Guarantor’s calculation of Guarantor’s Net Worth), each of such statements delivered pursuant to this clause (i) shall be certified as being true and correct by a Responsible Officer of Guarantor and (ii) such other information reasonably requested by Lender and reasonably available to Guarantor. Guarantor agrees that all financial statements to be delivered to Lender pursuant to this Section 11 shall: (i) be complete and correct in all material respects; (ii) present fairly and accurately the financial condition of Guarantor; (iii) disclose all liabilities that are required to be reflected or reserved against; and (iv) be prepared (A) in hardcopy or electronic formats and (B) in accordance with GAAP or in accordance with other principles acceptable to Lender in its reasonable discretion (consistently applied). Guarantor agrees that all financial statements shall not contain any misrepresentation or omission of a material fact which would make such financial statements inaccurate, incomplete or otherwise misleading in any material respect.

Furthermore, each legal entity and individual obligated on this Guaranty hereby authorizes Lender to order and obtain, from a credit reporting agency of Lender’s choice, a third party credit report on such legal entity and individual.

12. Guarantor further covenants that this Guaranty shall remain and continue in full force and effect as to any modification, extension or renewal of the Note, the Loan Agreement, the Security Instrument, or any of the other Loan Documents, that Lender shall not be under a duty to protect, secure or insure any security or lien provided by the Security Instrument or other such collateral, and that other indulgences or forbearance may be granted under any or all of such documents, all of which may be made, done or suffered without notice to, or further consent of, Guarantor.

13. As a further inducement to Lender to make the Loan and in consideration thereof, Guarantor further covenants and agrees (a) that in any action or proceeding brought by Lender against Guarantor on this Guaranty, Guarantor shall and does hereby waive trial by jury to the extent permitted by Applicable Law, (b) Guarantor will maintain a place of business or an agent for service of process in the State of New York and give prompt notice to Lender of the address of such place of business and of the name and address of any new agent appointed by it, as appropriate, (c) the failure of Guarantor’s agent for service of process to give it notice of any service of process will not impair or affect the validity of such service or of any judgment based thereon, (d) if, despite the foregoing, there is for any reason no agent for service of

process of Guarantor available to be served, and if Guarantor at that time has no place of business in the State of New York then Guarantor irrevocably consents to service of process by registered or certified mail, postage prepaid, to it at its address given in or pursuant to the first paragraph hereof, Guarantor hereby waiving personal service thereof, (e) that within thirty days after such mailing, Guarantor so served shall appear or answer to any summons and complaint or other process and should Guarantor so served fail to appear or answer within said thirty-day period, said Guarantor shall be deemed in default and judgment may be entered by Lender against the said party for the amount as demanded in any summons and complaint or other process so served, (f) Guarantor initially and irrevocably designates Brookfield Properties, Inc., with offices on the date hereof at Brookfield Place, 250 Vesey Street, 15th Floor, New York, New York 10281, Attention: General Counsel, to receive for and on behalf of Guarantor service of process in the State of New York with respect to this Guaranty, (g) with respect to any claim or action arising hereunder, Guarantor (i) irrevocably submits to the nonexclusive jurisdiction of the courts of the State of New York and the United States District Court located in New York County, and appellate courts from any thereof, and (ii) irrevocably waives any objection which it may have at any time to the laying on venue of any suit, action or proceeding arising out of or relating to this Guaranty brought in any such court, irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum, and (h) nothing in this Guaranty will be deemed to preclude Lender from bringing an action or proceeding with respect hereto in any other jurisdiction.

14. This is a guaranty of payment and not of collection and Guarantor shall be a primary obligor of the Guaranteed Obligations. Upon the Guaranteed Obligations being incurred by Lender or upon any default of Borrower under the Note, the Loan Agreement, the Security Instrument or the other Loan Documents, Lender may, at its option, proceed directly and at once, without notice, against Guarantor to collect and recover the full amount of the liability hereunder or any portion thereof, without proceeding against Borrower or any other person, or foreclosing upon, selling, or otherwise disposing of or collecting or applying against any of the mortgaged property or other collateral for the Loan.

15. Each reference herein to Lender shall be deemed to include its successors and assigns, to whose favor the provisions of this Guaranty shall also inure. Each reference herein to Guarantor shall be deemed to include the heirs, executors, administrators, legal representatives, successors and assigns of Guarantor, all of whom shall be bound by the provisions of this Guaranty.

16. If any party hereto shall be a partnership, the agreements and obligations on the part of Guarantor herein contained shall remain in force and application notwithstanding any changes in the individuals composing the partnership and the term "Guarantor" shall include any altered or successive partnerships but the predecessor partnerships and their partners shall not thereby be released from any obligations or liability hereunder.

17. It is the intent of Guarantor and Lender that the obligations and liabilities of Guarantor hereunder are absolute and unconditional under any and all circumstances and that until the Guaranteed Obligations are fully and finally paid and performed, and not subject to refund or disgorgement, the obligations and liabilities of Guarantor hereunder shall not be

discharged or released, in whole or in part, by any act or occurrence that might, but for the provisions of this Guaranty, be deemed a legal or equitable discharge or release of a Guarantor.

Notwithstanding the foregoing, Guarantor shall not have any obligation or liability to Lender under this Guaranty with respect to any Guaranteed Obligations that (a) arose solely out of acts, conduct, omissions or circumstances that did not exist, were not present, were committed after, or did not arise until after (whether or not discovered prior or subsequent to the date of such event), (1) Lender (or any nominee or designee of Lender) acquired title to the Property, whether by foreclosure, exercise of power of sale, acceptance of a deed-in-lieu of foreclosure, or otherwise; (2) Mezzanine Lender (as defined in the Loan Agreement) or any other Person which is not an Affiliate of Guarantor completes a Mezzanine Foreclosure; (3) Mezzanine Lender (or any affiliate, designee or nominee thereof) exercises any rights after an event of default under the documents evidencing the Permitted Mezzanine Financing that result in Guarantor no longer directly or indirectly Controlling Borrower or (4) a Property Sale (as defined in the Loan Agreement) is consummated in accordance with the terms and conditions of Section 6.4 of the Loan Agreement; and (b) that were not the result of any act or negligence of Guarantor or any of Guarantor's affiliates, agents or contractors, acting at Guarantor's direction; provided, however, in the event the Expansion Parcel Release (as defined in the Loan Agreement) has occurred prior to any of the events set forth in items (1) through (4) above, then the Guaranteed Obligation set forth in Section 13.1(a)(xi) of the Loan Agreement shall not be subject to foregoing limitation on liability and Guarantor hereby expressly acknowledges and agrees that such Guaranteed Obligations shall survive the occurrence of such event.

Subject to the foregoing, this Guaranty shall be deemed to be continuing in nature and shall remain in full force and effect and shall survive the exercise of any remedy by Lender under the Security Instrument or any of the other Loan Documents, including, without limitation, any foreclosure or deed in lieu of foreclosure.

18. All understandings, representations and agreements heretofore had with respect to this Guaranty are merged into this Guaranty which alone fully and completely expresses the agreement of Guarantor and Lender.

19. This Guaranty may be executed in one or more counterparts by some or all of the parties hereto, each of which counterparts shall be an original and all of which together shall constitute a single agreement of Guaranty. The failure of any party hereto to execute this Guaranty, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

20. All understandings, representations and agreements heretofore had with respect to this Guaranty are merged into this Guaranty which alone fully and completely expresses the agreement of Guarantor and Lender.

21. This Guaranty may be executed in one or more counterparts by some or all of the parties hereto, each of which counterparts shall be an original and all of which together shall constitute a single agreement of Guaranty. The failure of any party hereto to execute this Guaranty, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

22. This Guaranty may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Lender or Borrower, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

23. This Guaranty shall be deemed to be a contract entered into pursuant to the laws of the State of New York and shall in all respects be governed, construed, applied and enforced in accordance with applicable federal law and the laws of the State of New York, without reference or giving effect to any choice of law doctrine.

24. Guarantor (and its representative, executing below, if any) hereby warrants, represents and covenants to Lender that:

(a) Guarantor is duly organized and existing and in good standing under the laws of the state in which such entity is organized. Guarantor is currently qualified or licensed (as applicable) and shall remain qualified or licensed to do business in each jurisdiction in which the nature of its business requires it to be so qualified or licensed.

(b) The execution and delivery by Guarantor (and its representative executing below, if any) of the Loan Documents to which Guarantor is a party has been duly authorized and the Loan Documents to which Guarantor is a party constitute valid and binding obligations of Guarantor, enforceable in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights, or by the application of rules of equity.

(c) To Guarantor's knowledge, the execution, delivery and performance by Guarantor of each of the Loan Documents to which Guarantor is a party do not violate any provision of any law or regulation, or result in any breach or default under any contract, obligation, indenture or other instrument to which Guarantor is a party or by which Guarantor is bound.

(d) There are no pending or, to Guarantor's knowledge, threatened in writing, actions, claims, investigations, suits or proceedings before any governmental authority, court or administrative agency which is reasonably expected to have a Material Adverse Effect.

(e) Guarantor has filed all federal, state, county, municipal, and city income, personal property and other tax returns required to have been filed by it and has paid all taxes and related liabilities which have become due pursuant to such returns or pursuant to any assessments received by it, the failure of which, in either case, is reasonably likely to have a Material Adverse Effect. To Guarantor's knowledge, there are no pending assessments or adjustments of Guarantor's income tax payable with respect to any year of which Guarantor has received written notice.

(f) None of the transactions contemplated by the Loan Documents will be or have been made with an actual intent to hinder, delay or defraud any present or future creditors of Borrower or Guarantor, and Borrower and Guarantor, on the date hereof, will have received fair and reasonably equivalent value in good faith for the continued grant of the liens or security

interests effected by the Loan Documents. As of the date hereof, Borrower and Guarantor are solvent and will not be rendered insolvent by the transactions contemplated by the Loan Documents. As of the date hereof, Borrower and Guarantor are able to pay their respective debts as they become due.

(g) Guarantor shall give prompt written notice to Lender of any litigation or governmental proceedings pending or threatened in writing against Guarantor which is reasonably likely to have a Material Adverse Effect.

(h) As of the date hereof and continuing thereafter for the term of the Loan, the representations and warranties set forth in Sections 3.5, 3.7, 3.8, 3.21, 3.28 and 3.29 of the Loan Agreement are true and correct with respect to Guarantor, it being understood that wherever the term "Borrower" is used in each the foregoing sections it shall be deemed to be "Guarantor".

(i) Guarantor shall keep and maintain or will cause to be kept and maintained proper and accurate books and records reflecting the financial affairs of Guarantor. Lender shall have the right from time to time during normal business hours upon reasonable notice to Guarantor to examine such books and records at the office of Guarantor or other Person maintaining such books and records and to make such copies or extracts thereof as Lender shall desire.

(j) So long as the Loan and any of the obligations set forth in the Loan Documents remain outstanding, Guarantor shall maintain (i) a minimum Net Worth (as defined herein) of not less than \$400,000,000.00 excluding the Property (the "Minimum Financial Criteria"); provided, however that so long as Guarantor is at least fifty-one percent (51%) owned and Controlled by Sponsor, the requirements of this Section 22 (j) shall be waived. It being expressly understood that upon the occurrence of the transfer of the Property and/or assumption of the Loan and Loan Documents pursuant to Article 6 of the Loan Agreement, each and every replacement guarantor shall be required to maintain the Minimum Financial Criteria.

As used herein:

"Net Worth" shall mean net worth as calculated in accordance with GAAP (or other principles acceptable to Lender).

25. Guarantor hereby waives each of the following:

(a) Any rights of Guarantor of subrogation, reimbursement, indemnification, and/or contribution against Borrower or any other person or entity, and any other rights and defenses that are or may become available to Guarantor or any other person or entity by reasons of Sections 2787–2855, inclusive of the California Civil Code;

(b) Any rights or defenses that may be available by reason of any election of remedies by Lender (including, without limitation, any such election which in any manner impairs, effects, reduces, releases, destroys or extinguishes Guarantor's subrogation rights, rights to proceed against Borrower for reimbursement, or any other rights of Guarantor to proceed against any other person, entity or security, including but not limited to any defense based upon

an election of remedies by Lender under the provisions of Section 580(d) of the California Code of Civil Procedure or any similar law of California or of any other State or of the United States); and

(c) Any rights or defenses Guarantor may have because the Guaranteed Obligations are secured by real property or any estate for years. These rights or defenses include, but are not limited to, any rights or defenses that are based upon, directly or indirectly, the application of Section 580(a), Section 580(b), Section 580(d) or Section 726 of the California Code of Civil Procedure to the Guaranteed Obligations.

The provisions of this subsection (c) mean, among other things:

(x) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower for the Debt; and

(y) If Lender forecloses on real property collateral pledged by Borrower:

The Guaranteed Obligations may be reduced only by the price for which such real property collateral is sold at the foreclosure sale even if such real property collateral is worth more than the sale price, and the Lender may collect from the Guarantor even if the Lender, by foreclosing on the real property collateral, has destroyed any right the Guarantor may have to collect from the Borrower.

Further, the provisions of this Agreement constitute an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's obligations are secured by real property. These rights and defenses, include, but are not limited to, any rights or defenses based upon Section 580(a), Section 580(b), Section 580(d) or Section 726 of the California Code of Civil Procedure.

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IN WITNESS WHEREOF, Guarantor has duly executed this Guaranty of Recourse Obligations as of the day and year first above written.

GUARANTOR:
BROOKFIELD DTLA HOLDINGS LLC, a
Delaware limited liability company

By: Brookfield DTLA GP LLC, a Delaware
limited liability company, its managing
member

By: /s/ G. MARK BROWN
Name: G. Mark Brown
Title: Global Chief Investment Officer

Guaranty of Recourse Obligations – Signature Page

RESERVE GUARANTY

FOR VALUE RECEIVED, and to induce WELLS FARGO BANK, NATIONAL ASSOCIATION, having an address at Wells Fargo Center, 1901 Harrison Street, 2nd Floor, MAC A0227 020, Oakland, California 94612 together with its successors and assigns, "WFB") CITIGROUP GLOBAL MARKETS REALTY CORP., a New York corporation, having an address at 388 Greenwich Street, 19th Floor, New York, New York 10013 (together with its successors and/or assigns, "Citi"; WFB and Citi, individually and/or collectively, as the context may require, "Lender"), to lend to 333 SOUTH HOPE CO. LLC ("333 Hope") and 333 SOUTH HOPE PLANT LLC ("333 Plant"), each a Delaware limited liability company, having an address at c/o Brookfield Properties Inc., Brookfield Place, 250 Vesey Street, 15th Floor, New York, NY 10281, (333 Hope and/or 333 Plant, individually and collectively, as the context may require, together with each of their respective successors and/or assigns, "Borrower"), the aggregate principal sum of FOUR HUNDRED MILLION DOLLARS AND 00/100 (\$400,000,000.00) (the "Loan"), evidenced by those certain Promissory Notes (as the same may be amended, restated, replaced, split or otherwise modified, the "Note") and that certain Loan Agreement (as the same may be amended, restated, replaced or otherwise modified the "Loan Agreement") and secured by that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Security Instrument"), Guarantor (defined below) is delivering this Guaranty (defined below) to Lender. The Note, the Security Instrument, the Loan Agreement and all other documents, agreements and certificates executed and/or delivered in connection with the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, are collectively referred to herein as the "Loan Documents". Capitalized terms not otherwise defined herein have the meanings set forth in the Loan Agreement.

1.As of this 7th day of August, 2014, the undersigned, BROOKFIELD DTLA HOLDINGS LLC, a Delaware limited liability company, having an address at c/o Brookfield Properties, Inc., Brookfield Place, 250 Vesey Street, 15th Floor, New York, NY 10281 (hereinafter referred to as "Guarantor"), hereby absolutely and unconditionally guarantees to Lender the prompt and unconditional payment of the Guaranteed Obligations (hereinafter defined).

2.It is expressly understood and agreed that this is a continuing guaranty and that the obligations of Guarantor hereunder are and shall be absolute under any and all circumstances, without regard to the validity, regularity or enforceability of the Note, the Loan Agreement, the Security Instrument or the other Loan Documents, a true copy of each of said documents Guarantor hereby acknowledges having received and reviewed.

3.The term "Debt" as used in this Reserve Guaranty (this "Guaranty") shall mean (i) the outstanding principal amount set forth in, and evidenced by, the Loan Agreement and the Note together with all interest accrued and unpaid thereon and all other sums due to Lender in respect of the Loan under the Note, the Loan Agreement or the other Loan Documents (including, without limitation, the Guaranteed Obligations), (ii) all sums advanced and

reasonable costs and expenses incurred by Lender in connection with the enforcement and/or collection of the Debt or any part thereof and (iii) unpaid or unreimbursed servicing and special servicing fees.

4. The term "Guaranteed Obligations" as used in this Guaranty shall mean the payment, upon the Reserve Guaranty Conditions (as defined in the Loan Agreement) failing to be satisfied, of an amount equal to the lesser of (x) \$3,785,317.00 and (x) the then outstanding amount of tenant improvements and leasing commissions payable with respect to the amounts set forth on Exhibit A attached hereto by Borrower in connection with a portion of the Existing TI/LC Reserve Funds; provided, however, Guarantor's liability in connection with the foregoing shall be reduced by such amounts as if cash sums were being disbursed to Borrower from the Existing TI/LC Reserve Funds pursuant to Section 8.7 of the Loan Agreement after satisfaction of the conditions required thereunder with respect to the payment of tenant improvements and leasing commissions payable with respect to the amounts set forth on Exhibit A attached hereto;

5. Any indebtedness of Borrower to Guarantor now or hereafter existing (including, but not limited to, any rights to subrogation Guarantor may have as a result of any payment by Guarantor under this Guaranty), together with any interest thereon, shall be, and such indebtedness is, hereby deferred, postponed and subordinated to the prior payment in full of the Debt. Until payment in full of the Debt (and including interest accruing on the Note after the commencement of a proceeding by or against Borrower under the Bankruptcy Code, which interest the parties agree shall remain a claim that is prior and superior to any claim of Guarantor notwithstanding any contrary practice, custom or ruling in cases under the Bankruptcy Code generally), Guarantor agrees not to accept any payment or satisfaction of any kind of indebtedness of Borrower to Guarantor and hereby assigns such indebtedness to Lender, including the right to file proof of claim and to vote thereon in connection with any such proceeding under the Bankruptcy Code, including the right to vote on any plan of reorganization. Further, if Guarantor shall comprise more than one person, firm or corporation, Guarantor agrees that until such payment in full of the Debt, (a) no one of them shall accept payment from the others by way of contribution on account of any payment made hereunder by such party to Lender, (b) no one of them will take any action to exercise or enforce any rights to such contribution, and (c) if any of Guarantor should receive any payment, satisfaction or security for any indebtedness of Borrower to any of Guarantor or for any contribution by the others of Guarantor for payment made hereunder by the recipient to Lender, the same shall be delivered to Lender in the form received, endorsed or assigned as may be appropriate for application on account of, or as security for, the Debt and until so delivered, shall be held in trust for Lender as security for the Debt.

6. Guarantor agrees that, with or without notice or demand, Guarantor will reimburse Lender, to the extent that such reimbursement is not made by Borrower, for all reasonable costs and expenses (including attorney's fees) actually incurred by Lender in connection with the collection of the Guaranteed Obligations or any portion thereof or with the enforcement of this Guaranty.

7. All moneys available to Lender for application in payment or reduction of the Debt may be applied by Lender in such manner and in such amounts and at such time or times

and in such order and priority as Lender may see fit to the payment or reduction of such portion of the Debt as Lender may elect, subject to the terms of the Loan Agreement.

8. Guarantor waives: (a) any defense based upon any legal disability or other defense of Borrower, any other guarantor or other person, or by reason of the cessation or limitation of the liability of Borrower from any cause other than full payment of all sums payable under the Loan Agreement or any of the other Loan Documents; (b) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of Borrower or any principal of Borrower or any defect in the formation of Borrower or any principal of Borrower; (c) any defense based upon the application by Borrower of the proceeds of the Loan for purposes other than the purposes represented by Borrower to Lender or intended or understood by Lender or Guarantor; (d) all rights and defenses arising out of an election of remedies by Lender; (e) any defense based upon Lender's failure to disclose to Guarantor any information concerning Borrower's financial condition or any other circumstances bearing on Borrower's ability to pay all sums payable under the Loan Agreement or any of the other Loan Documents; (f) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (g) any defense based upon Lender's election, in any proceeding instituted under the Bankruptcy Code, of the application of Section 1111(b)(2) of the Bankruptcy Code or any successor statute; (h) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Bankruptcy Code; and (i) presentment, demand, protest and notice of any kind. This means, among other things: (1) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower; and (2) if Lender forecloses on any real property collateral pledged by Borrower, then (i) the amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (ii) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower. The foregoing sentence is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's debt is secured by real property. Finally, Guarantor agrees that the payment of all sums payable under the Loan Agreement or any of the other Loan Documents or any part thereof or other act which tolls any statute of limitations applicable to the Note or the other Loan Documents shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder.

Guarantor hereby acknowledges that: (a) as part of Lender's consideration for entering into this transaction, Lender has specifically bargained for the waiver and relinquishment by Guarantor of all such defenses and (b) Guarantor has had the opportunity to seek and receive legal advice from skilled legal counsel in the area of financial transactions of the type reflected in this Guaranty and the Loan Documents. Guarantor hereby represents and confirms to Lender that Guarantor is fully informed regarding, and that Guarantor does thoroughly understand, (i) the nature of all such possible defenses, (ii) the circumstances under which those defenses may arise, (iii) the benefits which those defenses might confer upon Guarantor, and (iv) the legal consequences to Guarantor of waiving those defenses. Guarantor acknowledges that Guarantor has entered into this Guaranty, and both undertaken Guarantor's obligations and given its unconditional waiver with the intent that this Guaranty and all such

waivers shall be fully enforceable by Lender, and that Lender has been induced to enter into this transaction in material reliance upon the presumed full enforceability thereof.

9. Guarantor further agrees that the validity of this Guaranty and the obligations of Guarantor hereunder shall in no way be terminated, affected or impaired by reason of (a) the assertion by Lender of any rights or remedies which it may have under or with respect to either the Note, the Loan Agreement, the Security Instrument, or the other Loan Documents, against any person obligated thereunder or against the owner of the Property, (b) any failure to file or record any of such instruments or to take or perfect any security intended to be provided thereby, (c) the release or exchange of any property covered by the Security Instrument or other collateral for the Loan, (d) Lender's failure to exercise, or delay in exercising, any such right or remedy or any right or remedy Lender may have hereunder or in respect to this Guaranty, (e) the commencement of a case under the Bankruptcy Code by or against any person obligated under the Note, the Loan Agreement, the Security Instrument or the other Loan Documents, or the death of any Guarantor, (f) by any partial or total transfer or pledge of the interests in Borrower, or in any direct or indirect owner of Borrower, and/or the reconstitution of Borrower as a result of such transfer or pledge, regardless of whether any of the foregoing is permitted under the Loan Documents, or (g) any payment made on the Debt or any other indebtedness arising under the Note, the Loan Agreement, the Security Instrument or the other Loan Documents, whether made by Borrower or Guarantor or any other person, which is required to be refunded pursuant to any bankruptcy or insolvency law; it being understood that no payment so refunded shall be considered as a payment of any portion of the Debt, nor shall it have the effect of reducing the liability of Guarantor hereunder. In the event that pursuant to any insolvency, bankruptcy, reorganization, receivership or other debtor relief law or any judgment, order or decision thereunder Lender must rescind or restore any payment or any part thereof received by Lender in satisfaction of the Guaranteed Obligations, as set forth herein, any prior release or discharge from the terms of this Guaranty given to Guarantor by Lender shall be without effect and this Guaranty shall remain in full force and effect. It is the intention of Borrower and Guarantor that the Guaranteed Obligations hereunder shall not be discharged except by Guarantor's performance of such Guaranteed Obligations and then only to the extent of such performance. It is further understood, that if Borrower shall have taken advantage of, or be subject to the protection of, any provision in the Bankruptcy Code, the effect of which is to prevent or delay Lender from taking any remedial action against Borrower, including the exercise of any option Lender has to declare the Debt due and payable on the happening of any default or event by which under the terms of the Note, the Loan Agreement, the Security Instrument or the other Loan Documents, the Debt shall become due and payable, Lender may, as against Guarantor, nevertheless, declare the Debt due and payable and enforce any or all of its rights and remedies against Guarantor provided for herein.

10. Guarantor warrants and acknowledges that: (a) Lender would not make the Loan but for this Guaranty; (b) there are no conditions precedent to the effectiveness of this Guaranty and this Guaranty shall be in full force and effect and binding on Guarantor regardless of whether Lender obtains other collateral or any guaranties from others or takes any other action contemplated by Guarantor; (c) Guarantor has established adequate means of obtaining from sources other than Lender, on a continuing basis, financial and other information pertaining to Borrower's financial condition, the Property and Borrower's activities relating thereto, and the status of Borrower's performance of obligations under the

Loan Documents, and Guarantor agrees to keep adequately informed from such means of any facts, events or circumstances which might in any way affect Guarantor's risks hereunder and Lender has not made any representation to Guarantor as to any such matters; (d) the most recent financial statements of Guarantor previously delivered to Lender are true and correct in all material respects, have been prepared in accordance with GAAP or in accordance with other principles acceptable to Lender in its reasonable discretion (consistently applied) and fairly present the financial condition of Guarantor in all material respects as of the respective dates thereof, and no material adverse change has occurred in the financial condition of Guarantor since the respective dates thereof; and (e) Guarantor has not and will not cause or consent to any action or failure to act that would result in Borrower failing to be at all times a "single purpose entity" as described in Article 5 of the Loan Agreement.

11. So long as the Loan or any other obligation guaranteed hereby remains outstanding (other than, following the termination of the Loan Agreement and all other Loan Documents, contingent indemnification obligations as to which no claim has been made), Guarantor shall provide to Lender (i) within one hundred twenty (120) days after the end of each fiscal year, and sixty (60) days after the end of each calendar quarter (A) financial statements of Guarantor covering the corresponding period then ended including a balance sheet, an income and expenses statement, (B) a statement of cash flow and (C) a statement of change in financial position, audited by a "Big Four" accounting firm or other independent certified public accountant reasonably acceptable to Lender prepared by a Responsible Officer of Guarantor together with a certificate of Guarantor that the Minimum Financial Criteria (defined below) continues to be satisfied (including Guarantor's calculation of Guarantor's Net Worth), each of such statements delivered pursuant to this clause (i) shall be certified as being true and correct by a Responsible Officer of Guarantor and (ii) such other information reasonably requested by Lender and reasonably available to Guarantor. Guarantor agrees that all financial statements to be delivered to Lender pursuant to this Section 11 shall: (i) be complete and correct in all material respects; (ii) present fairly and accurately the financial condition of Guarantor; (iii) disclose all liabilities that are required to be reflected or reserved against; and (iv) be prepared (A) in hardcopy or electronic formats and (B) in accordance with GAAP or in accordance with other principles acceptable to Lender in its reasonable discretion (consistently applied). Guarantor agrees that all financial statements shall not contain any misrepresentation or omission of a material fact which would make such financial statements inaccurate, incomplete or otherwise misleading in any material respect.

Furthermore, each legal entity and individual obligated on this Guaranty hereby authorizes Lender to order and obtain, from a credit reporting agency of Lender's choice, a third party credit report on such legal entity and individual.

12. Guarantor further covenants that this Guaranty shall remain and continue in full force and effect as to any modification, extension or renewal of the Note, the Loan Agreement, the Security Instrument, or any of the other Loan Documents, that Lender shall not be under a duty to protect, secure or insure any security or lien provided by the Security Instrument or other such collateral, and that other indulgences or forbearance may be granted under any or all of such documents, all of which may be made, done or suffered without notice to, or further consent of, Guarantor.

13. As a further inducement to Lender to make the Loan and in consideration thereof, Guarantor further covenants and agrees (a) that in any action or proceeding brought by Lender against Guarantor on this Guaranty, Guarantor shall and does hereby waive trial by jury to the extent permitted by Applicable Law, (b) Guarantor will maintain a place of business or an agent for service of process in the State of New York and give prompt notice to Lender of the address of such place of business and of the name and address of any new agent appointed by it, as appropriate, (c) the failure of Guarantor's agent for service of process to give it notice of any service of process will not impair or affect the validity of such service or of any judgment based thereon, (d) if, despite the foregoing, there is for any reason no agent for service of process of Guarantor available to be served, and if Guarantor at that time has no place of business in the State of New York then Guarantor irrevocably consents to service of process by registered or certified mail, postage prepaid, to it at its address given in or pursuant to the first paragraph hereof, Guarantor hereby waiving personal service thereof, (e) that within thirty days after such mailing, Guarantor so served shall appear or answer to any summons and complaint or other process and should Guarantor so served fail to appear or answer within said thirty-day period, said Guarantor shall be deemed in default and judgment may be entered by Lender against the said party for the amount as demanded in any summons and complaint or other process so served, (f) Guarantor initially and irrevocably designates Brookfield Properties, Inc., with offices on the date hereof at Brookfield Place, 250 Vesey Street, 15th Floor, New York, New York 10281, Attention: General Counsel, to receive for and on behalf of Guarantor service of process in the State of New York with respect to this Guaranty, (g) with respect to any claim or action arising hereunder, Guarantor (i) irrevocably submits to the nonexclusive jurisdiction of the courts of the State of New York and the United States District Court located in New York County, and appellate courts from any thereof, and (ii) irrevocably waives any objection which it may have at any time to the laying on venue of any suit, action or proceeding arising out of or relating to this Guaranty brought in any such court, irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum, and (h) nothing in this Guaranty will be deemed to preclude Lender from bringing an action or proceeding with respect hereto in any other jurisdiction.

14. This is a guaranty of payment and not of collection and, upon the Guaranteed Obligations being incurred by Lender or upon any default of Borrower under the Note, the Loan Agreement, the Security Instrument or the other Loan Documents, Lender may, at its option, proceed directly and at once, without notice, against Guarantor to collect and recover the full amount of the liability hereunder or any portion thereof, without proceeding against Borrower or any other person, or foreclosing upon, selling, or otherwise disposing of or collecting or applying against any of the mortgaged property or other collateral for the Loan. Payment of any and all amounts due hereunder shall be made in immediately available U.S. Dollars on the date due.

15. Each reference herein to Lender shall be deemed to include its successors and assigns, to whose favor the provisions of this Guaranty shall also inure. Each reference herein to Guarantor shall be deemed to include the heirs, executors, administrators, legal representatives, successors and assigns of Guarantor, all of whom shall be bound by the provisions of this Guaranty.

16. If any party hereto shall be a partnership, the agreements and obligations on the part of Guarantor herein contained shall remain in force and application notwithstanding any changes in the individuals composing the partnership and the term "Guarantor" shall include any altered or successive partnerships but the predecessor partnerships and their partners shall not thereby be released from any obligations or liability hereunder.

17. It is the intent of Guarantor and Lender that the obligations and liabilities of Guarantor hereunder are absolute and unconditional under any and all circumstances and that until the Guaranteed Obligations are fully and finally paid and performed, and not subject to refund or disgorgement, the obligations and liabilities of Guarantor hereunder shall not be discharged or released, in whole or in part, by any act or occurrence that might, but for the provisions of this Guaranty, be deemed a legal or equitable discharge or release of a Guarantor. This Guaranty shall be deemed to be continuing in nature and shall remain in full force and effect and shall survive the exercise of any remedy by Lender under the Security Instrument or any of the other Loan Documents, including, without limitation, any foreclosure or deed in lieu of foreclosure; provided, however, this Guaranty shall be released upon the deposit by Borrower (if permitted pursuant to Section 8.9 of the Loan Agreement) of an amount equal to all of the Guaranteed Obligations.

18. All understandings, representations and agreements heretofore had with respect to this Guaranty are merged into this Guaranty which alone fully and completely expresses the agreement of Guarantor and Lender.

19. This Guaranty may be executed in one or more counterparts by some or all of the parties hereto, each of which counterparts shall be an original and all of which together shall constitute a single agreement of Guaranty. The failure of any party hereto to execute this Guaranty, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

20. This Guaranty may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Lender or Borrower, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

21. This Guaranty shall be deemed to be a contract entered into pursuant to the laws of the State of New York and shall in all respects be governed, construed, applied and enforced in accordance with applicable federal law and the laws of the State of New York, without reference or giving effect to any choice of law doctrine.

22. Guarantor (and its representative, executing below, if any) hereby warrants, represents and covenants to Lender that:

(a) Guarantor is duly organized and existing and in good standing under the laws of the state in which such entity is organized. Guarantor is currently qualified or licensed (as applicable) and shall remain qualified or licensed to do business in each jurisdiction in which the nature of its business requires it to be so qualified or licensed.

(b) The execution and delivery by Guarantor (and its representative executing below, if any) of the Loan Documents to which Guarantor is a party has been duly authorized and the Loan Documents to which Guarantor is a party constitute valid and binding obligations of Guarantor, enforceable in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights, or by the application of rules of equity.

(c) To Guarantor's knowledge, the execution, delivery and performance by Guarantor of each of the Loan Documents to which Guarantor is a party do not violate any provision of any law or regulation, or result in any breach or default under any contract, obligation, indenture or other instrument to which Guarantor is a party or by which Guarantor is bound.

(d) There are no pending or, to Guarantor's knowledge, threatened in writing, actions, claims, investigations, suits or proceedings before any governmental authority, court or administrative agency which is reasonably expected to have a Material Adverse Effect.

(e) Guarantor has filed all federal, state, county, municipal, and city income, personal property and other tax returns required to have been filed by it and has paid all taxes and related liabilities which have become due pursuant to such returns or pursuant to any assessments received by it, the failure of which, in either case, is reasonably likely to have a Material Adverse Effect. To Guarantor's knowledge, there are no pending assessments or adjustments of Guarantor's income tax payable with respect to any year of which Guarantor has received written notice.

(f) None of the transactions contemplated by the Loan Documents will be or have been made with an actual intent to hinder, delay or defraud any present or future creditors of Borrower or Guarantor, and Borrower and Guarantor, on the date hereof, will have received fair and reasonably equivalent value in good faith for the continued grant of the liens or security interests effected by the Loan Documents. As of the date hereof, Borrower and Guarantor are solvent and will not be rendered insolvent by the transactions contemplated by the Loan Documents. As of the date hereof, Borrower and Guarantor are able to pay their respective debts as they become due.

(g) Guarantor shall give prompt written notice to Lender of any litigation or governmental proceedings pending or threatened in writing against Guarantor which is reasonably likely to have a Material Adverse Effect.

(h) As of the date hereof and continuing thereafter for the term of the Loan, the representations and warranties set forth in Sections 3.5, 3.7, 3.8, 3.21 3.28 and 3.29 of the Loan Agreement are true and correct with respect to Guarantor, it being understood that wherever the term "Borrower" is used in each the foregoing sections it shall be deemed to be "Guarantor".

(i) Guarantor shall keep and maintain or will cause to be kept and maintained proper and accurate books and records reflecting the financial affairs of Guarantor. Lender shall have the right from time to time during normal business hours upon reasonable notice to

Guarantor to examine such books and records at the office of Guarantor or other Person maintaining such books and records and to make such copies or extracts thereof as Lender shall desire.

(j) So long as the Loan and any of the obligations set forth in the Loan Documents remain outstanding, Guarantor shall maintain (i) a minimum Net Worth (as defined herein) of not less than \$400,000,000.00 excluding the Property (the "Minimum Financial Criteria"); provided, however that so long as Guarantor is at least fifty-one percent (51%) owned and Controlled by Sponsor, the requirements of this Section 22 (j) shall be waived. It being expressly understood that upon the occurrence of the transfer of the Property and/or assumption of the Loan and Loan Documents pursuant to Article 6 of the Loan Agreement, each and every replacement guarantor shall be required to maintain the Minimum Financial Criteria.

As used herein:

"Net Worth" shall mean net worth as calculated in accordance with GAAP (or other principles acceptable to Lender).

23. Guarantor hereby waives each of the following:

(a) Any rights of Guarantor of subrogation, reimbursement, indemnification, and/or contribution against Borrower or any other person or entity, and any other rights and defenses that are or may become available to Guarantor or any other person or entity by reasons of Sections 2787–2855, inclusive of the California Civil Code;

(b) Any rights or defenses that may be available by reason of any election of remedies by Lender (including, without limitation, any such election which in any manner impairs, effects, reduces, releases, destroys or extinguishes Guarantor's subrogation rights, rights to proceed against Borrower for reimbursement, or any other rights of Guarantor to proceed against any other person, entity or security, including but not limited to any defense based upon an election of remedies by Lender under the provisions of Section 580(d) of the California Code of Civil Procedure or any similar law of California or of any other State or of the United States); and

(c) Any rights or defenses Guarantor may have because the Guaranteed Obligations are secured by real property or any estate for years. These rights or defenses include, but are not limited to, any rights or defenses that are based upon, directly or indirectly, the application of Section 580(a), Section 580(b), Section 580(d) or Section 726 of the California Code of Civil Procedure to the Guaranteed Obligations.

The provisions of this subsection (c) mean, among other things:

(x) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower for the Debt; and

(y) If Lender forecloses on real property collateral pledged by Borrower:

The Guaranteed Obligations may be reduced only by the price for which such real property collateral is sold at the foreclosure sale even if such real property collateral is worth more than the sale price, and the Lender may collect from the Guarantor even if the Lender, by foreclosing on the real property collateral, has destroyed any right the Guarantor may have to collect from the Borrower.

Further, the provisions of this Agreement constitute an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's obligations are secured by real property. These rights and defenses, include, but are not limited to, any rights or defenses based upon Section 580(a), Section 580(b), Section 580(d) or Section 726 of the California Code of Civil Procedure.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, Guarantor has duly executed this Reserve Guaranty as of the day and year first above written.

GUARANTOR:
BROOKFIELD DTLA HOLDINGS LLC, a
Delaware limited liability company

By: Brookfield DTLA GP LLC, a Delaware
limited liability company, its managing
member

By: /s/ G. MARK BROWN
Name: G. Mark Brown
Title: Global Chief Investment Officer

EXHIBIT A
Tenant Improvement and Leasing Commissions

| | | |
|-----------------|----|-----------|
| Bank of America | \$ | 3,020,392 |
| Alston | \$ | 764,925 |
| TOTAL | \$ | 3,785,317 |

August 7, 2014

Wells Fargo Bank, National Association
Wells Fargo Center
1901 Harrison Street, 2nd Floor
MAC A0227-020
Oakland, California 94612

Citigroup Global Markets Realty Corp.
388 Greenwich Street
19th Floor
New York, New York 10013

Re: Loan Agreement, dated as of the date hereof (the "Loan Agreement"), by and among 333 SOUTH HOPE CO. LLC ("333 Hope") and 333 SOUTH HOPE PLANT LLC ("333 Plant"), each a Delaware limited liability company, having an address at c/o Brookfield Properties Inc., Brookfield Place, 250 Vesey Street, 15th Floor, New York, NY 10281, (333 Hope and 333 Plant, individually and collectively, as the context may require, together with each of their permitted successors and/or assigns, "Borrower"), WELLS FARGO BANK, NATIONAL ASSOCIATION, having an address at Wells Fargo Center, 1901 Harrison Street, 2nd Floor, MAC A02227 020 Oakland, California 94612 (together with its successors and assigns, "WFB"), and CITIGROUP GLOBAL MARKETS REALTY CORP., a New York corporation, having an address at 388 Greenwich Street, 19th Floor, New York, New York 10013 (together with its successors and/or assigns, "Citi"; WFB and Citi, individually and/or collectively, as the context may require, "Lender").

Ladies and Gentlemen:

Reference is made to the Loan Agreement. Capitalized terms not defined herein shall have the meanings assigned to them in the Loan Agreement. This letter shall confirm our agreement as follows:

Lender, subject to the satisfaction of the other conditions precedent to the making of the Loan, is willing to fund the Loan, subject to Borrower's compliance with the terms of this letter. Accordingly, to induce Lender to make the Loan and in consideration of Lender's making

the Loan, the sufficiency of such consideration being hereby acknowledged, if required by any Rating Agency in connection with the issuance of any Securities, Borrower hereby agrees to replace the Reserve Guaranty with cash deposits to the Specified Reserve if Lender, in its sole and absolute discretion believes that its ability to enter into any Secondary Market Transaction is negatively impacted by the existence of the Reserve Guaranty in lieu of cash deposits into the Specified Reserve.

Borrower shall pay any and all costs and expenses incurred by Borrower in connection with the foregoing. Borrower shall pay or reimburse Lender for the reasonable legal fees and disbursements of Lender's counsel in connection with the foregoing.

Borrower's failure to comply with the foregoing shall, at Lender's option, constitute an Event of Default, whereupon Lender shall be entitled to exercise any or all of the rights and remedies available to it under the Loan Documents or under applicable law.

The terms and conditions of this letter shall survive, and continue in full force and effect after, the Loan closing. In the event of any conflict or inconsistency between the terms of this letter and the terms of the Loan Agreement, the terms of this letter shall govern and control.

This letter together with the Loan Agreement and the other Loan Documents constitute the entire agreement among the parties concerning their subject matter.

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

This letter may not be amended or any provision hereof waived or modified except by an agreement in writing signed by the party against whom enforcement is sought. This letter shall be governed by, and construed in accordance with, the laws of the State New York.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, Borrower has duly executed this letter as of the day and year first above written.

BORROWER:
333 SOUTH HOPE CO. LLC, a Delaware limited
liability company
By: /s/ JASON KIRSCHNER
Name: Jason Kirschner
Title: Vice President, Finance

333 SOUTH HOPE PLANT LLC, a Delaware
limited liability company

By: /s/ JASON KIRSCHNER
Name: Jason Kirschner
Title: Vice President, Finance

SUBSIDIARIES OF BROOKFIELD DTLA FUND OFFICE TRUST INVESTOR INC.

| Subsidiaries | Jurisdiction In Which Organized | Percentage of Voting Securities Owned Directly or Indirectly by Brookfield DTLA Fund Office Trust Investor Inc. |
|---|---------------------------------------|---|
| Brookfield DTLA Fund Office Trust Inc. | Maryland | 100% |
| Brookfield DTLA Fund Properties LLC | Maryland | 100% |
| MPG Office LLC | Maryland | 100% |
| Brookfield DTLA Fund Properties II LLC | Delaware | 100% |
| Brookfield DTLA 333 South Grand REIT LLC | Delaware | 100% |
| North Tower Mezzanine, LLC | Delaware | 100% |
| North Tower, LLC | Delaware | 100% |
| Brookfield DTLA 555 West 5th REIT LLC | Delaware | 100% |
| Maguire Properties – 350 S. Figueroa Mezzanine, LLC | Delaware | 100% |
| Maguire Properties – 350 S. Figueroa, LLC | Delaware | 100% |
| Maguire Properties – 555 W. Fifth Mezzanine, LLC | Delaware | 100% |
| Maguire Properties – 555 W. Fifth, LLC | Delaware | 100% |
| Brookfield DTLA 355 South Grand REIT LLC | Delaware | 100% |
| Maguire Properties – 355 S. Grand, LLC | Delaware | 100% |
| Brookfield DTLA 777 South Figueroa REIT LLC | Delaware | 100% |
| Maguire Properties – 777 Tower, LLC | Delaware | 100% |
| Brookfield DTLA 4050/755 Inc. | Delaware | 100% |
| Maguire Properties Holdings I, LLC | Delaware | 100% |
| Maguire Properties – 755 S. Figueroa, LLC | Delaware | 100% |
| Maguire Properties Holdings III, LLC | Delaware | 100% |
| Maguire Properties – 4050 W. Metropolitan LLC | Delaware | 100% |
| Brookfield DTLA Fund Properties III LLC | Delaware | 100% |
| Brookfield DTLA 725 South Figueroa REIT LLC | Delaware | 100% |
| EYP Realty Holdings, LLC | Delaware | 100% |
| EYP Realty, LLC | Delaware | 100% |
| Brookfield DTLA Figat7th REIT LLC | Delaware | 100% |
| BOP Figat7th LLC | Delaware | 100% |
| BOP Figat7th Parking LLC | Delaware | 100% |
| Brookfield DTLA 333 South Hope REIT LLC | Delaware | 100% |
| 333 South Hope Mezz LLC | Delaware | 100% |
| 333 South Hope Co. LLC | Delaware | 100% |
| 333 South Hope Plant LLC | Delaware | 100% |
| Brookfield DTLA TRS Inc. | Delaware | 100% |

Note: All of the subsidiaries listed above are included in the Company's consolidated and combined financial statements. Inactive subsidiaries have not been included in the above list.

CERTIFICATION

I, Paul L. Schulman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Brookfield DTLA Fund Office Trust Investor Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2015

By: /s/ PAUL L. SCHULMAN

Paul L. Schulman
President and Chief Operating Officer,
U.S. Commercial Operations
(Principal executive officer)

CERTIFICATION

I, Bryan K. Davis, certify that:

1. I have reviewed this Annual Report on Form 10-K of Brookfield DTLA Fund Office Trust Investor Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2015

By: /s/ BRYAN K. DAVIS

Bryan K. Davis
Chief Financial Officer
(Principal financial officer)

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES–OXLEY ACT OF 2002

Pursuant to 18 U.S.C. §1350, as created by Section 906 of the Sarbanes–Oxley Act of 2002, each of the undersigned officers of Brookfield DTLA Fund Office Trust Investor Inc., a Maryland corporation (the “Company”), does hereby certify, to such officers’ knowledge, that:

- (i) The Company’s Annual Report on Form 10–K for the period ended December 31, 2014 (the “Periodic Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) Information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2015

By: /s/ PAUL L. SCHULMAN
Paul L. Schulman
President and Chief Operating Officer,
U.S. Commercial Operations
(Principal executive officer)

By: /s/ BRYAN K. DAVIS
Bryan K. Davis
Chief Financial Officer
(Principal financial officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

IN THE CIRCUIT COURT FOR BALTIMORE CITY, MARYLAND

IN RE MPG OFFICE TRUST INC.
 PREFERRED SHAREHOLDER
 LITIGATION

)
)
) Consolidated
) Case No. 24-C-13-004097
)
)
)

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is entered into as of March 30, 2015, by and among the undersigned counsel for the parties to the action captioned In re MPG Office Trust Inc. Preferred Shareholder Litigation, Consol. Case No. 24-C-13-004097 (the “Action”) pending before the Circuit Court for Baltimore City, Maryland (the “Court”). Plaintiff G&M Cohen Limited Partnership (“Cohen Partnership” or “Plaintiff”) is a party hereto. The defendants in the Action are Robert M. Deutschman, Christine N. Garvey, Michael J. Gillfillan, Edward J. Ratinoff, Joseph P. Sullivan, George A. Vandeman, Paul M. Watson, and David L. Weinstein (collectively, the “Individual Defendants”), Brookfield DTLA Fund Office Trust Investor Inc., Brookfield Office Properties Inc., Brookfield DTLA Holdings LLC, Brookfield DTLA Fund Office Trust Inc., Brookfield DTLA, Inc., DTLA Fund Holding Co., and Brookfield DTLA Fund Properties Holding Inc. (collectively, the “Brookfield Defendants,” and, with the Individual Defendants, the “Defendants,” and with each of Defendants and Plaintiff a “Party” and together the “Parties”).

WHEREAS, on April 25, 2013, MPG Office Trust, Inc. (“MPG”), the predecessor in interest to Brookfield DTLA Fund Office Trust Investor Inc., announced that it had entered into the Merger Agreement dated April 24, 2013 pursuant to which a newly formed fund controlled by Brookfield Office Properties Inc. would acquire MPG (the “Merger”) and a subsidiary to Brookfield Office Properties Inc. would commence a tender offer to purchase all of MPG’s

7.625% Series A Cumulative Redeemable Preferred Stock (the “MPG Preferred Stock”) for \$25.00 per share in cash, without interest (the “Tender Offer” and with the Merger, the “Transaction”);

WHEREAS, following the announcement of the Transaction, on June 20, 2013 and July 2, 2013, respectively, two putative class action lawsuits were filed in the Court, Cohen v. MPG Office Trust, Inc., et. al., Case No. 24–C–13–004097 (the “Cohen Action”), and Donlan v. Weinstein, et al., Case No. 24 C13–004293 (the “Donlan Action”);

WHEREAS, the Cohen Action and the Donlan Action each challenged the exclusion of accrued and unpaid dividends from the Tender Offer price and the conversion of MPG Preferred Stock not tendered in the Tender Offer to Series A Preferred Stock of Brookfield DTLA Fund Office Trust Investor Inc. (the “Series A Preferred Stock”) upon the consummation of the Merger;

WHEREAS, on June 25, 2013, Plaintiff Cohen Partnership filed its motion for a preliminary injunction or, in the alternative, a temporary restraining order (the “Cohen Injunction Motion”) and brief in support thereof as well as a motion to shorten time and for an expedited briefing schedule on its motion (the “Cohen Expedition Motion”);

WHEREAS, on June 27, 2013, Defendants filed their brief in opposition to Plaintiff Cohen Partnership’s Expedition Motion;

WHEREAS, on July 2, 2013, Plaintiff Cohen Partnership filed its reply brief in further support of the Cohen Expedition Motion;

WHEREAS, pursuant to an agreement between counsel for plaintiffs in the Cohen Action and the Donlan Action, the Cohen Injunction Motion became the operative injunctive motion in this Action and is hereafter referred to as “Plaintiffs’ Injunction Motion”;

WHEREAS, on July 8, 2013, the Court held a telephonic scheduling conference in which it scheduled a preliminary injunction hearing for July 24, 2013 after receiving commitments from Defendants that the Transaction would not close until such hearing;

WHEREAS, on July 15, 2013, plaintiffs in the Cohen Action and the Donlan Action jointly filed an Amended Class Action Complaint in this Court, incorporating additional allegations regarding Defendants' public disclosures concerning the Tender Offer and Merger;

WHEREAS, on July 15, 2013, the Parties filed a Stipulation and Consent Order permitting EJV Debt Opportunities Master Fund, L.P. and EJV Debt Opportunities Master Fund II (collectively, "EJV Capital Funds") to intervene in this Action in order to file a memorandum in support of Plaintiffs' Injunction Motion and a reply brief to the Defendants' oppositions, and to participate in the Court hearing on the motion;

WHEREAS, on July 15, 2013, EJV Capital Funds filed a Memorandum of Points and Authorities in Support of Plaintiffs' Motion for Preliminary Injunction;

WHEREAS, on July 16, 2013, Defendants filed briefs in opposition to Plaintiffs' Injunction Motion;

WHEREAS, on July 17, 2013, plaintiffs in the Cohen Action and the Donlan Action filed a motion for a temporary restraining order together with a motion to shorten time on their motion for a temporary restraining order, which the Court heard and denied on the same day;

WHEREAS, on July 19, 2013, plaintiffs in the Cohen Action and the Donlan Action filed a reply brief in further support of their Injunction Motion;

WHEREAS, also on July 19, 2013, the Court entered a Stipulation and Order for the Consolidation of Related Actions and Organization of Plaintiffs' Counsel, which consolidated the Cohen Action and the Donlan Action into a single action styled In Re MPG Office Trust, Inc.

Preferred Shareholder Litigation, Consolidated Case No. 24–C–13–004097, and appointed Kessler Topaz Meltzer & Check, LLP as Lead Counsel, Saxena White P.A. and Levi & Korsinsky LLP as members of an Executive Committee and Goldman & Minton P.C. as Liaison Counsel;

WHEREAS, pursuant to the July 19, 2013 Stipulation and Order for the Consolidation of Related Actions and Organization of Plaintiffs’ Counsel, Lead Counsel has the authority to negotiate a settlement of the Action subject to approval of the Court;

WHEREAS, on July 22, 2013, EJV Capital Funds filed its reply memorandum in support of Plaintiffs’ Injunction Motion;

WHEREAS, following the hearing on July 24, 2013, the Court denied Plaintiffs’ Injunction Motion;

WHEREAS, the Tender Offer closed on October 14, 2013, with 3.832% of the MPG Preferred Stock tendered;

WHEREAS, the Merger closed on October 15, 2013 and those shares of MPG Preferred Stock not tendered were exchanged for and converted into Series A Preferred Stock of Brookfield DTLA Fund Office Trust Investor Inc. (the “Brookfield DTLA Preferred Stock”);

WHEREAS, on November 22, 2013, plaintiffs in the Action filed their Second Amended Class Action Complaint (the “Second Amended Complaint”), challenging the conversion of shares of MPG Preferred Stock into the Brookfield DTLA Preferred Stock;

WHEREAS, on December 20, 2013, Defendants moved to dismiss the Second Amended Complaint;

WHEREAS, on January 31, 2014, plaintiffs in the Action filed their brief in opposition to Defendants’ motion to dismiss;

WHEREAS, on February 28, 2014, Defendants filed their reply brief in further support of their motion to dismiss;

WHEREAS, on June 18, 2014, the Court heard oral argument on Defendants' motion to dismiss the Second Amended Complaint;

WHEREAS, from June 18, 2014 to the date of this Memorandum, Lead Counsel and counsel for the Brookfield Defendants have engaged in numerous arm's-length discussions on behalf of the Parties towards a possible resolution of this Action;

WHEREAS, on October 21, 2014, the Parties wrote to the Court to jointly request that it temporarily refrain from deciding Defendants' motion to dismiss in order to facilitate progress in their settlement discussions;

WHEREAS, following those discussions and extensive negotiations, the Parties have reached an agreement-in-principle concerning the proposed settlement of the Action, as set forth herein;

WHEREAS, Defendants each have denied, and continue to deny, that they have committed or aided and abetted in the commission of any violation of law or breaches of duty or engaged in any of the wrongful acts alleged in the Action, and expressly state that they complied with their statutory, fiduciary, disclosure, and other duties, and that they are entering into this MOU solely to eliminate the risk, burden, and expense of further litigation;

WHEREAS, Defendants have consented to the conditional certification of the Action as a non opt-out class action pursuant to Maryland Rules 2-231(a), 2-231(b)(1) and (b)(2), for settlement purposes only, as defined in paragraph 2(b) as the Class;

WHEREAS, Defendants acknowledge that the terms of the settlement set forth in this MOU resulted from the pendency and prosecution of the Action;

Plaintiff Cohen Partnership and Lead Counsel believe that the claims asserted in the Action have merit, that the entry by Plaintiff Cohen Partnership, through Lead Counsel, into this MOU is not an admission as to the lack of merit of any claims asserted in the Action, and that Plaintiff Cohen Partnership, through Lead Counsel, is entering into the settlement set forth in this MOU only to secure substantial relief for the Class (as defined below) and to eliminate the risk, burden, and expense of further litigation, and because they believe that the Dividend Payment (as defined below) will provide the Class with substantial benefits achievable only through this litigation; and

WHEREAS, Plaintiff Cohen Partnership and Lead Counsel believe that the terms contained in this MOU are fair and adequate to the Class and that it is reasonable to pursue a settlement of the Action based upon the substantial benefits and protections offered herein;

NOW THEREFORE, the Parties reach the following agreement—in–principle intended to be a full and final resolution of the Released Claims (as defined below) (as described below, the “Settlement”):

1. Brookfield DTLA Fund Office Trust Investor Inc. will pay a dividend of \$2.25 per share of previously accrued and unpaid dividends to all holders of record of Brookfield DTLA Preferred Stock as of a record date to be set promptly following entry of an order and final judgment by the Court granting final approval of the Settlement and dismissal with prejudice of the Action and the affirmance of such approval on appeal or the expiration of the time to take any further appeal (the “Record Date”), which will be paid twenty (20) days thereafter (the “Dividend Payment”). The Dividend Payment will reduce the accrued and unpaid dividends owed on the Brookfield DTLA Preferred Stock.

2. The parties to the MOU will attempt in good faith to agree upon and execute as soon as practicable from the date hereof, but in all events in no more than forty five (45) days, an appropriate stipulation of settlement (the “Stipulation”) and such other documentation as may be required in order to obtain final Court approval of the Settlement and the dismissal of the Action upon the terms set forth in this MOU (collectively, the “Settlement Documents”). The Stipulation shall expressly provide, inter alia, for:

a. entry of a judgment of dismissal with prejudice against all Defendants without the award of any damages, costs, fees or the grant of any further relief except for the Settlement relief and the award of fees and expenses pursuant to paragraph 6 of the MOU;

b. for settlement purposes, certification of a non opt-out class, pursuant to Maryland Rules 2-231(a), 2-231(b)(1) and (b)(2), consisting of any and all record holders or beneficial owners of MPG Preferred Stock who held or beneficially owned such stock at any time during the period beginning on and including April 24, 2013 through and including the date of consummation of the Merger, October 15, 2013, excluding Defendants and any person, firm, trust, corporation or other entity related to or affiliated with any of the Defendants, including any persons who served as executive officers of MPG beginning in April 2013 (the “Class”);

c. the full and final release, dismissal, discharge, relinquishment and compromise of any and all claims, demands, losses, rights, actions, causes of action, liabilities, obligations, duties, judgments, suits, costs, expenses, matters and issues known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, liquidated or unliquidated, matured or unmatured, accrued or unaccrued, apparent or unapparent, of any kind or nature whatsoever for damages, injunctive relief, or any other remedies, that have been asserted, could have been asserted, or in the future could or might be asserted in the Action or in

any court, tribunal, forum or proceeding (including, but not limited to, any claims arising under federal, state or foreign law, common law, statute, rule, or regulation relating to alleged fraud, breach of any duty, negligence, violation of the federal securities law, or otherwise, and including all claims within the exclusive jurisdiction of the federal courts), by or on behalf of plaintiffs in the Action or any member of the Class, whether individual, direct, class, derivative, representative, legal, equitable or any other type or in any other capacity (collectively, the “Releasing Persons”) against Defendants and all of their families, parent entities, controlling persons, associates, affiliates, successors or subsidiaries and each and all of their respective present or past heirs, executors, estates, administrators, predecessors, successors, stockholders, assigns, parents, subsidiaries, associates, affiliates, employers, employees, agents, consultants, insurers, directors, managing directors, officers, partners, partnerships, principals, limited liability companies, members, attorneys, bankers, consultants, trustees, insurers, co–insurers, reinsurers, accountants, financial or other advisors, investment bankers, underwriters, lenders, auditors, and any other representatives of any of these persons or entities (the “Released Persons”) (or any of them) that have arisen, could have arisen, arise now or hereafter arise from, or relate in any manner to, the allegations, conduct, facts, events, transactions, acts, occurrences, statements, representations, misrepresentations, mistakes, errors, omissions or any other matter, thing or cause whatsoever, referred to by, set forth in, or arising out of or otherwise related directly or indirectly to the Action, the Merger, the Tender Offer or the exchange and conversion of MPG Preferred Stock, including without limitation, any disclosures, non–disclosures or public statements made in connection with any of the foregoing, except claims to enforce the Settlement, the Stipulation or the MOU (collectively, the “Released Claims”);

d. release of plaintiffs in the Action, their counsel, their advisors and the Class for all claims arising out of the initiation, litigation, and resolution of the Action, except claims to enforce the Stipulation, the Settlement or the MOU;

e. the Parties being obligated to use their best efforts to obtain court approval of the Settlement and a dismissal with prejudice of the Action; and

f. such other terms and conditions not inconsistent with the foregoing that are customary for the settlement of actions of this type.

3. The Stipulation and the Settlement shall be subject to:

a.the completion of discovery by plaintiffs to confirm the fairness, reasonableness and adequacy of the Settlement as further outlined in paragraph 9 of this MOU;

b.the dismissal with prejudice against all Defendants without the award of any damages, costs, fees or the grant of any further relief except for the relief provided herein and the award of fees and expenses pursuant to paragraph 6 of the MOU;

c.the entry of a final judgment in the Action approving the Settlement and providing for the dismissal with prejudice of the Action and approving the grant of a release by the Class to the Defendants of the Released Claims as more fully described in paragraph 2(c) of the MOU;

d.the inclusion in the final judgment of a provision enjoining all members of the Class or Releasing Persons from asserting any of the Released Claims;

e.such final judgment and dismissal of the Action being finally affirmed on appeal or such final judgment and dismissal not being subject to appeal (or further appeal) by lapse of time or otherwise.

4. The Court shall retain jurisdiction regarding the implementation and enforcement of all aspects of the Settlement, including a determination and award of plaintiffs' attorneys' fees and expenses. In the event that the conditions set forth in paragraph 3 are not satisfied, the existence of this MOU or the Stipulation, the contents of either document, and any negotiations, statements or proceedings in connection therewith shall not be deemed a presumption, concession or admission by any plaintiff or Defendant of any fault, liability or wrongdoing or lack of any fault, liability or wrongdoing as to any facts or claims alleged or asserted in the Action or in any other action or proceeding (whether civil, criminal or administrative). The existence of the MOU or the Stipulation, the contents of either document, and any negotiations, statements or proceedings in connection therewith shall not be admissible as evidence or referred to for any purpose in this matter or in any other action or proceeding (whether civil, criminal or administrative), except as may be necessary (a) to enforce the Settlement; (b) to seek a stay of this Action pending submission of the Settlement for approval by the Court; or (c) to explain to the Court or any member of the Class why the Settlement was not consummated in the event that it is terminated. This provision shall remain in force in the event the Settlement is terminated.

5. All costs and expenses of providing notice of the Settlement to the Class, as required by the Court, and all costs and expenses concerning the administration of the Settlement shall be paid by Defendants.

6. Defendants acknowledge that, subject to the terms and conditions of the settlement, plaintiffs' counsel are entitled to be paid, and Lead Counsel will file a petition seeking the Court's award of, reasonable attorneys' fees, and reimbursement of reasonable and necessary expenses incurred by plaintiffs' counsel, for their efforts in prosecuting the Action and in achieving the benefits of the Settlement described in this MOU. Defendants further

acknowledge that such fees and expenses shall be paid separately and in addition to the Dividend Payment. Having reached an agreement on the Settlement's material terms, the Parties will negotiate in good faith regarding the amount of attorneys' fees and expenses to be paid to Lead Counsel, on behalf of all plaintiffs' counsel, subject to approval by the Court. If the Parties are unable to reach agreement regarding a reasonable award of fees and reimbursement of reasonable expenses, the Parties intend to, and do, preserve all arguments in connection with any petition for attorneys' fees and expenses by plaintiffs' counsel to the extent that such arguments do not directly contradict the facts set forth herein. Defendants reserve the right to oppose any such petition. All such fees and expenses that are awarded by the Court shall be paid by or on behalf of Defendants by Brookfield DTLA Fund Office Trust Investor Inc., or its successor or assignee, within ten (10) business days of entry of an order approving such award notwithstanding the existence of objections thereto, or the potential for appeal therefrom, subject to plaintiffs' counsel's joint and several obligation to repay such fees and expenses in full in the event that one of the conditions set forth in paragraph 3 is not satisfied or in the event of reversal of such an award, or in the appropriate amount in the event of reduction of such an award. Approval of such fee application shall not be a condition to approval of the Settlement.

7. Except as expressly and specifically provided herein, Defendants shall bear no expenses, costs, damages or fees alleged or incurred by plaintiffs, any member of the Class, or by any of their attorneys, experts, advisors, agents or representatives. Court approval of the Settlement is not in any way conditioned on Court approval of Lead Counsel's application for fees and expenses.

8. Lead Counsel represents and warrants that none of the claims or causes of action asserted in this Action, referred to in this MOU or that could have been alleged in the Action have been assigned, encumbered or in any manner transferred in whole or in part.

9. Lead Counsel shall have the opportunity to conduct such reasonable discovery, including document discovery and depositions, as they believe in good faith is appropriate and necessary and as agreed to by the Parties to confirm the fairness and reasonableness of the terms of this Settlement (the "Confirmatory Discovery"). The Parties agree to use their reasonable best efforts to conduct any Confirmatory Discovery within forty five (45) days after the execution of this MOU.

10. Upon the execution of this MOU, the Parties agree to jointly request that the Court stay any further proceedings in the Action pending submission of the Settlement for the Court's approval, except for discovery as provided in paragraph 9 herein. The Parties further agree (i) not to initiate any proceedings other than those incident to effecting the Settlement and Confirmatory Discovery and (ii) to hold in abeyance any pending requests for relief (including, but not limited to, motions to dismiss the Action) pending the Court's approval of the Settlement. The Parties also agree to use their best efforts to prevent, stay or seek dismissal of or oppose entry of any interim or final relief in favor of any member of the Class in any other litigation against any of the Parties to this MOU, which challenges the Settlement or the Transaction or otherwise involves, directly or indirectly, a Released Claim.

11. As soon as practicable after the execution of this MOU, counsel for the Parties shall inform the Court of the execution of this MOU and shall inform the Court that they will seek to present the Settlement as soon as practicable.

12. This MOU and the Settlement provided for herein shall be null and void and of no force and effect if any of the conditions set forth in paragraph 3 is not met. Further, this MOU shall be of no further force or effect upon the execution of a Stipulation, which shall supersede the terms of this MOU. Neither the MOU nor the Stipulation shall be admissible in evidence except to enforce their terms.

13. This MOU constitutes the entire agreement among the parties with respect to the subject matter hereof, and may not be amended nor may any of its provisions be waived except by a writing signed by all of the Parties hereto.

14. This MOU may be executed in counterparts and transmitted by facsimile, via e-mail as a PDF file, or as an original signature by any of the signatories hereto, and as so executed shall constitute one agreement.

15. This MOU and the Settlement contemplated by it shall be governed by and construed in accordance with the laws of the state of Maryland, without regard to conflict of laws principles.

16. Each of the attorneys executing this MOU has been duly empowered and authorized by his/her respective client(s) to do so.

17. This MOU shall be binding upon and shall inure to the benefit of the Parties and their respective agents, successors, executors, heirs and assignees.

Dated: March 30, 2015

Of Counsel:

SAXENA WHITE P.A.
Joseph E. White III
Jonathan M. Stein
Lester Hooker
Adam Warden
2424 N. Federal Highway, Suite 257
Boca Raton, FL 33431
Tel: (561) 394-3399
Fax: (561) 394-3382

Counsel for the G&M Cohen Limited
Partnership and Executive Committee Member
for the Consolidated Action

GOLDMAN & MINTON, P.C.

/s/ THOMAS J. MINTON
Thomas J. Minton
1500 Union Avenue, Suite 2300
Baltimore, MD 21211
Tel: (410) 783-7575
Fax: (410) 783-1711
tminton@charmcitylegal.com

Plaintiffs' Liaison Counsel

KESSLER TOPAZ
MELTZER & CHECK, LLP

/s/ MICHAEL WAGNER
Lee Rudy
Michael Wagner
J. Daniel Albert
Leah Heifetz
280 King of Prussia Road
Radnor, PA 19087
Tel: (610) 667-7706
Fax: (610) 667-7056

Plaintiffs' Lead Counsel

Of Counsel:

FRIED, FRANK, HARRIS, SHRIVER
& JACOBSON LLP

Gregg L. Weiner
One New York Plaza
New York, New York 10004
Tel: (212) 859-8579
Fax: (212) 859-4000
Gregg.Weiner@friedfrank.com

MILES & STOCKBRIDGE P.C.

/s/ WILLIAM M. KRULAK JR.
William M. Krulak, Jr.
100 Light Street
Baltimore, MD 21202
Tel: (410) 727-6464
Fax: (410) 385-3700
wkrulak@MilesStockbridge.com

Counsel for Defendants Brookfield Office
Properties Inc., Brookfield DTLA Holdings
LLC, Brookfield DTLA Fund Office Trust
Investor Inc., Brookfield DTLA Fund Office
Trust, Inc. and Brookfield DTLA Fund
Properties LLC

Of Counsel:

LATHAM & WATKINS LLP

Michele D. Johnson
650 Town Center Drive
20th Floor
Costa Mesa, CA 92626-1925
Tel: (714) 540-1235
Fax: (714) 755-8290
MICHELE.JOHNSON@LW.com

VENABLE LLP

/s/ G. STEWART WEBB JR.
G. Stewart Webb, Jr.
Maria E. Rodriguez
750 E. Pratt Street
Suite 900
Baltimore, MD 21202
Tel: (410) 244-7565
Fax: (410) 244-7742
gswebb@venable.com
merodriguez@venable.com

Counsel for Defendants MPG Office Trust, Inc.,
Paul M. Watson, Robert M. Deutschman,
Christine N. Garvey, Michael J. Gillfillan,
Edward J. Ratinoff, Joseph P. Sullivan,
George A. Vandeman, and David L. Weinstein

Document and Entity Information (USD \$)

Document and Entity Information
(USD \$)

12 Months Ended

Dec. 31, 2014

Mar. 27, 2015

Jun. 30, 2014

Document and Entity Information
[Abstract]

| | | | |
|---|---|---|------|
| Entity Registrant Name | Brookfield DTLA Fund Office Trust Investor Inc. | | |
| Entity Central Index Key | 0001575311 | | |
| Current Fiscal Year End Date | --12-31 | | |
| Entity Filer Category | Non-accelerated Filer | | |
| Document Type | 10-K | | |
| Document Period End Date | Dec. 31, 2014 | | |
| Document Fiscal Year Focus | 2014 | | |
| Document Fiscal Period Focus | FY | | |
| Amendment Flag | false | | |
| Entity Common Stock, Shares Outstanding | | 0 | |
| Entity Well-known Seasoned Issuer | No | | |
| Entity Voluntary Filers | No | | |
| Entity Current Reporting Status | Yes | | |
| Entity Public Float | | | \$ 0 |

Consolidated Balance Sheets (USD \$)**Consolidated Balance Sheets (USD
\$)***In Thousands, unless otherwise
specified***Dec. 31, 2014****Dec. 31, 2013****Investments in real estate:**

| | | |
|---|------------|------------|
| Land | \$ 229,555 | \$ 229,039 |
| Buildings and improvements | 2,155,040 | 2,141,821 |
| Tenant improvements | 234,827 | 187,005 |
| Investments in real estate, cost | 2,619,422 | 2,557,865 |
| Less: accumulated depreciation | (189,108) | (121,612) |
| Investments in real estate, net | 2,430,314 | 2,436,253 |
| Cash and cash equivalents | 125,004 | 196,071 |
| Restricted cash | 47,118 | 22,797 |
| Rents, deferred rents and other receivables, net | 74,332 | 53,306 |
| Intangible assets, net | 125,827 | 157,088 |
| Deferred charges, net | 63,825 | 61,371 |
| Prepaid and other assets | 11,516 | 19,310 |
| Total assets | 2,877,936 | 2,946,196 |

Liabilities:

| | | |
|--|-----------|-----------|
| Mortgage loans, net | 2,111,135 | 1,885,605 |
| Accounts payable and other liabilities | 85,125 | 60,637 |
| Due to affiliates, net | 2,749 | 35,615 |
| Intangible liabilities, net | 37,725 | 44,801 |
| Total liabilities | 2,236,734 | 2,026,658 |

Commitments and Contingencies (See
Note 14)**Mezzanine Equity:**

| | | |
|------------------------|---------|---------|
| Mezzanine equity | 739,600 | 911,539 |
| Total mezzanine equity | 739,600 | 911,539 |

Stockholders' (Deficit) Equity:

| | | |
|--|-----------|----------|
| Common stock, \$0.01 par value, 1,000 shares issued and outstanding as of December 31, 2014 and 2013 | 0 | 0 |
| Additional paid-in capital | 191,710 | 191,710 |
| Accumulated deficit | (137,339) | (89,177) |
| Accumulated other comprehensive (loss) income | (2,066) | 480 |
| Noncontrolling interest - Series B common interest | (150,703) | (95,014) |
| Total stockholders' (deficit) equity | (98,398) | 7,999 |

| | | |
|---|-----------|------------|
| Total liabilities and (deficit) equity | 2,877,936 | 2,946,196 |
| Series A preferred stock | | |
| Mezzanine Equity: | | |
| Mezzanine equity | 357,649 | 339,101 |
| Series A-1 preferred interest | | |
| Mezzanine Equity: | | |
| Mezzanine equity | 331,871 | 314,658 |
| Senior participating preferred interest | | |
| Mezzanine Equity: | | |
| Mezzanine equity | \$ 50,080 | \$ 257,780 |

Consolidated Balance Sheets (Parenthetical) (USD \$)

| <i>Consolidated Balance Sheets (Parenthetical) (USD \$)</i> | 12 Months Ended | |
|---|---|---|
| | Dec. 31, 2014 | Dec. 31, 2013 |
| <i>Stockholders' (Deficit) Equity:</i> | | |
| Common stock, par value (in USD per share) | \$ 0.01 | \$ 0.01 |
| Common stock, shares issued (in shares) | 1,000 | 1,000 |
| Common stock, shares outstanding (in shares) | 1,000 | 1,000 |
| Series A preferred stock | | |
| <i>Mezzanine Equity:</i> | | |
| Preferred stock feature | 7.625% Series A Cumulative Redeemable Preferred Stock | 7.625% Series A Cumulative Redeemable Preferred Stock |
| Preferred stock, dividend rate, percentage | 7.625% | 7.625% |
| Preferred stock, par value (in USD per share) | \$ 0.01 | \$ 0.01 |
| Preferred stock, shares issued (in shares) | 9,730,370 | 9,730,370 |
| Preferred stock, shares outstanding (in shares) | 9,730,370 | 9,730,370 |

Consolidated and Combined Statements of Operations (USD \$)

*Consolidated and Combined
Statements of Operations (USD \$)
In Thousands, unless otherwise
specified*

12 Months Ended

Dec. 31, 2014

Dec. 31, 2013

Dec. 31, 2012

Revenue:

| | | | |
|-----------------------|----------------|----------------|---------------|
| Rental income | \$ 152,372 | \$ 78,031 | \$ 51,815 |
| Tenant reimbursements | 95,931 | 40,933 | 28,041 |
| Parking | 33,774 | 16,531 | 10,143 |
| Interest and other | 12,084 | 3,227 | 2,918 |
| Total revenue | <u>294,161</u> | <u>138,722</u> | <u>92,917</u> |

Expenses:

| | | | |
|---|----------------|----------------|---------------|
| Rental property operating and maintenance | 100,264 | 47,454 | 33,346 |
| Real estate taxes | 38,340 | 14,604 | 8,579 |
| Parking | 7,411 | 3,977 | 2,690 |
| Other expense | 3,325 | 9,096 | 1,191 |
| Depreciation and amortization | 105,058 | 46,682 | 29,013 |
| Interest | 92,755 | 32,183 | 17,850 |
| Total expenses | <u>347,153</u> | <u>153,996</u> | <u>92,669</u> |

| | | | |
|-------------------|-----------------|-----------------|------------|
| Net (loss) income | <u>(52,992)</u> | <u>(15,274)</u> | <u>248</u> |
|-------------------|-----------------|-----------------|------------|

| | | | |
|--|---|---------|-------|
| Net (income) attributable to TRZ Holdings IV LLC | 0 | (2,335) | (248) |
|--|---|---------|-------|

| | | | |
|-----------------------------------|---------|-----------|--|
| Redemption measurement adjustment | (2,256) | (158,552) | |
|-----------------------------------|---------|-----------|--|

| | | | |
|---|--------|--------|---|
| Series B common interest "allocation of net loss" | 52,891 | 97,934 | 0 |
|---|--------|--------|---|

| | | | |
|--|----------|---------|---|
| Net loss attributable to Brookfield DTLA | (29,614) | (3,066) | 0 |
|--|----------|---------|---|

| | | | |
|--|----------|----------|---|
| Net loss available to common interest holders of Brookfield DTLA | (48,162) | (89,177) | 0 |
|--|----------|----------|---|

Series A-1 preferred interest

Expenses:

| | | | |
|-------------------|----------|---|---|
| Current dividends | (17,213) | 0 | 0 |
|-------------------|----------|---|---|

| | | | |
|----------------------|---|---------|---|
| Cumulative dividends | 0 | (3,586) | 0 |
|----------------------|---|---------|---|

| | | | |
|-----------------------------------|---|----------|---|
| Redemption measurement adjustment | 0 | (76,305) | 0 |
|-----------------------------------|---|----------|---|

Senior participating preferred interest

Expenses:

| | | | |
|-------------------|----------|---|---|
| Current dividends | (10,044) | 0 | 0 |
|-------------------|----------|---|---|

| | | | |
|----------------------|---|---------|---|
| Cumulative dividends | 0 | (3,500) | 0 |
|----------------------|---|---------|---|

| | | | |
|-----------------------------------|---------|---|---|
| Redemption measurement adjustment | (2,256) | 0 | 0 |
|-----------------------------------|---------|---|---|

Series A preferred stock

Expenses:

| | | | |
|-----------------------------------|----------|-------------|------|
| Current dividends | (18,548) | 0 | 0 |
| Cumulative dividends | 0 | (3,864) | 0 |
| Redemption measurement adjustment | \$ 0 | \$ (82,247) | \$ 0 |

| Consolidated and Combined Statements of Comprehensive (Loss) Income (USD \$) | | | |
|---|----------------------|------------------------|----------------------|
| <i>Consolidated and Combined Statements of Comprehensive (Loss) Income (USD \$)</i> | | 12 Months Ended | |
| <i>In Thousands, unless otherwise specified</i> | Dec. 31, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
| Statement of Comprehensive Income | | | |
| <i>[Abstract]</i> | | | |
| Net (loss) income | \$ (52,992) | \$ (15,274) | \$ 248 |
| Derivative transactions: | | | |
| Derivative holding (losses) gains | (5,344) | 1,007 | 0 |
| Comprehensive (loss) income | <u>(58,336)</u> | <u>(14,267)</u> | <u>248</u> |
| Comprehensive (income) attributable to TRZ Holdings IV LLC | 0 | (2,335) | (248) |
| Comprehensive loss attributable to noncontrolling interests | 26,176 | 14,016 | 0 |
| Comprehensive (loss) available to common interest holders of Brookfield DTLA | <u>\$ (32,160)</u> | <u>\$ (2,586)</u> | <u>\$ 0</u> |

Consolidated and Combined Statements of Stockholders' Equity (Deficit) (USD \$)

*Consolidated and Combined
Statements of Stockholders' Equity
(Deficit) (USD \$)
In Thousands, except Share data,
unless otherwise specified*

| | Total | Common Stock | Additional Paid-in Capital | Accumulated Deficit | TRZ Holdings IV LLC's Interest | Accumulated Other Comprehensive Income (Loss) | Non- controlling Interest |
|--|----------------|-----------------|----------------------------------|------------------------|--|--|---------------------------------|
| Balance at Dec. 31, 2011 | \$ 477,751 | \$ 0 | \$ 0 | \$ 0 | \$ 477,751 | \$ 0 | \$ 0 |
| Balance (in shares) at Dec. 31, 2011 | | 0 | | | | | |
| <i>Increase (Decrease) in Stockholders' Equity [Roll Forward]</i> | | | | | | | |
| Net (loss) income | 248 | | | | 248 | | |
| Other comprehensive (loss) income | 0 | | | | | | |
| Contributions from TRZ Holdings IV LLC, net | 30,704 | | | | 30,704 | | |
| Balance at Dec. 31, 2012 | 508,703 | 0 | 0 | 0 | 508,703 | 0 | 0 |
| Balance (in shares) at Dec. 31, 2012 | | 0 | | | | | |
| <i>Increase (Decrease) in Stockholders' Equity [Roll Forward]</i> | | | | | | | |
| Net (loss) income | (15,274) | | | (3,066) | 2,335 | | (14,543) |
| Other comprehensive (loss) income | 1,007 | | | | | 480 | 527 |
| Contributions from TRZ Holdings IV LLC, net | 5,402 | | | | 5,402 | | |
| Non-cash distribution to TRZ Holdings IV LLC | (25,000) | | | | (25,000) | | |
| Exchange of predecessor equity | (489,047) | | | | (491,440) | | 2,393 |
| Issuance of common stock, net of offering costs (in shares) | | 1,000 | | | | | |
| Issuance of common stock, net of offering costs | 191,710 | 0 | 191,710 | | | | |
| Dividends on Series A Preferred Stock, Series A-1 preferred interest and senior participating preferred interest | (169,502) | | | (86,111) | | | (83,391) |
| Balance at Dec. 31, 2013 | 7,999 | 0 | 191,710 | (89,177) | 0 | 480 | (95,014) |
| Balance (in shares) at Dec. 31, 2013 | | 1,000 | | | | | |
| <i>Increase (Decrease) in Stockholders' Equity [Roll Forward]</i> | | | | | | | |
| Net (loss) income | (52,992) | | | (29,614) | | | (23,378) |
| Other comprehensive (loss) income | (5,344) | | | | | (2,546) | (2,798) |
| Dividends on Series A Preferred Stock, Series A-1 preferred interest and senior participating preferred interest | (48,061) | | | (18,548) | | | (29,513) |
| Balance at Dec. 31, 2014 | \$ (98,398) | \$ 0 | \$ 191,710 | \$ (137,339) | \$ 0 | \$ (2,066) | \$ (150,703) |
| Balance (in shares) at Dec. 31, 2014 | | 1,000 | | | | | |

Consolidated and Combined Statements of Cash Flows (USD \$)

*Consolidated and Combined
Statements of Cash Flows (USD \$)
In Thousands, unless otherwise
specified*

12 Months Ended

| | Dec. 31, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
|--|----------------------|----------------------|----------------------|
| <i>Cash flows from operating activities:</i> | | | |
| Net (loss) income | \$ (52,992) | \$ (15,274) | \$ 248 |
| <i>Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:</i> | | | |
| Depreciation and amortization | 105,058 | 46,682 | 29,013 |
| Provision for doubtful accounts | 24 | 357 | 0 |
| Amortization of below–market leases/ above–market leases | (3,059) | (5,321) | (2,159) |
| Straight–line rent amortization | (15,849) | (8,541) | (6,426) |
| Deemed contribution from Brookfield DTLA Holdings for costs related to the acquisition of MPG | 0 | 6,314 | 0 |
| Amortization of tenant inducements | 1,209 | 987 | 804 |
| Amortization of debt discounts | 5,042 | 799 | 610 |
| Amortization of deferred financing costs | 1,007 | 152 | 0 |
| <i>Changes in assets and liabilities:</i> | | | |
| Rents, deferred rents and other receivables | (6,409) | (5,422) | (840) |
| Due to (from) affiliates, net | (13,712) | 0 | (1,870) |
| Deferred charges | (12,832) | (7,323) | (4,206) |
| Prepaid and other assets | 6,787 | (10,757) | (2,805) |
| Accounts payable and other liabilities | 8,688 | (4,861) | 2,790 |
| Net cash provided by (used in) operating activities | 22,962 | (2,208) | 15,159 |
| <i>Cash flows from investing activities:</i> | | | |
| Acquisition of MPG | 0 | (189,202) | 0 |
| Cash acquired in acquisition of MPG | 0 | 155,685 | 0 |
| Expenditures for improvements to real estate | (43,729) | (24,297) | (40,989) |
| (Increase) decrease in restricted cash | (24,321) | 17,946 | 0 |
| Net cash used in investing activities | (68,050) | (39,868) | (40,989) |
| <i>Cash flows from financing activities:</i> | | | |
| Proceeds from mortgage loans | 435,000 | 475,000 | 0 |
| Principal payments on mortgage loans | (214,512) | (441,364) | (6,679) |
| (Distributions to) contributions from Brookfield DTLA Holdings | (220,000) | 189,202 | 0 |
| | 0 | 5,402 | 30,704 |

Contributions from TRZ Holdings IV
LLC, net

| | | | |
|---|------------|----------|---------|
| Due to affiliates | (25,000) | 12,400 | 0 |
| Financing fees paid | (1,467) | (4,366) | 0 |
| Offering costs | 0 | (3,834) | 0 |
| Net cash (used in) provided by financing activities | (25,979) | 232,440 | 24,025 |
| Net change in cash and cash equivalents | (71,067) | 190,364 | (1,805) |
| Cash and cash equivalents at beginning of year | 196,071 | 5,707 | 7,512 |
| Cash and cash equivalents at end of year | 125,004 | 196,071 | 5,707 |
| <i>Supplemental disclosure of cash flow information:</i> | | | |
| Cash paid for interest | 86,990 | 26,337 | 17,256 |
| <i>Supplemental disclosure of non-cash investing and financing activities:</i> | | | |
| Issuance of Series A preferred stock in connection with the acquisition of MPG | 0 | 252,990 | 0 |
| Issuance of note to TRZ Holdings IV LLC | 0 | 25,000 | 0 |
| Accrual for deferred leasing costs | 2,585 | 3,844 | 1,120 |
| Accrual for real estate improvements | 18,588 | 7,074 | 2,992 |
| (Decrease) increase in fair value of interest rate swap, net | \$ (5,344) | \$ 1,007 | \$ 0 |

Organization and Description of Business

Organization and Description of Business

12 Months Ended

Dec. 31, 2014

Organization and Description of Business [Abstract]

Organization and Description of Business

Organization and Description of Business

General

Brookfield DTLA Fund Office Trust Investor Inc. (“Brookfield DTLA” or the “Company”) is a Maryland corporation and was incorporated on April 19, 2013. Brookfield DTLA was formed for the purpose of consummating the transactions contemplated in the Agreement and Plan of Merger dated as of April 24, 2013, as amended (the “Merger Agreement”), and the issuance of shares of 7.625% Series A Cumulative Redeemable Preferred Stock (the “Series A preferred stock”) in connection with the acquisition of MPG Office Trust, Inc. and MPG Office, L.P. (together, “MPG”). Brookfield DTLA is a direct subsidiary of Brookfield DTLA Holdings LLC (“Brookfield DTLA Holdings”), a Delaware limited liability company, and an indirect subsidiary of Brookfield Office Properties Inc. (“BPO”).

Prior to October 15, 2013, 333 South Hope Co. LLC (“333 South Hope”) and EYP Realty LLC (“EYP Realty”) were controlled by BPO through its indirect ownership interest in TRZ Holdings IV LLC (“TRZ”). TRZ owned 100% of the member units of 333 South Hope and EYP Realty, and BPO indirectly owned approximately 84% of the member units of TRZ.

On October 15, 2013, through a series of formation transactions, TRZ’s interests in 333 South Hope and EYP Realty were contributed to subsidiaries of Brookfield DTLA in exchange for preferred and common interests in Brookfield DTLA Fund Properties II LLC (“New OP”) and a preferred interest in Brookfield DTLA Fund Properties III LLC (“DTLA OP”). 333 South Hope owned Bank of America Plaza (“BOA Plaza”) and EYP Realty owned Ernst & Young Plaza (“EY Plaza”). Both of these Class A commercial properties are located in the Los Angeles Central Business District (the “LACBD”).

MPG Acquisition

On October 15, 2013, Brookfield DTLA completed the acquisition of MPG (the “merger”) pursuant to the terms of the Merger Agreement. As part of the transaction, MPG was contributed to New OP in exchange for a preferred interest in New OP. See Note 3 “Acquisition of MPG Office Trust, Inc.” In addition to BOA Plaza and EY Plaza, Brookfield DTLA now owns Wells Fargo Center–North Tower, Wells Fargo Center–South Tower, Gas Company Tower and 777 Tower, each of which are Class A office properties located in the LACBD that were formerly owned by MPG.

At the effective time of the merger, (i) each issued and outstanding share of MPG common stock was automatically converted into, and canceled in exchange for, the right to receive \$3.15 in cash, without interest and less any required withholding tax and (ii) each issued and outstanding share of 7.625% Series A Cumulative Redeemable Preferred Stock of MPG (the “MPG Preferred Stock”) automatically, and without a vote by the holders of MPG Preferred Stock, was converted into and canceled in exchange for, the right to receive one share of the Company’s Series A preferred stock.

In connection with the acquisition, DTLA Fund Holding Co., a subsidiary of Brookfield DTLA Holdings, made a tender offer to purchase all of the issued and outstanding shares of MPG Preferred Stock for cash consideration of \$25.00 per share (the “offer price”). A total of 372,901 shares of MPG Preferred Stock were validly tendered into the offer and the holders thereof received the offer price for such shares. At the effective time of the merger, each share of MPG Preferred Stock that was issued and outstanding immediately prior to the merger, including each share of MPG Preferred Stock acquired by DTLA Fund Holding Co. in the offer, was exchanged for one share of Series A preferred stock with rights, terms and conditions substantially identical to those of the MPG Preferred Stock.

Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Summary of Significant Accounting Policies

12 Months Ended

Dec. 31, 2014

Accounting Policies [Abstract]

Basis of Presentation and Summary of Significant Accounting Policies

Predecessor Entities

Prior to October 15, 2013, Brookfield DTLA had not conducted any business as a separate company and had no material assets or liabilities. In accordance with accounting principles generally accepted in the United States of America (“GAAP”), the contribution of 333 South Hope and EYP Realty (together, the “Predecessor Entities”) constitute a transaction between entities under common control. A combination between entities that already share the same parent is not considered a business combination because there is no change in control at the parent level. Accordingly, the operations of the Predecessor Entities contributed to Brookfield DTLA by TRZ on October 15, 2013 are presented in the accompanying consolidated and combined financial statements as if they were owned by Brookfield DTLA for all historical periods presented and the assets and liabilities of BOA Plaza and EY Plaza were recorded at the carrying values reflected in the books and records of 333 South Hope and EYP Realty. As such, no gain or loss has been recorded in the consolidated statement of operations for the year ended December 31, 2013 due to this transaction. As a result of the transaction, TRZ’s interest in the Predecessor Entities was exchanged for a preferred and common interest in New OP and a preferred interest in DTLA OP. As a result of certain redemption features in the preferred instruments, these instruments have been classified in the consolidated balance sheet as mezzanine equity. See Note 6 “Mezzanine Equity.”

As used in these consolidated and combined financial statements and related notes, unless the context requires otherwise, the terms “Brookfield DTLA,” the “Company,” “us,” “we” and “our” refer to the combination of Brookfield DTLA Fund Office Trust Investor Inc. and the Predecessor Entities.

Principles of Consolidation and Combination and Basis of Presentation

The accompanying consolidated and combined financial statements are prepared in accordance with GAAP. The consolidated balance sheets as of December 31, 2014 and 2013 include the accounts of Brookfield DTLA and subsidiaries in which it has a controlling financial interest. The accompanying consolidated and combined statements of operations for the year ended December 31, 2013 include the accounts of the Predecessor Entities on a combined basis from January 1, 2013 through October 15, 2013 (the date of the merger); and the consolidated accounts of Brookfield DTLA from October 15, 2013 (the date of the merger) through December 31, 2013. The accompanying combined statements of operations for the year ended December 31, 2012 include the accounts of the Predecessor Entities on a combined basis. All intercompany transactions have been eliminated in consolidation and combination as of and for the years ended December 31, 2014, 2013 and 2012.

In determining whether Brookfield DTLA has a controlling financial interest in an entity and the requirement to consolidate the accounts of that entity, management considers factors such as ownership interest, board representation, management representation, authority to make decisions, and contractual and substantive participating rights of the partners/members as well as whether the entity is a variable interest entity (“VIE”) and Brookfield DTLA is the primary beneficiary.

A VIE is broadly defined as an entity where either (i) the equity investors as a group, if any, lack the power through voting or similar rights to direct the activities of an entity that most significantly impact the entity’s economic performance or (ii) the equity investment at risk is insufficient to finance that entity’s activities without additional subordinated financial support.

A variable interest holder is considered to be the primary beneficiary of a VIE if it has the power to direct the activities of a variable interest entity that most significantly impact the entity’s economic performance and has the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to the VIE. Brookfield DTLA qualitatively assesses whether it is (or is not) the primary beneficiary of a VIE.

Consideration of various factors includes, but is not limited to, Brookfield DTLA's ability to direct the activities that most significantly impact the VIE's economic performance, its form of ownership interest, its representation on the VIE's governing body, the size and seniority of its investment, its ability and the rights of other investors to participate in policy making decisions and its ability to replace the manager of and/or liquidate the entity.

The Company earns a return through an indirect investment in New OP. Brookfield DTLA Holdings, the parent of Brookfield DTLA, owns all of the common interest in New OP. Brookfield DTLA has an indirect preferred stock interest in New OP and its wholly owned subsidiary is the managing member of New OP.

The Company determined that New OP is a VIE and as a result of having the power to direct the significant activities of New OP and exposure to the economic performance of New OP, Brookfield DTLA meets the two conditions for being the primary beneficiary. Brookfield DTLA is required to continually evaluate its VIE relationships and consolidation conclusion.

Use of Estimates

The preparation of consolidated and combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated and combined financial statements and accompanying notes. For example, estimates and assumptions have been made with respect to fair values of assets and liabilities for purposes of applying the acquisition method of accounting, the useful lives of assets, recoverable amounts of receivables, impairment of long lived assets and fair value of debt. Actual results could ultimately differ from such estimates.

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2014⁸, Presentation of Financial Statements and Property, Plant, and Equipment: Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, which requires entities to disclose only disposals representing a strategic shift in operations as discontinued operations. The new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The new standard is effective in the first quarter of 2015 for public organizations with calendar year-ends. Early adoption is permitted but only for disposals (or classifications as held for sale) that have not been reported in the financial statements previously issued. We do not believe that this update will have a material effect on Brookfield DTLA's consolidated financial statements in future periods.

In May 2014, the FASB issued ASU 2014-09 establishing Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. ASU 2014-09 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. ASU 2014-09 requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration that the entity expects to be entitled to receive in exchange for those goods or services and also requires certain additional disclosures. ASU 2014-09 is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2016. We are currently evaluating the impact of the adoption of ASU 2014-09 on Brookfield DTLA's consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15. Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. This topic provides guidance on management's responsibility to evaluate whether there is substantial doubt about a company's ability to continue as a going concern and requires related footnote disclosures. The amendments in this ASU are effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. We are currently evaluating the impact of the adoption of ASU 2014-09 on Brookfield DTLA's consolidated financial statements.

Significant Accounting Policies

Business Combinations—

Purchase accounting is applied to the assets and liabilities related to all real estate investments acquired from third parties. In accordance with FASB Accounting Standards Codification (“ASC”) Topic 805, Business Combinations, the purchase price of the real estate acquired is allocated to the acquired tangible assets, consisting primarily of land, building and tenant improvements, and identifiable intangible assets and liabilities, consisting of the value of above- and below-market leases, in-place leases, and tenant relationships, based in each case on their fair value.

The principal valuation technique employed by Brookfield DTLA in determining the fair value of identified assets acquired and liabilities assumed is the income approach, which is then compared to the cost approach. Tangible values for investments in real estate are calculated based on replacement costs for like type quality assets. Above- and below-market lease values are determined by comparing in-place rents with current market rents. In place lease amounts are determined by calculating the potential lost revenue during the replacement of the current leases in place. Leasing commissions and legal/marketing fees are determined based upon market allowances pro-rated over the remaining lease terms. Mortgage loans assumed in an acquisition are analyzed using current market terms for similar debt.

The value of the acquired above-market and below-market leases are amortized and recorded as either a decrease (in the case of above-market leases) or an increase (in the case of below-market leases) to rental income in the consolidated and combined statements of operations over the remaining term of the associated lease. The value of tenant relationships is amortized over the expected term of the relationship, which includes an estimated probability of lease renewal. The value of in-place leases is amortized as an expense over the remaining life of the leases. Amortization of tenant relationships and in place leases is included in depreciation and amortization in the consolidated and combined statements of operations.

Investments in Real Estate—

Land is carried at cost. Buildings are recorded at historical cost and are depreciated on a straight-line basis over the estimated useful life of the building, which is 60 years with an estimated salvage value of 5%. Building improvements are recorded at historical cost and are depreciated on a straight-line basis over their estimated useful lives, which range from 7 years to 13 years. Tenant improvements that are determined to be assets of Brookfield DTLA are recorded at cost; amortization is included in depreciation and amortization expense in the consolidated and combined statements of operations on a straight-line basis over the shorter of the useful life or the applicable lease term.

Depreciation expense related to investments in real estate during the years ended December 31, 2014, 2013 and 2012 was \$67.5 million, \$29.1 million and \$19.3 million, respectively.

Real estate is reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the real estate may not be recoverable. In such an event, a comparison is made of the current and projected operating cash flows of the property into the foreseeable future on an undiscounted basis to the carrying amount of the real estate. If the undiscounted cash flows expected to be generated by an asset are less than its carrying amount, an impairment provision would be recorded to write down the carrying amount of such asset to its fair value. Brookfield DTLA assesses fair value based on estimated cash flow projections utilizing appropriate discount and capitalization rates and available market information. Projections of future cash flow take into account the specific business plan for the property and management’s best estimate of the most probable set of economic conditions expected to prevail in the market. Management believes no impairment of Brookfield DTLA’s real estate assets existed at December 31, 2014 and 2013.

Cash and Cash Equivalents—

Cash and cash equivalents include all cash and short-term investments with an original maturity of three months or less.

Restricted Cash—

Restricted cash consists primarily of deposits for tenant improvements and leasing commissions, real estate taxes and insurance reserves, debt service reserves and other items as required by our loan agreements.

Rents, Deferred Rents and Other Receivables, Net—

Differences between rental income and the contractual amounts due are recorded as deferred rents receivable in the consolidated balance sheet. Brookfield DTLA evaluates its deferred rents receivable to consider if an allowance is necessary.

Rents, deferred rents and other receivables, net also includes any amounts paid to a tenant for improvements owned or costs incurred by the tenant are treated as tenant inducements and are presented in the consolidated balance sheet net of accumulated amortization totaling \$3.9 million and \$2.7 million as of December 31, 2014 and 2013, respectively. Amortization of tenant inducements is recorded on a straight-line basis over the term of the related lease as a reduction of rental income in the consolidated and combined statements of operations.

Brookfield DTLA periodically evaluates the collectability of amounts due from tenants and maintains an allowance for doubtful accounts in the consolidated balance sheet for estimated losses resulting from the inability of tenants to make required payments under the lease agreements. Management exercises judgment in establishing these allowances and considers payment history and current credit status in developing these estimates.

The allowance for doubtful accounts for Brookfield DTLA totaled \$0.4 million and \$0.4 million as of December 31, 2014 and 2013, respectively. For the years ended December 31, 2014 and 2013, Brookfield DTLA recorded provisions for doubtful accounts of \$24 thousand and \$0.4 million, respectively. There was no provision for doubtful accounts recorded during the year ended December 31, 2012.

Due (to) from Affiliates, Net—

Amounts due to/from affiliates, net consist of related party receivables and payables from affiliates of BPO for advances made primarily for trade purposes. These amounts are due on demand and are non interest bearing.

Brookfield DTLA was indebted to BOP Management Inc. under a \$25.0 million promissory note, which was included in due to affiliates, net in the consolidated balance sheet as of December 31, 2013.

During September 2014, Brookfield DTLA paid \$25.8 million in full settlement of the principal and interest outstanding on the intercompany loan using proceeds from the mortgage loan secured by the Figueroa at 7th retail property. See Note 12 “Related Party Transactions.”

Deferred Charges, Net—

Leasing costs, primarily commissions related to leasing activities, are deferred and are presented as deferred charges in the consolidated balance sheet net of accumulated amortization totaling \$28.3 million and \$17.9 million as of December 31, 2014 and 2013, respectively. Deferred leasing costs amortized on a straight-line basis over the terms of the related leases as part of depreciation and amortization in the consolidated and combined statements of operations.

Prepaid and Other Assets, Net—

Prepaid and other assets include prepaid insurance, prepaid real estate taxes and other operating costs.

Mortgage Loans, Net—

Mortgage loans are presented in the consolidated balance sheet net of unamortized debt discounts totaling \$6.9 million and \$11.9 million as of December 31, 2014 and 2013, respectively.

Debt discounts totaling \$5.0 million, \$0.8 million and \$0.6 million were amortized during the years ended December 31, 2014, 2013 and 2012, respectively, over the terms of the related mortgage loans on a basis that approximates the effective interest method and were included as part of interest expense in the consolidated and combined statements of operations.

Revenue Recognition—

Rental income from leases providing for periodic increases in base rent is recognized on a straight-line basis over the noncancelable term of the respective leases.

Recoveries of operating expenses and real estate taxes are recorded as tenant reimbursements in the consolidated and combined statements of operations in the period during which the expenses are incurred.

Income Taxes—

Brookfield DTLA has elected to be taxed as a real estate investment trust (“REIT”) pursuant to Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”), commencing with its tax year ended December 31, 2013. Brookfield DTLA intends to conduct its operations so as to continue to qualify as a REIT. Accordingly, Brookfield DTLA is not subject to U.S. federal income tax, provided that it continues to qualify as a REIT and distributions to its stockholders, if any, generally equal or exceed its taxable income.

Qualification and taxation as a REIT depends upon Brookfield DTLA’s ability to meet the various qualification tests imposed under the Code related to annual operating results, asset diversification, distribution levels and diversity of stock ownership. Accordingly, no assurance can be given that Brookfield DTLA will be organized or be able to operate in a manner so as to continue to qualify as a REIT. If Brookfield DTLA fails to qualify as a REIT in any taxable year, it will be subject to federal and state income tax on its taxable income at regular corporate tax rates, and it may be ineligible to qualify as a REIT for four subsequent tax years. Brookfield DTLA may also be subject to certain state or local income taxes, or franchise taxes on its REIT activities.

Brookfield DTLA has made no provision for income taxes in its consolidated and combined financial statements for the years ended December 31, 2014, 2013 and 2012. Brookfield DTLA’s taxable income or loss is different than its financial statement income or loss.

Brookfield DTLA recognizes tax benefits from uncertain tax positions when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more likely than not recognition threshold. Brookfield DTLA had no unrecognized tax benefits of December 31, 2014 and 2013, and Brookfield DTLA does not expect its unrecognized tax benefits balance to change during the next 12 months. Brookfield DTLA’s 2013 tax year remains open due to the statute of limitations and may be subject to examination by federal, state and local authorities. The Predecessor Entities’ 2010, 2011 and 2012 tax years as well as the Predecessor Entities’ short tax period ended October 15, 2013 remain open due to the statute of limitations and may be subject to examination by federal, state and local tax authorities.

Derivative Financial Instruments—

Brookfield DTLA uses interest rate swap and cap contracts to manage risk from fluctuations in interest rates as well as to hedge anticipated future financing transactions. Interest rate swaps involve the receipt of variable-rate amounts in exchange for fixed-rate payments over the life of the agreements without exchange of the underlying principal amount. Interest rate caps involve the receipt of variable-rate amounts beyond a specified strike price over the life of the agreements without exchange of the underlying principal amount. The Company believes these agreements are with counterparties who are creditworthy financial institutions.

Brookfield DTLA adheres to the provisions of ASC Subtopic 815–10–15, Derivatives and Hedging (“ASC 815–10–15”). ASC 815–10–15 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires the recognition of all derivative instruments as assets or liabilities in the Company’s consolidated balance sheet at fair value. Changes in the fair value of derivative instruments that are not designated as hedges, or that do not meet the hedge accounting criteria in ASC 815–10–15, are required to be reported through the statement of operations. Brookfield DTLA has elected to designate its interest rate swap as a cash flow hedge.

Segment Reporting

Brookfield DTLA operates in a single reportable segment referred to as its office segment, which includes the operation and management of commercial office properties. Each of Brookfield DTLA’s operating properties is considered a separate operating segment, as each property earns revenues and incurs expenses, individual operating results are reviewed and discrete financial information is available. Management does not distinguish or group Brookfield DTLA’s consolidated operations

based on geography, size or type. Brookfield DTLA's operating properties have similar economic characteristics and provide similar products and services to tenants. As a result, Brookfield DTLA's operating properties are aggregated into a single reportable segment.

Accounting for Conditional Asset Retirement Obligations

Brookfield DTLA has evaluated whether it has any conditional asset retirement obligations, which are a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional upon future events that may or may not be within an entity's control. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. Accordingly, Brookfield DTLA recognized a liability for a conditional asset retirement obligation.

Acquisition of MPG Office Trust, Inc.
*Acquisition of MPG Office Trust,
 Inc.*

**12 Months Ended
 Dec. 31, 2014**

MPG Acquisition [Abstract]

Acquisition of MPG Office Trust, Inc. Acquisition of MPG Office Trust, Inc.

On October 15, 2013, Brookfield DTLA completed the acquisition of MPG. At the effective time of the merger, (i) each issued and outstanding share of MPG common stock was automatically converted into, and canceled in exchange for, the right to receive \$3.15 in cash, without interest and less any required withholding tax and (ii) each issued and outstanding share of 7.625% Series A Cumulative Redeemable Preferred Stock of MPG (the "MPG Preferred Stock") automatically, and without a vote by the holders of MPG Preferred Stock, was converted into and canceled in exchange for, the right to receive one share of the Company's Series A preferred stock.

The components of the purchase price paid by Brookfield DTLA in connection with the MPG acquisition are as follows:

| | |
|--|-----------------------|
| MPG common stock and noncontrolling common units | 57,540,216 |
| MPG in-the-money equity awards | <u>2,524,079</u> |
| | 60,064,295 |
| Merger consideration per common share | \$ 3.15 |
| Cash consideration – common stock | \$ 189,202,529 |
| Fair value of Series A preferred stock issued by Brookfield DTLA | <u>252,989,620</u> |
| Total purchase price | <u>\$ 442,192,149</u> |

The cash consideration paid was settled using cash contributed to Brookfield DTLA by Brookfield DTLA Holdings. The fair value of the 9,730,370 shares of Series A preferred stock issued by the Company in the merger was based on an estimate of fair value of \$26.00 per share. The valuation was based on available trading information for the MPG Preferred Stock and the Company's Series A preferred stock on the day prior to and subsequent to the transaction, respectively.

In connection with the acquisition, DTLA Fund Holding Co., a subsidiary of Brookfield DTLA Holdings, made a tender offer to purchase all of the issued and outstanding shares of MPG Preferred Stock for cash consideration of \$25.00 per share (the "offer price"). A total of 372,901 shares of MPG Preferred Stock were validly tendered into the offer and the holders thereof received the offer price for such shares. At the effective time of the merger, each share of MPG Preferred Stock that was issued and outstanding immediately prior to the merger, including each share of MPG Preferred Stock acquired by DTLA Fund Holding Co. in the offer, was exchanged for one share of Series A preferred stock of the Company with rights, terms and conditions substantially identical to those of the MPG Preferred Stock.

The acquisition of MPG is being accounted for in accordance with ASC Topic 805, Business Combinations. Brookfield DTLA recognized the assets and liabilities of MPG at fair value in its consolidated balance sheet as of October 15, 2013. The following is the final fair value assigned to the identified assets acquired and liabilities assumed (in millions):

| | |
|---|---------------|
| Purchase price | <u>\$ 442</u> |
| Identified Assets Acquired: | |
| Investments in real estate | \$ 1,685 |
| Cash and cash equivalents | 156 |
| Restricted cash | 41 |
| Rents, deferred rents and other receivables | 3 |
| Intangible assets | 142 |
| Deferred charges | 32 |
| Prepaid and other assets | 2 |
| Liabilities Assumed: | |
| Mortgage loans | (1,532) |
| Accounts payable and other liabilities | (47) |
| Intangible liabilities | <u>(40)</u> |
| Total identified assets acquired, net | 442 |
| Residual amount | <u>\$ —</u> |

Brookfield DTLA incurred acquisition and transaction–related costs of \$6.8 million, which are included in other expense in the consolidated statement of operations for the year ended December 31, 2013. Of that amount, \$6.3 million was paid by Brookfield DTLA Holdings and was treated as a contribution in the consolidated statement of stockholders' equity for the year ended December 31, 2013. No transaction costs were incurred during the year ended December 31, 2012.

Pro Forma Financial Information

The results of operations of MPG are included in the consolidated statement of operations from October 15, 2013 (the date of acquisition). During the year ended December 31, 2013, Brookfield DTLA recorded \$38.8 million of total revenue and \$16.4 million of net loss generated by the properties acquired from MPG.

Condensed pro forma financial information for the years ended December 31, 2013 and 2012, assuming the MPG acquisition had occurred as of January 1, 2012, is presented below for comparative purposes (in millions):

| | For the Year Ended December 31, | |
|---------------|---------------------------------|----------|
| | 2013 | 2012 |
| | (Unaudited) | |
| Total revenue | \$ 272.8 | \$ 280.0 |
| Net loss | (103.4) | (86.6) |

The condensed pro forma financial information is not necessarily indicative of what the actual results of operations of Brookfield DTLA would have been assuming the MPG acquisition had been consummated as of January 1, 2012, nor does it purport to represent the results of operations for future periods. Pro forma adjustments include the amortization of acquired intangible assets and liabilities, and depreciation and amortization.

Intangible Assets and Liabilities

Intangible Assets and Liabilities

12 Months Ended

Dec. 31, 2014

Intangible Assets and Liabilities [Abstract]

Intangible Assets and Liabilities

Intangible Assets and Liabilities

Brookfield DTLA's intangible assets and liabilities are summarized as follows (in thousands):

| | December 31, 2014 | December 31, 2013 |
|-----------------------------|-------------------|-------------------|
| Intangible Assets | | |
| In-place leases | \$ 110,519 | \$ 110,380 |
| Tenant relationships | 46,248 | 46,248 |
| Above-market leases | 39,936 | 38,913 |
| | <u>196,703</u> | <u>195,541</u> |
| Accumulated amortization | (70,876) | (38,453) |
| Intangible assets, net | <u>\$ 125,827</u> | <u>\$ 157,088</u> |
| Intangible Liabilities | | |
| Below-market leases | \$ 76,344 | \$ 76,438 |
| Accumulated amortization | (38,619) | (31,637) |
| Intangible liabilities, net | <u>\$ 37,725</u> | <u>\$ 44,801</u> |

The impact of the amortization of acquired below-market leases, net of acquired above-market leases, on rental income and of acquired in-place leases and tenant relationships on depreciation and amortization expense is as follows (in thousands):

| | For the Year Ended December 31, | | |
|---------------------------------------|---------------------------------|----------|----------|
| | 2014 | 2013 | 2012 |
| Rental income | \$ 3,059 | \$ 5,321 | \$ 2,159 |
| Depreciation and amortization expense | 26,872 | 10,111 | 5,745 |

As of December 31, 2014, the estimate of the amortization/accretion of intangible assets and liabilities during the next five years and thereafter is as follows (in thousands):

| | In-Place Leases | Other Intangible Assets | Intangible Liabilities |
|------------|--------------------|----------------------------|---------------------------|
| 2015 | \$ 16,652 | \$ 8,776 | \$ 7,457 |
| 2016 | 13,879 | 7,896 | 6,597 |
| 2017 | 10,776 | 5,701 | 5,944 |
| 2018 | 7,787 | 4,600 | 4,176 |
| 2019 | 6,526 | 4,363 | 3,515 |
| Thereafter | 20,926 | 17,945 | 10,036 |
| | <u>\$ 76,546</u> | <u>\$ 49,281</u> | <u>\$ 37,725</u> |

Mortgage Loans

Mortgage Loans

12 Months Ended

Dec. 31, 2014

Debt Disclosure [Abstract]

Mortgage Loans

Mortgage Loans

Brookfield DTLA's debt is as follows (in thousands, except percentage amounts):

| | Contractual Maturity Date | Interest Rate | Principal Amount as of | |
|--|------------------------------|---------------|------------------------|---------------------|
| | | | December 31, 2014 | December 31, 2013 |
| Floating-Rate Debt | | | | |
| Variable-Rate Loans: | | | | |
| Wells Fargo Center-South Tower (1) | 12/1/2016 | 1.96% | \$ 290,000 | \$ 290,000 |
| 777 Tower (2) | 11/1/2018 | 1.86% | 200,000 | 200,000 |
| Figueroa at 7th (3) | 9/10/2017 | 2.41% | 35,000 | — |
| Total variable-rate loans | | | <u>525,000</u> | <u>490,000</u> |
| Variable-Rate Swapped to Fixed-Rate Loan: | | | | |
| EY Plaza (4) | 11/27/2020 | 3.93% | 185,000 | 185,000 |
| Total floating-rate debt | | | <u>710,000</u> | <u>675,000</u> |
| Fixed-Rate Debt: | | | | |
| Wells Fargo Center-North Tower | 4/6/2017 | 5.70% | 550,000 | 550,000 |
| Gas Company Tower | 8/11/2016 | 5.10% | 458,000 | 458,000 |
| BOA Plaza | 9/1/2024 | 4.05% | 400,000 | — |
| Total fixed-rate debt | | | <u>1,408,000</u> | <u>1,008,000</u> |
| Debt Refinanced: | | | | |
| BOA Plaza | | | — | 170,191 |
| BOA Plaza | | | — | 44,321 |
| Total debt refinanced | | | <u>—</u> | <u>214,512</u> |
| Total debt | | | 2,118,000 | 1,897,512 |
| Debt discounts | | | (6,865) | (11,907) |
| Total debt, net | | | <u>\$ 2,111,135</u> | <u>\$ 1,885,605</u> |

- (1) This loan bears interest at LIBOR plus 1.80%. As required by the loan agreement, we have entered into an interest rate cap agreement that limits the LIBOR portion of the interest rate to 4.75%. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).
- (2) This loan bears interest at LIBOR plus 1.70%. As required by the loan agreement, we have entered into an interest rate cap agreement that limits the LIBOR portion of the interest rate to 5.75%. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).
- (3) This loan bears interest at LIBOR plus 2.25%. Brookfield DTLA has two options to extend the maturity date of this loan, each for a period of 12 months, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).
- (4) This loan bears interest at LIBOR plus 1.75%. As required by the loan agreement, we have entered into an interest rate swap agreement to hedge this loan, which effectively fixes the LIBOR portion of the interest rate at 2.178%. The effective interest rate of 3.93% includes interest on the swap.

The weighted average interest rate of our debt was 4.17% as of December 31, 2014 and 4.36% as of December 31, 2013.

As of December 31, 2014, our debt to be repaid during the next five years and thereafter is as follows (in thousands):

| | | |
|------------|-----------|------------------|
| 2015 | \$ | 311 |
| 2016 | | 751,831 |
| 2017 | | 589,026 |
| 2018 | | 204,232 |
| 2019 | | 4,449 |
| Thereafter | | 568,151 |
| | <u>\$</u> | <u>2,118,000</u> |

As of December 31, 2014, \$220.0 million of our debt may be prepaid without penalty, \$458.0 million may be defeased (as defined in the underlying loan agreements), \$550.0 million may be prepaid with prepayment penalties or defeased (as defined in the underlying loan agreement) at our option, \$290.0 million may be prepaid with prepayment penalties, \$200.0 million is locked out from prepayment until November 1, 2015, and \$400.0 million locked out from defeasance until September 30, 2016.

Secured Debt Financing during 2014

On September 10, 2014, Brookfield DTLA completed a \$35.0 million mortgage loan secured by the Figueroa at 7th retail property and received net proceeds totaling \$34.6 million, which will be used for general corporate purposes, including the repayment of Brookfield DTLA's \$25.0 million intercompany loan with BOP Management Inc. See Note 12 "Related Party Transactions—Intercompany Loan."

The loan bears interest at a rate equal to LIBOR plus 2.25%, matures on September 10, 2017, and requires the payment of interest—only until maturity. The mortgage loan can be repaid at any time prior to maturity, in whole or in part, without penalty.

Brookfield DTLA has two options to extend the maturity date of this loan, each for a period of 12 months, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement). If the maturity date of the loan is extended, the loan will require the monthly payment of a principal reduction amount (as defined in the loan agreement) and interest until maturity.

Mortgage Loan Refinancings during 2014

On August 7, 2014, Brookfield DTLA Holdings refinanced the mortgage loans secured by the BOA Plaza office property and received net proceeds totaling \$399.4 million, of which \$211.8 million was used to repay the mortgage loans that previously encumbered the property and \$7.7 million was used to fund the loan reserves discussed below, with the remaining \$179.9 million to be used for general corporate purposes, including a \$150.0 million cash distribution from Brookfield DTLA to Brookfield DTLA Holdings to the holders of the senior preferred participating interest. See Note 6 "Mezzanine Equity—Senior Participating Preferred Interest."

The new \$400.0 million mortgage loan bears interest at a fixed rate equal to 4.05%, matures on September 1, 2024, and requires the payment of interest—only until maturity. The mortgage loan can be defeased beginning on September 30, 2016 until March 1, 2024, after which the loan can be repaid in full without penalty.

In connection with the refinancing, Brookfield DTLA Holdings was required to fund a \$4.2 million tax reserve, a \$3.0 million tenant improvement and leasing commission reserve, and a \$0.5 million rent concession reserve at closing.

Mortgage Loans Assumed in Connection with the MPG Acquisition in 2013

Wells Fargo Center—North Tower—

In connection with the MPG acquisition, Brookfield DTLA Holdings assumed the \$550.0 million mortgage loan secured by the Wells Fargo Center—North Tower office property on October 15, 2013. The mortgage loan bears interest at a fixed rate of 5.70%, matures on April 6, 2017 and requires the payment of interest—only until maturity. The mortgage loan can be repaid at any time prior to maturity, in whole or in part, with the payment of a prepayment fee (as specified in the loan agreement) until October 6, 2016, after which the loan can be repaid without penalty. The mortgage loan can also be defeased at any time prior to maturity.

In connection with the loan assumption, Brookfield DTLA Holdings agreed to deposit a total of \$10.0 million into a collateral reserve account held by the lender, of which \$5.0 million was deposited when the loan was assumed during 2013 and \$1.25 million was funded by Brookfield DTLA in April and October 2014, respectively. The remaining \$2.5 million will be paid in installments of \$1.25 million in each of April and October 2015. The collateral reserve is included as part of restricted cash in the consolidated balance sheet.

Gas Company Tower—

In connection with the MPG acquisition, Brookfield DTLA Holdings assumed the \$458.0 million mortgage loan secured by the Gas Company Tower office property on October 15, 2013. The mortgage loan bears interest at a fixed rate of 5.10%, matures on August 11, 2016 and requires the payment of interest-only until maturity. The mortgage loan can be defeased at any time prior to maturity (as specified in the loan agreement). On or after May 11, 2016, the loan can be repaid, in whole or in part, without penalty.

In connection with tax indemnification agreements entered into with MPG Office, L.P. prior to the acquisition of MPG by Brookfield DTLA, Robert F. Maguire III, certain entities owned or controlled by Mr. Maguire, and other contributors to MPG at the time of its initial public offering guaranteed a portion of the Wells Fargo Center-North Tower and Gas Company Tower mortgage loans. As of December 31, 2014 and 2013, \$591.8 million of these loans is subject to such guarantees.

Wells Fargo Center-South Tower—

In connection with the MPG acquisition, Brookfield DTLA Holdings assumed the \$334.6 million mortgage loan secured by the Wells Fargo Center-South Tower office property on October 15, 2013. The mortgage loan bore interest at a variable rate of LIBOR plus 3.00% on the A-Note and LIBOR plus 5.10% on the B-Note and was scheduled to mature on January 9, 2014. As discussed below, this loan was refinanced by Brookfield DTLA Holdings on November 8, 2013.

777 Tower—

In connection with the MPG acquisition, Brookfield DTLA Holdings assumed the \$200.0 million mortgage loan secured by the 777 Tower office property on October 15, 2013.

The loan bears interest at a rate equal to LIBOR plus 1.70%, matures on November 1, 2018 and requires the payment of interest-only until maturity. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement). The mortgage loan is locked out from prepayment until November 1, 2015. Thereafter, the mortgage loan can be repaid at any time prior to maturity, in whole or in part, with the payment of a prepayment fee (as specified in the loan agreement) until November 1, 2017, after which the loan can be repaid without penalty.

Mortgage Loan Refinancings during 2013

Wells Fargo Center-South Tower—

On November 8, 2013, Brookfield DTLA Holdings refinanced the \$334.6 million mortgage loan secured by Wells Fargo Center-South Tower. In connection with the refinancing, Brookfield DTLA repaid \$44.6 million of principal.

The new \$290.0 million mortgage loan bears interest at a rate equal to LIBOR plus 1.80%, matures on December 1, 2016 and requires the payment of interest-only until maturity. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement). The mortgage loan can be repaid at any time prior to maturity, in whole or in part, with the payment of a prepayment fee (as specified in the loan agreement) until December 1, 2015, after which the loan can be repaid without penalty.

EY Plaza—

On November 27, 2013, Brookfield DTLA Holdings refinanced the mortgage loan secured by the EY Plaza office property and received net proceeds totaling \$183.3 million, of which \$99.5 million was used to repay the mortgage loan that previously encumbered the property with the remaining \$83.8 million to be used for general corporate purposes, including a \$70.0 million cash distribution from Brookfield DTLA to Brookfield DTLA Holdings to the holders of the senior preferred participating interest. See Note 6 “Mezzanine Equity—Senior Participating Preferred Interest.”

The new \$185.0 million mortgage loan bears interest at a rate equal to LIBOR plus 1.75%, matures on November 27, 2020 and requires the payment of interest-only until December 1, 2015, when the loan will require the payment of principal and interest until maturity. The mortgage loan can be repaid at any time prior to maturity, in whole or in part, without penalty.

Non-Recourse Carve Out Guarantees

All of Brookfield DTLA's \$2.1 billion of mortgage debt is subject to "non-recourse carve out" guarantees that expire upon elimination of the underlying loan obligations. Under these guarantees, these otherwise non recourse loans can become partially or fully recourse against Brookfield DTLA Holdings if certain triggering events occur as defined in the loan agreements. Although these events differ from loan to loan, some of the common events include:

- The special purpose property-owning subsidiary's or Brookfield DTLA Holdings' filing a voluntary petition for bankruptcy;
- The special purpose property-owning subsidiary's failure to maintain its status as a special purpose entity;
- Subject to certain conditions, the special purpose property-owning subsidiary's failure to obtain the lender's written consent prior to any subordinate financing or other voluntary lien encumbering the associated property; and
- Subject to certain conditions, the special purpose property-owning subsidiary's failure to obtain the lender's written consent prior to a transfer or conveyance of the associated property, including, in some cases, indirect transfers in connection with a change in control of Brookfield DTLA Holdings or Brookfield DTLA.

In addition, other items that are customarily recourse to a non-recourse carve out guarantor include, but are not limited to, the payment of real property taxes, the breach of representations related to environmental issues or hazardous substances, physical waste of the property, liens which are senior to the mortgage loan and outstanding security deposits.

The maximum amount Brookfield DTLA Holdings would be required to pay under a "non recourse carve out" guarantee is the principal amount of the loan (or a total of \$2.1 billion as of December 31, 2014 for all loans). This maximum amount does not include liabilities related to environmental issues or hazardous substances. Losses resulting from the breach of our loan agreement representations related to environmental issues or hazardous substances are generally recourse to Brookfield DTLA Holdings pursuant to the "non-recourse carve out" guarantees and any such losses would be in addition to the total principal amounts of the loans. The potential losses are not quantifiable and can be material in certain circumstances, depending on the severity of the environmental or hazardous substance issues. Since each of our non-recourse loans is secured by the office building owned by the special purpose property-owning subsidiary, the amount due to the lender from Brookfield DTLA Holdings in the event a "non-recourse carve out" guarantee is triggered could subsequently be partially or fully mitigated by the net proceeds received from any disposition of the office building; however, such proceeds may not be sufficient to cover the maximum potential amount due, depending on the particular asset.

Debt Reporting

Pursuant to the terms of certain of our mortgage loan agreements, Brookfield DTLA is required to report a debt service coverage ratio ("DSCR") calculated using the formulas specified in the underlying loan agreements. We have submitted the required reports to the lenders for the measurement periods ended December 31, 2014 and were in compliance with the amounts required by the loan agreements, with the exception of Gas Company Tower.

Under the Gas Company Tower mortgage loan, we reported a DSCR of 0.70 to 1.00, calculated using actual debt service under the loan, and a DSCR of 0.56 to 1.00, calculated using actual debt service plus a hypothetical principal payment using a 30-year amortization schedule. Because the reported DSCR using the actual debt service plus a hypothetical principal payment was less than 1.00 to 1.00, the lender could seek to remove Brookfield Properties Management (CA) Inc. as property manager of Gas Company Tower, which is the only recourse available to the lender as a result of such breach.

Pursuant to the terms of the Gas Company Tower, Wells Fargo Center-South Tower, Wells Fargo Center-North Tower, EY Plaza, and Figueroa at 7th mortgage loan agreements, we are required to provide annual audited financial statements

of Brookfield DTLA Holdings to the lenders or agents. The receipt of any opinion other than an “unqualified” audit opinion on our annual audited financial statements is an event of default under the loan agreements for the properties listed above. If an event of default occurs, the lenders have the right to pursue the remedies contained in the loan documents, including acceleration of all or a portion of the debt and foreclosure.

Mezzanine Equity

Mezzanine Equity

12 Months Ended

Dec. 31, 2014

Temporary Equity Disclosure [Abstract]

Mezzanine Equity

Mezzanine Equity

Mezzanine equity in the consolidated balance sheets as of December 31, 2014 and 2013 is comprised of the Series A preferred stock, a Series A-1 preferred interest and a senior participating preferred interest (the "Preferred Interests"). The Series A-1 preferred interest and senior participating preferred interest are held by a noncontrolling interest holder. The Preferred Interests are classified in mezzanine equity because they are callable and the holder of the Series A-1 preferred interest and senior participating preferred interest (which also owns some of the Series A preferred stock) indirectly controls the ability to elect to redeem such instruments, through its controlling interest in the Company and its subsidiaries. There is no commitment or obligation on the part of Brookfield DTLA or Brookfield DTLA Holdings to redeem the Preferred Interests. See "—Senior Participating Preferred Interest" below for a discussion of the distributions paid related to the senior participating preferred interest during 2014.

The Preferred Interests included within mezzanine equity were recorded at fair value on the date of issuance and have been adjusted to the greater of their carrying amount or redemption value as of December 31, 2014 and 2013. Adjustments to increase the carrying amount to redemption value are recorded in the consolidated statement of operations as a redemption measurement adjustment.

Other than the distributions paid to the senior participating preferred interest described below, Brookfield DTLA has not paid any cash dividends in the past. Any future dividends declared would be at the discretion of Brookfield DTLA's board of directors and would depend on its financial condition, results of operations, contractual obligations and the terms of its financing agreements at the time a dividend is considered, and other relevant factors.

Series A Preferred Stock

Brookfield DTLA is authorized to issue up to 10,000,000 shares of Series A preferred stock, \$0.01 par value per share, with a liquidation preference of \$25.00 per share.

As of December 31, 2014 and 2013, 9,730,370 shares of Series A preferred stock were outstanding, of which 9,357,469 shares were issued to third parties and 372,901 shares were issued to DTLA Fund Holding Co., a subsidiary of Brookfield DTLA Holdings.

The fair value of the 9,730,370 shares of Series A preferred stock issued by the Company on October 15, 2013 in connection with the merger with MPG was based on an estimate of fair value of \$26.00 per share. The valuation was based on available trading information for the MPG Preferred Stock and the Company's Series A preferred stock on the day prior to and subsequent to the transaction, respectively.

No dividends were declared on the Series A preferred stock during the years ended December 31, 2014 and 2013. Dividends on the Series A preferred stock are cumulative, and therefore, will continue to accrue at an annual rate of \$1.90625 per share. As of December 31, 2014, the cumulative amount of unpaid dividends totals \$114.4 million and has been reflected in the carrying amount of the Series A preferred stock.

The Series A preferred stock does not have a stated maturity and is not subject to any sinking fund or mandatory redemption provisions. Upon liquidation, dissolution or winding up, the Series A preferred stock will rank senior to our common stock with respect to the payment of distributions. We may, at our option, redeem the Series A preferred stock, in whole or in part, for cash at a redemption price of \$25.00 per share, plus all accumulated and unpaid dividends on such Series A preferred stock up to and including the redemption date. The Series A preferred stock is not convertible into or exchangeable for any other property or securities of Brookfield DTLA.

As of December 31, 2014, the Series A preferred stock is reported at its redemption value of \$357.6 million calculated using the redemption price of \$25.00 per share plus all accumulated and unpaid dividends on such Series A preferred stock through December 31, 2014.

Series A-1 Preferred Interest

On October 15, 2013, New OP issued a Series A-1 preferred interest to Brookfield DTLA Holdings or wholly owned subsidiaries of Brookfield DTLA Holdings with a stated value of \$225.7 million in connection with the formation of Brookfield DTLA and the MPG acquisition.

The Series A-1 preferred interest has mirror rights to the Series A preferred interests issued by New OP, which are held by a wholly owned subsidiary of Brookfield DTLA, but only with respect to their respective preferred liquidation preferences, and share pro rata with 48.13% to the Series A-1 preferred interest and 51.87% to the Series A preferred interest based on their current liquidation preferences in accordance with their respective preferred liquidation preferences in distributions from New OP, until their preferred liquidation preferences have been reduced to zero. Thereafter, distributions will be made 47.66% to the Series A preferred interest and 52.34% to the Series B preferred interest, which is held by Brookfield DTLA Holdings. The economic terms of the Series A preferred stock mirror those of the New OP Series A preferred interests, including distributions in respect of the preferred liquidation preference.

As of December 31, 2014, the Series A-1 preferred interest is reported at its redemption value of \$331.9 million calculated using its liquidation value of \$225.7 million plus \$106.2 million of accumulated and unpaid dividends on such Series A-1 preferred interest through December 31, 2014.

Senior Participating Preferred Interest

On October 15, 2013, DTLA OP issued a senior participating preferred interest to Brookfield DTLA Holdings in connection with the formation of Brookfield DTLA and the MPG acquisition. The senior participating preferred interest was comprised of \$240.0 million in preferred interests with a 7.0% coupon and a 4.0% participating interest in the residual value of DTLA OP, which owns 333 South Hope and EYP Realty.

BOA Plaza and EY Plaza were contributed to DTLA OP, directly and indirectly, by Brookfield DTLA in connection with the merger. As of the merger date, these properties had a leverage ratio that was lower than the leverage ratio of the MPG properties acquired, as well as the target leverage ratio that the Company's management sought to achieve for its properties, as they were refinanced, of approximately 60% to 65%. The size of the preferred interest component of the senior participating preferred interest issued to Brookfield DTLA was based, in part, on the expected net proceeds from the refinancing of the properties owned by 333 South Hope (which holds BOA Plaza) and EYP Realty (which holds EY Plaza) at a leverage ratio in this range and represented a portion of the approximately \$595 million fair market value as of the merger date of BOA Plaza and EY Plaza, reduced by the outstanding principal balances of the mortgage loans secured by BOA Plaza and EY Plaza and the \$25.0 million promissory note due to BOP Management Inc.

On March 21, 2014, Brookfield DTLA made a cash distribution to Brookfield DTLA Holdings totaling \$70.0 million, in respect of the senior participating preferred interest held by Brookfield DTLA Holdings, which was comprised of \$7.3 million in settlement of preferred dividends on the senior participating preferred interest through March 21, 2014 and a return of investment of \$62.7 million using proceeds generated by the refinancing of EY Plaza.

On August 28, 2014, Brookfield DTLA made a cash distribution to Brookfield DTLA Holdings totaling \$150.0 million, in respect of the senior participating preferred interest held by Brookfield DTLA Holdings, which was comprised of \$5.5 million in settlement of preferred dividends on the senior participating preferred interest through August 28, 2014 and a return of investment of \$144.5 million using proceeds generated by the refinancing of BOA Plaza.

As of December 31, 2014, the senior participating preferred interest is reported at its redemption value of \$50.1 million calculated using the value of the preferred and participating interests totaling \$49.3 million plus \$0.8 million of accumulated and unpaid dividends on the preferred interest through December 31, 2014.

Change in Mezzanine Equity

A summary of the change in mezzanine equity is as follows (in thousands, except share amounts):

| | Number of Shares of Series A Preferred Stock | Series A Preferred Stock | Noncontrolling Interests | | Total Mezzanine Equity |
|---|--|--------------------------------|-------------------------------------|--|------------------------------|
| | | | Series A-1 Preferred Interest | Senior Participating Preferred Interest | |
| Balance, December 31, 2012 | — | \$ — | \$ — | \$ — | \$ — |
| Issuance of Series A preferred stock | 9,730,370 | 252,990 | | | 252,990 |
| Issuance of Series A-1 preferred interest | | | 234,767 | | 234,767 |
| Issuance of senior participating preferred interest | | | | 254,280 | 254,280 |
| Cumulative dividends | | 3,864 | 3,586 | 3,500 | 10,950 |
| Redemption measurement adjustment | | 82,247 | 76,305 | | 158,552 |
| Balance, December 31, 2013 | 9,730,370 | 339,101 | 314,658 | 257,780 | 911,539 |
| Current dividends | | 18,548 | 17,213 | 10,044 | 45,805 |
| Redemption measurement adjustment | | | | 2,256 | 2,256 |
| Cash distributions | | | | (220,000) | (220,000) |
| Balance, December 31, 2014 | <u>9,730,370</u> | <u>\$ 357,649</u> | <u>\$ 331,871</u> | <u>\$ 50,080</u> | <u>\$ 739,600</u> |

Stockholders' (Deficit) Equity

Stockholders' (Deficit) Equity

12 Months Ended

Dec. 31, 2014

Equity [Abstract]

Stockholders' (Deficit) Equity

Stockholders' (Deficit) Equity

Brookfield DTLA is authorized to issue up to 1,000,000 shares of common stock, \$0.01 par value per share.

On April 24, 2013, Brookfield DTLA received an initial contribution of \$1,000 from Brookfield DTLA Holdings in exchange for 1,000 shares of Brookfield DTLA common stock. An additional \$27,000 was contributed by Brookfield DTLA Holdings during 2013. As of December 31, 2014 and 2013, 1,000 shares of common stock were outstanding. No dividends were declared on the common stock during the years ended December 31, 2014 and 2013.

Brookfield DTLA has not paid any cash dividends on its common stock in the past. Any future dividends declared would be at the discretion of Brookfield DTLA's board of directors and would depend on its financial condition, results of operations, contractual obligations and the terms of its financing agreements at the time a dividend is considered, and other relevant factors.

Noncontrolling Interests

Noncontrolling Interests

12 Months Ended

Dec. 31, 2014

Noncontrolling Interest [Abstract]

Noncontrolling Interests

Noncontrolling Interests

Mezzanine Equity Component

The Series A-1 preferred interest and senior participating preferred interest consist of equity interests of New OP and DTLA OP, respectively, which are owned directly by Brookfield DTLA Holdings. These noncontrolling interests are presented in mezzanine equity in the consolidated balance sheet. See Note 6 "Mezzanine Equity."

Stockholders' Equity Component

The Series B common interest ranks junior to the Series A preferred stock as to dividends and upon liquidation and is presented in the consolidated balance sheet as noncontrolling interest.

Accumulated Other Comprehensive (Loss) Income*Accumulated Other Comprehensive
(Loss) Income***12 Months Ended****Dec. 31, 2014***Accumulated Other Comprehensive
Income (Loss) Disclosure [Abstract]*Accumulated Other Comprehensive
(Loss) Income

Accumulated Other Comprehensive (Loss) Income

A summary of the change in accumulated other comprehensive (loss) income related to Brookfield DTLA's cash flow hedges is as follows (in thousands):

| | For the Year Ended December 31, | | |
|--|---------------------------------|-----------------|-------------|
| | 2014 | 2013 | 2012 |
| Balance at beginning of year | \$ 1,007 | \$ — | \$ — |
| Other comprehensive (loss) gain before reclassifications | (5,344) | 1,007 | — |
| Amounts reclassified from accumulated other comprehensive (loss) income | — | — | — |
| Net current-period other comprehensive (loss) gain | (5,344) | 1,007 | — |
| Balance at end of year | <u>\$ (4,337)</u> | <u>\$ 1,007</u> | <u>\$ —</u> |

Fair Value Measurements

Fair Value Measurements

12 Months Ended

Dec. 31, 2014

Fair Value Disclosures [Abstract]

Fair Value Measurements

Fair Value Measurements

ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value and establishes a framework for measuring fair value. The objective of fair value is to determine the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price).

ASC Topic 820 established a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three categories:

- Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date.
- Level 2—Observable prices that are based on inputs not quoted in active markets, but corroborated by market data.
- Level 3—Unobservable prices that are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. Brookfield DTLA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible, as well as consider counterparty credit risk in its assessment of fair value.

Recurring Measurements

The valuation of Brookfield DTLA's interest rate swap is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flow of the derivative. This analysis reflects the contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. We have incorporated credit valuation adjustments to appropriately reflect both our own and the respective counterparty's non-performance risk in the fair value measurements.

Brookfield DTLA's (liabilities) assets measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows (in thousands):

| | Total Fair Value | Fair Value Measurements Using | | |
|------------------------|------------------|--|---|---|
| | | Quoted Prices in Active Markets for Identical (Liabilities) Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Interest rate swap at: | | | | |
| December 31, 2014 | \$ (4,337) | \$ — | \$ (4,337) | \$ — |
| December 31, 2013 | 1,007 | — | 1,007 | — |
| December 31, 2012 | — | — | — | — |
| Interest rate caps at: | | | | |
| December 31, 2014 | \$ 190 | \$ — | \$ 190 | \$ — |
| December 31, 2013 | 1,600 | — | 1,600 | — |
| December 31, 2012 | — | — | — | — |

Financial Instruments

Financial Instruments

12 Months Ended

Dec. 31, 2014

Investments, All Other Investments [Abstract]

Financial Instruments

Financial Instruments

Derivative Financial Instruments

A summary of the fair value of Brookfield DTLA's derivative financial instruments is as follows (in thousands):

| | Fair Value as of | |
|--|-------------------|-------------------|
| | December 31, 2014 | December 31, 2013 |
| Derivatives designated as cash flow hedging instruments: | | |
| Interest rate swap | \$ (4,337) | \$ 1,007 |

The interest rate swap liability as of December 31, 2014 is included in accounts payable and other liabilities in the consolidated balance sheet, while the interest rate swap asset as of December 31, 2013 is included in prepaid and other assets in the consolidated balance sheet.

A summary of the effect of derivative financial instruments reported in the consolidated and combined financial statements is as follows (in thousands):

| | Amount of (Loss) | Amount of Gain |
|--|-------------------------------|---|
| | Gain Recognized in AOCL | (Loss) Reclassified from AOCL to Statement of Operations |
| Derivatives designated as cash flow hedging instruments: | | |
| Interest rate swap for the year ended: | | |
| December 31, 2014 | \$ (5,344) | \$ — |
| December 31, 2013 | 1,007 | — |
| December 31, 2012 | — | — |

Interest Rate Swap—

As of December 31, 2014 and 2013, Brookfield DTLA held an interest rate swap with a notional amount of \$185.0 million, which was assigned to the EY Plaza mortgage loan. The swap requires net settlement each month and expires on November 2, 2020.

Interest Rate Caps—

Brookfield DTLA holds interest rate caps pursuant to the terms of certain of its mortgage agreements with the following notional amounts (in thousands):

| | December 31, 2014 | December 31, 2013 |
|--------------------------------|-------------------|-------------------|
| Wells Fargo Center—South Tower | \$ 290,000 | \$ 290,000 |
| 777 Tower | 200,000 | 200,000 |
| | <u>\$ 490,000</u> | <u>\$ 490,000</u> |

Other Financial Instruments

Brookfield DTLA's other financial instruments that are exposed to concentrations of credit risk consist primarily of cash and accounts receivable. Management routinely assesses the financial strength of its tenants and, as a consequence, believes that its accounts receivable credit risk exposure is limited. Brookfield DTLA places its temporary cash investments with federally insured institutions. Cash balances with any one institution may at times be in excess of the federally insured limits.

The estimated fair value and carrying amount of Brookfield DTLA's mortgage loans are as follows (in thousands):

| | December 31, 2014 | December 31, 2013 |
|----------------------|-------------------|-------------------|
| Estimated fair value | \$ 2,133,158 | \$ 1,890,436 |

| | | |
|-----------------|-----------|-----------|
| Carrying amount | 2,118,000 | 1,897,512 |
|-----------------|-----------|-----------|

We calculated the estimated fair value of our mortgage loans by discounting the future contractual cash flows of the loans using current risk adjusted rates available to borrowers with similar credit ratings. The estimated fair value of mortgage loans is classified as Level 3.

Related Party Transactions

Related Party Transactions

12 Months Ended

Dec. 31, 2014

Related Party Transactions [Abstract]

Related Party Transactions

Related Party Transactions

Intercompany Loan

Brookfield DTLA was indebted to BOP Management Inc. under a \$25.0 million promissory note dated October 11, 2013. The note bore interest at 3.25%. For the years ended December 31, 2014 and 2013, the Company accrued \$0.6 million and \$0.2 million of interest expense, respectively, related to this note. Given the short-term nature of this instrument, fair value was determined to approximate carrying value as of December 31, 2013.

During September 2014, Brookfield DTLA paid \$25.8 million in full settlement of the principal and interest outstanding on the intercompany loan using proceeds from the mortgage loan secured by the Figueroa at 7th retail property.

Management Agreements

The Predecessor Entities entered into arrangements with Brookfield Properties Management LLC, which is affiliated with the Company through common ownership through BPO, under which the affiliate provides property management and various other services. On October 15, 2013, these agreements were transferred to BOP Management Inc., an affiliate of BPO. The MPG properties entered into similar arrangements with BOP Management Inc. after the closing of the acquisition on October 15, 2013. Property management fees under these agreements are calculated based on 2.75% of rents collected (as defined in the management agreements). In addition, the Company pays BOP Management Inc. an asset management fee, which is calculated based on 0.75% of the capital contributed to Brookfield DTLA Holdings.

A summary of costs incurred by Brookfield DTLA and the Predecessor Entities under these arrangements, which are included in rental property operating and maintenance expense in the consolidated and combined statements of operations, is as follows (in thousands):

| | For the Year Ended December 31, | | |
|---|---------------------------------|----------|----------|
| | 2014 | 2013 | 2012 |
| Property management fee expense | \$ 8,135 | \$ 3,667 | \$ 2,670 |
| Asset management fee expense | 6,109 | 1,320 | — |
| General, administrative and reimbursable expenses | 2,509 | 1,190 | 1,278 |
| Leasing and construction management fees | 3,626 | 786 | 1,137 |

Insurance Agreements

Brookfield DTLA's properties are covered under an insurance policy entered into by BPO that provides all risk property and business interruption for BPO's commercial portfolio with an aggregate limit of \$2.5 billion per occurrence as well as an aggregate limit of \$300.0 million of earthquake insurance for California properties. In addition, Brookfield DTLA's properties are covered by a terrorism insurance policy that provides aggregate coverage of \$4.0 billion for all of BPO's U.S. properties. Brookfield DTLA is in compliance with the contractual obligations regarding terrorism insurance contained in such policies.

Prior to their expiration, which became effective on April 19, 2014, the MPG properties were covered under an insurance policy that provided all risk property and business interruption with an aggregate limit of \$1.25 billion and a \$130.0 million aggregate limit of earthquake insurance, and a terrorism insurance policy with a \$1.25 billion aggregate limit. Effective April 19, 2014, the MPG properties were added to the existing BPO insurance policies described above.

Insurance premiums for Brookfield DTLA are paid by an affiliate company under common control through BPO. Brookfield DTLA reimburses the affiliate company for the actual cost of such premiums.

A summary of costs incurred by Brookfield DTLA and the Predecessor Entities under this arrangement, which are included in rental property operating and maintenance expense in the consolidated and combined statements of operations, is as follows (in thousands):

| | <u>For the Year Ended December 31,</u> | | |
|-------------------|--|-------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Insurance expense | \$ 8,466 | \$ 4,949 | \$ 4,664 |

Rental Income*Rental Income***12 Months Ended****Dec. 31, 2014***Leases [Abstract]*

Rental Income

Rental Income

Brookfield DTLA's properties are leased to tenants under net operating leases with initial expiration dates ranging from 2015 to 2033. The future minimum rental income (on a non-straight-line basis) to be received under noncancelable tenant operating leases in effect as of December 31, 2014 is as follows (in thousands):

| | | |
|------------|----|---------------------|
| 2015 | \$ | 133,021 |
| 2016 | | 132,017 |
| 2017 | | 130,626 |
| 2018 | | 116,079 |
| 2019 | | 106,995 |
| Thereafter | | 471,958 |
| | | <u>\$ 1,090,696</u> |

The future minimum rental income shown above excludes amounts that are not fixed in accordance with a tenant's lease, but are based upon a percentage of reimbursement of actual operating expenses and amortization of above- and below-market leases.

Commitments and Contingencies

Commitments and Contingencies

12 Months Ended

Dec. 31, 2014

Commitments and Contingencies Disclosure [Abstract]

Commitments and Contingencies

Commitments and Contingencies

Tenant Concentration

Brookfield DTLA generally does not require collateral or other security from its tenants, other than security deposits or letters of credit. Our credit risk is mitigated by the high quality of our existing tenant base, review of prospective tenants' risk profiles prior to lease execution, and frequent monitoring of our tenant portfolio to identify problem tenants. However, since we have a significant concentration of rental revenue from certain tenants, the inability of those tenants to make their lease payments could have a material adverse effect on our results of operations, cash flow or financial condition.

A significant portion of Brookfield DTLA's rental income and tenant reimbursements revenue is generated by a small number of tenants. During the years ended December 31, 2013 and 2012, one tenant, The Capital Group Companies, accounted for more than 10% of our consolidated and combined rental income and tenant reimbursements revenue. No tenant accounted for more than 10% of our consolidated rental income and tenant reimbursements revenue during the year ended December 31, 2014.

During the years ended December 31, 2013 and 2012, BOA Plaza and EY Plaza each contributed more than 10% of Brookfield DTLA's consolidated and combined revenue. The revenue generated by these properties totaled 72% and 100% of Brookfield DTLA's consolidated and combined revenue during the years ended December 31, 2013 and 2012, respectively. During the year ended December 31, 2014, EY Plaza, BOA Plaza, Wells Fargo Center-North Tower, Wells Fargo Center-South Tower, Gas Company Tower and 777 Tower each contributed more than 10% of Brookfield DTLA's consolidated revenue.

Litigation

General—

Brookfield DTLA and its subsidiaries may be subject to pending legal proceedings and litigation incidental to its business. After consultation with legal counsel, management believes that any liability that may potentially result upon resolution of such matters is not expected to have a material adverse effect on the Company's business, financial condition or consolidated financial statements as a whole.

Merger-Related Litigation—

Following the announcement of the execution of the Agreement and Plan of Merger dated as of April 24, 2013, as amended (the "Merger Agreement"), seven putative class actions were filed against Brookfield Office Properties Inc. ("BPO"), Brookfield DTLA, Brookfield DTLA Holdings LLC, Brookfield DTLA Fund Office Trust Inc., Brookfield DTLA Fund Properties (collectively, the "Brookfield Parties"), MPG Office Trust, Inc., MPG Office, L.P., and the members of MPG Office Trust, Inc.'s board of directors. Five of these lawsuits were filed on behalf of MPG Office Trust, Inc.'s common stockholders: (i) two lawsuits, captioned Coyne v. MPG Office Trust, Inc., et al., No. BC507342 (the "Coyne Action"), and Masih v. MPG Office Trust, Inc., et al., No. BC507962 (the "Masih Action"), were filed in the Superior Court of the State of California in Los Angeles County (the "California State Court") on April 29, 2013 and May 3, 2013, respectively; and (ii) three lawsuits, captioned Kim v. MPG Office Trust, Inc. et al., No. 24 C-13-002600 (the "Kim Action"), Perkins v. MPG Office Trust, Inc., et al., No. 24-C-13-002778 (the "Perkins Action") and Dell'Osso v. MPG Office Trust, Inc., et al., No. 24 C-13-003283 (the "Dell'Osso Action") were filed in the Circuit Court for Baltimore City, Maryland on May 1, 2013, May 8, 2013 and May 22, 2013, respectively (collectively, the "Common Stock Actions"). Two lawsuits, captioned Cohen v. MPG Office Trust, Inc. et al., No. 24-C-13-004097 (the "Cohen Action") and Donlan v. Weinstein, et al., No. 24 C-13-004293 (the "Donlan Action"), were filed on behalf of MPG Office Trust, Inc.'s preferred stockholders in the Circuit Court for

Baltimore City, Maryland on June 20, 2013 and July 2, 2013, respectively (collectively, the “Preferred Stock Actions”).

In each of the Common Stock Actions, the plaintiffs allege, among other things, that MPG Office Trust, Inc.’s board of directors breached their fiduciary duties in connection with the merger by failing to maximize the value of MPG Office Trust, Inc. and ignoring or failing to protect against conflicts of interest, and that the relevant Brookfield Parties named as defendants aided and abetted those breaches of fiduciary duty. The Kim Action further alleges that MPG Office, L.P. also aided and abetted the breaches of fiduciary duty by MPG Office Trust, Inc.’s board of directors, and the Dell’Osso Action further alleges that MPG Office Trust, Inc. and MPG Office, L.P. aided and abetted the breaches of fiduciary duty by MPG Office Trust, Inc.’s board of directors. On June 4, 2013, the Kim and Perkins plaintiffs filed identical, amended complaints in the Circuit Court for Baltimore City, Maryland. On June 5, 2013, the Masih plaintiffs also filed an amended complaint in the Superior Court of the State of California in Los Angeles County. The three amended complaints, as well as the Dell’Osso Action complaint, allege that the preliminary proxy statement filed by MPG Office Trust, Inc. with the SEC on May 21, 2013 is false and/or misleading because it fails to include certain details of the process leading up to the merger and fails to provide adequate information concerning MPG Office Trust, Inc.’s financial advisors.

In each of the Preferred Stock Actions, which were brought on behalf of MPG Office Trust, Inc.’s preferred stockholders, the plaintiffs allege, among other things, that, by entering into the Merger Agreement and tender offer, MPG Office Trust, Inc. breached the Articles Supplementary, which governs the issuance of the MPG preferred shares, that MPG Office Trust, Inc.’s board of directors breached their fiduciary duties by agreeing to a merger agreement that violated the preferred stockholders’ contractual rights and that the relevant Brookfield Parties named as defendants aided and abetted those breaches of contract and fiduciary duty. On July 15, 2013, the plaintiffs in the Preferred Stock Actions filed a joint amended complaint in the Circuit Court for Baltimore City, Maryland that further alleged that MPG Office Trust, Inc.’s board of directors failed to disclose material information regarding BPO’s extension of the tender offer.

The plaintiffs in the seven lawsuits sought an injunction against the merger, rescission or rescissory damages in the event the merger has been consummated, an award of fees and costs, including attorneys’ and experts’ fees, and other relief.

On July 10, 2013, solely to avoid the costs, risks and uncertainties inherent in litigation, the Brookfield Parties and the other named defendants in the Common Stock Actions signed a memorandum of understanding (the “MOU”), regarding a proposed settlement of all claims asserted therein. The parties subsequently entered into a stipulation of settlement dated November 21, 2013 providing for the release of all asserted claims, additional disclosures by MPG concerning the merger made prior to the merger’s approval, and the payment, by defendants, of an award of attorneys’ fees and expenses in an amount not to exceed \$475,000. After a hearing on June 4, 2014, the California State Court granted plaintiffs’ motion for final approval of the settlement and entered a Final Order and Judgment, awarding plaintiffs’ counsel’s attorneys’ fees and expenses in the amount of \$475,000, which was paid by MPG Office LLC on June 18, 2014. BPO is seeking reimbursement for the settlement payment from MPG’s insurers.

In the Preferred Stock Actions, at a hearing on July 24, 2013, the Maryland State Court denied plaintiffs’ motion for preliminary injunction seeking to enjoin the tender offer. The plaintiffs filed a second amended complaint on November 22, 2013 that added additional arguments in support of their allegations that the new preferred shares do not have the same rights as the MPG preferred shares. The defendants moved to dismiss the second amended complaint on December 20, 2013, and briefing on the motion concluded on February 28, 2014. At a hearing on June 18, 2014, the Maryland State Court heard oral arguments on the defendants’ motion to dismiss and reserved judgment on the decision. On October 21, 2014, the parties sent a joint letter to the Maryland State Court stating that since the June 18 meeting, the parties have commenced discussions towards a possible resolution of the lawsuit, requesting that the court temporarily refrain from deciding the pending motion to dismiss to facilitate the discussions, and stating that the parties will report to the court within 45 days of the October 21 letter regarding the status of their discussions.

Counsel for the parties have reached an agreement to settle the Preferred Stock Actions on a class-wide basis and dismiss the case with prejudice in exchange for the payment of \$2.25 per share of Series A preferred stock of accumulated and unpaid dividends to holders of record on a record date to be set after final approval of the

settlement by the Maryland State Court, plus any attorneys' fees awarded by the Maryland State Court to the plaintiffs' counsel. The dividend will reduce the amount of accumulated and unpaid dividends on the Series A preferred stock, and the terms of the Series A preferred stock will otherwise remain unchanged. The agreement is subject to a number of conditions precedent, further documentation, and approval of the Maryland State Court, after notice to the class. The parties entered into a Memorandum of Understanding on March 30, 2015 memorializing the agreement to settle the Preferred Stock Actions, which has been filed with the Maryland State Court.

While the final outcome with respect to the Preferred Stock Actions cannot be predicted with certainty, in the opinion of management after consultation with external legal counsel, any liability that may arise from such contingencies would not have a material adverse effect on the financial position, results of operations or liquidity of Brookfield DTLA.

Quarterly Financial Information (Unaudited)

*Quarterly Financial Information
(Unaudited)*

12 Months Ended

Dec. 31, 2014

*Quarterly Financial Information
Disclosure [Abstract]*

Quarterly Financial Information
(Unaudited)

Quarterly Financial Information (Unaudited)

| | <u>First Quarter</u> | <u>Second Quarter</u> | <u>Third Quarter</u> | <u>Fourth Quarter</u> |
|---|----------------------|-----------------------|----------------------|-----------------------|
| | (In thousands) | | | |
| Year Ended December 31, 2014 | | | | |
| Revenue | \$ 68,677 | \$ 74,358 | \$ 75,697 | \$ 75,429 |
| Expenses | 84,002 | 85,757 | 90,601 | 86,793 |
| Net loss | (15,325) | (11,399) | (14,904) | (11,364) |
| Net loss attributable to noncontrolling interests: | | | | |
| Series A-1 preferred interest – current dividends | (4,303) | (4,303) | (4,303) | (4,304) |
| Senior participating preferred interest – current dividends | (4,133) | (3,102) | (2,232) | (577) |
| Senior participating preferred interest – redemption measurement adjustment | (198) | (930) | (97) | (1,031) |
| Series B common interest – allocation of net loss | 14,967 | 12,756 | 13,699 | 11,469 |
| Net loss attributable to Brookfield DTLA | (8,992) | (6,978) | (7,837) | (5,807) |
| Series A preferred stock – current dividends | (4,637) | (4,637) | (4,637) | (4,637) |
| Net loss available to common interest holders of Brookfield DTLA | <u>\$ (13,629)</u> | <u>\$ (11,615)</u> | <u>\$ (12,474)</u> | <u>\$ (10,444)</u> |
| Year Ended December 31, 2013 ⁽¹⁾ | | | | |
| Revenue | \$ 23,920 | \$ 25,124 | \$ 25,234 | \$ 64,444 |
| Expenses | 23,374 | 24,522 | 24,203 | 81,897 |
| Net income (loss) | 546 | 602 | 1,031 | (17,453) |
| Net income attributable to TRZ Holdings IV LLC | (546) | (602) | (1,031) | (156) |
| Net loss attributable to noncontrolling interests: | | | | |
| Series A-1 preferred interest – cumulative dividends | — | — | — | (3,586) |
| Series A-1 preferred interest – redemption measurement adjustment | — | — | — | (76,305) |
| Senior participating preferred interest – cumulative dividends | — | — | — | (3,500) |
| Series B common interest – allocation of net loss | — | — | — | 97,934 |
| Net loss attributable to Brookfield DTLA | — | — | — | (3,066) |
| Series A preferred stock – cumulative dividends | — | — | — | (3,864) |
| Series A preferred stock – redemption measurement adjustment | — | — | — | (82,247) |
| Net loss available to common interest holders of Brookfield DTLA | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ (89,177)</u> |

(1) On October 15, 2013, Brookfield DTLA completed the acquisition of MPG pursuant to the terms of the Merger Agreement. See Note 3 “Acquisition of MPG Office Trust, Inc.”

Investments in Real Estate

Investments in Real Estate

12 Months Ended

Dec. 31, 2014

**SEC Schedule III, Real Estate and
Accumulated Depreciation
Disclosure [Abstract]**

Investments in Real Estate

Investments in Real Estate

A summary of information related to Brookfield DTLA's investments in real estate as of December 31, 2014 is as follows (in thousands):

| | Encum- brances | Initial Cost to Company | | Costs Capitalized Subsequent to Acquisition | | | Gross Amount at Which Carried at Close of Period | | | Accum- ulated Depre- ciation (2) | Year Acquired (a) or Con- structed (c) |
|--|--------------------|----------------------------|---------------------------------------|---|-------------------|------------------|---|--------------------|--------------------|---|---|
| | | Land | Buildings and Improve- ments | Improve- ments | Carrying Costs | Land | Buildings and Improve- ments | Total (1) | | | |
| Los Angeles, CA Wells Fargo Center- North Tower 333 S. Grand Avenue | \$ 550,000 | \$ 41,024 | \$ 456,363 | \$ 19,134 | \$ — | \$ 41,024 | \$ 475,497 | \$ 516,521 | \$ (18,488) | 2013 (a) | |
| BOA Plaza 333 S. Hope Street | 400,000 | 54,163 | 354,422 | 43,430 | — | 54,163 | 397,852 | 452,015 | (73,684) | 2006 (a) | |
| Wells Fargo Center- South Tower 355 S. Grand Avenue | 290,000 | 21,231 | 401,149 | 9,598 | — | 21,231 | 410,747 | 431,978 | (13,192) | 2013 (a) | |
| Gas Company Tower 525-555 W. Fifth Street | 458,000 | 20,742 | 396,159 | 5,668 | — | 20,742 | 401,827 | 422,569 | (11,222) | 2013 (a) | |
| EY Plaza (3) 725 S. Figueroa Street | 220,000 | 47,385 | 286,982 | 104,372 | — | 47,385 | 391,354 | 438,739 | (60,795) | 2006 (a) | |
| 777 Tower 777 S. Figueroa Street | 200,000 | 38,010 | 303,697 | 8,878 | — | 38,010 | 312,575 | 350,585 | (11,727) | 2013 (a) | |
| Miscellaneous investments | — | 7,000 | — | 15 | — | 7,000 | 15 | 7,015 | — | | |
| | <u>\$2,118,000</u> | <u>\$229,555</u> | <u>\$2,198,772</u> | <u>\$191,095</u> | <u>\$ —</u> | <u>\$229,555</u> | <u>\$2,389,867</u> | <u>\$2,619,422</u> | <u>\$(189,108)</u> | | |

- (1) The aggregate gross cost of Brookfield DTLA's investments in real estate for federal income tax purposes approximated \$2.8 billion as of December 31, 2014.
- (2) Depreciation in the consolidated and combined statements of operations is computed on a straight-line basis over the following estimated useful lives: buildings (60 years, with an estimated salvage value of 5%), building improvements (ranging from 7 years to 13 years), and tenant improvements (the shorter of the useful life or the applicable lease term).
- (3) Includes the mortgage loan encumbering the Figueroa at 7th retail property.

The following is a reconciliation of Brookfield DTLA's and the Predecessor Entities' investments in real estate and accumulated depreciation (in thousands):

| | For the Year Ended December 31, | | |
|--------------------------------|---------------------------------|---------------------|-------------------|
| | 2014 | 2013 | 2012 |
| Investments in Real Estate | | | |
| Balance at beginning of period | \$ 2,557,865 | \$ 848,572 | \$ 821,648 |
| Additions during period: | | | |
| Acquisitions | — | 1,685,375 | — |
| Improvements | 61,557 | 23,918 | 40,566 |
| Deductions during period: | | | |
| Other | — | — | (13,642) |
| Balance at close of period | <u>\$ 2,619,422</u> | <u>\$ 2,557,865</u> | <u>\$ 848,572</u> |
| Accumulated Depreciation | | | |
| Balance at beginning of period | \$ (121,612) | \$ (92,500) | \$ (86,804) |
| Additions during period: | | | |
| Depreciation expense | (67,496) | (29,112) | (19,338) |
| Deductions during period: | | | |
| Other | — | — | 13,642 |

Balance at close of period

\$ (189,108) \$ (121,612) \$ (92,500)

Basis of Presentation and Summary of Significant Accounting Policies (Policies)

Basis of Presentation and Summary of Significant Accounting Policies (Policies)

12 Months Ended

Dec. 31, 2014

Accounting Policies [Abstract]

Principles of Consolidation and Basis of Presentation Predecessor Entities

Prior to October 15, 2013, Brookfield DTLA had not conducted any business as a separate company and had no material assets or liabilities. In accordance with accounting principles generally accepted in the United States of America (“GAAP”), the contribution of 333 South Hope and EYP Realty (together, the “Predecessor Entities”) constitute a transaction between entities under common control. A combination between entities that already share the same parent is not considered a business combination because there is no change in control at the parent level. Accordingly, the operations of the Predecessor Entities contributed to Brookfield DTLA by TRZ on October 15, 2013 are presented in the accompanying consolidated and combined financial statements as if they were owned by Brookfield DTLA for all historical periods presented and the assets and liabilities of BOA Plaza and EY Plaza were recorded at the carrying values reflected in the books and records of 333 South Hope and EYP Realty. As such, no gain or loss has been recorded in the consolidated statement of operations for the year ended December 31, 2013 due to this transaction. As a result of the transaction, TRZ’s interest in the Predecessor Entities was exchanged for a preferred and common interest in New OP and a preferred interest in DTLA OP. As a result of certain redemption features in the preferred instruments, these instruments have been classified in the consolidated balance sheet as mezzanine equity. See Note 6 “Mezzanine Equity.”

As used in these consolidated and combined financial statements and related notes, unless the context requires otherwise, the terms “Brookfield DTLA,” the “Company,” “us,” “we” and “our” refer to the combination of Brookfield DTLA Fund Office Trust Investor Inc. and the Predecessor Entities.

Principles of Consolidation and Combination and Basis of Presentation

The accompanying consolidated and combined financial statements are prepared in accordance with GAAP. The consolidated balance sheets as of December 31, 2014 and 2013 include the accounts of Brookfield DTLA and subsidiaries in which it has a controlling financial interest. The accompanying consolidated and combined statements of operations for the year ended December 31, 2013 include the accounts of the Predecessor Entities on a combined basis from January 1, 2013 through October 15, 2013 (the date of the merger); and the consolidated accounts of Brookfield DTLA from October 15, 2013 (the date of the merger) through December 31, 2013. The accompanying combined statements of operations for the year ended December 31, 2012 include the accounts of the Predecessor Entities on a combined basis. All intercompany transactions have been eliminated in consolidation and combination as of and for the years ended December 31, 2014, 2013 and 2012.

Consolidation of Variable Interest Entities

In determining whether Brookfield DTLA has a controlling financial interest in an entity and the requirement to consolidate the accounts of that entity, management considers factors such as ownership interest, board representation, management representation, authority to make decisions, and contractual and substantive participating rights of the partners/members as well as whether the entity is a variable interest entity (“VIE”) and Brookfield DTLA is the primary beneficiary.

A VIE is broadly defined as an entity where either (i) the equity investors as a group, if any, lack the power through voting or similar rights to direct the activities of an entity that most significantly impact the entity’s economic performance or (ii) the equity investment at risk is insufficient to finance that entity’s activities without additional subordinated financial support.

A variable interest holder is considered to be the primary beneficiary of a VIE if it has the power to direct the activities of a variable interest entity that most significantly impact the entity’s economic performance and has the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to the VIE. Brookfield DTLA qualitatively assesses whether it is (or is not) the primary beneficiary of a VIE.

Consideration of various factors includes, but is not limited to, Brookfield DTLA's ability to direct the activities that most significantly impact the VIE's economic performance, its form of ownership interest, its representation on the VIE's governing body, the size and seniority of its investment, its ability and the rights of other investors to participate in policy making decisions and its ability to replace the manager of and/or liquidate the entity.

The Company earns a return through an indirect investment in New OP. Brookfield DTLA Holdings, the parent of Brookfield DTLA, owns all of the common interest in New OP. Brookfield DTLA has an indirect preferred stock interest in New OP and its wholly owned subsidiary is the managing member of New OP.

The Company determined that New OP is a VIE and as a result of having the power to direct the significant activities of New OP and exposure to the economic performance of New OP, Brookfield DTLA meets the two conditions for being the primary beneficiary. Brookfield DTLA is required to continually evaluate its VIE relationships and consolidation conclusion.

Use of Estimates

Use of Estimates

The preparation of consolidated and combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated and combined financial statements and accompanying notes. For example, estimates and assumptions have been made with respect to fair values of assets and liabilities for purposes of applying the acquisition method of accounting, the useful lives of assets, recoverable amounts of receivables, impairment of long lived assets and fair value of debt. Actual results could ultimately differ from such estimates.

Recent Accounting Pronouncements

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2014-8, Presentation of Financial Statements and Property, Plant, and Equipment: Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, which requires entities to disclose only disposals representing a strategic shift in operations as discontinued operations. The new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The new standard is effective in the first quarter of 2015 for public organizations with calendar year-ends. Early adoption is permitted but only for disposals (or classifications as held for sale) that have not been reported in the financial statements previously issued. We do not believe that this update will have a material effect on Brookfield DTLA's consolidated financial statements in future periods.

In May 2014, the FASB issued ASU 2014-09 establishing Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. ASU 2014-09 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. ASU 2014-09 requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration that the entity expects to be entitled to receive in exchange for those goods or services and also requires certain additional disclosures. ASU 2014-09 is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2016. We are currently evaluating the impact of the adoption of ASU 2014-09 on Brookfield DTLA's consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15. Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. This topic provides guidance on management's responsibility to evaluate whether there is substantial doubt about a company's ability to continue as a going concern and requires related footnote disclosures. The amendments in this ASU are effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. We are currently evaluating the impact of the adoption of ASU 2014-09 on Brookfield DTLA's consolidated financial statements.

Business Combinations

Business Combinations—

Purchase accounting is applied to the assets and liabilities related to all real estate investments acquired from third parties. In accordance with FASB Accounting Standards Codification ("ASC") Topic 805, Business Combinations, the purchase price of the real estate acquired is allocated to the acquired tangible assets, consisting primarily

of land, building and tenant improvements, and identifiable intangible assets and liabilities, consisting of the value of above- and below-market leases, in-place leases, and tenant relationships, based in each case on their fair value.

The principal valuation technique employed by Brookfield DTLA in determining the fair value of identified assets acquired and liabilities assumed is the income approach, which is then compared to the cost approach. Tangible values for investments in real estate are calculated based on replacement costs for like type quality assets. Above- and below-market lease values are determined by comparing in-place rents with current market rents. In place lease amounts are determined by calculating the potential lost revenue during the replacement of the current leases in place. Leasing commissions and legal/marketing fees are determined based upon market allowances pro-rated over the remaining lease terms. Mortgage loans assumed in an acquisition are analyzed using current market terms for similar debt.

The value of the acquired above-market and below-market leases are amortized and recorded as either a decrease (in the case of above-market leases) or an increase (in the case of below-market leases) to rental income in the consolidated and combined statements of operations over the remaining term of the associated lease. The value of tenant relationships is amortized over the expected term of the relationship, which includes an estimated probability of lease renewal. The value of in-place leases is amortized as an expense over the remaining life of the leases. Amortization of tenant relationships and in place leases is included in depreciation and amortization in the consolidated and combined statements of operations.

Investments in Real Estate

Investments in Real Estate—

Land is carried at cost. Buildings are recorded at historical cost and are depreciated on a straight-line basis over the estimated useful life of the building, which is 60 years with an estimated salvage value of 5%. Building improvements are recorded at historical cost and are depreciated on a straight-line basis over their estimated useful lives, which range from 7 years to 13 years. Tenant improvements that are determined to be assets of Brookfield DTLA are recorded at cost; amortization is included in depreciation and amortization expense in the consolidated and combined statements of operations on a straight-line basis over the shorter of the useful life or the applicable lease term.

Depreciation expense related to investments in real estate during the years ended December 31, 2014, 2013 and 2012 was \$67.5 million, \$29.1 million and \$19.3 million, respectively.

Real estate is reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the real estate may not be recoverable. In such an event, a comparison is made of the current and projected operating cash flows of the property into the foreseeable future on an undiscounted basis to the carrying amount of the real estate. If the undiscounted cash flows expected to be generated by an asset are less than its carrying amount, an impairment provision would be recorded to write down the carrying amount of such asset to its fair value. Brookfield DTLA assesses fair value based on estimated cash flow projections utilizing appropriate discount and capitalization rates and available market information. Projections of future cash flow take into account the specific business plan for the property and management's best estimate of the most probable set of economic conditions expected to prevail in the market. Management believes no impairment of Brookfield DTLA's real estate assets existed at December 31, 2014 and 2013.

Cash and Cash Equivalents

Cash and Cash Equivalents—

Cash and cash equivalents include all cash and short-term investments with an original maturity of three months or less.

Restricted Cash

Restricted Cash—

Restricted cash consists primarily of deposits for tenant improvements and leasing commissions, real estate taxes and insurance reserves, debt service reserves and other items as required by our loan agreements.

Rents, Deferred Rents and Other Receivables, Net

Rents, Deferred Rents and Other Receivables, Net—

Differences between rental income and the contractual amounts due are recorded as deferred rents receivable in the consolidated balance sheet. Brookfield DTLA

evaluates its deferred rents receivable to consider if an allowance is necessary.

Rents, deferred rents and other receivables, net also includes any amounts paid to a tenant for improvements owned or costs incurred by the tenant are treated as tenant inducements and are presented in the consolidated balance sheet net of accumulated amortization totaling \$3.9 million and \$2.7 million as of December 31, 2014 and 2013, respectively. Amortization of tenant inducements is recorded on a straight-line basis over the term of the related lease as a reduction of rental income in the consolidated and combined statements of operations.

Brookfield DTLA periodically evaluates the collectability of amounts due from tenants and maintains an allowance for doubtful accounts in the consolidated balance sheet for estimated losses resulting from the inability of tenants to make required payments under the lease agreements. Management exercises judgment in establishing these allowances and considers payment history and current credit status in developing these estimates.

The allowance for doubtful accounts for Brookfield DTLA totaled \$0.4 million and \$0.4 million as of December 31, 2014 and 2013, respectively. For the years ended December 31, 2014 and 2013, Brookfield DTLA recorded provisions for doubtful accounts of \$24 thousand and \$0.4 million, respectively. There was no provision for doubtful accounts recorded during the year ended December 31, 2012.

Deferred Charges, Net

Deferred Charges, Net—

Leasing costs, primarily commissions related to leasing activities, are deferred and are presented as deferred charges in the consolidated balance sheet net of accumulated amortization totaling \$28.3 million and \$17.9 million as of December 31, 2014 and 2013, respectively. Deferred leasing costs amortized on a straight-line basis over the terms of the related leases as part of depreciation and amortization in the consolidated and combined statements of operations.

Prepaid and Other Assets, Net

Prepaid and Other Assets, Net—

Prepaid and other assets include prepaid insurance, prepaid real estate taxes and other operating costs.

Mortgage Loans, Net

Mortgage Loans, Net—

Mortgage loans are presented in the consolidated balance sheet net of unamortized debt discounts totaling \$6.9 million and \$11.9 million as of December 31, 2014 and 2013, respectively.

Debt discounts totaling \$5.0 million, \$0.8 million and \$0.6 million were amortized during the years ended December 31, 2014, 2013 and 2012, respectively, over the terms of the related mortgage loans on a basis that approximates the effective interest method and were included as part of interest expense in the consolidated and combined statements of operations.

Revenue Recognition

Revenue Recognition—

Rental income from leases providing for periodic increases in base rent is recognized on a straight-line basis over the noncancelable term of the respective leases. Recoveries of operating expenses and real estate taxes are recorded as tenant reimbursements in the consolidated and combined statements of operations in the period during which the expenses are incurred.

Income Taxes

Income Taxes—

Brookfield DTLA has elected to be taxed as a real estate investment trust (“REIT”) pursuant to Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”), commencing with its tax year ended December 31, 2013. Brookfield DTLA intends to conduct its operations so as to continue to qualify as a REIT. Accordingly, Brookfield DTLA is not subject to U.S. federal income tax, provided that it continues to qualify as a REIT and distributions to its stockholders, if any, generally equal or exceed its taxable income.

Qualification and taxation as a REIT depends upon Brookfield DTLA’s ability to meet the various qualification tests imposed under the Code related to annual operating results, asset diversification, distribution levels and diversity of stock ownership. Accordingly, no assurance can be given that Brookfield DTLA will be organized or be

able to operate in a manner so as to continue to qualify as a REIT. If Brookfield DTLA fails to qualify as a REIT in any taxable year, it will be subject to federal and state income tax on its taxable income at regular corporate tax rates, and it may be ineligible to qualify as a REIT for four subsequent tax years. Brookfield DTLA may also be subject to certain state or local income taxes, or franchise taxes on its REIT activities.

Brookfield DTLA has made no provision for income taxes in its consolidated and combined financial statements for the years ended December 31, 2014, 2013 and 2012. Brookfield DTLA's taxable income or loss is different than its financial statement income or loss.

Brookfield DTLA recognizes tax benefits from uncertain tax positions when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more likely than not recognition threshold. Brookfield DTLA had no unrecognized tax benefits of December 31, 2014 and 2013, and Brookfield DTLA does not expect its unrecognized tax benefits balance to change during the next 12 months. Brookfield DTLA's 2013 tax year remains open due to the statute of limitations and may be subject to examination by federal, state and local authorities. The Predecessor Entities' 2010, 2011 and 2012 tax years as well as the Predecessor Entities' short tax period ended October 15, 2013 remain open due to the statute of limitations and may be subject to examination by federal, state and local tax authorities.

Derivative Financial Instruments

Derivative Financial Instruments—

Brookfield DTLA uses interest rate swap and cap contracts to manage risk from fluctuations in interest rates as well as to hedge anticipated future financing transactions. Interest rate swaps involve the receipt of variable-rate amounts in exchange for fixed-rate payments over the life of the agreements without exchange of the underlying principal amount. Interest rate caps involve the receipt of variable-rate amounts beyond a specified strike price over the life of the agreements without exchange of the underlying principal amount. The Company believes these agreements are with counterparties who are creditworthy financial institutions.

Brookfield DTLA adheres to the provisions of ASC Subtopic 815-10-15, Derivatives and Hedging ("ASC 815-10-15"). ASC 815-10-15 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires the recognition of all derivative instruments as assets or liabilities in the Company's consolidated balance sheet at fair value. Changes in the fair value of derivative instruments that are not designated as hedges, or that do not meet the hedge accounting criteria in ASC 815-10-15, are required to be reported through the statement of operations. Brookfield DTLA has elected to designate its interest rate swap as a cash flow hedge.

Segment Reporting

Segment Reporting

Brookfield DTLA operates in a single reportable segment referred to as its office segment, which includes the operation and management of commercial office properties. Each of Brookfield DTLA's operating properties is considered a separate operating segment, as each property earns revenues and incurs expenses, individual operating results are reviewed and discrete financial information is available. Management does not distinguish or group Brookfield DTLA's consolidated operations based on geography, size or type. Brookfield DTLA's operating properties have similar economic characteristics and provide similar products and services to tenants. As a result, Brookfield DTLA's operating properties are aggregated into a single reportable segment.

Accounting for Conditional Asset Retirement Obligations

Accounting for Conditional Asset Retirement Obligations

Brookfield DTLA has evaluated whether it has any conditional asset retirement obligations, which are a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional upon future events that may or may not be within an entity's control. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. Accordingly, Brookfield DTLA recognized a liability for a conditional asset retirement obligation.

Acquisition of MPG Office Trust, Inc. (Tables)*Acquisition of MPG Office Trust,
Inc. (Tables)***12 Months Ended****Dec. 31, 2014****MPG Acquisition [Abstract]**Schedule of the Components of the
Purchase Price Paid in Connection
with the MPG AcquisitionThe components of the purchase price paid by Brookfield DTLA in connection
with the MPG acquisition are as follows:

| | |
|--|------------------------------|
| MPG common stock and noncontrolling common units | 57,540,216 |
| MPG in-the-money equity awards | <u>2,524,079</u> |
| | 60,064,295 |
| Merger consideration per common share | <u>\$ 3.15</u> |
| Cash consideration – common stock | <u>\$ 189,202,529</u> |
| Fair value of Series A preferred stock issued by Brookfield DTLA | <u>252,989,620</u> |
| Total purchase price | <u><u>\$ 442,192,149</u></u> |

Schedule of Fair Value Assigned to
the Identified Assets Acquired and
Liabilities AssumedThe following is the final fair value assigned to the identified assets acquired
and liabilities assumed (in millions):

| | |
|---|--------------------|
| Purchase price | <u>\$ 442</u> |
| Identified Assets Acquired: | |
| Investments in real estate | \$ 1,685 |
| Cash and cash equivalents | 156 |
| Restricted cash | 41 |
| Rents, deferred rents and other receivables | 3 |
| Intangible assets | 142 |
| Deferred charges | 32 |
| Prepaid and other assets | 2 |
| Liabilities Assumed: | |
| Mortgage loans | (1,532) |
| Accounts payable and other liabilities | (47) |
| Intangible liabilities | <u>(40)</u> |
| Total identified assets acquired, net | <u>442</u> |
| Residual amount | <u><u>\$ —</u></u> |

Schedule of Condensed Pro Forma
Financial InformationCondensed pro forma financial information for the years ended
December 31, 2013 and 2012, assuming the MPG acquisition had occurred as of
January 1, 2012, is presented below for comparative purposes (in millions):

| | For the Year Ended December 31, | |
|---------------|---------------------------------|-------------|
| | 2013 | 2012 |
| | | (Unaudited) |
| Total revenue | \$ 272.8 | \$ 280.0 |
| Net loss | (103.4) | (86.6) |

Intangible Assets and Liabilities (Tables)*Intangible Assets and Liabilities
(Tables)***12 Months Ended****Dec. 31, 2014***Intangible Assets and Liabilities
[Abstract]*

Summary of Intangible Assets and Liabilities

Brookfield DTLA's intangible assets and liabilities are summarized as follows (in thousands):

| | <u>December 31, 2014</u> | <u>December 31, 2013</u> |
|-----------------------------|--------------------------|--------------------------|
| Intangible Assets | | |
| In-place leases | \$ 110,519 | \$ 110,380 |
| Tenant relationships | 46,248 | 46,248 |
| Above-market leases | <u>39,936</u> | <u>38,913</u> |
| | 196,703 | 195,541 |
| Accumulated amortization | <u>(70,876)</u> | <u>(38,453)</u> |
| Intangible assets, net | <u>\$ 125,827</u> | <u>\$ 157,088</u> |
| Intangible Liabilities | | |
| Below-market leases | \$ 76,344 | \$ 76,438 |
| Accumulated amortization | <u>(38,619)</u> | <u>(31,637)</u> |
| Intangible liabilities, net | <u>\$ 37,725</u> | <u>\$ 44,801</u> |

Schedule of Finite-lived Intangible Assets and Liabilities Amortization Expense and Rental Income

The impact of the amortization of acquired below-market leases, net of acquired above-market leases, on rental income and of acquired in-place leases and tenant relationships on depreciation and amortization expense is as follows (in thousands):

| | <u>For the Year Ended December 31,</u> | | |
|---------------------------------------|--|-------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Rental income | \$ 3,059 | \$ 5,321 | \$ 2,159 |
| Depreciation and amortization expense | 26,872 | 10,111 | 5,745 |

Schedule of Estimate of Amortization/Accretion of Intangible Assets and Liabilities During Next Five Years and Thereafter

As of December 31, 2014, the estimate of the amortization/accretion of intangible assets and liabilities during the next five years and thereafter is as follows (in thousands):

| | <u>In-Place Leases</u> | <u>Other Intangible Assets</u> | <u>Intangible Liabilities</u> |
|------------|----------------------------|------------------------------------|-----------------------------------|
| 2015 | \$ 16,652 | \$ 8,776 | \$ 7,457 |
| 2016 | 13,879 | 7,896 | 6,597 |
| 2017 | 10,776 | 5,701 | 5,944 |
| 2018 | 7,787 | 4,600 | 4,176 |
| 2019 | 6,526 | 4,363 | 3,515 |
| Thereafter | <u>20,926</u> | <u>17,945</u> | <u>10,036</u> |
| | <u>\$ 76,546</u> | <u>\$ 49,281</u> | <u>\$ 37,725</u> |

Mortgage Loans (Tables)

Mortgage Loans (Tables)

12 Months Ended

Dec. 31, 2014

Debt Disclosure [Abstract]

Schedule of Debt

Brookfield DTLA's debt is as follows (in thousands, except percentage amounts):

| | Contractual Maturity Date | Interest Rate | Principal Amount as of | |
|---|------------------------------|---------------|------------------------|---------------------|
| | | | December 31, 2014 | December 31, 2013 |
| Floating-Rate Debt | | | | |
| Variable-Rate Loans: | | | | |
| Wells Fargo Center-South Tower (1) | 12/1/2016 | 1.96% | \$ 290,000 | \$ 290,000 |
| 777 Tower (2) | 11/1/2018 | 1.86% | 200,000 | 200,000 |
| Figueroa at 7th (3) | 9/10/2017 | 2.41% | 35,000 | — |
| Total variable-rate loans | | | <u>525,000</u> | <u>490,000</u> |
| Variable-Rate Swapped to Fixed-Rate Loan: | | | | |
| EY Plaza (4) | 11/27/2020 | 3.93% | 185,000 | 185,000 |
| Total floating-rate debt | | | <u>710,000</u> | <u>675,000</u> |
| Fixed-Rate Debt: | | | | |
| Wells Fargo Center-North Tower | 4/6/2017 | 5.70% | 550,000 | 550,000 |
| Gas Company Tower | 8/11/2016 | 5.10% | 458,000 | 458,000 |
| BOA Plaza | 9/1/2024 | 4.05% | 400,000 | — |
| Total fixed-rate debt | | | <u>1,408,000</u> | <u>1,008,000</u> |
| Debt Refinanced: | | | | |
| BOA Plaza | | | — | 170,191 |
| BOA Plaza | | | — | 44,321 |
| Total debt refinanced | | | <u>—</u> | <u>214,512</u> |
| Total debt | | | 2,118,000 | 1,897,512 |
| Debt discounts | | | (6,865) | (11,907) |
| Total debt, net | | | <u>\$ 2,111,135</u> | <u>\$ 1,885,605</u> |

- (1) This loan bears interest at LIBOR plus 1.80%. As required by the loan agreement, we have entered into an interest rate cap agreement that limits the LIBOR portion of the interest rate to 4.75%. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).
- (2) This loan bears interest at LIBOR plus 1.70%. As required by the loan agreement, we have entered into an interest rate cap agreement that limits the LIBOR portion of the interest rate to 5.75%. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).
- (3) This loan bears interest at LIBOR plus 2.25%. Brookfield DTLA has two options to extend the maturity date of this loan, each for a period of 12 months, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).
- (4) This loan bears interest at LIBOR plus 1.75%. As required by the loan agreement, we have entered into an interest rate swap agreement to hedge this loan, which effectively fixes the LIBOR portion of the interest rate at 2.178%. The effective interest rate of 3.93% includes interest on the swap.

Schedule of Debt to be Repaid During the Next Five Years and Thereafter

As of December 31, 2014, our debt to be repaid during the next five years and thereafter is as follows (in thousands):

| | | |
|------------|-----------|------------------|
| 2015 | \$ | 311 |
| 2016 | | 751,831 |
| 2017 | | 589,026 |
| 2018 | | 204,232 |
| 2019 | | 4,449 |
| Thereafter | | 568,151 |
| | <u>\$</u> | <u>2,118,000</u> |

Mezzanine Equity (Tables)*Mezzanine Equity (Tables)***12 Months Ended****Dec. 31, 2014****Temporary Equity Disclosure
[Abstract]**Summary of the Change in
Mezzanine EquityA summary of the change in mezzanine equity is as follows (in thousands,
except share amounts):

| | Number of Shares of Series A Preferred Stock | Series A Preferred Stock | Noncontrolling Interests | | Total Mezzanine Equity |
|---|--|--------------------------------|-------------------------------------|--|------------------------------|
| | | | Series A-1 Preferred Interest | Senior Participating Preferred Interest | |
| Balance, December 31, 2012 | — | \$ — | \$ — | \$ — | \$ — |
| Issuance of Series A preferred stock | 9,730,370 | 252,990 | | | 252,990 |
| Issuance of Series A-1 preferred interest | | | 234,767 | | 234,767 |
| Issuance of senior participating preferred interest | | | | 254,280 | 254,280 |
| Cumulative dividends | | 3,864 | 3,586 | 3,500 | 10,950 |
| Redemption measurement adjustment | | 82,247 | 76,305 | | 158,552 |
| Balance, December 31, 2013 | 9,730,370 | 339,101 | 314,658 | 257,780 | 911,539 |
| Current dividends | | 18,548 | 17,213 | 10,044 | 45,805 |
| Redemption measurement adjustment | | | | 2,256 | 2,256 |
| Cash distributions | | | | (220,000) | (220,000) |
| Balance, December 31, 2014 | <u>9,730,370</u> | <u>\$ 357,649</u> | <u>\$ 331,871</u> | <u>\$ 50,080</u> | <u>\$ 739,600</u> |

Accumulated Other Comprehensive (Loss) Income (Tables)*Accumulated Other Comprehensive
(Loss) Income (Tables)***12 Months Ended****Dec. 31, 2014***Accumulated Other Comprehensive
Income (Loss) Disclosure [Abstract]*Summary of the Change in
Accumulated Other Comprehensive
(Loss) Income Related to Cash Flow
HedgesA summary of the change in accumulated other comprehensive (loss) income
related to Brookfield DTLA's cash flow hedges is as follows (in thousands):

| | For the Year Ended December 31, | | |
|--|---------------------------------|----------|------|
| | 2014 | 2013 | 2012 |
| Balance at beginning of year | \$ 1,007 | \$ — | \$ — |
| Other comprehensive (loss) gain before reclassifications | (5,344) | 1,007 | — |
| Amounts reclassified from accumulated other comprehensive (loss) income | — | — | — |
| Net current-period other comprehensive (loss) gain | (5,344) | 1,007 | — |
| Balance at end of year | \$ (4,337) | \$ 1,007 | \$ — |

Fair Value Measurements (Tables)

Fair Value Measurements (Tables)

12 Months Ended

Dec. 31, 2014

Fair Value Disclosures [Abstract]

Schedule of (Liabilities) Assets
Measured at Fair Value on a
Recurring Basis, Aggregated by the
Level in the Fair Value Hierarchy

Brookfield DTLA's (liabilities) assets measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows (in thousands):

| | Total Fair Value | Fair Value Measurements Using | | |
|------------------------|------------------------|--|--|---|
| | | Quoted Prices in Active Markets for Identical (Liabilities) Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Interest rate swap at: | | | | |
| December 31, 2014 | \$ (4,337) | \$ — | \$ (4,337) | \$ — |
| December 31, 2013 | 1,007 | — | 1,007 | — |
| December 31, 2012 | — | — | — | — |
| Interest rate caps at: | | | | |
| December 31, 2014 | \$ 190 | \$ — | \$ 190 | \$ — |
| December 31, 2013 | 1,600 | — | 1,600 | — |
| December 31, 2012 | — | — | — | — |

Financial Instruments (Tables)*Financial Instruments (Tables)***12 Months Ended****Dec. 31, 2014****Investments, All Other Investments
[Abstract]**Summary of the Fair Value of
Derivative Financial InstrumentsA summary of the fair value of Brookfield DTLA's derivative financial
instruments is as follows (in thousands):

| | Fair Value as of | |
|--|-------------------|-------------------|
| | December 31, 2014 | December 31, 2013 |
| Derivatives designated as cash flow hedging instruments: | | |
| Interest rate swap | \$ (4,337) | \$ 1,007 |

Summary of the Effect of Derivative
Financial Instruments Reported in the
Consolidated and Combined Financial
StatementsA summary of the effect of derivative financial instruments reported in the
consolidated and combined financial statements is as follows (in thousands):

| | Amount of (Loss) Gain | Amount of Gain (Loss) |
|--|--------------------------|---|
| | Recognized in AOCL | Reclassified from AOCL to Statement of Operations |
| Derivatives designated as cash flow hedging instruments: | | |
| Interest rate swap for the year ended: | | |
| December 31, 2014 | \$ (5,344) | \$ — |
| December 31, 2013 | 1,007 | — |
| December 31, 2012 | — | — |

Schedule of Notional Amounts of
Interest Rate Caps Pursuant to the
Terms of Certain Mortgage
AgreementsBrookfield DTLA holds interest rate caps pursuant to the terms of certain of its
mortgage agreements with the following notional amounts (in thousands):

| | December 31, 2014 | December 31, 2013 |
|--------------------------------|-------------------|-------------------|
| Wells Fargo Center–South Tower | \$ 290,000 | \$ 290,000 |
| 777 Tower | 200,000 | 200,000 |
| | <u>\$ 490,000</u> | <u>\$ 490,000</u> |

Summary of the Estimated Fair Value
and Carrying Amount of Mortgage
LoansThe estimated fair value and carrying amount of Brookfield DTLA's mortgage
loans are as follows (in thousands):

| | December 31, 2014 | December 31, 2013 |
|----------------------|-------------------|-------------------|
| Estimated fair value | \$ 2,133,158 | \$ 1,890,436 |
| Carrying amount | 2,118,000 | 1,897,512 |

Related Party Transactions (Tables)**Related Party Transactions (Tables)****12 Months Ended****Dec. 31, 2014****Related Party Transactions
[Abstract]****Summary of Costs Incurred Under
Agreements with Related Parties**

A summary of costs incurred by Brookfield DTLA and the Predecessor Entities under this arrangement, which are included in rental property operating and maintenance expense in the consolidated and combined statements of operations, is as follows (in thousands):

| | For the Year Ended December 31. | | |
|-------------------|---------------------------------|----------|----------|
| | 2014 | 2013 | 2012 |
| Insurance expense | \$ 8,466 | \$ 4,949 | \$ 4,664 |

A summary of costs incurred by Brookfield DTLA and the Predecessor Entities under these arrangements, which are included in rental property operating and maintenance expense in the consolidated and combined statements of operations, is as follows (in thousands):

| | For the Year Ended December 31. | | |
|---|---------------------------------|----------|----------|
| | 2014 | 2013 | 2012 |
| Property management fee expense | \$ 8,135 | \$ 3,667 | \$ 2,670 |
| Asset management fee expense | 6,109 | 1,320 | — |
| General, administrative and reimbursable expenses | 2,509 | 1,190 | 1,278 |
| Leasing and construction management fees | 3,626 | 786 | 1,137 |

Rental Income (Tables)

Rental Income (Tables)

12 Months Ended

Dec. 31, 2014

Leases [Abstract]

Schedule of Future Minimum Rental
Income Under Noncancelable Tenant
Operating Leases

The future minimum rental income (on a non–straight–line basis) to be received
under noncancelable tenant operating leases in effect as of December 31, 2014 is as
follows (in thousands):

| | | |
|------------|----|------------------|
| 2015 | \$ | 133,021 |
| 2016 | | 132,017 |
| 2017 | | 130,626 |
| 2018 | | 116,079 |
| 2019 | | 106,995 |
| Thereafter | | 471,958 |
| | \$ | <u>1,090,696</u> |

Quarterly Financial Information (Unaudited) (Tables)

*Quarterly Financial Information
(Unaudited) (Tables)*

12 Months Ended

Dec. 31, 2014

*Quarterly Financial Information
Disclosure [Abstract]*

Schedule of Quarterly Financial
Information (Unaudited)

| | <u>First Quarter</u> | <u>Second Quarter</u> | <u>Third Quarter</u> | <u>Fourth Quarter</u> |
|--|----------------------|-----------------------|----------------------|-----------------------|
| | (In thousands) | | | |
| Year Ended December 31, 2014 | | | | |
| Revenue | \$ 68,677 | \$ 74,358 | \$ 75,697 | \$ 75,429 |
| Expenses | <u>84,002</u> | <u>85,757</u> | <u>90,601</u> | <u>86,793</u> |
| Net loss | (15,325) | (11,399) | (14,904) | (11,364) |
| Net loss attributable to noncontrolling interests: | | | | |
| Series A-1 preferred interest – current dividends | (4,303) | (4,303) | (4,303) | (4,304) |
| Senior participating preferred interest – current dividends | (4,133) | (3,102) | (2,232) | (577) |
| Senior participating preferred interest – redemption measurement adjustment | (198) | (930) | (97) | (1,031) |
| Series B common interest – allocation of net loss | <u>14,967</u> | <u>12,756</u> | <u>13,699</u> | <u>11,469</u> |
| Net loss attributable to Brookfield DTLA | (8,992) | (6,978) | (7,837) | (5,807) |
| Series A preferred stock – current dividends | <u>(4,637)</u> | <u>(4,637)</u> | <u>(4,637)</u> | <u>(4,637)</u> |
| Net loss available to common interest holders of Brookfield DTLA | <u>\$ (13,629)</u> | <u>\$ (11,615)</u> | <u>\$ (12,474)</u> | <u>\$ (10,444)</u> |
| Year Ended December 31, 2013 ⁽¹⁾ | | | | |
| Revenue | \$ 23,920 | \$ 25,124 | \$ 25,234 | \$ 64,444 |
| Expenses | <u>23,374</u> | <u>24,522</u> | <u>24,203</u> | <u>81,897</u> |
| Net income (loss) | 546 | 602 | 1,031 | (17,453) |
| Net income attributable to TRZ Holdings IV LLC | | | | |
| | (546) | (602) | (1,031) | (156) |
| Net loss attributable to noncontrolling interests: | | | | |
| Series A-1 preferred interest – cumulative dividends | — | — | — | (3,586) |
| Series A-1 preferred interest – redemption measurement adjustment | — | — | — | (76,305) |
| Senior participating preferred interest – cumulative dividends | — | — | — | (3,500) |
| Series B common interest – allocation of net loss | <u>—</u> | <u>—</u> | <u>—</u> | <u>97,934</u> |
| Net loss attributable to Brookfield DTLA | — | — | — | (3,066) |
| Series A preferred stock – cumulative dividends | — | — | — | (3,864) |
| Series A preferred stock – redemption measurement adjustment | <u>—</u> | <u>—</u> | <u>—</u> | <u>(82,247)</u> |
| Net loss available to common interest holders of Brookfield DTLA | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ (89,177)</u> |

(1) On October 15, 2013, Brookfield DTLA completed the acquisition of MPG pursuant to the terms of the Merger Agreement. See Note 3 “Acquisition of MPG Office Trust, Inc.”

Investments in Real Estate (Tables)

Investments in Real Estate (Tables)

12 Months Ended

Dec. 31, 2014

SEC Schedule III, Real Estate and Accumulated Depreciation Disclosure [Abstract]

Summary of Information Related to Investments in Real Estate

A summary of information related to Brookfield DTLA's investments in real estate as of December 31, 2014 is as follows (in thousands):

| | Encumbrances | Initial Cost to Company | | Costs Capitalized Subsequent to Acquisition | | Gross Amount at Which Carried at Close of Period | | | Accumulated Depreciation (2) | Year Acquired (a) or Con-structed (c) |
|--|--------------------|-------------------------|-----------------------------|---|----------------|--|-----------------------------|--------------------|------------------------------|---------------------------------------|
| | | Land | Buildings and Improve-ments | Improve-ments | Carrying Costs | Land | Buildings and Improve-ments | Total (1) | | |
| Los Angeles, CA Wells Fargo Center—North Tower 333 S. Grand Avenue BOA Plaza | \$ 550,000 | \$ 41,024 | \$ 456,363 | \$ 19,134 | \$ — | \$ 41,024 | \$ 475,497 | \$ 516,521 | \$ (18,488) | 2013 (a) |
| 333 S. Hope Street Wells Fargo Center—South Tower 355 S. Grand Avenue Gas Company Tower 525–555 W. Fifth Street EY Plaza (3) 725 S. Figueroa Street 777 Tower 777 S. Figueroa Street Miscellaneous investments | 400,000 | 54,163 | 354,422 | 43,430 | — | 54,163 | 397,852 | 452,015 | (73,684) | 2006 (a) |
| | 290,000 | 21,231 | 401,149 | 9,598 | — | 21,231 | 410,747 | 431,978 | (13,192) | 2013 (a) |
| | 458,000 | 20,742 | 396,159 | 5,668 | — | 20,742 | 401,827 | 422,569 | (11,222) | 2013 (a) |
| | 220,000 | 47,385 | 286,982 | 104,372 | — | 47,385 | 391,354 | 438,739 | (60,795) | 2006 (a) |
| | 200,000 | 38,010 | 303,697 | 8,878 | — | 38,010 | 312,575 | 350,585 | (11,727) | 2013 (a) |
| | — | 7,000 | — | 15 | — | 7,000 | 15 | 7,015 | — | |
| | <u>\$2,118,000</u> | <u>\$229,555</u> | <u>\$2,198,772</u> | <u>\$,191,095</u> | <u>\$ —</u> | <u>\$229,555</u> | <u>\$2,389,867</u> | <u>\$2,619,422</u> | <u>\$(189,108)</u> | |

- (1) The aggregate gross cost of Brookfield DTLA's investments in real estate for federal income tax purposes approximated \$2.8 billion as of December 31, 2014.
- (2) Depreciation in the consolidated and combined statements of operations is computed on a straight-line basis over the following estimated useful lives: buildings (60 years, with an estimated salvage value of 5%), building improvements (ranging from 7 years to 13 years), and tenant improvements (the shorter of the useful life or the applicable lease term).
- (3) Includes the mortgage loan encumbering the Figueroa at 7th retail property.

Schedule of Reconciliation of Investments in Real Estate and Accumulated Depreciation

The following is a reconciliation of Brookfield DTLA's and the Predecessor Entities' investments in real estate and accumulated depreciation (in thousands):

| | For the Year Ended December 31 | | |
|--------------------------------|--------------------------------|---------------------|--------------------|
| | 2014 | 2013 | 2012 |
| Investments in Real Estate | | | |
| Balance at beginning of period | \$ 2,557,865 | \$ 848,572 | \$ 821,648 |
| Additions during period: | | | |
| Acquisitions | — | 1,685,375 | — |
| Improvements | 61,557 | 23,918 | 40,566 |
| Deductions during period: | | | |
| Other | — | — | (13,642) |
| Balance at close of period | <u>\$ 2,619,422</u> | <u>\$ 2,557,865</u> | <u>\$ 848,572</u> |
| Accumulated Depreciation | | | |
| Balance at beginning of period | \$ (121,612) | \$ (92,500) | \$ (86,804) |
| Additions during period: | | | |
| Depreciation expense | (67,496) | (29,112) | (19,338) |
| Deductions during period: | | | |
| Other | — | — | 13,642 |
| Balance at close of period | <u>\$ (189,108)</u> | <u>\$ (121,612)</u> | <u>\$ (92,500)</u> |

Organization and Description of Business – Narrative (Details) (USD \$)

| <i>Organization and Description of Business – Narrative (Details) (USD \$)</i> | 0 Months Ended | | 12 Months Ended | | | 0 Months Ended | 0 Months Ended | | |
|--|---|--|---|---|---|--------------------------------------|--|---|---|
| | Oct. 14, 2013 TRZ Holdings IV LLC 333 South Hope and EYP Realty | Oct. 14, 2013 BPO TRZ Holdings IV LLC | Oct. 15, 2013 Series A preferred stock | Dec. 31, 2014 Series A preferred stock | Dec. 31, 2013 Series A preferred stock | Oct. 15, 2013 MPG preferred stock | Oct. 15, 2013 MPG Office Trust, Inc. Common stock | Oct. 15, 2013 MPG Office Trust, Inc. MPG preferred stock | Oct. 15, 2013 MPG Office Trust, Inc. MPG preferred stock |
| <i>Organization and Description of Business [Line Items]</i> | | | | | | | | | |
| Preferred stock, dividend rate, percentage | | | 7.625% | 7.625% | 7.625% | 7.625% | | | |
| Percentage ownership | 100.00% | 84.00% | | | | | | | |
| Business acquisition, share price (in USD per share) | | | | | | | \$ 3.15 | | |
| Tender offer price (in USD per share) | | | | | | | | | \$ 25.00 |
| Shares repurchased in tender offer (in shares) | | | | | | | | 372,901 | |
| Issued and outstanding shares exchanged to Series A preferred stock | | | | 1 | | | | | |

Basis of Presentation and Summary of Significant Accounting Policies – Narrative (Details) (USD \$)

| <i>Basis of Presentation and Summary of Significant Accounting Policies – Narrative (Details) (USD \$)</i> | 12 Months Ended | | | 0 Months Ended | 12 Months Ended | | | | |
|--|-----------------|---------------|---------------|------------------------|---|---|---|---|---|
| | Dec. 31, 2014 | Dec. 31, 2013 | Dec. 31, 2012 | Dec. 31, 2014 Building | Sep. 12, 2014 BOP Management Inc. Promissory note to BOP Management, Inc. | Dec. 31, 2013 BOP Management Inc. Promissory note to BOP Management, Inc. | Oct. 11, 2013 BOP Management Inc. Promissory note to BOP Management, Inc. | Dec. 31, 2014 Minimum Building improvements | Dec. 31, 2014 Maximum Building improvements |
| <i>Basis of Presentation and Summary of Significant Accounting Policies [Line Items]</i> | | | | | | | | | |
| Business combination, gain (loss) recognized | | \$ 0 | | | | | | | |
| Useful life | | | | 60 years | | | | 7 years | 13 years |
| Estimated salvage value | | | | 5.00% | | | | | |
| Depreciation | 67,500,000 | 29,100,000 | 19,300,000 | | | | | | |
| Impairment of real estate assets | 0 | 0 | | | | | | | |
| Tenant inducements, accumulated amortization | 3,900,000 | 2,700,000 | | | | | | | |
| Allowance for doubtful accounts | 400,000 | 400,000 | | | | | | | |
| Provision for doubtful accounts | 24,000 | 357,000 | 0 | | | | | | |
| Promissory note | | | | | | 25,000,000 | 25,000,000 | | |
| Repayment of debt on intercompany loan | | | | | 25,800,000 | | | | |
| Deferred leasing costs, accumulated amortization | 28,300,000 | 17,900,000 | | | | | | | |
| Unamortized debt discounts | 6,865,000 | 11,907,000 | | | | | | | |
| Amortization of debt discounts | 5,042,000 | 799,000 | 610,000 | | | | | | |
| Provision for income taxes | 0 | 0 | 0 | | | | | | |
| Unrecognized tax benefits | \$ 0 | \$ 0 | | | | | | | |

Acquisition of MPG Office Trust, Inc. – Schedule of the Components of the Purchase Price Paid in Connection with the MPG Acquisition (Details) (USD \$)

0 Months Ended

Acquisition of MPG Office Trust, Inc. – Schedule of the Components of the Purchase Price Paid in Connection with the MPG Acquisition (Details) (USD \$)

| | Dec. 31, 2014 | Dec. 31, 2013 | Oct. 15, 2013 MPG Office Trust, Inc. | Oct. 15, 2013 MPG Office Trust, Inc. MPG common stock | Oct. 15, 2013 MPG Office Trust, Inc. Series A preferred stock |
|--|--------------------------|--------------------------|---|--|--|
| <i>Business Acquisition [Line Items]</i> | | | | | |
| MPG common stock and noncontrolling common units (in shares) | 1,000 | 1,000 | | 57,540,216 | |
| MPG in-the-money equity awards (in shares) | | | | 2,524,079 | |
| Total shares (in shares) | | | | 60,064,295 | |
| Merger consideration per common share (in USD per share) | | | | \$ 3.15 | |
| Purchase price | | | \$ 442,192,149 | \$ 189,202,529 | |
| Fair value of Series A preferred stock issued by Brookfield DTLA | | | | | \$ 252,989,620 |

Acquisition of MPG Office Trust, Inc. – Schedule of Fair Value Assigned to the Identified Assets Acquired and Liabilities Assumed (Details) (MPG Office Trust, Inc., USD \$)

Acquisition of MPG Office Trust, Inc. – Schedule of Fair Value Assigned to the Identified Assets Acquired and Liabilities Assumed (Details) (MPG Office Trust, Inc., USD \$)

0 Months Ended

Oct. 15, 2013

MPG Office Trust, Inc.

Business Acquisition [Line Items]

Purchase price \$ 442,192,149

Identified Assets Acquired:

Investments in real estate 1,685,000,000

Cash and cash equivalents 156,000,000

Restricted cash 41,000,000

Rents, deferred rents and other receivables 3,000,000

Intangible assets 142,000,000

Deferred charges 32,000,000

Prepaid and other assets 2,000,000

Liabilities Assumed:

Mortgage loans (1,532,000,000)

Accounts payable and other liabilities (47,000,000)

Intangible liabilities (40,000,000)

Total identified assets acquired, net 442,000,000

Residual amount \$ 0

Acquisition of MPG Office Trust, Inc. – Schedule of Condensed Pro Forma Financial Information (Details) (MPG Office Trust, Inc., USD \$)

Acquisition of MPG Office Trust, Inc. – Schedule of Condensed Pro Forma Financial Information (Details) (MPG Office Trust, Inc., USD \$)

12 Months Ended

In Millions, unless otherwise specified

Dec. 31, 2013

Dec. 31, 2012

MPG Office Trust, Inc.

Business Acquisition [Line Items]

| | | |
|---------------|------------|-----------|
| Total revenue | \$ 272.8 | \$ 280.0 |
| Net loss | \$ (103.4) | \$ (86.6) |

Intangible Assets and Liabilities – Summary of Intangible Assets and Liabilities (Details) (USD \$)***Intangible Assets and Liabilities –
Summary of Intangible Assets and
Liabilities (Details) (USD \$)
In Thousands, unless otherwise
specified*****Dec. 31, 2014****Dec. 31, 2013*****Acquired Finite-Lived Intangible
Assets and Liabilities [Line Items]***

| | | |
|-----------------------------|----------------|----------------|
| Intangible assets, gross | \$ 196,703 | \$ 195,541 |
| Accumulated amortization | (70,876) | (38,453) |
| Intangible assets, net | <u>125,827</u> | <u>157,088</u> |
| Below-market leases | 76,344 | 76,438 |
| Accumulated amortization | (38,619) | (31,637) |
| Intangible liabilities, net | <u>37,725</u> | <u>44,801</u> |
| In-place leases | | |

***Acquired Finite-Lived Intangible
Assets and Liabilities [Line Items]***

| | | |
|--------------------------|---------------|---------|
| Intangible assets, gross | 110,519 | 110,380 |
| Intangible assets, net | <u>76,546</u> | |
| Tenant relationships | | |

***Acquired Finite-Lived Intangible
Assets and Liabilities [Line Items]***

| | | |
|--------------------------|--------|--------|
| Intangible assets, gross | 46,248 | 46,248 |
| Above-market leases | | |

***Acquired Finite-Lived Intangible
Assets and Liabilities [Line Items]***

| | | |
|--------------------------|-----------|-----------|
| Intangible assets, gross | \$ 39,936 | \$ 38,913 |
|--------------------------|-----------|-----------|

Intangible Assets and Liabilities – Schedule of Finite-lived Intangible Assets and Liabilities Amortization Expense and Rental Income (Details) (USD \$)

| <i>Intangible Assets and Liabilities – Schedule of Finite-lived Intangible Assets and Liabilities Amortization Expense and Rental Income (Details) (USD \$) In Thousands, unless otherwise specified</i> | 12 Months Ended | | |
|--|------------------------|----------------------|----------------------|
| | Dec. 31, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
| Rental income | | | |
| <i>Acquired Indefinite-lived Intangible Assets and Liabilities [Line Items]</i> | | | |
| Amortization of Intangible Assets | \$ 3,059 | \$ 5,321 | \$ 2,159 |
| Depreciation and amortization expense | | | |
| <i>Acquired Indefinite-lived Intangible Assets and Liabilities [Line Items]</i> | | | |
| Amortization of Intangible Assets | \$ 26,872 | \$ 10,111 | \$ 5,745 |

**Intangible Assets and Liabilities – Schedule of Estimate of Amortization/Accretion of Intangible Assets and Liabilities
During Next Five Years and Thereafter (Details) (USD \$)**

*Intangible Assets and Liabilities –
Schedule of Estimate of
Amortization/Accretion of Intangible
Assets and Liabilities During Next
Five Years and Thereafter (Details)
(USD \$)*

Dec. 31, 2014

Dec. 31, 2013

*In Thousands, unless otherwise
specified*

***Finite-Lived Intangible Assets, Net,
Amortization Expense, Fiscal Year
Maturity [Abstract]***

| | | |
|------------------------|------------|------------|
| Intangible assets, net | \$ 125,827 | \$ 157,088 |
|------------------------|------------|------------|

***Below Market Lease, Net,
Amortization Income, Fiscal Year
Maturity [Abstract]***

| | |
|------------|--------|
| 2015 | 7,457 |
| 2016 | 6,597 |
| 2017 | 5,944 |
| 2018 | 4,176 |
| 2019 | 3,515 |
| Thereafter | 10,036 |

| | | |
|-----------------------------|--------|--------|
| Intangible liabilities, net | 37,725 | 44,801 |
|-----------------------------|--------|--------|

In-Place Leases

***Finite-Lived Intangible Assets, Net,
Amortization Expense, Fiscal Year
Maturity [Abstract]***

| | |
|------------|--------|
| 2015 | 16,652 |
| 2016 | 13,879 |
| 2017 | 10,776 |
| 2018 | 7,787 |
| 2019 | 6,526 |
| Thereafter | 20,926 |

| | |
|------------------------|--------|
| Intangible assets, net | 76,546 |
|------------------------|--------|

Other Intangible Assets

***Finite-Lived Intangible Assets, Net,
Amortization Expense, Fiscal Year
Maturity [Abstract]***

| | |
|------------|--------|
| 2015 | 8,776 |
| 2016 | 7,896 |
| 2017 | 5,701 |
| 2018 | 4,600 |
| 2019 | 4,363 |
| Thereafter | 17,945 |

Intangible assets, net

\$ 49,281

Mortgage Loans – Schedule of Debt (Details) (USD \$)

| Mortgage Loans – Schedule of Debt (Details) (USD \$) | Dec. 31, 2014 | Dec. 31, 2013 | Dec. 31, 2014 Variable rate debt | Dec. 31, 2013 Variable rate debt | Dec. 31, 2014 Floating rate debt | Dec. 31, 2013 Floating rate debt | Dec. 31, 2014 Fixed rate debt | Dec. 31, 2013 Fixed rate debt | Dec. 31, 2014 Wells Fargo Center – South Tower Variable rate debt | Dec. 31, 2013 Wells Fargo Center – South Tower Variable rate debt | Dec. 31, 2014 777 Tower Variable rate debt | Dec. 31, 2013 777 Tower Variable rate debt | Dec. 31, 2014 Figueroa at 7th Variable rate debt | Dec. 31, 2013 Figueroa at 7th Variable rate debt | Dec. 31, 2014 EY Plaza Floating rate debt | Dec. 31, 2013 EY Plaza Floating rate debt | Dec. 31, 2014 Wells Fargo Center – North Tower Fixed rate debt | Dec. 31, 2013 Wells Fargo Center – North Tower Fixed rate debt | Oct. 15, 2013 Wells Fargo Center – North Tower Fixed rate debt | Dec. 31, 2014 Gas Company Tower Fixed rate debt | Dec. 31, 2013 Gas Company Tower Fixed rate debt | Oct. 15, 2013 Gas Company Tower Fixed rate debt | Dec. 31, 2014 BOA Plaza Fixed rate debt | Aug. 07, 2014 BOA Plaza Fixed rate debt | Dec. 31, 2013 BOA Plaza Fixed rate debt | Dec. 31, 2014 BOA Plaza Debt refinanced | Dec. 31, 2013 BOA Plaza Debt refinanced | Dec. 31, 2014 BOA Plaza Debt refinanced | | |
|---|------------------|------------------|---|---|---|---|--|--|--|--|---|---|---|---|--|--|--|--|--|---|---|---|--|--|--|---|---|---|------|--|
| Interest Rate | | | | | | | | 1.96% ⁽¹⁾ | | 1.86% ⁽²⁾ | | 2.41% ⁽³⁾ | | 3.93% ⁽⁴⁾ | | | 5.70% | 5.70% | 5.10% | | 5.10% | 4.05% | 4.05% | | | | | | | |
| Interest Rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Long-term debt, gross | \$ 2,118,000 | \$ 1,897,512 | \$ 525,000 | \$ 490,000 | \$ 710,000 | \$ 675,000 | \$ 1,408,000 | \$ 1,008,000 | \$ 290,000 ⁽¹⁾ | \$ 290,000 ⁽¹⁾ | \$ 200,000 ⁽²⁾ | \$ 200,000 ⁽²⁾ | \$ 35,000 ⁽³⁾ | \$ 0 ⁽³⁾ | \$ 185,000 ⁽⁴⁾ | \$ 185,000 ⁽⁴⁾ | \$ 550,000 | \$ 550,000 | \$ 458,000 | \$ 458,000 | | | \$ 400,000 | \$ 0 | \$ 0 | \$ 0 | \$ 170,191 | \$ 0 | \$ 0 | |
| Debt discounts | (6,865) | (11,907) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total debt, net | \$ 2,111,135 | \$ 1,885,605 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

⁽¹⁾ This loan bears interest at LIBOR plus 1.80%. As required by the loan agreement, we have entered into an interest rate cap agreement that limits the LIBOR portion of the interest rate to 4.75%. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).

⁽²⁾ This loan bears interest at LIBOR plus 1.70%. As required by the loan agreement, we have entered into an interest rate cap agreement that limits the LIBOR portion of the interest rate to 5.75%. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).

⁽³⁾ This loan bears interest at LIBOR plus 2.25%. Brookfield DTLA has two options to extend the maturity date of this loan, each for a period of 12 months, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).

⁽⁴⁾ This loan bears interest at LIBOR plus 1.75%. As required by the loan agreement, we have entered into an interest rate swap agreement to hedge this loan, which effectively fixes the LIBOR portion of the interest rate at 2.178%. The effective interest rate of 3.93% includes interest on the swap.

Mortgage Loans – Schedule of Debt (Footnote) (Details)

| | 12 Months Ended | | 0 Months Ended | | 0 Months Ended | | 12 Months Ended | | 12 Months Ended | | |
|---|---|---|--|---|---|--|--|---|--|---|--|
| | Dec. 31, 2014 Mortgages Figueroa at 7th extension_option | Dec. 31, 2014 Variable rate debt Wells Fargo Center – South Tower extension_option | Dec. 31, 2014 Variable rate debt Wells Fargo Center – South Tower LIBOR | Oct. 15, 2013 Variable rate debt 777 Tower extension_option | Dec. 31, 2014 Variable rate debt 777 Tower | Oct. 15, 2013 Variable rate debt 777 Tower LIBOR | Dec. 31, 2014 Variable rate debt 777 Tower LIBOR | Dec. 31, 2014 Variable rate debt Figueroa at 7th | Dec. 31, 2014 Variable rate debt Figueroa at 7th LIBOR | Dec. 31, 2014 Floating rate debt EY Plaza | Dec. 31, 2014 Floating rate debt EY Plaza LIBOR |
| <i>Debt Instrument [Line Items]</i> | | | | | | | | | | | |
| Basis spread on variable rate | | | 1.80% | | | 1.70% | | 2.25% | | 1.75% | |
| Cap interest rate | | | 4.75% | | | 5.75% | | | | | |
| Number of options to extend | 2 | 2 | | 2 | | | | | | | |
| Extension term of maturity date on loan | 12 months | 1 year | | 1 year | | | | | | | |
| Derivative, fixed interest rate | | | | | | | | | | 2.178% | |
| Interest Rate | | 1.96% ^[1] | | | 1.86% ^[2] | | 2.41% ^[3] | | 3.93% ^[4] | | |

[1] This loan bears interest at LIBOR plus 1.80%. As required by the loan agreement, we have entered into an interest rate cap agreement that limits the LIBOR portion of the interest rate to 4.75%. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).

[2] This loan bears interest at LIBOR plus 1.70%. As required by the loan agreement, we have entered into an interest rate cap agreement that limits the LIBOR portion of the interest rate to 5.75%. Brookfield DTLA has two options to extend the maturity date of the loan, each for a period of one year, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).

[3] This loan bears interest at LIBOR plus 2.25%. Brookfield DTLA has two options to extend the maturity date of this loan, each for a period of 12 months, subject to meeting certain debt yield and loan to value ratios (as specified in the loan agreement).

[4] This loan bears interest at LIBOR plus 1.75%. As required by the loan agreement, we have entered into an interest rate swap agreement to hedge this loan, which effectively fixes the LIBOR portion of the interest rate at 2.178%. The effective interest rate of 3.93% includes interest on the swap.

Mortgage Loans – Schedule of Debt to be Repaid During the Next Five Years and Thereafter (Details) (USD \$)

*Mortgage Loans – Schedule of Debt
to be Repaid During the Next Five
Years and Thereafter (Details) (USD
\$)*

Dec. 31, 2014

Dec. 31, 2013

*In Thousands, unless otherwise
specified*

Debt Disclosure [Abstract]

| | | |
|------------|---------------------|---------------------|
| 2015 | \$ 311 | |
| 2016 | 751,831 | |
| 2017 | 589,026 | |
| 2018 | 204,232 | |
| 2019 | 4,449 | |
| Thereafter | 568,151 | |
| Total | <u>\$ 2,118,000</u> | <u>\$ 1,897,512</u> |

Stockholders' (Deficit) Equity – Narrative (Details) (USD \$)

| <i>Stockholders' (Deficit) Equity – Narrative (Details) (USD \$)</i> | 12 Months Ended | | 0 Months Ended | 12 Months Ended | |
|--|--------------------------|--------------------------|---|---|---|
| | Dec. 31, 2014 | Dec. 31, 2013 | Apr. 24, 2013 Brookfield DTLA Holdings LLC | Dec. 31, 2013 Brookfield DTLA Holdings LLC | Dec. 31, 2014 Brookfield DTLA Holdings LLC |
| <i>Class of Stock [Line Items]</i> | | | | | |
| Common stock, shares authorized (in shares) | 1,000,000 | | | | |
| Common stock, par value (in USD per share) | \$ 0.01 | \$ 0.01 | | | |
| Proceeds from issuance of common stock | | | \$ 1,000 | \$ 27,000 | |
| Common stock, shares issued (in shares) | 1,000 | 1,000 | 1,000 | | |
| Common stock, shares outstanding (in shares) | 1,000 | 1,000 | | 1,000 | 1,000 |
| Dividends declared on common stock (in USD per share) | \$ 0 | \$ 0 | | | |

Accumulated Other Comprehensive (Loss) Income – Summary of the Change in Accumulated Other Comprehensive (Loss) Income Related to Cash Flow Hedges (Details) (USD \$)

| <i>Accumulated Other Comprehensive (Loss) Income – Summary of the Change in Accumulated Other Comprehensive (Loss) Income Related to Cash Flow Hedges (Details) (USD \$)</i> <i>In Thousands, unless otherwise specified</i> | 12 Months Ended | | |
|---|------------------------|----------------------|----------------------|
| | Dec. 31, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
| <i>Increase (Decrease) in Accumulated Other Comprehensive Income (Loss) [Roll Forward]</i> | | | |
| Balance at end of year | \$ (2,066) | \$ 480 | |
| Accumulated other comprehensive income (loss) | | | |
| <i>Increase (Decrease) in Accumulated Other Comprehensive Income (Loss) [Roll Forward]</i> | | | |
| Balance at beginning of year | 1,007 | 0 | 0 |
| Other comprehensive (loss) gain before reclassifications | (5,344) | 1,007 | 0 |
| Amounts reclassified from accumulated other comprehensive (loss) income | 0 | 0 | 0 |
| Net current–period other comprehensive (loss) gain | (5,344) | 1,007 | 0 |
| Balance at end of year | \$ (4,337) | \$ 1,007 | \$ 0 |

Fair Value Measurements – Schedule of (Liabilities) Assets Measured at Fair Value on a Recurring Basis, Aggregated by the Level in the Fair Value Hierarchy (Details) (USD \$)

*Fair Value Measurements –
Schedule of (Liabilities) Assets
Measured at Fair Value on a
Recurring Basis, Aggregated by the
Level in the Fair Value Hierarchy
(Details) (USD \$)
In Thousands, unless otherwise
specified*

Dec. 31, 2014

Dec. 31, 2013

Dec. 31, 2012

Interest rate swap

*Fair Value, Assets and Liabilities
Measured on Recurring and
Nonrecurring Basis [Line Items]*

Interest rate cash flow hedge
derivative at fair value, net

\$ 4,337

\$ (1,007)

\$ 0

Interest rate swap | Quoted Prices in
Active Markets for Identical
(Liabilities) Assets (Level 1)

*Fair Value, Assets and Liabilities
Measured on Recurring and
Nonrecurring Basis [Line Items]*

Interest rate cash flow hedge
derivative at fair value, net

0

0

0

Interest rate swap | Significant Other
Observable Inputs (Level 2)

*Fair Value, Assets and Liabilities
Measured on Recurring and
Nonrecurring Basis [Line Items]*

Interest rate cash flow hedge
derivative at fair value, net

4,337

(1,007)

0

Interest rate swap | Significant
Unobservable Inputs (Level 3)

*Fair Value, Assets and Liabilities
Measured on Recurring and
Nonrecurring Basis [Line Items]*

Interest rate cash flow hedge
derivative at fair value, net

0

0

0

Interest rate cap

*Fair Value, Assets and Liabilities
Measured on Recurring and
Nonrecurring Basis [Line Items]*

Interest rate derivative instruments
not designated as hedging
instruments, asset at fair value

190

1,600

0

Interest rate cap | Quoted Prices in
Active Markets for Identical
(Liabilities) Assets (Level 1)

*Fair Value, Assets and Liabilities
Measured on Recurring and
Nonrecurring Basis [Line Items]*

Interest rate derivative instruments
not designated as hedging

0

0

0

instruments, asset at fair value

Interest rate cap | Significant Other
Observable Inputs (Level 2)

***Fair Value, Assets and Liabilities
Measured on Recurring and
Nonrecurring Basis [Line Items]***

| | | | |
|---|-----|-------|---|
| Interest rate derivative instruments not designated as hedging instruments, asset at fair value | 190 | 1,600 | 0 |
|---|-----|-------|---|

Interest rate cap | Significant
Unobservable Inputs (Level 3)

***Fair Value, Assets and Liabilities
Measured on Recurring and
Nonrecurring Basis [Line Items]***

| | | | |
|---|------|------|------|
| Interest rate derivative instruments not designated as hedging instruments, asset at fair value | \$ 0 | \$ 0 | \$ 0 |
|---|------|------|------|

Financial Instruments – Summary of the Fair Value of Derivative Financial Instruments (Details) (Interest rate swap, USD \$)

***Financial Instruments – Summary
of the Fair Value of Derivative
Financial Instruments (Details)
(Interest rate swap, USD \$)
In Thousands, unless otherwise
specified***

Dec. 31, 2014

Dec. 31, 2013

Dec. 31, 2012

Derivatives, Fair Value [Line Items]

| | | | |
|---|----------|------------|------|
| Interest rate cash flow hedge derivative at fair value, net | \$ 4,337 | \$ (1,007) | \$ 0 |
|---|----------|------------|------|

Recurring | Designated as hedging instrument | Accounts payable and other liabilities

Derivatives, Fair Value [Line Items]

| | | | |
|---|---------|--|--|
| Interest rate cash flow hedge derivative at fair value, net | (4,337) | | |
|---|---------|--|--|

Recurring | Designated as hedging instrument | Prepaid expenses and other current assets

Derivatives, Fair Value [Line Items]

| | | | |
|---|--|----------|--|
| Interest rate cash flow hedge derivative at fair value, net | | \$ 1,007 | |
|---|--|----------|--|

Financial Instruments – Summary of the Effect of Derivative Financial Instruments Reported in the Consolidated and Combined Financial Statements (Details) (Cash flow hedging, Interest rate swap, USD \$)

| <i>Financial Instruments – Summary of the Effect of Derivative Financial Instruments Reported in the Consolidated and Combined Financial Statements (Details) (Cash flow hedging, Interest rate swap, USD \$) In Thousands, unless otherwise specified</i> | 12 Months Ended | | |
|--|------------------------|----------------------|----------------------|
| | Dec. 31, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
| Cash flow hedging Interest rate swap | | | |
| <i>Derivative [Line Items]</i> | | | |
| Amount of (Loss) Gain Recognized in AOCL | \$ (5,344) | \$ 1,007 | \$ 0 |
| Amount of Gain (Loss) Reclassified from AOCL to Statement of Operations | \$ 0 | \$ 0 | \$ 0 |

Financial Instruments – Narrative (Details) (USD \$)

*Financial Instruments – Narrative
(Details) (USD \$)*

Dec. 31, 2014

Dec. 31, 2013

Interest rate cap

*Fair Value, Assets and Liabilities
Measured on Recurring and
Nonrecurring Basis [Line Items]*

| | | |
|-----------------|----------------|----------------|
| Notional amount | \$ 490,000,000 | \$ 490,000,000 |
|-----------------|----------------|----------------|

EY Plaza | Interest rate swap

*Fair Value, Assets and Liabilities
Measured on Recurring and
Nonrecurring Basis [Line Items]*

| | | |
|-----------------|----------------|----------------|
| Notional amount | \$ 185,000,000 | \$ 185,000,000 |
|-----------------|----------------|----------------|

Financial Instruments – Schedule of Notional Amounts of Interest Rate Caps Pursuant to the Terms of Certain Mortgage Agreements (Details) (Interest rate cap, USD \$)

Financial Instruments – Schedule of Notional Amounts of Interest Rate Caps Pursuant to the Terms of Certain Mortgage Agreements (Details) (Interest rate cap, USD \$)

Dec. 31, 2014

Dec. 31, 2013

Derivative [Line Items]

Notional amount \$ 490,000,000 \$ 490,000,000

Wells Fargo Center – South Tower

Derivative [Line Items]

Notional amount 290,000,000 290,000,000

777 Tower

Derivative [Line Items]

Notional amount \$ 200,000,000 \$ 200,000,000

Financial Instruments – Summary of the Estimated Fair Value and Carrying Amount of Mortgage Loans (Details) (USD \$)

*Financial Instruments – Summary of the Estimated Fair Value and Carrying Amount of Mortgage Loans (Details) (USD \$)
In Thousands, unless otherwise specified*

Dec. 31, 2014

Dec. 31, 2013

Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]

| | | |
|--------------------------------|--------------|--------------|
| Long-term debt, gross | \$ 2,118,000 | \$ 1,897,512 |
| Estimated fair value Level 3 | | |

Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]

| | | |
|----------------------------|-----------|-----------|
| Mortgage loans, fair value | 2,133,158 | 1,890,436 |
| Carrying amount | | |

Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]

| | | |
|-----------------------|--------------|--------------|
| Long-term debt, gross | \$ 2,118,000 | \$ 1,897,512 |
|-----------------------|--------------|--------------|

Related Party Transactions – Narrative (Details) (USD \$)

| <i>Related Party Transactions – Narrative (Details) (USD \$)</i> | 12 Months Ended | | | 0 Months Ended | 12 Months Ended | | | 3 Months Ended |
|---|-----------------|------------------|------------------|--|--|--|--|---------------------------------|
| | Dec. 31, 2014 | Dec. 31, 2013 | Dec. 31, 2012 | Sep. 12, 2014 Promissory note to BOP Management, Inc. BOP Management Inc. | Dec. 31, 2014 Promissory note to BOP Management, Inc. BOP Management Inc. | Dec. 31, 2013 Promissory note to BOP Management, Inc. BOP Management Inc. | Oct. 11, 2013 Promissory note to BOP Management, Inc. BOP Management Inc. | Apr. 18, 2014 MPG Properties |
| <i>Related Party Transaction [Line Items]</i> | | | | | | | | |
| Promissory note | | | | | | \$ 25,000,000 | \$ 25,000,000 | |
| Interest rate | | | | | 3.25% | | | |
| Interest expense | 92,755,000 | 32,183,000 | 17,850,000 | | 600,000 | 200,000 | | |
| Repayment of debt on intercompany loan | | | | 25,800,000 | | | | |
| Property management fee, percent | 2.75% | | | | | | | |
| Asset management fee, percent | 0.75% | | | | | | | |
| Real estate insurance, business interruption coverage per occurrence | 2,500,000,000.0 | | | | | | | |
| Real estate insurance, earthquake insurance aggregate limit | 300,000,000 | | | | | | | 130,000,000 |
| Real estate insurance, terrorism insurance coverage aggregate limit | 4,000,000,000.0 | | | | | | | 1,250,000,000.00 |
| Real estate insurance, business interruption insurance | | | | | | | | \$ 1,250,000,000.00 |

Related Party Transactions – Summary of Costs Incurred Under Agreements with Related Parties (Details) (USD \$)

| <i>Related Party Transactions – Summary of Costs Incurred Under Agreements with Related Parties (Details) (USD \$) In Thousands, unless otherwise specified</i> | 12 Months Ended | | |
|---|------------------------|----------------------|----------------------|
| | Dec. 31, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
| Property management fee expense | | | |
| <i>Related Party Transaction [Line Items]</i> | | | |
| Related party transactions expenses from transactions with related party | \$ 8,135 | \$ 3,667 | \$ 2,670 |
| Asset management fee expense | | | |
| <i>Related Party Transaction [Line Items]</i> | | | |
| Related party transactions expenses from transactions with related party | 6,109 | 1,320 | 0 |
| General, administrative and reimbursable expenses | | | |
| <i>Related Party Transaction [Line Items]</i> | | | |
| Related party transactions expenses from transactions with related party | 2,509 | 1,190 | 1,278 |
| Leasing and construction management fees | | | |
| <i>Related Party Transaction [Line Items]</i> | | | |
| Related party transactions expenses from transactions with related party | 3,626 | 786 | 1,137 |
| Insurance expense | | | |
| <i>Related Party Transaction [Line Items]</i> | | | |
| Related party transactions expenses from transactions with related party | \$ 8,466 | \$ 4,949 | \$ 4,664 |

Rental Income – Schedule of Future Minimum Rental Income Under Noncancelable Tenant Operating Leases (Details)
(USD \$)

*Rental Income – Schedule of Future
Minimum Rental Income Under
Noncancelable Tenant Operating
Leases (Details) (USD \$)
In Thousands, unless otherwise
specified*

Dec. 31, 2014

Leases [Abstract]

| | |
|------------|---------------------------|
| 2015 | \$ 133,021 |
| 2016 | 132,017 |
| 2017 | 130,626 |
| 2018 | 116,079 |
| 2019 | 106,995 |
| Thereafter | 471,958 |
| Total | <hr/> <u>\$ 1,090,696</u> |

Commitments and Contingencies – Narrative – Tenant Concentration (Details) (Revenue)

| <i>Commitments and Contingencies – Narrative – Tenant Concentration (Details) (Revenue)</i> | Dec. 31, 2014 Customer concentration risk customer | Dec. 31, 2013 Customer concentration risk customer | Dec. 31, 2012 Customer concentration risk customer | 12 Months Ended | |
|---|---|---|---|---|---|
| | | | | Dec. 31, 2013 Property concentration risk BOA and EY Plaza | Dec. 31, 2012 Property concentration risk BOA and EY Plaza |
| <i>Concentration Risk [Line Items]</i> | | | | | |
| Number of tenants | 0 | 1 | 1 | | |
| Concentration risk, percentage | | | | 72.00% | 100.00% |

Commitments and Contingencies – Narrative – Litigation (Details) (USD \$)

| <i>Commitments and Contingencies – Narrative – Litigation (Details) (USD \$)</i> | 0 Months Ended | | 0 Months Ended | |
|--|--|--|---|---|
| | Apr. 24, 2013 Amount of stipulated settlement lawsuit | Nov. 21, 2013 Amount of stipulated settlement | Jun. 18, 2014 MPG Office LLC | Dec. 31, 2014 Series A preferred stock |
| <i>Loss Contingencies [Line Items]</i> | | | | |
| Number of claims filed | 7 | | | |
| Maximum stipulation of settlement | | \$ 475,000 | | |
| Payments for legal settlements | | | \$ 475,000 | |
| Proposed litigation payment per preferred share of accumulated and unpaid dividends (in USD per share) | | | | \$ 2.25 |

Quarterly Financial Information (Unaudited) – Schedule of Quarterly Financial Information (Unaudited) (Details) (USD \$)

| <i>Quarterly Financial Information (Unaudited) – Schedule of Quarterly Financial Information (Unaudited) (Details) (USD \$) In Thousands, unless otherwise specified</i> | 3 Months Ended | | | | 12 Months Ended | | | | | | |
|--|------------------|------------------|------------------|---------------------|----------------------------|--------------------------|--------------------------|--------------------------|------------------|------------------|---------------------|
| | Dec. 31, 2014 | Sep. 30, 2014 | Jun. 30, 2014 | Mar. 31, 2014 | Dec. 31, 2013 | Sep. 30, 2013 | Jun. 30, 2013 | Mar. 31, 2013 | Dec. 31, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
| <i>Quarterly Financial Information [Line Items]</i> | | | | | | | | | | | |
| Revenue | \$ 75,429 | \$ 75,697 | \$ 74,358 | \$ 68,677 | \$ 64,444 ^[1] | \$ 25,234 ^[1] | \$ 25,124 ^[1] | \$ 23,920 ^[1] | \$ 294,161 | \$ 138,722 | \$ 92,917 |
| Expenses | 86,793 | 90,601 | 85,757 | 84,002 | 81,897 ^[1] | 24,203 ^[1] | 24,522 ^[1] | 23,374 ^[1] | 347,153 | 153,996 | 92,669 |
| Net income (loss) | (11,364) | (14,904) | (11,399) | (15,325) | (17,453) ^[1] | 1,031 ^[1] | 602 ^[1] | 546 ^[1] | (52,992) | (15,274) | 248 |
| Net income attributable to TRZ Holdings IV LLC | | | | | (156) ^[1] | (1,031) ^[1] | (602) ^[1] | (546) ^[1] | | | |
| Redemption measurement adjustment | | | | | | | | | (2,256) | (158,552) | |
| Series B common interest "â€" allocation of net loss | 11,469 | 13,699 | 12,756 | 14,967 | 97,934 ^[1] | 0 ^[1] | 0 ^[1] | 0 ^[1] | 52,891 | 97,934 | 0 |
| Net loss attributable to Brookfield DTLA | (5,807) | (7,837) | (6,978) | (8,992) | (3,066) ^[1] | 0 ^[1] | 0 ^[1] | 0 ^[1] | (29,614) | (3,066) | 0 |
| Net loss available to common interest holders of Brookfield DTLA | (10,444) | (12,474) | (11,615) | (13,629) | (89,177) ^[1] | 0 ^[1] | 0 ^[1] | 0 ^[1] | (48,162) | (89,177) | 0 |
| Series A–1 preferred interest | | | | | | | | | | | |
| <i>Quarterly Financial Information [Line Items]</i> | | | | | | | | | | | |
| Current dividends | (4,304) | (4,303) | (4,303) | (4,303) | | | | | (17,213) | 0 | 0 |
| Cumulative dividends | | | | | (3,586) ^[1] | 0 ^[1] | 0 ^[1] | 0 ^[1] | 0 | (3,586) | 0 |
| Redemption measurement adjustment | | | | | (76,305) ^[1] | 0 ^[1] | 0 ^[1] | 0 ^[1] | 0 | (76,305) | 0 |
| Senior participating preferred interest | | | | | | | | | | | |
| <i>Quarterly Financial Information [Line Items]</i> | | | | | | | | | | | |
| Current dividends | (577) | (2,232) | (3,102) | (4,133) | | | | | (10,044) | 0 | 0 |
| Cumulative dividends | | | | | (3,500) ^[1] | 0 ^[1] | 0 ^[1] | 0 ^[1] | 0 | (3,500) | 0 |
| Redemption measurement adjustment | (1,031) | (97) | (930) | (198) | | | | | (2,256) | 0 | 0 |
| Series A preferred stock | | | | | | | | | | | |
| <i>Quarterly Financial Information [Line Items]</i> | | | | | | | | | | | |
| Current dividends | (4,637) | (4,637) | (4,637) | (4,637) | | | | | (18,548) | 0 | 0 |
| Cumulative dividends | | | | | (3,864) ^[1] | 0 ^[1] | 0 ^[1] | 0 ^[1] | 0 | (3,864) | 0 |
| Redemption measurement adjustment | | | | | \$ (82,247) ^[1] | \$ 0 ^[1] | \$ 0 ^[1] | \$ 0 ^[1] | \$ 0 | \$ (82,247) | \$ 0 |

[1] On October 15, 2013, Brookfield DTLA completed the acquisition of MPG pursuant to the terms of the Merger Agreement. See Note 3 "Acquisition of MPG Office Trust, Inc."

Investments in Real Estate – Summary of Information Related to Investments in Real Estate (Details) (USD \$)

***Investments in Real Estate –
Summary of Information Related to
Investments in Real Estate (Details)***

(USD \$)

***In Thousands, unless otherwise
specified***

Dec. 31, 2014

Dec. 31, 2013

Dec. 31, 2012

Dec. 31, 2011

***SEC Schedule III, Real Estate and
Accumulated Depreciation [Line
Items]***

Encumbrances \$ 2,118,000

Initial Cost to Company

Land 229,555

Buildings and Improvements 2,198,772

***Costs Capitalized Subsequent to
Acquisition***

Improvements 191,095

Carrying Costs 0

***Gross Amount at Which Carried at
Close of Period***

Land 229,555

Buildings and Improvements 2,389,867

Total 2,619,422 ^[1]

Accumulated Depreciation (189,108) ^[2]

Miscellaneous investments

***SEC Schedule III, Real Estate and
Accumulated Depreciation [Line
Items]***

Encumbrances 0

Initial Cost to Company

Land 7,000

Buildings and Improvements 0

***Costs Capitalized Subsequent to
Acquisition***

Improvements 15

Carrying Costs 0

***Gross Amount at Which Carried at
Close of Period***

Land 7,000

Buildings and Improvements 15

Total 7,015 ^[1]

Accumulated Depreciation 0 ^[2]

Office properties | Wells Fargo Center
– North Tower

2,557,865 848,572 821,648
(121,612) (92,500) (86,804)

2,557,865 848,572 821,648
(121,612) (92,500) (86,804)

**SEC Schedule III, Real Estate and
Accumulated Depreciation [Line
Items]**

Encumbrances 550,000

Initial Cost to Company

Land 41,024

Buildings and Improvements 456,363

**Costs Capitalized Subsequent to
Acquisition**

Improvements 19,134

Carrying Costs 0

**Gross Amount at Which Carried at
Close of Period**

Land 41,024

Buildings and Improvements 475,497

Total 516,521 ^[1]

Accumulated Depreciation (18,488) ^[2]

Office properties | BOA Plaza

**SEC Schedule III, Real Estate and
Accumulated Depreciation [Line
Items]**

Encumbrances 400,000

Initial Cost to Company

Land 54,163

Buildings and Improvements 354,422

**Costs Capitalized Subsequent to
Acquisition**

Improvements 43,430

Carrying Costs 0

**Gross Amount at Which Carried at
Close of Period**

Land 54,163

Buildings and Improvements 397,852

Total 452,015 ^[1]

Accumulated Depreciation (73,684) ^[2]

Office properties | Wells Fargo Center
– South Tower

**SEC Schedule III, Real Estate and
Accumulated Depreciation [Line
Items]**

Encumbrances 290,000

Initial Cost to Company

Land 21,231

Buildings and Improvements 401,149

Costs Capitalized Subsequent to Acquisition

| | |
|----------------|-------|
| Improvements | 9,598 |
| Carrying Costs | 0 |

Gross Amount at Which Carried at Close of Period

| | |
|----------------------------|-------------------------------|
| Land | 21,231 |
| Buildings and Improvements | <u>410,747</u> |
| Total | <u>431,978</u> ^[1] |
| Accumulated Depreciation | (13,192) ^[2] |

Office properties | Gas Company Tower

SEC Schedule III, Real Estate and Accumulated Depreciation [Line Items]

| | |
|--------------|---------|
| Encumbrances | 458,000 |
|--------------|---------|

Initial Cost to Company

| | |
|----------------------------|---------|
| Land | 20,742 |
| Buildings and Improvements | 396,159 |

Costs Capitalized Subsequent to Acquisition

| | |
|----------------|-------|
| Improvements | 5,668 |
| Carrying Costs | 0 |

Gross Amount at Which Carried at Close of Period

| | |
|----------------------------|-------------------------------|
| Land | 20,742 |
| Buildings and Improvements | <u>401,827</u> |
| Total | <u>422,569</u> ^[1] |
| Accumulated Depreciation | (11,222) ^[2] |

Office properties | EY Plaza

SEC Schedule III, Real Estate and Accumulated Depreciation [Line Items]

| | |
|--------------|------------------------|
| Encumbrances | 220,000 ^[3] |
|--------------|------------------------|

Initial Cost to Company

| | |
|----------------------------|------------------------|
| Land | 47,385 ^[3] |
| Buildings and Improvements | 286,982 ^[3] |

Costs Capitalized Subsequent to Acquisition

| | |
|----------------|------------------------|
| Improvements | 104,372 ^[3] |
| Carrying Costs | 0 ^[3] |

Gross Amount at Which Carried at Close of Period

| | |
|------|-----------------------|
| Land | 47,385 ^[3] |
|------|-----------------------|

| | | | | | |
|--|----------------|---------|--|--|--|
| Buildings and Improvements | 391,354 | [3] | | | |
| Total | <u>438,739</u> | [1],[3] | | | |
| Accumulated Depreciation | (60,795) | [2],[3] | | | |
| Office properties 777 Tower | | | | | |
| SEC Schedule III, Real Estate and Accumulated Depreciation [Line Items] | | | | | |
| Encumbrances | 200,000 | | | | |
| Initial Cost to Company | | | | | |
| Land | 38,010 | | | | |
| Buildings and Improvements | 303,697 | | | | |
| Costs Capitalized Subsequent to Acquisition | | | | | |
| Improvements | 8,878 | | | | |
| Carrying Costs | 0 | | | | |
| Gross Amount at Which Carried at Close of Period | | | | | |
| Land | 38,010 | | | | |
| Buildings and Improvements | <u>312,575</u> | | | | |
| Total | <u>350,585</u> | [1] | | | |
| Accumulated Depreciation | \$ (11,727) | [2] | | | |

[1] The aggregate gross cost of Brookfield DTLA's investments in real estate for federal income tax purposes approximated \$2.8 billion as of December 31, 2014.

[2] Depreciation in the consolidated and combined statements of operations is computed on a straight-line basis over the following estimated useful lives: buildings (60 years, with an estimated salvage value of 5%), building improvements (ranging from 7 years to 13 years), and tenant improvements (the shorter of the useful life or the applicable lease term).

[3] Includes the mortgage loan encumbering the Figueroa at 7th retail property.

Investments in Real Estate – Summary of Information Related to Investments in Real Estate (Footnote) (Details) (USD \$)

*Investments in Real Estate –
Summary of Information Related to
Investments in Real Estate
(Footnote) (Details) (USD \$)
In Thousands, unless otherwise
specified*

12 Months Ended

Dec. 31, 2014

***SEC Schedule III, Real Estate and
Accumulated Depreciation [Line
Items]***

Real estate for federal income tax
purposes 2,752,097

Building

***SEC Schedule III, Real Estate and
Accumulated Depreciation [Line
Items]***

Useful life 60 years

Estimated salvage value 5.00%

Minimum | Building improvements

***SEC Schedule III, Real Estate and
Accumulated Depreciation [Line
Items]***

Useful life 7 years

Maximum | Building improvements

***SEC Schedule III, Real Estate and
Accumulated Depreciation [Line
Items]***

Useful life 13 years

**Investments in Real Estate – Schedule of Reconciliation of Investments in Real Estate and Accumulated Depreciation
(Details) (USD \$)**

| <i>Investments in Real Estate – Schedule of Reconciliation of Investments in Real Estate and Accumulated Depreciation (Details) (USD \$) In Thousands, unless otherwise specified</i> | 12 Months Ended | | |
|---|-----------------------------|----------------------|----------------------|
| | Dec. 31, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
| <i>Investments in Real Estate</i> | | | |
| Balance at beginning of period | \$ 2,557,865 | \$ 848,572 | \$ 821,648 |
| Acquisitions | 0 | 1,685,375 | 0 |
| Improvements | 61,557 | 23,918 | 40,566 |
| Other | 0 | 0 | (13,642) |
| Balance at close of period | 2,619,422 ^[1] | 2,557,865 | 848,572 |
| <i>Accumulated Depreciation</i> | | | |
| Balance at beginning of period | (121,612) | (92,500) | (86,804) |
| Depreciation expense | (67,496) | (29,112) | (19,338) |
| Other | 0 | 0 | 13,642 |
| Balance at close of period | \$ (189,108) ^[2] | \$ (121,612) | \$ (92,500) |

[1] The aggregate gross cost of Brookfield DTLA's investments in real estate for federal income tax purposes approximated \$2.8 billion as of December 31, 2014.

[2] Depreciation in the consolidated and combined statements of operations is computed on a straight-line basis over the following estimated useful lives: buildings (60 years, with an estimated salvage value of 5%), building improvements (ranging from 7 years to 13 years), and tenant improvements (the shorter of the useful life or the applicable lease term).

Financial Reports formatted for presentation by Westlaw Business based on filed XBRL exhibits:
EX-101.INS, EX-101.SCH and EX-101.CAL