OPERATING AGREEMENT
OF
PARK PARTNERS MANAGER LLC
A Delaware Limited Liability Company

THIS OPERATING AGREEMENT (the "**Agreement**") of Park Partners Manager LLC (the "**Company**"), effective as of the 5th day of June, 2015, is made by DAVID J. MITCHELL ("**Mitchell**") as a Member and the Manager of the Company), FT REAL ESTATE, INC. ("**FT**"), as a Member, and any other person, trust or other legal entity ("**Person**") who becomes a member hereof in accordance with the terms of this Agreement (each, a "**Member**" and, collectively, the "**Members**").

1. **Formation.** The Company has been formed as a Delaware limited liability company under and pursuant to the Delaware Limited Liability Company Act (as the same may be amended from time to time, the "**Act**").

2. **Purposes.** The purposes and business of the Company are to acquire, hold, manage, deal with and ultimately dispose of a membership interest in, and to act as the manager of, Park Partners LLC, a limited liability company formed to acquire, hold, renovate, manage, rent, convert to a condominium, and ultimately refinance, sell or lease condominium units in that certain building located at 320 East 82nd Street, New York, New York (the "**Property**"), and to engage in any other legal enterprise that is reasonably related thereto. It is the intent of the Members that the Company be operated in a manner consistent with its treatment as a "partnership" for federal, state and local income tax purposes.

3. **Term; Dissolution.** Subject to the provisions of Section 12 hereof, the Company's existence shall continue until (i) the sale, assignment, condemnation or other disposition of all of the Property, or (ii) until the Members elect, in writing, to dissolve the Company. The death, resignation, withdrawal, insolvency, bankruptcy, liquidation or dissolution of a Member or the Manager shall not dissolve the Company.

4. **Members; Membership Interests.**

(a) Members and Their Interests. The initial Members are Mitchell and FT. A Member's "**Percentage Interest**" shall initially be the percentage which the Member's initial capital contribution to the Company bears to the total initial capital contributions of all Members. Based on the initial capital contributions to be made by the Members pursuant to Section 5(a), the initial Percentage Interests of Mitchell and FT will be fifty percent (50%) each. A Member's Percentage Interest shall be adjusted from time to time to reflect the effect of any transfers of the Member's membership interest in the Company, and the admission of additional Members in accordance with the terms of this Agreement. A Member's "**Membership Interest**" shall be all of such Person's rights with respect to his interest in the Company, including without limitation his rights to distributions and allocations of profits and losses, rights to vote on or approve certain actions as provided in this Agreement, and any other rights, powers or obligations of a Member as set forth herein.

(b) Admission of Additional Members. The Company shall not issue any additional Membership Interests in the Company without the prior written approval of Members

holding at least ninety percent (90%) of the Percentage Interests of the Members (the "**Required Approval Interest**").

(c) Limitations on Power of Members. Except as expressly authorized by this Agreement, no Member shall, directly or indirectly, in the Member's capacity as a member of the Company, withdraw from the Company or require the Company to purchase the Member's Membership Interest. In addition, except as expressly authorized by this Agreement, to the fullest extent permitted by law, no Member shall (i) dissolve, terminate or liquidate the Company, (ii) petition a court for the dissolution, termination or liquidation of the Company, or (iii) cause any property of the Company to be subject to the authority of any court, trustee or receiver (including suits for partition and bankruptcy, insolvency and similar proceedings).

5. **Contributions.**

(a) Initial Capital Contributions. Each of Mitchell and FT shall contribute $1000 contemporaneously with the acquisition of the Property by Park Partners LLC.

(b) Additional Contributions or Member Loans; Pre-emptive Rights to Participate. No Member shall be obligated to make any capital contributions in excess of its initial capital contribution required herein, no Member may make additional capital contributions unless first approved in writing with the Required Approval Interest, and no Member, principal of a Member or affiliate of a Member may make any loans to the Company unless first approved in writing with the Required Approval Interest.

(c) Guarantees and Indemnities. No Member shall be required to execute and deliver any guarantees or indemnities with respect to any obligation or debt of the Company or pledge any personal assets as security for any debt or obligation of the Company.

(d) No Interest on Capital; No Right to Demand Return of Capital. No Member shall receive any interest on any capital contribution to the Company unless the Members shall agree, in writing, with the Required Approval Interest. No Member shall have the right to demand a return of its contributions or the right to demand to receive property other than cash for its membership interest. Any return of the capital contributions of any Member shall be made solely from the assets of the Company and only in accordance with the terms of this Agreement.

6. **Distributions and Allocations.**

(a) Taxation; Capital Accounts. The Company shall establish and maintain a separate capital account (each, a "**Capital Account**") for each Member as specified in greater detail in **Exhibit A** hereto.

(b) Capital Account Deficit. No Member with a deficit in its Capital Account shall be obligated to restore such deficit balance or make a capital contribution to the Company solely by reason of such deficit.

(c) Allocations. Allocations of profits, losses and items of income, gain, loss, or expense shall be made in accordance with **Exhibit A** hereto.

(d) Distributions. Except as otherwise provided in Section 10 hereof upon dissolution of the Company, after making any payments due on any Guarantor Loans and Member Loans, distributions to the Members and Assignees shall be made to the Members as follows:

(i) first, to all Members, pro rata in proportion to their respective Unpaid Preferred Returns, until their Unpaid Preferred Returns are reduced to zero;

(ii) second, to all Members, pro rata in proportion to their respective Unreturned Capital Contributions, until their Unreturned Capital Contributions are reduced to zero; and

(iii) third, entirely to FT, until the total distributions made to FT pursuant to Section 6(d) of the operating agreement of Park Partners LLC and Section 6(d) of this Agreement equal a twenty percent (20%) Internal Rate of Return IRR; and

(iv) finally, entirely to Mitchell.

"**Preferred Return**" as to any Member or Assignee as of any date means a cumulative return of seven percent (7%) per annum, not compounded, on the outstanding balance of the Member's or Assignee's Unreturned Capital Contributions. "**Unpaid Preferred Return**" as to any Member or Assignee as of any date means the Member's or Assignee's cumulative Preferred Return as of such date reduced, but not below zero, by the sum of all distributions made to the Member or Assignee pursuant to Section 6(d)(i) prior to that date. "**Unreturned Capital Contributions**" means, as to any Member as of any date, the sum of all capital contributions made by that Member prior to such date reduced, but not below zero, by the sum of all distributions made to that Member pursuant to Section 6(d)(ii) prior to such date. Unless otherwise expressly provided, in writing, in the instrument of transfer, any Person who acquires a portion of a Member's interest in the Company pursuant to a transfer made in accordance with the terms of Section 9 hereof shall acquire and succeed to the corresponding proportionate part of the transferor's Unreturned Capital as of the date of transfer. Assignees (as defined in Section 6(e)) shall be treated as though they were Members for purposes of making distributions pursuant to this Section 6(d). "**Internal Rate of Return**" or "**IRR**" with respect to FT means the annual discount rate, at which the net present value of capital contributions made by FT to Park Partners LLC and this Company, calculated from and including the date each such capital contribution was made, equals the net present value of distributions by Park Partners LLC and this Company to FT, calculated from and including the date each such distribution was made, in both cases calculating the net present values as of the date the capital contribution was made. The IRR shall be compounded annually and shall be calculated on the basis of the actual number of days elapsed over a 365 or 366-day year, as the case may be. The IRR shall be calculated using the XIRR function in Microsoft Excel 2014 (or the most recently updated version of the software as of the date of the computation), taking specific contribution and distribution dates into account.

From and after the date that FT receives a 20% IRR as determined in accordance with Section 6(d)(iii), FT shall, automatically and without the necessity of any further action or document, be deemed to, and shall have withdrawn as a Member of this Company, and shall have no further right, title or interest in or to this Company, its business, assets or distributions.

(e) Withholding. The Manager is authorized to cause the Company to withhold from distributions or with respect to allocations and pay over to any federal, state, local or foreign

government any amounts required, pursuant to any provisions of federal, state, local or foreign law, to be withheld with respect to any Member or assignee of an interest in the Company who is not admitted as a Member of the Company (an "**Assignee**"). All amounts so withheld shall be treated as amounts distributed to the Members or Assignees pursuant to Section 6(d) of this Agreement. To the extent any amount withheld with respect to a Member or Assignee pursuant to this Section 6(e) for any year exceeds the amount distributable to such Member or Assignee for such year, such Member or Assignee shall pay such excess to the Company within ten (10) days after such Member or Assignee receives written notice from the Company of the amount of such excess. The Manager may require any Member and Assignee to provide such IRS tax forms and other information it requires to comply with federal and state withholding taxes on the Member's or Assignee's distributive share of taxable income or items of income and gain, as applicable, and each Member and Assignee agrees to promptly provide such requested information.

(f) Tax Matters Partner. The Manager is hereby designated as the "**Tax Matters Partner**" under Section 6231(a)(7) of the IRC to manage administrative tax proceedings conducted at the LLC level by the Internal Revenue Service with respect to partnership tax matters. Each of the other Members expressly consents to such designation and agrees that, upon the request of the Manager, it will execute, acknowledge, deliver, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such consent.

7. **Management.**

(a) General. The full management and control of the Company, its business, affairs and assets shall be vested exclusively in the Company's "Manager" who shall initially be Mitchell (the "**Manager**"). The Manager shall have all the powers of a manager under the Act. Only the Manager or a person expressly authorized, in writing to do so shall have the power to execute any agreements, contracts, deeds or other instruments or to otherwise represent or act as an agent of or for the Company and shall have the power to bind the Company. The Manager may from time to time hire one or more persons to act as officers of the Company, or otherwise to manage the Company's day-to-day affairs, who shall have such management powers and responsibilities as the Manager shall designate and determine in the Manager's sole and absolute discretion, subject, however, to the management oversight of the Manager, and may designate such persons as "President," "Vice-President," "Secretary" or "Treasurer" or similar titles as customarily applicable with respect to their assigned duties. Persons hired or employed as such executive officers shall have the power, duties and responsibilities customarily attaching to their titular positions, or as otherwise specified or directed by the Manager and shall serve in such position at the Manager's discretion. The Manager shall determine the terms and conditions of any such employment in the Manager's sole and absolute discretion subject, however, to the requirements of Section 7(f) and other express provisions of this Agreement.

(b) Manager Succession. So long as FT is a Member, Mitchell shall not resign as manager of the Company or cause Company to resign as manager of Park Partners LLC or assign Company's membership interest in Park Partners LLC without FT's prior written consent. Upon the permitted written resignation, death or disability of Mitchell as the Manager that renders him unable to substantially perform his management duties hereunder for a period of at least six successive months, the individual or entity that Mitchell then designates or has previously designated in writing as his successor (x) during the period that FT is a Member, with the written consent of FT, and thereafter, in written notice to the other Members and/or on file in the records of the Company in the form attached hereto as **Exhibit B** shall automatically succeed to his rights and powers as a Manager

hereunder. If the Mitchell has failed to timely designate a successor, or the appointee does not desire to serve as the Manager of the Company, then the individual appointed by Members holding at least the Required Approval Interest shall have the right to appoint, in writing, a successor Manager. Cessation of Mitchell's status as a Manager shall not affect Mitchell's rights to distributions pursuant to Section 6(d).

(c) No Annual Meeting Required. The Company may, but is under no obligation to, hold any annual meeting of members.

(d) Books and Records. True and correct books of account with respect to the operations of the Company shall be kept by the Manager at such place as shall be designated by the Manager. Any Member shall have the right to examine, or have its duly authorized representative examine, the books of account of the Company at any reasonable time. Upon the written request of any Member, the Manager will provide copies of any property reports and financial statements prepared by or for the Company; provided that any such Member agrees to keep such information confidential and not use it except for purposes of monitoring the Member's investment.

(e) Banking. All funds of the Company shall be deposited in the Company's name in such account or accounts in the name of the Company as shall be designated by the Manager. The funds in such accounts shall be used solely for the business of the Company. Withdrawals from, or checks drawn upon, such accounts shall require the signature of such person or persons as are designated by the Manager from time to time.

(f) Compensation. The Manager shall not be entitled to any compensation for managing the Company (whether as an officer of the Company or otherwise), but shall be entitled to be reimbursed any expenses he incurs in performing such services, it being understood, however, that the foregoing restriction shall not reduce or limit Mitchell's rights to distributions as a Member of this Company

(g) Dealing with Related Parties. Subject to Section 7(f) and the express terms and conditions of the operating agreement of Park Partners LLC, the Manager may cause Park Partners LLC to enter into agreements or arrangements with Members or Persons related to the Manager or any Members provided, however, that such agreements or other arrangements shall be on terms and conditions that are fair market terms and conditions or are substantially similar to those that would apply were the agreement or arrangement made by the Company with an unrelated Person in similar circumstances.

(h) Time; Other Interests. The Manager and each Member shall devote such business time managing the affairs of, and working for the Company, as it deems reasonably necessary or advisable. Neither the Manager nor any Member shall be required to devote all or substantially all of their time and energies to the management of the Company. The Manger and each Member may engage in other business and civic activities, for compensation or otherwise. The manager and each Member and any person or entity who is an affiliate of a Member may engage or hold interests in other business ventures of every kind and description for its or its affiliate's own account, regardless of whether it or its affiliate shall have an interest in, be employed by or act as a consultant for business ventures that are in competition with the business of the Company.

8. **Liability; Indemnification.**

(a) No Personal Liability. Except to the extent required by the Act or other applicable law or as expressly provided in this Agreement, as amended from time to time, or as otherwise specifically contractually agreed with a creditor, all debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company and no Manager or Member shall have any personal liability for any such debt, obligation or liability of the Company solely by reason of being a Manager or Member or exercising management authority as a Manager or Member.

(b) Indemnification As to Third Party Claims. To the fullest extent permitted by the Act, (i) the Manager is exculpated for any liability to third parties (i.e., persons other than the Members) for the Member's acts or omissions in connection with the business of the Company or by virtue of the Manager's status as a manager, member, officer or employee of the Company, and (iii) the Company shall indemnify and hold the Manager harmless from any and all costs, losses, liabilities, claims, damages and expenses and claims or alleged claim, of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by the Manager with respect to third parties (collectively, "**Losses and Claims**") by reason of any act performed or omitted to be performed by the Manager in connection with the business of the Company or by virtue of the Manager's status as a manager, member, officer or employee of the Company. Notwithstanding the foregoing, it is understood and agreed that the Manager shall not be exculpated or indemnified for any Losses and Claims to the extent that that such liability or Losses and Claims are the result of the Manager's gross negligence or a knowing violation of applicable law.

9. **Assignment.**

(a) Restrictions on Transfer Based on Loan Documents. Notwithstanding any other provision of this Agreement, no Member may assign, transfer, pledge, grant an option in or otherwise encumber ("**Transfer**") all or any portion of its Membership Interest in the Company including without limitation any Economic Rights therein (as defined below), if such Transfer is prohibited by the provisions of any agreement between the Company or Park Partners LLC and any lender providing financing secured by the Property. In order to avoid inadvertent violations of such loan agreements, any Member who is contemplating making any Transfer of all or any portion of a Membership Interest shall first notify the Manager, in writing, of the proposed transfer at least fifteen (15) business days prior to the intended date for such Transfer and shall not effect any such Transfer unless and until the Manager notifies the Member, in writing, that the transfer is permitted under the terms of the Company's loan documents. A Member's "**Economic Rights**" are the Member's rights to receive distributions (in the Member's capacity as a Member) and allocations of profits and losses, or items of income, gain, loss and expense, as provided herein. Any transferee shall be subject to the terms and conditions of this Section 9.

(b) General. Except as specifically provided in Section 9(c), (i) no Member may assign, pledge or otherwise transfer all or any portion of his Membership Interest in the Company (including but not limited to a transfer of a merely economic interest in the Company), and (ii) no transferee or assignee, may be admitted as a Member of the Company, in each case without the prior written approval of the Manager and the non-Transferring Member, the granting or withholding of which shall be in the Manager's and non-transferring Member's sole and absolute discretion. Except as provided in Section 9(c), a transfer of a Membership Interest or any portion thereof shall convey only "Economic Rights," as defined below, in the Company unless and until the Manager approves admission as a Member, in his sole discretion. Any transferee shall, as a condition to being admitted as a Member, execute a signature addendum to this Agreement agreeing to be bound by the terms

and conditions of this Agreement ("**Signature Addendum**"). Promptly following any transfer of all or any portion of a membership interest pursuant to Section 9(c) the transferor shall provide the Manager with a copy of the executed document or instrument effecting the transfer.

(c) Certain Permitted Transfers Upon or Following Death. Notwithstanding Section 9(b) but subject to Section 9(a), any Member may assign the whole or any part of his or its interest in the Company to a Permitted Transferee in accordance with the terms of this Section 9(c). Permitted Transferees shall be admitted as Members upon presentation of a copy of the instrument of transfer to the Manager and other Members and execution of the Signature Addendum and delivery thereof to the Manager. With respect to a Member that is an individual, the term "**Permitted Transferee**" means all or any of the following persons:

(i) such individual's estate on death or authorized representative upon a judicial determination of incompetency; and

(ii) pursuant to such individual's last will and testament or as required applicable state intestacy laws following such individuals' death, to such individual's (A) descendants (whether natural or by adoption), full brothers and sisters (whether natural or adopted), and descendants of any such full brothers or sisters (whether natural or adopted), and (B) any trust substantially all of the beneficial interests in which are owned by one or more of the individuals identified in clause (A); and

with respect to a Member that is an entity, the term "**Permitted Transferee**" means all or any of the following:

(iii) any entity directly or indirectly controlled by such Member and more than fifty percent (50%) of the beneficial interests of which are owned, directly or indirectly by such Member; or

(iv) any other entity that is, directly or indirectly, under common control with the Member and more than fifty percent (50%) of the beneficial interests of which are owned, directly or indirectly, the same Persons that own, directly or indirectly, the Member.

10. **Liquidation.** Following dissolution of the Company in accordance with Section 3 above, the Company's business shall be wound up and the Company liquidated, in a manner designed to preserve or realize the fair value of the Company's assets. The proceeds of the liquidation shall be distributed in the following manner:

(a) first, to the payments of the expenses of liquidation;

(b) second, to pay the debts and obligations of the Company;

(c) third, to the establishment of any reserve which the Manager shall deem reasonably necessary for contingent or unforeseen liabilities;

(d) finally, to the Members in accordance with the terms of Section 6(d).

11. **Miscellaneous.**

(a) Governing Law. This Agreement is governed by and shall be construed in accordance with the internal laws of the State of Delaware, excluding its rules applicable to conflict-of-laws. The Manager and Members agree to submit to the exclusive jurisdiction and venue of the State and Federal courts of the City and County of New York, New York in connection with any dispute related to this Agreement.

(b) Notices. All notices, demands, offers or other communications required or permitted by this Agreement shall be in writing and shall be sent by prepaid registered or certified mail, return receipt requested overnight delivery service, or by hand delivery, and addressed to the other party hereto at such party's address set forth in Exhibit A (as the same shall be amended from time to time), and shall be deemed given upon the date the return receipt is signed on behalf of the receiving party or, if hand delivered, upon delivery.

(c) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Members and their respective successors and permitted assigns.

(d) Severability. If any provision of this Agreement shall be determined to be unlawful or unenforceable to any extent, such provision shall be deemed to be severed from this Agreement and every other provision of this Agreement shall remain in force and effect.

(e) No Waiver. The waiver by any Member of any matter provided herein shall be effective only if made in writing and signed by such Member.

(f) Entire Agreement; Amendment. This Agreement sets forth the entire agreement and understanding of the Members and supersedes all prior agreements or understandings, whether oral or written, between the parties with respect to the subject matter of this Agreement. This Agreement may only be amended by a writing signed by Members holding the Required Approval Interest and designated as an amendment or modification of this Agreement.

(g) Counterparts. This Agreement may be executed in one or more counterparts and by facsimile, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

[Signatures on next page.]

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

David J. Mitchell, as Manager and Member

FT REAL ESTATE, INC.

By: _____
Darren Indyke, Vice President

EXHIBIT A

Allocations of Profits and Losses

Note: The following provisions shall apply commencing on the date that the Company has more than one Member or a Member and any Assignee(s). All Assignees shall be treated as though they were "Members" for purposes of applying this Exhibit A.

A-1 Defined Terms.

(a) **"Adjusted Capital Account Deficit"** means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) Debit to such Capital Account the items described in Regulations Sections 1.704-1(b)(2)(ii)(*d*)(*4*), 1.704-1(b)(2)(ii)(*d*)(*5*), and 1.704-1(b)(2)(ii)(*d*)(*6*).

The foregoing definition of "Adjusted Capital Account Deficit" is intended to comply with the provisions of Section 1.704-1(d)(b)(2)(ii)(*d*) of the Regulations and shall be interpreted consistently therewith.

(b) **"Asset Value"** with respect to any asset means the asset's adjusted basis for federal income tax purposes, except as follows:

(i) The initial Asset Value of any asset contributed by a Member to the Company shall be the value of such asset, as agreed to by the contributing Member and the Manager.

(ii) The Asset Values of all Company Assets shall be adjusted to equal their respective gross fair market values, as reasonably determined by the Manager, and the resulting unrecognized gain or loss shall be allocated to the Capital Accounts of the Members as though such assets had been sold for their respective fair market values, as of the following times: (1) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a *de minimis* Capital Contribution; (2) the distribution by the Company to a Member of more than a *de minimis* amount of Company Assets as consideration for an interest in the Company; and (3) the liquidation of the Company within the meaning of Regulations Section 1.704 1(b)(2)(ii)(g); provided, however, that the adjustments pursuant to clauses (1) and (2) above shall be made only if the Manager reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company.

(iii) The Asset Value of any Company Asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution.

(iv) The Asset Values of Company Assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations § 1.704 1(b)(2)(iv)(m); provided, however, that Asset Values shall not be adjusted pursuant to this (iv) to the extent the Manager determines that an adjustment pursuant to (ii) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this (iv).

If the Asset Value of an asset has been determined or adjusted pursuant to (i), (ii), or (iv) above, such Asset Value shall thereafter be adjusted by the depreciation taken into account with respect to such asset for purposes of computing Company profits and losses.

(c) "**Capital Account**" means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(i) To each Member's Capital Account there shall be credited such Member's Capital Contribution, such Member's distributive share of Net Income and any item in the nature of income or gain which is specially allocated pursuant to Section A-4, and the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member;

(ii) To each Member's Capital Account there shall be debited the amount of cash and the Asset Value of any property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Net Loss and any item in the nature of expense or loss which is specially allocated pursuant to Section A-4, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company;

(iii) In the event all or a portion of an Interest in the Company is Transferred in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the Transferor to the extent that it relates to the Transferred interest; and

(iv) In determining the amount of any liability for purposes of subdivisions (i) and (ii) there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provision and other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Regulations.

(d) "**Code**" means the Internal Revenue Code of 1986, as the same has been amended.

(e) "**Company Minimum Gain**" has the same meaning as "partnership minimum gain" set forth in Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

(f) "**Depreciation**" means, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable for Federal income tax purposes with respect to an asset for such Fiscal Year, except that (i) with respect to any asset the Asset Value of which differs from its adjusted tax basis for Federal income tax purposes at the beginning of such Fiscal Year and which difference is being eliminated by use of the "remedial method" as defined by Section 1.704-3(d) of the Regulations, Depreciation for such Fiscal Year shall be the amount of book basis recovered for such Fiscal Year under the rules prescribed by Section 1.704-3(d)(2) of the Regulations, and (ii) with respect to any other asset the Asset Value of which differs from its adjusted tax basis for Federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount which bears the same ratio to such beginning Asset Value as the Federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; provided, however, that in the case of clause (ii) above, if the adjusted tax basis for Federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation shall be determined with reference to such beginning Asset Value using any reasonable method selected by the Non-Member Manager.

(g) "**Fiscal Year**" means the calendar year, except that if the Company is required by the Code to use a taxable year other than a calendar year, then Fiscal Year shall mean such taxable year.

(h) **"Member Nonrecourse Debt"** has the same meaning as the term "partner nonrecourse debt" set forth in Regulations Section 1.704-2(b)(4).

(i) **"Member Nonrecourse Debt Minimum Gain"** means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if the Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

(j) **"Member Nonrecourse Deductions"** has the same meaning as the term "partner nonrecourse deductions" set forth in Regulations Sections 1.704-2(i)(1) and 1.704-2(i)(2).

(k) **"Net Profits"** and **"Net Losses"** means, for each Fiscal Year or relevant portion thereof, an amount equal to the Company's taxable income or loss for such Fiscal Year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss) with the following adjustments:

(i) Any income of the Company that is exempt from Federal income tax, and to the extent not otherwise taken into account in computing Net Profits or Net Losses pursuant to this paragraph, shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)*(i)*, and to the extent not otherwise taken into account in computing Net Profits or Net Losses pursuant to this paragraph, shall be subtracted from such taxable income or loss;

(iii) In the event the Asset Value of any Company asset is adjusted pursuant to subdivisions (ii) or (iii) of the definition of Asset Value herein, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Profits or Net Losses;

(iv) Gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by reference to the Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Asset Value;

(v) In lieu of depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such calendar year; and

(vi) Any items which are specially allocated pursuant to the provisions of Section A-4 of Exhibit A shall not be taken into account in computing Net Profits or Net Losses.

(l) **"Nonrecourse Liability"** has the meaning set forth in Regulations Section 1.752-1(a)(2).

(m) **"Regulation(s)"** means the U.S. Department of Treasury Regulations promulgated under the Code.

A-2 Capital Accounts. A separate Capital Account shall be established and maintained for each Member. In the event that all or a portion of the limited liability company interest of a Member are Transferred in accordance with the terms of this Agreement, the transferee of such assigned limited liability company interest shall also succeed to all or the relevant portion of the Capital Account of the transferor, unless the instrument of Transfer specifies the parties to such assignment intend that only a "profits interest" is to be Transferred. No Member shall have any obligation to repay any deficit balance in its Capital Account.

A-3 General Allocations.

(a) Hypothetical Liquidation. The items of income, gain, loss and expense of the Company comprising Net Profits or Net Losses for a Fiscal Year shall be allocated among the Persons who were Members during such Fiscal Year in a manner that will, as nearly as possible, cause the Capital Account balance of each Member at the end of such Fiscal Year to equal the excess (which may be negative) of:

(i) the amount of the hypothetical distribution (if any) that such Member would receive if, on the last day of the Fiscal Year, (x) all Company assets, including cash, were sold for cash in an amount equal to their Asset Values, taking into account any adjustments thereto for such Fiscal Year, (y) all Company liabilities were satisfied in cash according to their terms (limited, with respect to each Nonrecourse Liability or Member Nonrecourse Debt in respect of such Member, to the Asset Values of the assets securing such liability), and (z) the net proceeds thereof (after satisfaction of such liabilities) were distributed in full pursuant to Section 10, over

(ii) the sum of (x) the amount, if any, without duplication, that such Member would be obligated to contribute to the capital of the Company, (y) such Member's share of Company Minimum Gain determined pursuant to Regulations Section 1.704-2(g) and (z) such Member's share of Member Nonrecourse Debt Minimum Gain determined pursuant to Regulations Section 1.704-2(i)(5), all computed as of the hypothetical sale described in Section A-3(a)(i) above.

(b) Loss Limitation. Notwithstanding anything to the contrary in this Section A-3, the amount of items of Company expense and loss allocated pursuant to this Section A-3 to any Member shall not exceed the maximum amount of such items that can be so allocated without causing such Member to have an Adjusted Capital Account Deficit at the end of any Fiscal Year, unless each Member would have an Adjusted Capital Account Deficit. All such items in excess of the limitation set forth in this Section A-3(b) shall be allocated first, to Members who would not have an Adjusted Capital Account Deficit, *pro rata*, in proportion to their Capital Account balances, adjusted as provided in clauses (i) and (ii) of the definition of Adjusted Capital Account Deficit, until no Member would be entitled to any further allocation, and, thereafter, to all Members, *pro rata*, in proportion to their respective Percentage Interests.

A-4 Special Allocations. Notwithstanding anything to the contrary contained in this Exhibit A:

(a) Nonrecourse Deductions. Nonrecourse Deductions shall be allocated to the Members *pro rata*, in accordance with their Percentage Interests.

(b) Member Nonrecourse Deductions. Member Nonrecourse Deductions shall be allocated to the Member who bears the economic risk of loss with respect to the liability to which such Member Nonrecourse Deductions are attributable in accordance with Section 1.704-2(j) of the Regulations.

(c) Minimum Gain Chargeback. If there is a net decrease in Company Minimum Gain or in Member Nonrecourse Debt Minimum Gain during a Company Fiscal Year, the Members shall be

allocated items of Company income and gain in accordance with Treasury Regulations Sections 1.704-2(f) and 1.704-2(i)(4).

(d) **Qualified Income Offset**. In addition, in the event that any Member has a deficit Capital Account at the end of any Fiscal Year that is in excess of the sum of (a) the amount, if any, that such Member is obligated to restore pursuant to this Agreement, and (b) the amount such Member is deemed obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations, each such Member shall be specially allocated items of Company income and gain (consisting of a pro rata portion of each item of income and gain of the Company for such Fiscal Year in accordance with Regulations section 1.704-1(b)(2)(ii)(d)) in the amount of such excess as quickly as possible; provided, however, that such an allocation shall be made only if and to the extent that a Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section A-4 have been tentatively made as if this sentence were not in this Agreement. This Section A-4(d) is intended to comply with the qualified income offset requirement of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted and applied consistently therewith.

A-5 ***Tax Allocations.***

(a) **Code Section 704(b) Allocations**.

(i) Each item of income, gain, loss, deduction or credit for Federal income tax purposes that corresponds to an item of income, gain, loss or expense that is either taken into account in computing Net Profits or Net Losses or is specially allocated pursuant to Section A-4 (a "Book Item") shall be allocated among the Members in the same proportion as the corresponding Book Item.

(ii) If the Company recognizes Depreciation Recapture (as defined below) in respect of the sale of any Company asset:

(A) the portion of the gain on such sale which is allocated to a Member pursuant to Section A-3 or Section A-4 shall be treated as consisting of a portion of the Company's Depreciation Recapture on the sale and a portion of the Company's remaining gain on such sale under principles consistent with Regulations Section 1.1245-1; and

(B) if, for Federal income tax purposes, the Company recognizes both "unrecaptured Section 1250 gain" (as defined in Section 1(h) of the Code) and gain treated as ordinary income under Section 1250(a) of the Code in respect of such sale, the amount treated as Depreciation Recapture under clause (i) above shall be comprised of a proportionate share of both such types of gain.

For purposes of this Section A-5(a), "Depreciation Recapture" means the portion of any gain from the disposition of an asset of the Company which, for Federal income tax purposes, (i) is treated as ordinary income under Section 1245 of the Code, (ii) is treated as ordinary income under Section 1250 of the Code or (iii) is "unrecaptured Section 1250 gain" as such term is defined in Section 1(h) of the Code.

(b) **Code Section 704(c) Allocations**.

(i) In accordance with Section 704(c) of the Code, income, gain, loss and deduction with respect to any property contributed to the Company with an adjusted basis for Federal income tax purposes different than the initial Asset Value at which such property was accepted by the Company shall, solely for tax purposes, be allocated among the Members in a manner determined by the Tax Matters Member (as defined below) so as to take into account such difference in a manner that complies with Section 704(c) and the applicable Treasury Regulations. The Company, in the discretion of the

Manager, may make, or not make, "curative" or "remedial" allocations (within the meaning of the Regulations under Section 704(c) of the Code) including:

(A) "curative" allocations which offset the effect of the "ceiling rule" for a prior Fiscal Year (within the meaning of Regulations Section 1.704-3(c)(3)(ii)); and

(B) "curative" allocations from dispositions of contributed property (within the meaning of Regulations Section 1.704-3(c)(3)(iii)(B)).

(ii) If upon the acquisition of an additional limited liability company interest in the Company by a new or existing Member the Asset Value of any of the assets of the Company are adjusted as required pursuant to the definition of "Asset Value", subsequent allocations of income, gain, loss and deduction with respect to such assets shall, solely for tax purposes, be allocated among the Members in a manner determined by the Manager so as to take into account such adjustment in a manner that complies with Section 704(c) of the Code and the applicable Treasury Regulations.

(iii) The allocations required by this Section A-5(b) are solely for purposes of Federal and, as applicable, state and local, income tax purposes and shall not affect the allocation of Net Profits or Net Losses as between Members or any Member's Capital Account.

A-6 Tax Matters Member. The Manager is hereby designated the "**Tax Matters Member**" and shall serve as the tax matters partner (as defined in Code Section 6231) of the Company.

EXHIBIT B

MANAGER SUCCESSOR DESIGNATION

Note: When completed, a copy of this Manager Successor Designation should be provided to all Members (except that the Manager need not provide a copy to himself) and the original should be filed in the records of the Company.

Dated effective _____, 20__.

The undersigned hereby revokes any and all designations of Manager successor made prior to the date hereof.

The undersigned manager of Park Partners Manager LLC hereby designates _____ _____, having an address at _____, to be the successor to the position of Manager of Park Partners Manager LLC effective as of _____ [specify date].

In the event that at such time _____ does not wish to become successor, then the undersigned hereby designates _____, having an address at _____ _____ to become the successor Manager.

In witness whereof, the undersigned has made this Manager Successor Designation as of the date first written above.

_____
DAVID J. MITCHELL

APPROVED {required so long as FT is a Member}:
FT REAL ESTATE, INC.

By: _____
Darren Indyke, Vice President