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After recording return to:

Bruce M. Stachenfeld, Esq.
Duval & Stachenfeld LLP
405 Lexington Avenue, 32nd Floor
New York, New York 19174

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6607/0270 27 001 Page 1 of 10
1999-07-27 15:25:06
Cook County Recorder 39.00



99716086

(Recorder's Stamp)

TUNNEL AGREEMENT

THIS TUNNEL AGREEMENT (this "Agreement"), dated as of this 28th day of July, 1999 by and between MW-CPAG HOLDINGS, L.L.C., a Delaware limited liability company, having an address at c/o Angelo, Gordon & Co., L.P., 245 Park Avenue, 26th Floor, New York, New York 10167 ("Owner A"), THE 535 CORPORATION, a Delaware corporation ("Owner B") and MONTGOMERY WARD & CO., INCORPORATED, an Illinois corporation ("Tenant"), each having an address at Montgomery Ward Plaza, 535 W. Chicago Avenue, Chicago, Illinois 60671.

WITNESSETH

WHEREAS, Owner A is the owner of that certain building commonly known as the "Merchandise Building" located at 619 Ves. Chicago Avenue, Chicago, Illinois (the "Merchandise Building Parcel"), as more particularly described on Exhibit A attached hereto;

WHEREAS, Owner B is the owner of that certain building commonly known as the "Corporate Tower" located at 535 West Chicago Avenue, Chicago, Illinois (the "Corporate Tower Parcel"), as more particularly described on Exhibit B attached hereto;

WHEREAS, pursuant to that certain Ordinance and Permit No. 42700 (the "Tunnel Permit") there currently exists an underground tunnel (the "Tunnel") connecting the Merchandise Building Parcel to the Corporate Tower Parcel, as more particularly shown on that certain Plat of Survey, dated April 14, 1999 (revised as of April 26, 1999), prepared by Chicago Guaranty Survey Company (the "Survey");

WHEREAS, as of the date hereof, Owner A and Tenant are entering into that certain Lease Agreement pursuant to which Tenant is leasing from Owner A certain space (the "Leased Space") at the building located on the Merchandise Building Parcel (such lease, the "Merchandise Building Lease"); and

WHEREAS, Owner B and Tenant are affiliates and, in connection with the Merchandise Building Lease, Owner A, Owner B and Tenant have agreed that they shall enter into this Agreement concerning the mutual access by Owner A, Owner B and Tenant to the Tunnel pursuant to the terms hereof.

NOW, THEREFORE, for ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner A, Owner B and Tenant agree as follows:

BOX 333-CTI

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1. Owner A hereby grants to Owner B, Tenant and their respective employees a non-exclusive temporary easement to use the Tunnel for the sole purpose of access by Owner B, Tenant and their respective employees to the Leased Space. Owner B acknowledges and agrees that (a) from and after the termination of the Merchandise Building Lease (whether due to operation of the Merchandise Building Lease, a default by the tenant thereunder or otherwise), the temporary easement granted by Owner A to Owner B, Tenant and their respective employees under this Section 1 shall be revocable at any time by Owner A upon written notice given by Owner A to Owner B and Tenant and (b) upon revocation of the Tunnel Permit by the City of Chicago or the expiration of the effectiveness of such Tunnel Permit, the temporary easement granted by Owner A to Owner B, Tenant and their respective employees under this Section 1 shall automatically terminate and be of no further force and effect.

2. Owner A shall not be liable for any interruption in the use of the Tunnel for any reason (including, without limitation, the revocation by City of Chicago of the Tunnel Permit) and shall not be required to take any action with respect to obtaining a new Tunnel Permit or an extension of the expiration of the existing Tunnel Permit.

3. Owner B and Tenant jointly and severally agree to defend, indemnify and hold Owner A harmless from and against any and all claims, causes of action, loss, damage or expense relating to or arising out of the use of the Tunnel by Owner B, Tenant and their respective employees, agents, invitees and tenants. The Tunnel shall be treated as if it were part of the Leased Space demised under the Merchandise Building Lease only with respect to coverage thereof by Tenant under its insurance policies and compliance with laws.

4. This Agreement does not run with, nor shall it bind the real property owned by Owner A (including, without limitation, the Merchandise Building Parcel). The right of access granted to Owner B and Tenant in Section 1 is to be personal to Owner B and Tenant and may not be assigned and/or sublet (in whole or in part) by either Owner B and/or Tenant and shall not inure to the benefit of any successor or assign of Owner B and/or Tenant (other than an entity or entities that are the reorganized post-confirmation debtor entity or entities under the Bankruptcy Proceeding (which entity or entities shall hold substantially all of the assets of Owner B and/or Tenant)). In the event of a default or breach by Owner A under this Agreement, the sole and exclusive remedy of Owner B and Tenant shall be to terminate this Agreement.

5. This Agreement is subject and subordinate to the lien of any first mortgages or deeds of trust now on or which at any time may be made a lien upon the Merchandise Building Parcel, or any part thereof, and to all advances made or hereafter to be made upon the security thereof. This subordination provision shall be self-operative and no further instrument of subordination shall be required, provided, however, notwithstanding the foregoing, Owner B and Tenant agree to execute and deliver, upon request, such further instrument or instruments confirming this subordination as shall be desired by Owner A or by any mortgagee or proposed mortgagee; and each of Owner B and Tenant hereby constitute and appoint Owner A as their respective attorney-in-fact to execute any such instrument or instruments. Owner B and Tenant further agree that, at the option of the holder of any first mortgage or of the trustee under any first deed of trust, this Agreement may be made superior to said first mortgage or first deed of trust by the insertion therein of a declaration that this Agreement is superior thereto.

6. Upon termination of this Agreement and the request by Owner A, Owner B and Tenant shall execute such documents and/or instruments in recordable form as may be reasonably requested by Owner A to evidence the termination of the Agreement and, in the event that Owner

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B and/or Tenant shall fail to execute such documents within ten (10) business days of request therefor, each of Owner B and Tenant hereby grant to Owner A a power of attorney to execute any such document or instrument on behalf of Owner B and/or Tenant, which power of attorney shall be deemed to be irrevocable and coupled with an interest.

7. From and after the termination of the Merchandise Building Lease or the revocation or expiration of the Tunnel Permit, either Owner A or Owner B shall have the right to deliver a written notice to the other party requesting the closure or removal of the Tunnel. In such event, each party shall reasonably cooperate with the other to remove and/or close the Tunnel (including any related supports, footings and foundations relating to the Tunnel) and, in connection therewith, Owner B hereby grants to Owner A a temporary easement to enter upon the land of Owner B for the purpose of effecting such closure or removal, which temporary easement shall terminate upon the completion of such closure or removal. The rights and obligations set forth in this Section 7 shall inure to the benefit of Owner A and Owner B's successors and/or assigns (it being acknowledged that Owner B does not have the right to assign the right of access set forth in Section 1 above except as provided for in Section 4 above).

[Signatures on Next Page]

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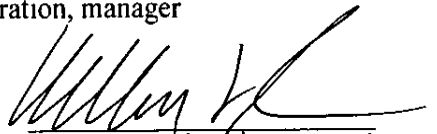
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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dated and year first above written.

OWNER A:

MW-CPAG HOLDINGS, L.L.C., a Delaware limited liability company

By: AG Asset Manager, Inc., a Delaware corporation, manager

By: 
Name: Michael L. Gordon
Title: Vice President

OWNER B:

THE 535 CORPORATION, a Delaware corporation

By: _____
Name: _____
Title: _____

TENANT:

MONTGOMERY WARD & CO.
INCORPORATED, an Illinois corporation

By: _____
Name: _____
Title: _____

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

OWNER A:

MW-CPAG HOLDINGS, L.L.C., a Delaware limited liability company

By: AG Asset Manager, Inc., a Delaware corporation, manager

By: _____
Name:
Title:

OWNER B:

THE 535 CORPORATION, a Delaware corporation

By: _____
Name: Spencer H. Harbo
Title: President

TENANT:

MONTGOMERY WARD & CO.,
INCORPORATED, an Illinois corporation

By: _____
Name: Spencer H. Harbo
Title: Exec. V.P.

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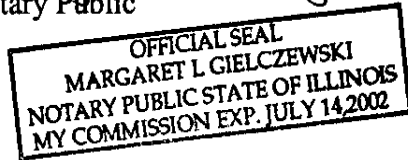
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STATE OF ILLINOIS)
 :SS.
COUNTY OF COOK)

I, Margaret L. Gielczewski, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Spencer H. Heine personally known to me to be the President of The 535 Corporation, a Delaware corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such President, he signed and delivered the said instrument, pursuant to authority, given by the Board of Directors of said corporation as his free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 20 day of July, 1999.

Margaret L. Gielczewski
Notary Public

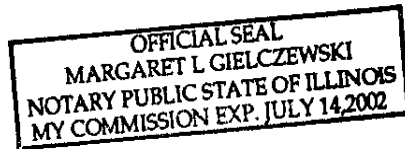


STATE OF ILLINOIS)
 :SS.
COUNTY OF COOK)

I, Margaret L. Gielczewski, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Spencer H. Heine personally known to me to be the Executive Vice President of Montgomery Ward & Co., Incorporated, an Illinois corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such Executive Vice President, he signed and delivered the said instrument, pursuant to authority, given by the Board of Directors of said corporation as his free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 20 day of July, 1999.

Margaret L. Gielczewski
Notary Public

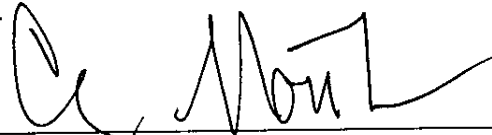


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STATE OF NEW YORK)
)
 ss.:
)
COUNTY OF NEW YORK)

On the 21 day of July, 1999, before me, the undersigned, a Notary Public in and for the State of New York, personally appeared Michael Gordon, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



NOTARY PUBLIC

CLAYTON NOTTLEMAN
Notary Public, State of New York
No. 01NO6013148
Qualified in New York County
Commission Expires 09/08/2000



My Commission Expires:

STATE OF ILLINOIS)
)
 ss.:
)
COUNTY OF COOK)

On the ___ day of July, 1999, before me, the undersigned, a Notary Public in and for the State of New York, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC

My Commission Expires:

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Exhibit A

Merchandise Building Parcel Legal Description

(See Attached)

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PARCEL 23

SUB-LOTS 1 AND 2 IN RESUBDIVISION OF LOTS 2 TO 8, BOTH INCLUSIVE, IN BLOCK 81, TOGETHER WITH A PARCEL OF LAND 66.00 FEET WIDE EAST AND ADJOINING, ALSO THE WEST 1.00 FOOT OF LOTS 2 TO 8, BOTH INCLUSIVE, IN BLOCK 82, ALL IN RUSSELL, MATHER AND ROBERTS' SECOND ADDITION TO CHICAGO IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 24

LOTS 9 AND 10 TOGETHER WITH A PARCEL OF LAND 66.00 FEET WIDE EAST AND ADJOINING IN BLOCK 81; ALSO THE WEST 1.00 FOOT OF LOTS 9 AND 10 IN BLOCK 82, ALL IN RUSSELL, MATHER AND ROBERTS' SECOND ADDITION TO CHICAGO IN THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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EXHIBIT B **CORPORATE TOWER PARCEL**

LOTS 1 TO 10, BOTH INCLUSIVE, LOTS 15 TO 28, BOTH INCLUSIVE, AND THE EAST 19-3/4 FEET OF LOT 11 IN BLOCK 4 IN HIGGINS, LAW AND COMPANY'S ADDITION TO CHICAGO; LOTS 1 TO 4, BOTH INCLUSIVE, IN THE SUBDIVISION OF THE WEST 4-1/4 FEET OF LOT 11 AND ALL OF LOTS 12, 13 AND 14 IN BLOCK 4 IN HIGGINS, LAW AND COMPANY'S ADDITION TO CHICAGO, AND ALL OF THE EAST AND WEST VACATED ALLEY IN BLOCK 4 IN HIGGINS, LAW AND COMPANY'S ADDITION TO CHICAGO, ALL IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

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