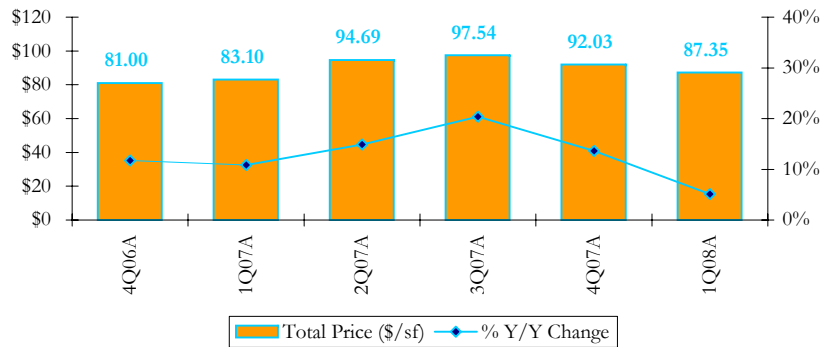


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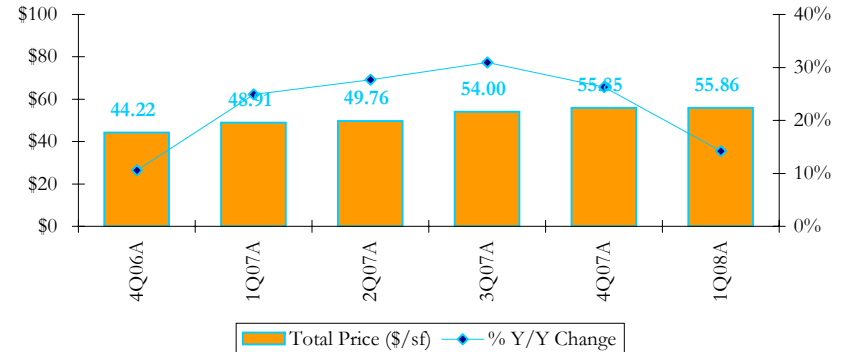
Midtown South Office Market Analysis

Total Price (\$/sf) and % Y/Y Change

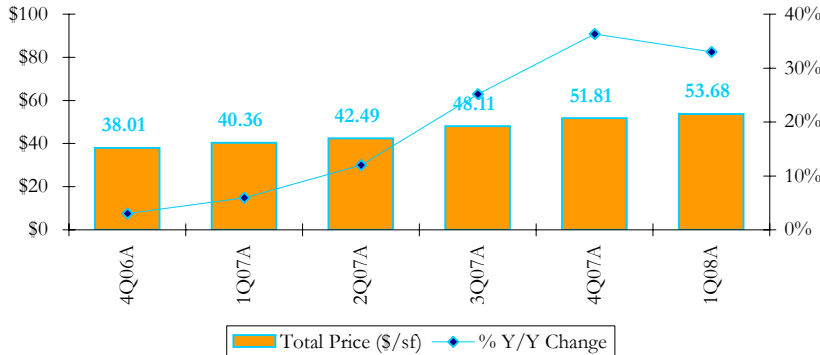
Class A Buildings



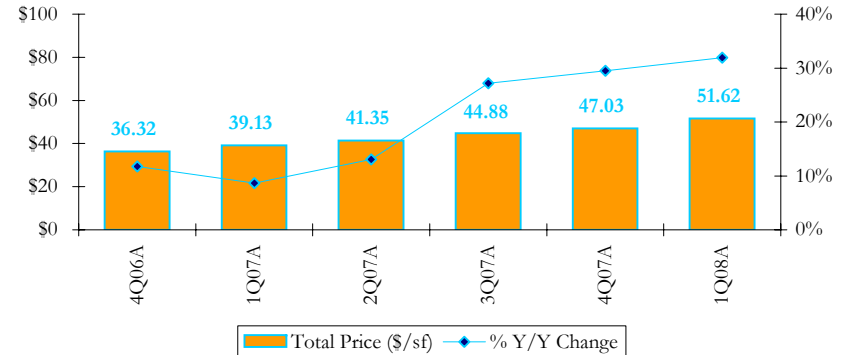
Class B Buildings



Class C Buildings



Class D Buildings



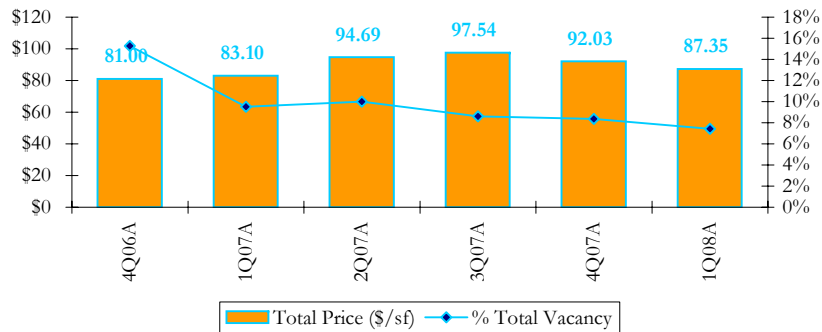
- The submarket saw a continued increase in asking rates over 4Q07 levels for Class C and D properties, which combine to account for 68% of market availability. Both of these property classes saw rate growth in excess of 30% y/y. While Class C growth is off slightly from a 4Q07 peak, Class D growth represents a new high.
- The Class A average asking rate is down \$4.69 psf since last quarter and down \$10.19 psf from its 3Q07 high. The Class A rate continues to be impacted by the lease up of 1095 Ave of the Americas and the new New York Times building at 620 Eighth Avenue. As above average asking rate space at these properties is leased up, it has the effect of lowering the average asking rate for outstanding space. 121K sq ft of space was taken off the market at 620 Eighth Ave in 1Q08.

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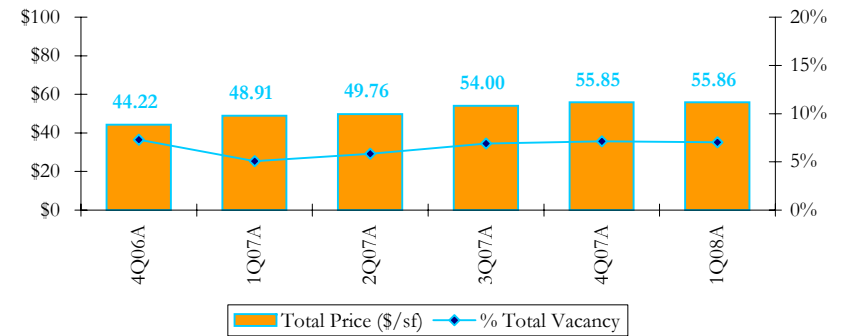
Midtown South Office Market Analysis

Total Price (\$/sf) and % Vacancy

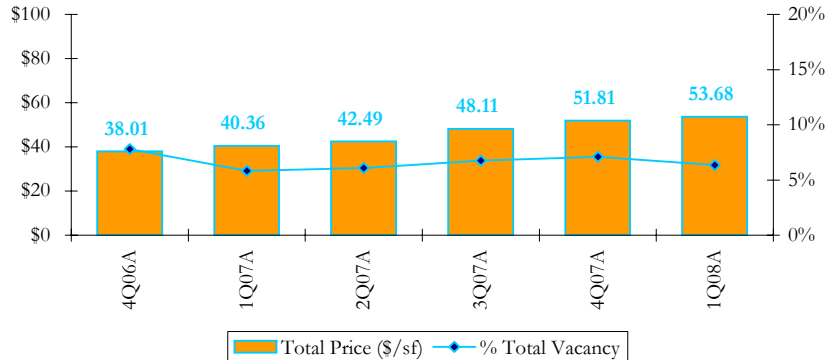
Class A Buildings



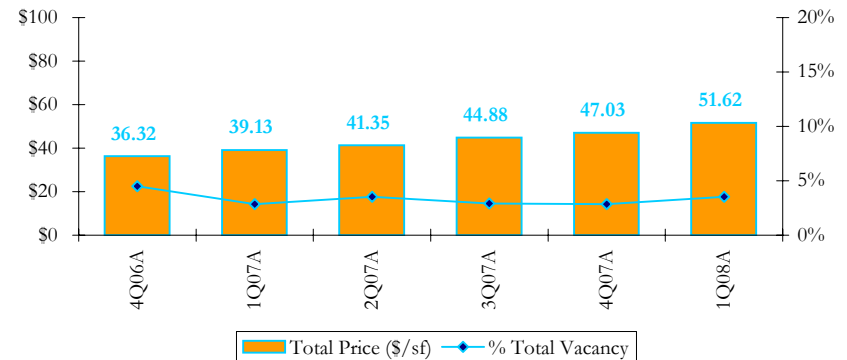
Class B Buildings



Class C Buildings



Class D Buildings



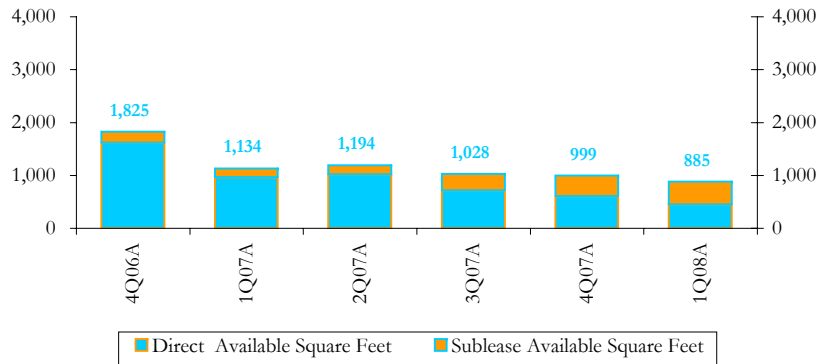
- Overall market vacancy remained flat in 1Q08, at 5.2%. This result occurred as slight decreases in vacancy in Class A and C buildings was offset by a vacancy increase in Class D buildings. Class D 1Q vacancy increased to 3.5% from 4Q's 2.9%, representing a 510K sq ft increase in availability.
- Class A vacancy was down to 7.4%, from 8.4% in 4Q.
- Class C vacancy was down to 6.3%, from 7.1% in 4Q.
- Class B vacancy was down slightly to 7.0%, from 7.1% in 4Q.

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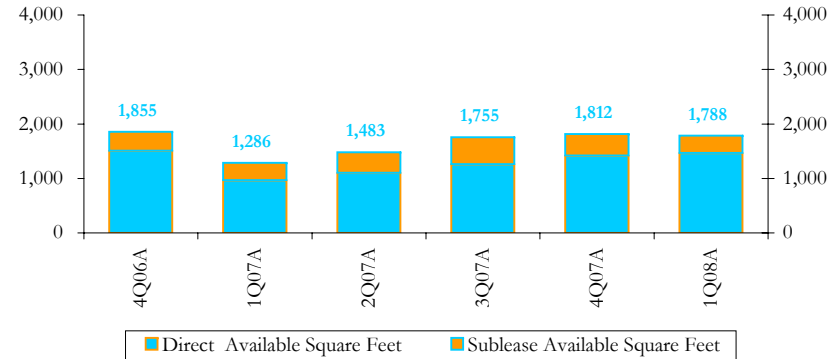
Midtown South Office Market Analysis

Total Available Square Feet = Direct Available + Sublease Available

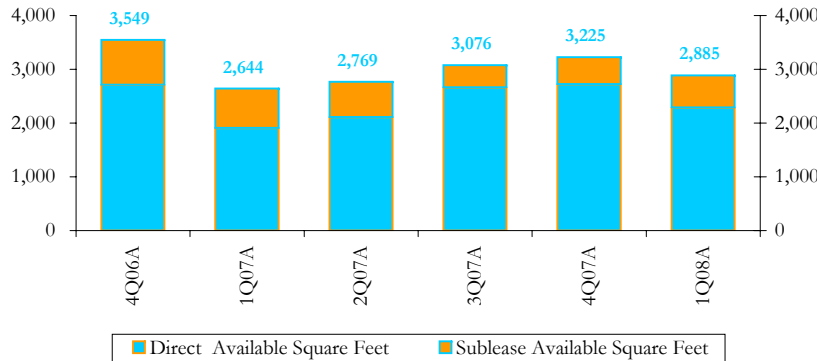
Class A Buildings



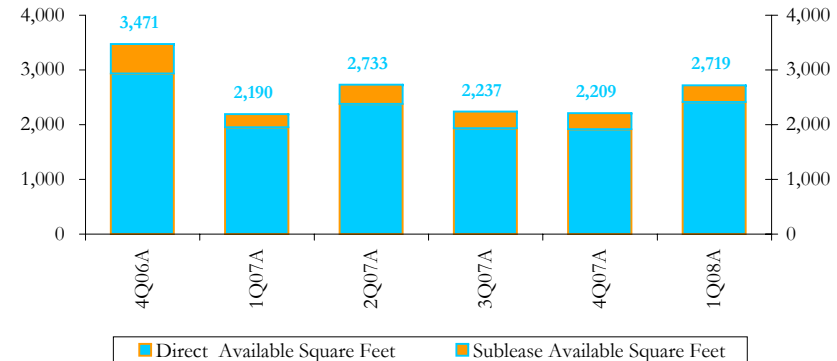
Class B Buildings



Class C Buildings



Class D Buildings

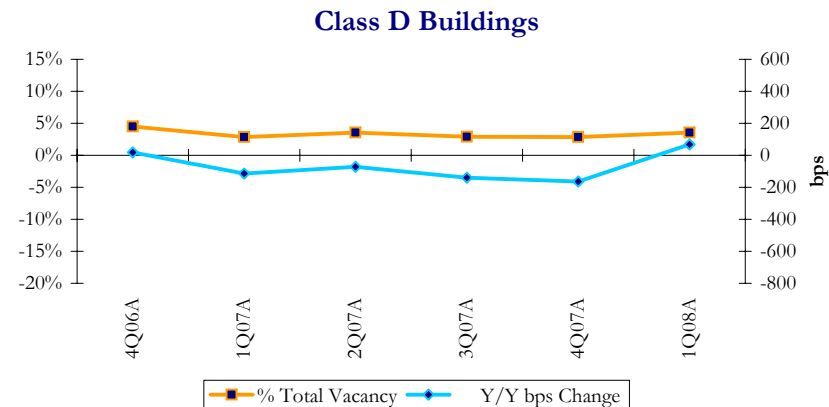
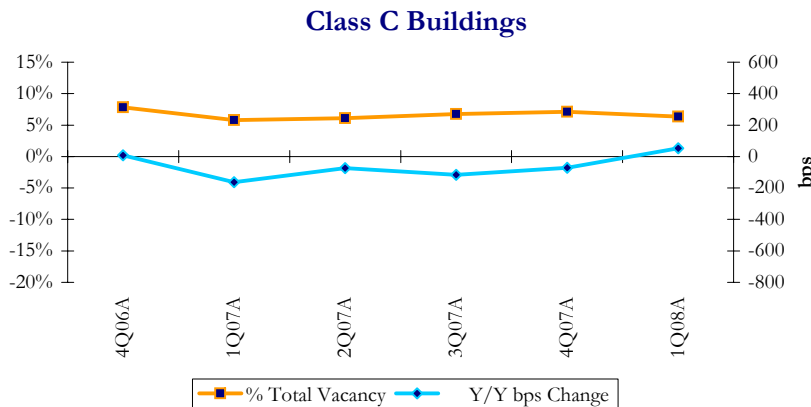
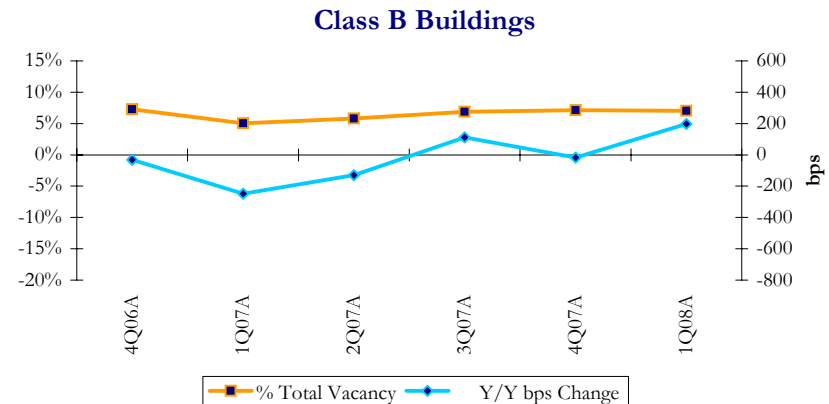
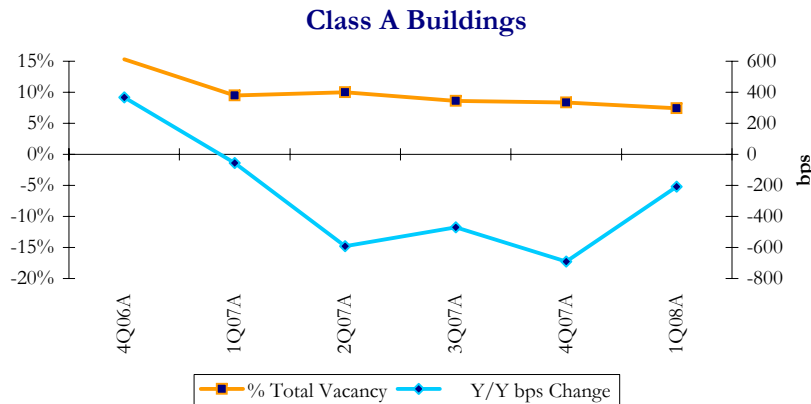


- These graphs show that the contribution of Class A properties as a proportion of total available space in the market has been decreasing over recent quarters. While Class A clearly accounts for the smallest portion of available space in the market, it trades at a 56% premium to Class B space. As a result, a reduction in the weighting of Class A rates in the calculation of total market asking rates represents a significant drag to total market asking rate growth.
- The reduction in the Class A average rate is also related to an increase in sublease availability as a percentage of total Class A vacancy. Sublease space accounted for 49.6% of total availability in 1Q08, up from 39.6% in 4Q07. As of 1Q08, sublease space traded at a 30% discount to comparable direct space.

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Midtown South Office Market Analysis

Total Vacancy and Y/Y bps Change



- These graphs show that vacancy for all building classes but Class A increased slightly on a y/y basis. The market as a whole was actually up slightly as well with 5.2% vacancy in 1Q08 up 64 bps from 1Q07's record low of 4.5%.
- While market vacancy is up from 1Q07, the current 5.2% is still down significantly from period ending vacancy in 2006 of 6.7%, 2005 of 6.4% and 2004 of 8.4%.
- Class A buildings are showing significant volatility in vacancy. Most of this volatility is driven by erratic fluctuations associated with the redevelopment and lease up of 1095 Ave of the Americas. However, in the current quarter a 121K sq ft reduction in availability at 620 8th Avenue also contributed to the vacancy reduction.

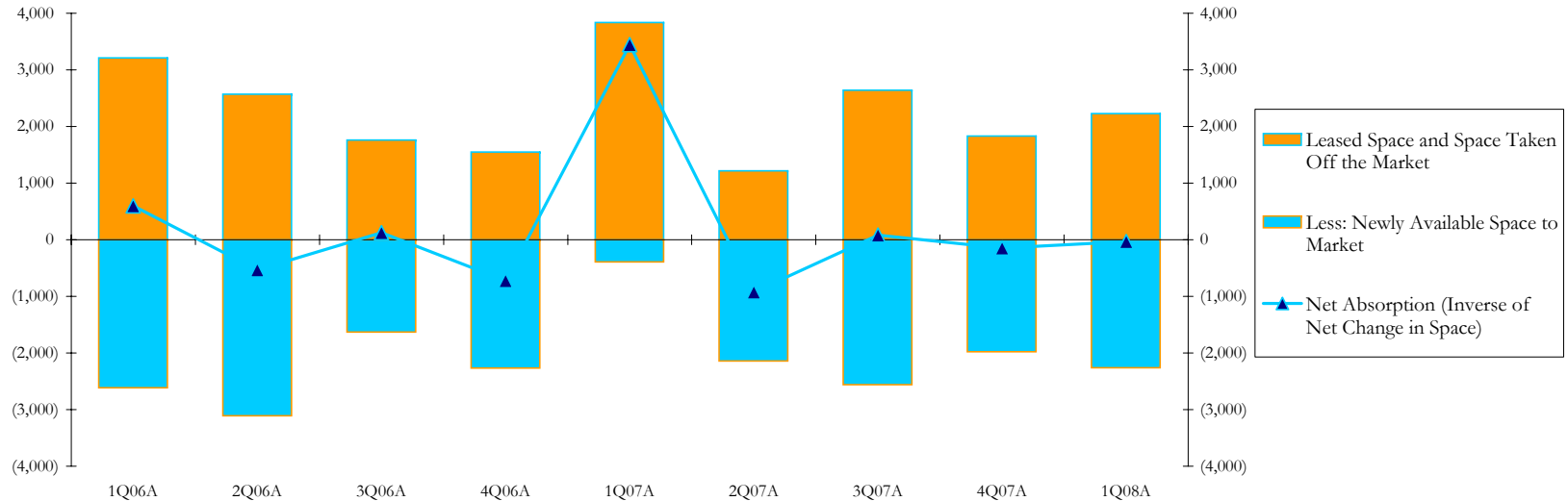
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Midtown South Office Market Analysis

Absorption Trend Line

(all square feet in '000s)

	2005A	1Q06A	2Q06A	3Q06A	4Q06A	2006A	1Q07A	2Q07A	3Q07A	4Q07A	2006A	1Q08A
CHANGE IN AVAILABLE SPACE:												
Total Market Square Feet	159,960	159,960	159,960	159,960	159,960	159,960	159,960	159,999	159,999	159,999	159,999	159,999
Beginning Available Square Feet	13,225	10,169	9,570	10,105	9,978	10,169	10,700	7,255	8,178	8,096	10,700	8,245
Plus: Newly Available Space to Market	9,069	2,615	3,107	1,633	2,269	9,624	392	2,141	2,558	1,981	7,071	2,258
Less:												
Leased Space	(9,268)	(2,246)	(2,203)	(1,436)	(1,301)	(7,186)	(1,095)	(696)	(1,547)	(1,610)	(4,947)	(2,011)
Space Taken Off Market	(2,858)	(969)	(369)	(324)	(245)	(1,907)	(2,742)	(521)	(1,093)	(222)	(4,578)	(215)
Net Change in Space	(3,056)	(599)	535	(127)	722	531	(3,445)	924	(82)	149	(2,454)	33
Ending Available Square Feet	10,169	9,570	10,105	9,978	10,700	10,700	7,255	8,178	8,096	8,245	8,245	8,277
% Total Vacancy	6.4%	6.0%	6.3%	6.2%	6.7%	6.7%	4.5%	5.1%	5.1%	5.2%	5.2%	5.2%
SUBMARKET ABSORPTION:												
Leased Space and Space Taken Off the Market	12,125	3,214	2,572	1,760	1,547	9,093	3,837	1,217	2,640	1,832	9,525	2,226
Less: Newly Available Space to Market	(9,069)	(2,615)	(3,107)	(1,633)	(2,269)	(9,624)	(392)	(2,141)	(2,558)	(1,981)	(7,071)	(2,258)
Net Absorption (Inverse of Net Change in Space)	3,056	599	(535)	127	(722)	(531)	3,445	(924)	82	(149)	2,454	(33)



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Midtown South Office Market Analysis Market Status Trendline

(all square feet in '000s)

	2005A	1Q06A	2Q06A	3Q06A	4Q06A	2006A	1Q07A	2Q07A	3Q07A	4Q07A	2006A	1Q08A
CLASS A BUILDINGS:												
Total Square Feet	11,938	11,938	11,938	11,938	11,938	11,938	11,938	11,938	11,938	11,938	11,938	11,938
Direct Available Square Feet	1,239	1,056	1,757	1,446	1,617	1,617	964	1,015	712	603	603	446
% Direct Vacancy	10.4%	8.8%	14.7%	12.1%	13.5%	13.5%	8.1%	8.5%	6.0%	5.1%	5.1%	3.7%
Y/Y bps Change	(74)	(232)	440	153	317	297	(77)	(621)	(614)	(849)	(706)	(434)
% of Class A Available Square Feet	89.4%	87.9%	92.5%	90.9%	88.6%	88.6%	85.0%	85.1%	69.3%	60.4%	60.4%	50.4%
Direct Price (\$/sf)	\$77.05	\$79.63	\$85.83	\$84.83	\$85.35	\$85.35	\$87.79	\$100.56	\$108.47	\$104.99	\$104.99	\$101.57
% Y/Y Change	6.3%	5.5%	12.9%	9.6%	10.8%	10.3%	13.9%	30.5%	36.2%	22.3%	23.8%	19.0%
Number of Direct Listings	91	81	85	78	86	86	60	64	44	38	38	29
Sublease Available Square Feet	147	145	142	144	208	208	171	178	315	396	396	439
% Sublease Vacancy	1.2%	1.2%	1.2%	1.2%	1.7%	1.7%	1.4%	1.5%	2.6%	3.3%	3.3%	3.7%
Y/Y bps Change	(29)	(37)	(34)	13	51	66	22	30	143	158	211	225
% of Class A Available Square Feet	10.6%	12.1%	7.5%	9.1%	11.4%	11.4%	15.0%	14.9%	30.7%	39.6%	39.6%	49.6%
Sublease Price (\$/sf)	\$38.70	\$43.38	\$42.30	\$45.49	\$38.19	\$38.19	\$39.72	\$63.88	\$75.37	\$75.62	\$75.62	\$71.54
% Y/Y Change	1.1%	21.4%	-7.5%	20.0%	-1.3%	0.8%	-8.4%	51.0%	65.7%	98.0%	66.2%	80.1%
Number of Sublease Listings	10	10	9	11	13	13	13	15	20	24	24	23
Class A Available Square Feet												
% Total Vacancy	11.6%	10.1%	15.9%	13.3%	15.3%	15.3%	9.5%	10.0%	8.6%	8.4%	8.4%	7.4%
Y/Y bps Change	(103)	(269)	406	166	367	367	(56)	(591)	(471)	(692)	(692)	(209)
Total Price (\$/sf)	\$72.49	\$74.95	\$82.42	\$81.01	\$81.00	\$81.00	\$83.10	\$94.69	\$97.54	\$92.03	\$92.03	\$87.35
% Y/Y Change	6.1%	8.0%	15.1%	10.6%	11.7%	11.7%	10.9%	14.9%	20.4%	13.6%	13.6%	5.1%
Total Number of Listings	101	91	94	89	99	99	73	79	64	62	62	52
CLASS B BUILDINGS:												
Total Square Feet	25,419	25,419	25,419	25,419	25,419	25,419	25,419	25,459	25,459	25,459	25,459	25,459
Direct Available Square Feet	1,402	1,548	1,407	1,133	1,504	1,504	964	1,098	1,256	1,418	1,418	1,463
% Direct Vacancy	5.5%	6.1%	5.5%	4.5%	5.9%	5.9%	3.8%	4.3%	4.9%	5.6%	5.6%	5.7%
Y/Y bps Change	(126)	(49)	(33)	(109)	40	40	(230)	(122)	48	(35)	(35)	195
% of Class B Available Square Feet	72.5%	80.7%	77.7%	77.2%	81.1%	81.1%	75.0%	74.1%	71.6%	78.3%	78.3%	81.8%
Direct Price (\$/sf)	\$37.43	\$37.87	\$37.55	\$40.02	\$44.33	\$44.33	\$50.37	\$50.37	\$56.37	\$57.49	\$57.49	\$58.23
% Y/Y Change	5.9%	9.8%	3.9%	8.7%	18.5%	18.5%	33.0%	34.1%	40.8%	29.7%	29.7%	15.6%
Number of Direct Listings	131	147	140	122	136	136	96	122	125	143	143	133
Sublease Available Square Feet	532	369	404	335	350	350	322	385	499	394	394	326
% Sublease Vacancy	2.1%	1.5%	1.6%	1.3%	1.4%	1.4%	1.3%	1.5%	2.0%	1.5%	1.5%	1.3%
Y/Y bps Change	63	(7)	27	(88)	(71)	(71)	(19)	(8)	64	17	17	1
% of Class B Available Square Feet	27.5%	19.3%	22.3%	22.8%	18.9%	18.9%	25.0%	25.9%	28.4%	21.7%	21.7%	18.2%
Sublease Price (\$/sf)	\$46.71	\$44.81	\$44.39	\$45.77	\$43.73	\$43.73	\$40.64	\$47.32	\$47.08	\$49.20	\$49.20	\$44.74
% Y/Y Change	31.7%	13.5%	10.3%	-0.1%	-6.4%	-6.4%	-9.3%	6.6%	2.9%	12.5%	12.5%	10.1%
Number of Sublease Listings	30	25	27	26	23	23	20	25	23	19	19	13
Class B Available Square Feet												
% Total Vacancy	7.6%	7.5%	7.1%	5.8%	7.3%	7.3%	5.1%	5.8%	6.9%	7.1%	7.1%	7.0%
Y/Y bps Change	(60)	(56)	(6)	(197)	(31)	(31)	(248)	(130)	112	(18)	(18)	196
Total Price (\$/sf)	\$40.00	\$39.16	\$38.98	\$41.24	\$44.22	\$44.22	\$48.91	\$49.76	\$54.00	\$55.85	\$55.85	\$55.86
% Y/Y Change	13.1%	11.2%	5.8%	5.0%	10.6%	10.6%	24.9%	27.7%	30.9%	26.3%	26.3%	14.2%
Total Number of Listings	161	172	167	148	159	159	116	147	148	162	162	146
CLASS C BUILDINGS:												
Total Square Feet	45,481	45,481	45,481	45,481	45,481	45,481	45,481	45,481	45,481	45,481	45,481	45,481
Direct Available Square Feet	3,021	2,705	2,497	2,824	2,710	2,710	1,906	2,107	2,663	2,721	2,721	2,286
% Direct Vacancy	6.6%	5.9%	5.5%	6.2%	6.0%	6.0%	4.2%	4.6%	5.9%	6.0%	6.0%	5.0%
Y/Y bps Change	(65)	(181)	(159)	(7)	(68)	(68)	(176)	(86)	(35)	2	2	83
% of Class C Available Square Feet	86.0%	79.9%	80.4%	78.4%	76.4%	76.4%	72.1%	76.1%	86.5%	84.4%	84.4%	79.2%
Direct Price (\$/sf)	\$37.44	\$38.42	\$38.21	\$38.68	\$38.36	\$38.36	\$41.12	\$42.42	\$48.41	\$52.78	\$52.78	\$55.00
% Y/Y Change	6.5%	5.2%	5.0%	4.7%	2.5%	2.5%	7.0%	11.0%	25.2%	37.6%	37.6%	33.8%
Number of Direct Listings	423	329	242	364	298	298	169	207	172	184	184	179
Sublease Available Square Feet	491	680	608	779	839	839	737	662	414	503	503	599
% Sublease Vacancy	1.1%	1.5%	1.3%	1.7%	1.8%	1.8%	1.6%	1.5%	0.9%	1.1%	1.1%	1.3%
Y/Y bps Change	(204)	(45)	12	66	76	76	13	12	(80)	(74)	(74)	(30)
% of Class C Available Square Feet	14.0%	20.1%	19.6%	21.6%	23.6%	23.6%	27.9%	23.9%	13.5%	15.6%	15.6%	20.8%
Sublease Price (\$/sf)	\$32.40	\$36.40	\$36.19	\$36.80	\$35.84	\$35.84	\$34.77	\$43.03	\$44.70	\$45.80	\$45.80	\$46.21
% Y/Y Change	10.1%	23.9%	10.1%	10.6%	10.6%	10.6%	-4.5%	18.9%	21.5%	27.8%	27.8%	32.9%
Number of Sublease Listings	36	41	44	46	39	39	30	37	30	29	29	31
Class C Available Square Feet												
% Total Vacancy	7.7%	7.4%	6.8%	7.9%	7.8%	7.8%	5.8%	6.1%	6.8%	7.1%	7.1%	6.3%
Y/Y bps Change	(269)	(226)	(147)	58	8	8	(163)	(74)	(116)	(71)	(71)	53
Total Price (\$/sf)	\$36.90	\$38.10	\$37.93	\$38.44	\$38.01	\$38.01	\$40.36	\$42.49	\$48.11	\$51.81	\$51.81	\$53.68
% Y/Y Change	9.5%	7.4%	5.2%	5.1%	3.0%	3.0%	5.9%	12.0%	25.2%	36.3%	36.3%	33.0%
Total Number of Listings	459	370	286	410	337	337	199	244	202	213	213	210

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Midtown South Office Market Analysis Market Status Trendline

(all square feet in '000s)

	2005A	1Q06A	2Q06A	3Q06A	4Q06A	2006A	1Q07A	2Q07A	3Q07A	4Q07A	2006A	1Q08A
CLASS D BUILDINGS:												
Total Square Feet	77,121	77,121	77,121	77,121	77,121	77,121	77,121	77,121	77,121	77,121	77,121	77,121
Direct Available Square Feet	2,840	2,703	2,764	2,786	2,930	2,930	1,945	2,373	1,928	1,910	1,910	2,408
% Direct Vacancy	3.7%	3.5%	3.6%	3.6%	3.8%	3.8%	2.5%	3.1%	2.5%	2.5%	2.5%	3.1%
Y/Y bps Change	(120)	(151)	(85)	(35)	12	12	(98)	(51)	(111)	(132)	(132)	60
% of Class D Available Square Feet	85.1%	88.2%	84.0%	84.0%	84.4%	84.4%	88.8%	86.8%	86.2%	86.5%	86.5%	88.6%
Direct Price (\$/sf)	\$32.99	\$36.10	\$36.61	\$35.31	\$36.30	\$36.30	\$39.19	\$41.41	\$45.09	\$47.29	\$47.29	\$51.94
% Y/Y Change	14.0%	14.7%	22.8%	13.1%	10.0%	10.0%	8.6%	13.1%	27.7%	30.3%	30.3%	32.5%
Number of Direct Listings	671	605	583	589	602	602	406	455	342	323	323	383
Sublease Available Square Feet	496	362	527	531	541	541	245	359	310	299	299	311
% Sublease Vacancy	0.6%	0.5%	0.7%	0.7%	0.7%	0.7%	0.3%	0.5%	0.4%	0.4%	0.4%	0.4%
Y/Y bps Change	(81)	(99)	(53)	(6)	6	6	(15)	(22)	(29)	(31)	(31)	8
% of Class D Available Square Feet	14.9%	11.8%	16.0%	16.0%	15.6%	15.6%	11.2%	13.2%	13.8%	13.5%	13.5%	11.4%
Sublease Price (\$/sf)	\$29.39	\$35.18	\$36.27	\$35.15	\$36.49	\$36.49	\$38.37	\$40.76	\$43.20	\$44.94	\$44.94	\$47.87
% Y/Y Change	21.0%	36.4%	43.7%	33.1%	24.2%	24.2%	9.1%	12.4%	22.9%	23.1%	23.1%	24.7%
Number of Sublease Listings	71	66	86	91	93	93	54	62	43	43	43	45
Class D Available Square Feet	3,336	3,066	3,290	3,317	3,471	3,471	2,190	2,733	2,237	2,209	2,209	2,719
% Total Vacancy	4.3%	4.0%	4.3%	4.3%	4.5%	4.5%	2.8%	3.5%	2.9%	2.9%	2.9%	3.5%
Y/Y bps Change	(201)	(250)	(138)	(40)	18	18	(114)	(72)	(140)	(164)	(164)	69
Total Price (\$/sf)	\$32.51	\$36.00	\$36.56	\$35.29	\$36.32	\$36.32	\$39.13	\$41.35	\$44.88	\$47.03	\$47.03	\$51.62
% Y/Y Change	15.4%	17.9%	25.7%	15.1%	11.7%	11.7%	8.7%	13.1%	27.2%	29.3%	29.3%	31.9%
Total Number of Listings	742	671	669	680	695	695	460	517	385	366	366	428
TOTAL MIDTOWN MARKET:												
Total Midtown South Square Feet	159,960	159,960	159,960	159,960	159,960	159,960	159,960	159,999	159,999	159,999	159,999	159,999
Direct Square Feet	8,503	8,013	8,424	8,188	8,762	8,762	5,779	6,594	6,559	6,653	6,653	6,603
% Direct Vacancy	5.3%	5.0%	5.3%	5.1%	5.5%	5.5%	3.6%	4.1%	4.1%	4.2%	4.2%	4.1%
Y/Y bps Change	(102)	(149)	(59)	(25)	16	16	(140)	(115)	(102)	(132)	(132)	51
% of Midtown South Available Square Feet	83.6%	83.7%	83.4%	82.1%	81.9%	81.9%	79.7%	80.6%	81.0%	80.7%	80.7%	79.8%
Direct Avg. Asking Price (\$/sf)	\$41.53	\$42.81	\$49.32	\$48.18	\$49.56	\$49.56	\$51.62	\$52.34	\$55.48	\$56.94	\$56.94	\$57.75
% Y/Y Change	10.0%	9.4%	26.3%	18.5%	19.3%	19.3%	20.6%	6.1%	15.2%	14.9%	14.9%	11.9%
Number of Direct Listings	1316	1162	1050	1153	1122	1122	731	848	683	688	688	724
Sublease Square Feet	1,666	1,557	1,681	1,790	1,938	1,938	1,476	1,584	1,537	1,592	1,592	1,675
% Sublease Vacancy	1.0%	1.0%	1.1%	1.1%	1.2%	1.2%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%
Y/Y bps Change	(89)	(65)	(20)	3	17	17	(5)	(6)	(16)	(22)	(22)	12
% of Midtown South Available Square Feet	16.4%	16.3%	16.6%	17.9%	18.1%	18.1%	20.3%	19.4%	19.0%	19.3%	19.3%	20.2%
Sublease Avg. Asking Price (\$/sf)	\$36.75	\$38.89	\$38.83	\$38.85	\$37.86	\$37.86	\$37.53	\$45.90	\$51.46	\$53.90	\$53.90	\$52.87
% Y/Y Change	27.6%	30.2%	21.9%	9.3%	3.0%	3.0%	-3.5%	18.2%	32.5%	42.4%	42.4%	40.9%
Number of Sublease Listings	147	142	166	174	168	168	117	139	116	115	115	112
Total Available Square Feet	10,169	9,570	10,105	9,978	10,700	10,700	7,255	8,178	8,096	8,245	8,245	8,277
% Total Vacancy	6.4%	6.0%	6.3%	6.2%	6.7%	6.7%	4.5%	5.1%	5.1%	5.2%	5.2%	5.2%
Y/Y bps Change	(191)	(214)	(79)	(22)	33	33	(145)	(121)	(118)	(154)	(154)	64
Total Avg. Asking Price (\$/sf)	\$40.80	\$42.19	\$46.04	\$46.50	\$47.74	\$47.74	\$49.77	\$51.05	\$54.77	\$56.29	\$56.29	\$57.07
% Y/Y Change	13.7%	12.7%	21.5%	16.6%	17.0%	17.0%	18.0%	10.9%	17.8%	17.9%	17.9%	14.7%
Total Number of Listings	1,463	1,304	1,216	1,327	1,290	1,290	848	987	799	803	803	836