

Douglas Elliman

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September 9, 2003

Dear Mr. Simon,

It was nice meeting with you last week and I appreciate the time you took to show me the space in your building.

I spoke with a mortgage broker who has done commercial mortgages on some of my past deals. He said today's customary commercial condominium rate is about 7% on a twenty year term with twenty-five percent down. At that rate and term it would cost a borrower approximately \$775. per month for every \$100,000 borrowed.

The rental rate for your buildings upper floors is about \$22 per square foot per year; which equals \$55,000 per year or \$4,5833.33 per month. If we divide that monthly by \$775 and multiply by \$100,000 we'll know the equivalent amount of money borrowed, and the payments on it, which would equal the cost of monthly rent. That amount is \$591,397.85. To borrow that amount a purchaser would have to put down \$197,132.62 and the price they'd pay would therefore be \$788,530.47.

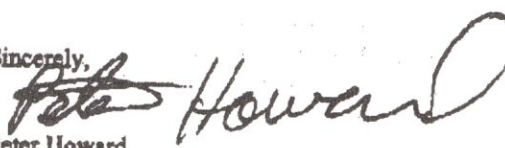
At such a price the buyer would actually be paying a premium over renting because they would still have to pay taxes, property maintenance costs, and they would have to forgo any interest receivable on the down payment as well as losing the liquidity it represents.

Conversely, they would pick up the right to depreciate the property, they would have more fixed costs, they would gain the security of time, as opposed to the certain end of a lease, and, most importantly, they would be gaining equity with every payment, as opposed to the certain loss which is rent.

Looking at the few comparables, I'm very confident \$788,530 is a very obtainable price for commercial condominiums, on the upper floors, were you to convert your building to commercial condominiums. The top floor should command a premium, top floors virtually always do and the ground floor will too. If I give a low estimate to the ground floor rent at double the upper floor rate, the price would be \$1,577,060.94. Additionally, any air rights you retain after selling the condos are worth anywhere from \$100 to \$200 a foot, depending on if and when a neighbor needs them and what they need them for.

I hope this information is of use in determining a possible value for your property and we can talk later about the costs involved in converting to commercial condominiums or other ventures.

Sincerely,


 Peter Howard