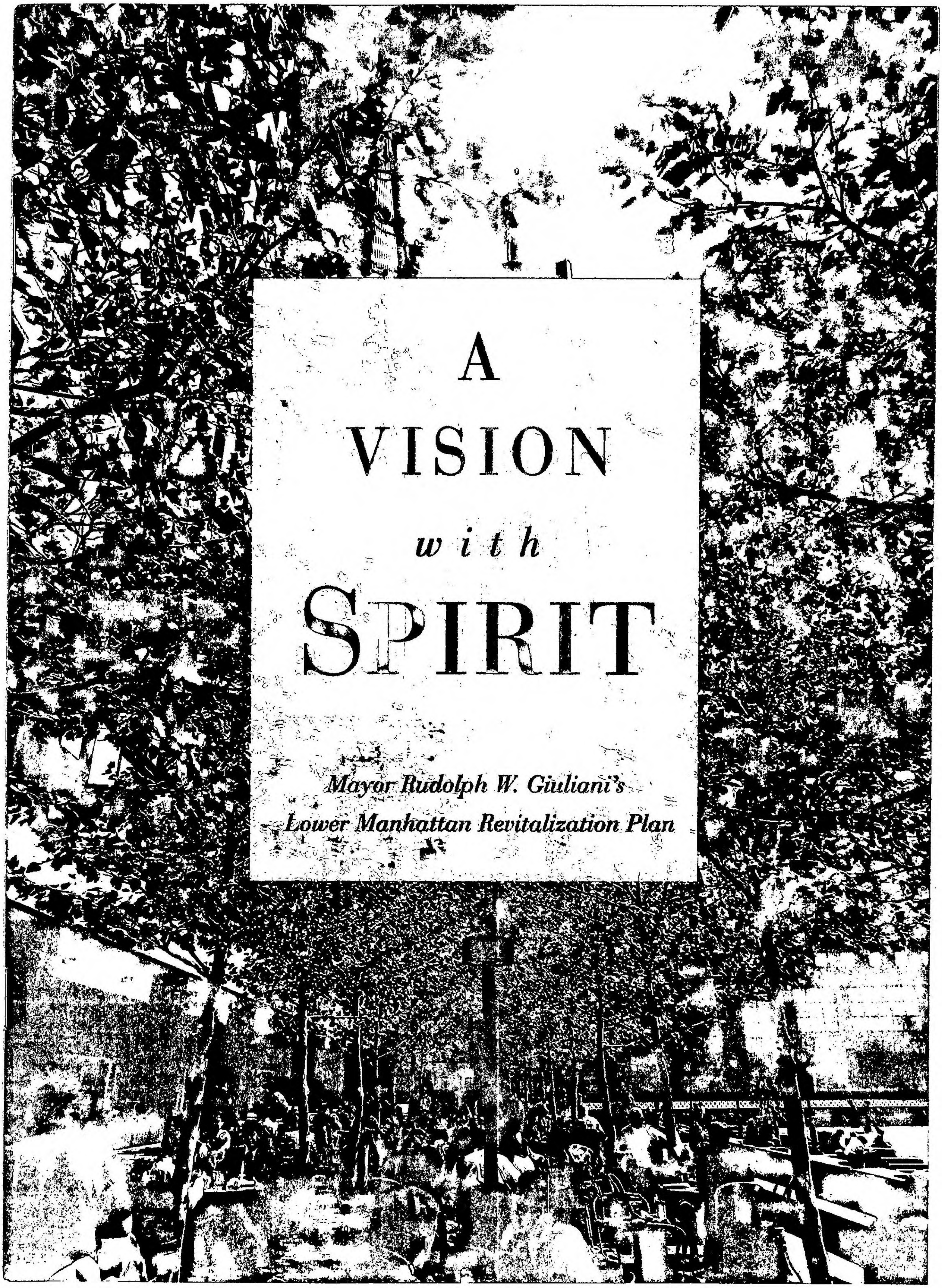


A VISION *with* SPIRIT

Mayor Rudolph W. Giuliani's Lower Manhattan Revitalization Plan

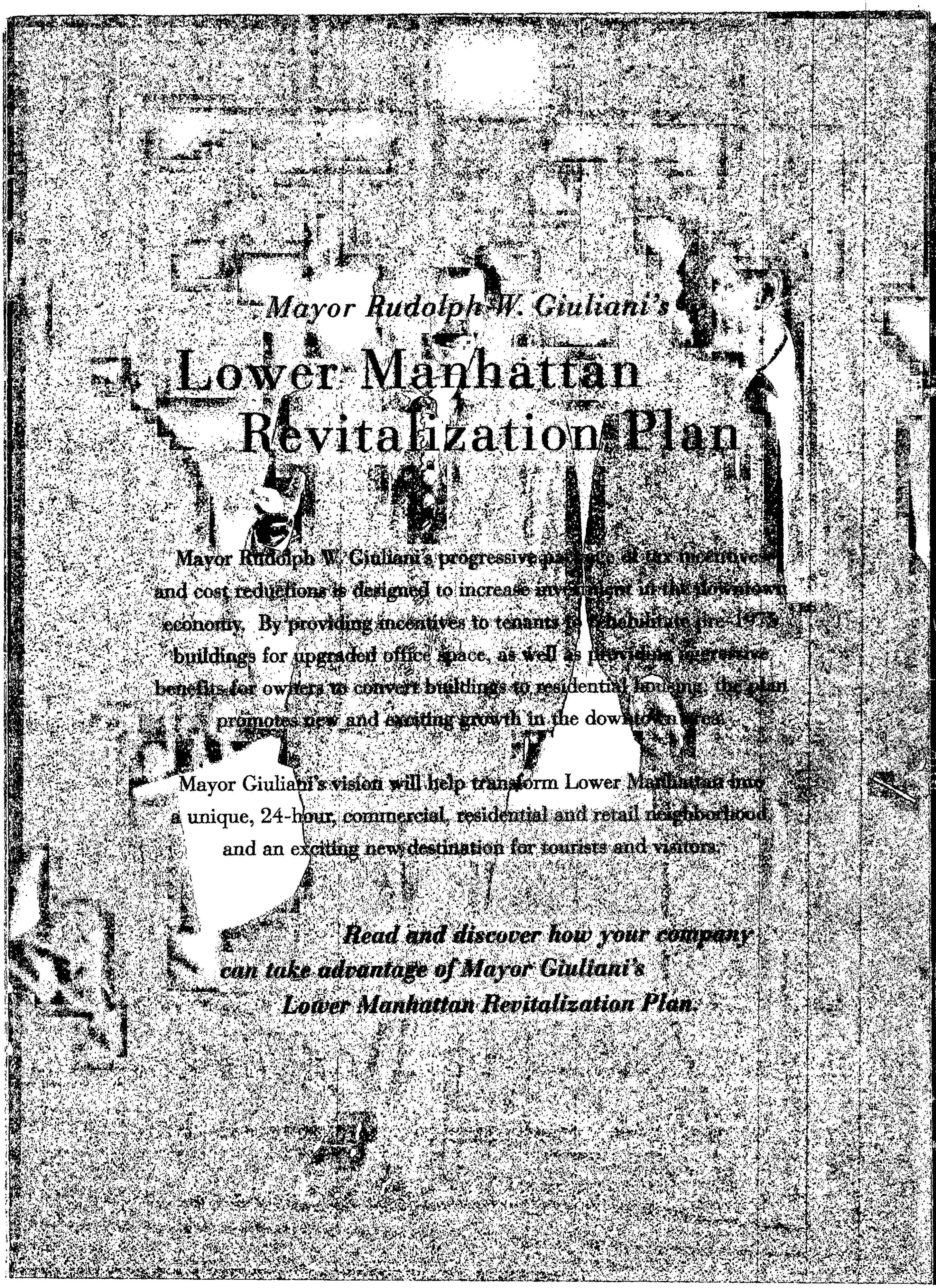
Rudolph W. Giuliani
Mayor, New York City

"This plan will virtually reinvent Lower Manhattan. Businesses can benefit from reduced taxes and lower business costs, while providing jobs and revitalizing the area. The finance, securities, multimedia and information technology industries will have a place to call home. With more businesses and more people downtown, a 24-hour neighborhood is not just a goal, it's an actuality."

"New opportunities abound in Lower Manhattan. This is a great time to be part of history in the making — Lower Manhattan is becoming, once again, a hub of social, cultural and economic activity. All New Yorkers are benefitting from this renaissance."

Fran Reiter
Deputy Mayor
for Economic Development
and Planning

Photography: Andy Sotirou, cover; Jonathan Torgovnik, pages 2, 4, 8, 9, 11 and back inside cover; David McGlynn, page 1; NY Convention & Visitors Bureau, page 10.



Mayor Rudolph W. Giuliani's

Lower Manhattan Revitalization Plan

Mayor Rudolph W. Giuliani's progressive package of tax incentives and cost reductions is designed to increase investment in the downtown economy. By providing incentives to tenants to rehabilitate pre-1975 buildings for upgraded office space, as well as providing aggressive benefits for owners to convert buildings to residential housing, the plan promotes new and exciting growth in the downtown area.

Mayor Giuliani's vision will help transform Lower Manhattan into a unique, 24-hour, commercial, residential and retail neighborhood and an exciting new destination for tourists and visitors.

Read and discover how your company can take advantage of Mayor Giuliani's Lower Manhattan Revitalization Plan.

The Lower Manhattan Revitalization Plan

The program provides property tax abatements, commercial rent tax reductions and energy benefits for office and retail tenants with leases commencing between April 1, 1995 and March 31, 1998. The eligible premises must be in a non-residential or mixed-use property built before 1975 and located in the Lower Manhattan abatement zone. The benefits are available to tenants who are relocating to Lower Manhattan from south of 96th Street in Manhattan or who are already located in Lower Manhattan.

Leases for small tenants (125 employees or less) must be for a minimum of five years (without an option to cancel), and leases for large tenants must be for a minimum of 10 years (without an option to cancel). There is a minimum required investment of $10-$35 per square foot, depending on the type of lease (new, renewal or expansion), and the minimum lease term. Tenants in government-owned buildings need not meet expenditure requirements in order to be eligible for Commercial Rent Tax benefits.

Programs

Real Estate Tax Abatement

A five-year program consisting of a 50 percent abatement of the base year's tax liability in the first three years (not to exceed $2.50 per square foot). In the fourth and fifth years, the abatement would be equal to two-thirds and one-third, respectively, of the base year's abatement.

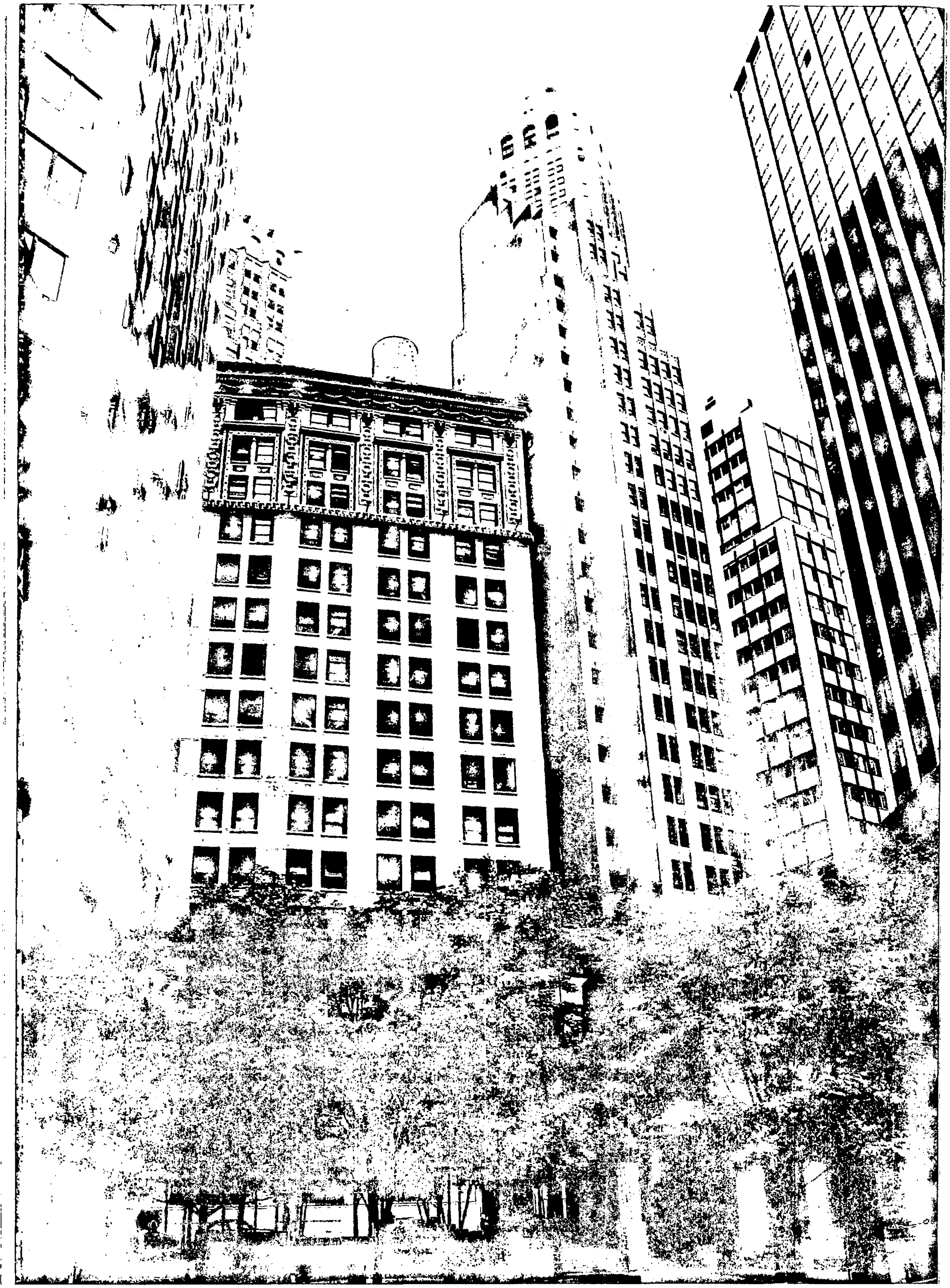
Commercial Rent Tax Special Reduction

A five-year program consisting of a 100 percent reduction of the base year's commercial rent tax liability for the first three years, not exceeding the actual tax liability in that year. In the fourth and fifth years, the reduction is equal to two-thirds and one-third of the base year's abatement, respectively.

Industrial and Commercial Incentive Program (ICIP)

Businesses that renovate commercial properties are eligible to receive a 12-year partial real estate tax exemption on the increase in assessed value solely attributable to the renovation work. Projects in Lower Manhattan must meet half of the minimum required expenditure target of 20 percent of the assessed value of the property in the first 18 months of the project; the remaining expenditure target must be met within 36 months. Newly constructed "Smart

continued on page 5



Programs *continued from page 3*

Buildings," which are commercial buildings meeting certain criteria, are entitled to an eight-year partial real estate tax exemption on the increase in assessed value solely attributable to the construction. Applications for Smart Buildings must meet stringent construction deadlines. Application for benefits must be made prior to the receipt of the first building permit for the project or, if no permit is required, prior to the commencement of construction. The program expires on June 30, 1999.

Lower Manhattan Energy Program (LMEP)

Commercial tenants in Lower Manhattan are eligible to receive a 12-year reduction in their electricity costs (13 years for landmarked buildings) of up to 30 percent for the first eight years (nine years for landmarked buildings), declining at 20 percent of the reduction per year for the remaining four years. Combined with Con Edison's Business Incentive Rate, eligible energy costs may be reduced by 50 percent.

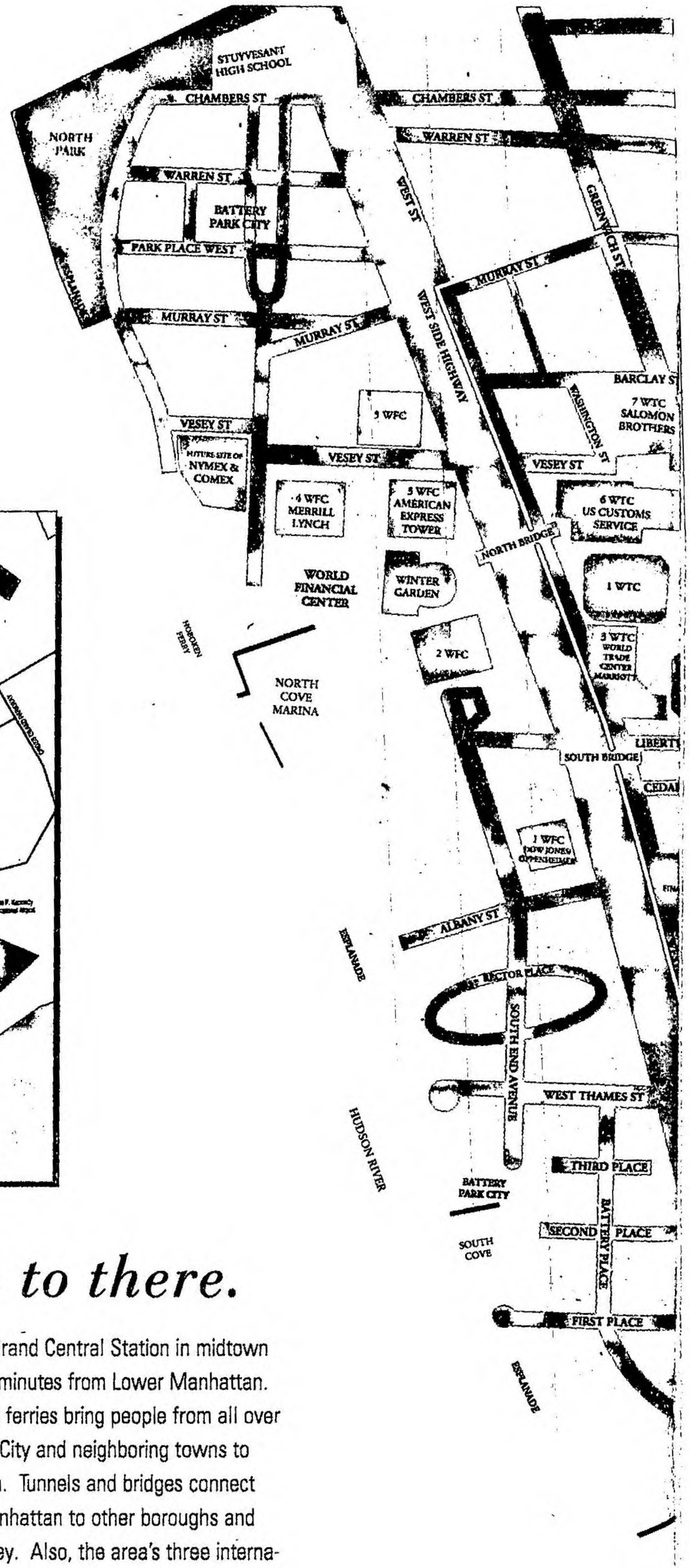
To be eligible, a commercial building owner must make an investment of at least 20 percent of the current assessed value. Possible investments include applying for ICIP, receiving financing through the New York City Industrial Development Agency, leasing property from New York City or New York State or by converting the building for mixed-use purposes. Application must be made before June 30, 1999, and before a building permit for the construction or renovation is issued.

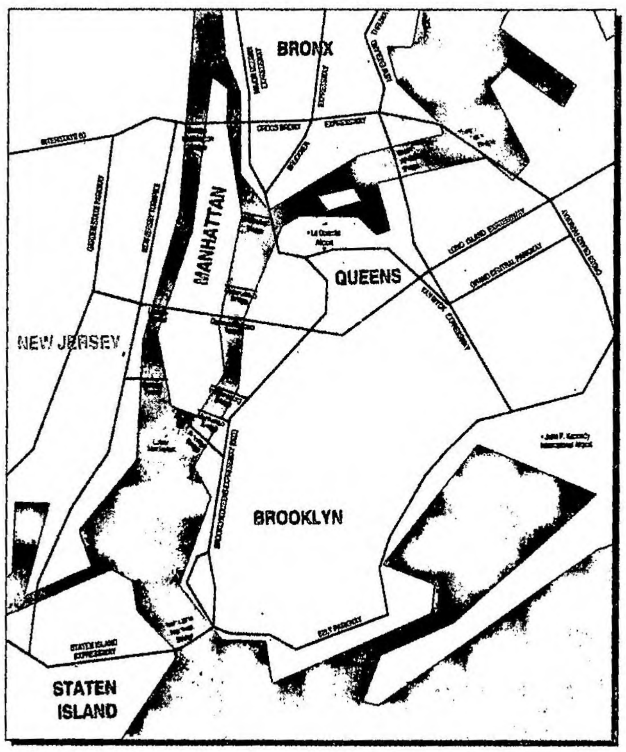
Residential Conversions

In order to be eligible, a non-residential building must be converted to a Class A multiple dwelling; however, conversion to a hotel is ineligible. In general, benefits consist of a tax exemption for 12 years (13 years for landmarked buildings) consisting of a full exemption for the first eight years (nine years for landmarked buildings), declining by 20 percent per year for the remaining four years, and a tax abatement for 14 years (15 years for landmarked buildings) consisting of a full abatement for the first 10 years (11 years for landmarked buildings), declining by 20 percent per year for the remaining four years. A building permit must be issued before June 30, 2002. Only the aggregate floor area converted within three years of commencement is eligible.

Mixed-Use Program

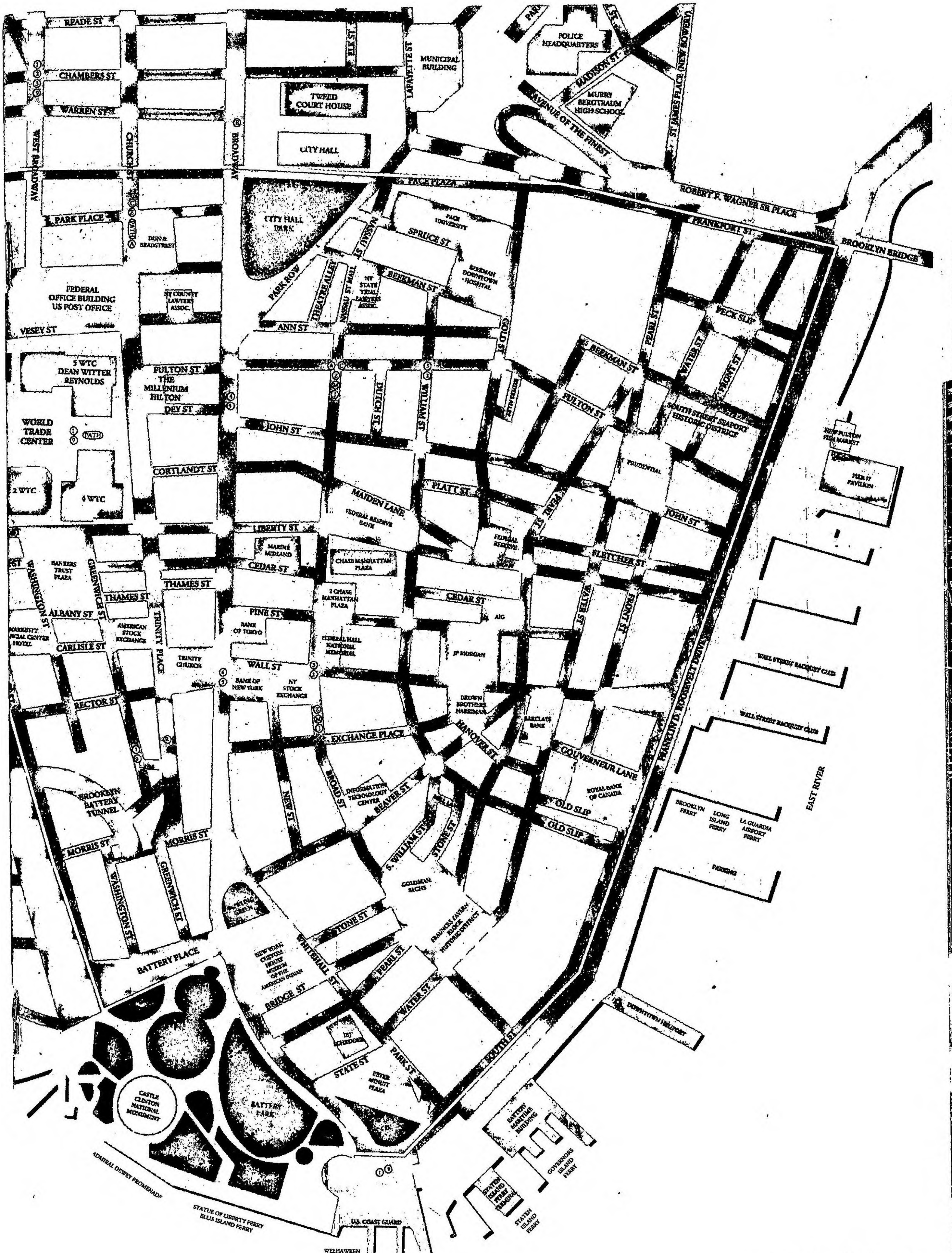
Buildings that will be more than 25 percent commercial may qualify for the Mixed-Use Program. This program allows a partial real estate tax exemption for 12 years (13 years for landmarked buildings) consisting of an exemption on the increase in the assessed value solely attributable to the renovation work. All renovation applicants must meet the minimum required expenditure target of 20 percent of the assessed value of the project. Application for benefits must be made prior to the receipt of the first building permit for the project or, if no permit is issued, prior to the commencement of construction. The program expires on June 30, 1999.





Getting from *here to there.*

Lower Manhattan is the entire area south of Chambers Street in Manhattan, one of New York City's five boroughs. The Lower Manhattan Revitalization Plan area is bordered by Murray and Frankfort streets, Franklin Delano Roosevelt (FDR) Drive and South and West streets (see map). Fifteen subway routes and more than 60 bus routes connect Lower Manhattan with important business, residential and tourist areas. Fast and convenient travel makes it possible to arrive at Grand Central Station in midtown in only 11 minutes from Lower Manhattan. Numerous ferries bring people from all over New York City and neighboring towns to downtown. Tunnels and bridges connect Lower Manhattan to other boroughs and New Jersey. Also, the area's three international airports are within 40 minutes of Lower Manhattan, and a heliport, allowing even faster travel, is located near the end of Broad Street.


READE ST
CHAMBERS ST
WARREN ST
WEST BROADWAY
CHURCH ST
BROADWAY
ELK ST
LAFAYETTE ST
MUNICIPAL BUILDING
TWEED COURT HOUSE
CITY HALL
POLICE HEADQUARTERS
MADISON ST
MURRY BERGTRAUM HIGH SCHOOL
AVENUE OF THE FINEST
ST JAMES PLACE (NEW BOWERY)
PACE PLAZA
ROBERT F. WAGNER SR PLACE
FRANKFORT ST
BROOKLYN BRIDGE
PARK PLACE
CITY HALL PARK
DUN & BRADSTREET
PACE UNIVERSITY
SPRUCE ST
NASSAU ST
BEEKMAN DOWNTOWN HOSPITAL
BEEKMAN ST
FEDERAL OFFICE BUILDING US POST OFFICE
NY COUNTY LAWYERS ASSOC.
PARK ROW
THEATRE ALLEY
NASSAU ST MALL
NY STATE TRIAL LAWYERS ASSOC.
GOLD ST
PEARL ST
PECK SLIP
VESEY ST
ANN ST
5 WTC DEAN WITTER REYNOLDS
FULTON ST
THE MILLENIUM HILTON
DEY ST
BEEKMAN ST
WATER ST
FRONT ST
DUTCH ST
WILLIAM ST
FULTON ST
SOUTH STREET SEAPORT HISTORIC DISTRICT
WORLD TRADE CENTER
PATH
JOHN ST
NEW FULTON FISH MARKET
PIER 17 PAVILION
PRUDENTIAL
CORTLANDT ST
2 WTC
4 WTC
PLATT ST
MAIDEN LANE
FEDERAL RESERVE BANK
PEARL ST
JOHN ST
LIBERTY ST
MARINE MIDLAND
CHASE MANHATTAN PLAZA
FEDERAL RESERVE
FLETCHER ST
WASHINGTON ST
BANKERS TRUST PLAZA
GREENWICH ST
CEDAR ST
THAMES ST
THAMES ST
2 CHASE MANHATTAN PLAZA
CEDAR ST
AIG
WATER ST
FRONT ST
ALBANY ST
PINE ST
AMERICAN STOCK EXCHANGE
TRINITY PLACE
BANK OF TOKYO
FEDERAL HALL NATIONAL MEMORIAL
JP MORGAN
CARLISLE ST
TRINITY CHURCH
WALL ST
BANK OF NEW YORK
NY STOCK EXCHANGE
WALL STREET RACQUET CLUB
WALL STREET RACQUET CLUB
RECTOR ST
BROWN BROTHERS HARRIMAN
BARCLAYS BANK
HANOVER ST
FRANKLIN D. ROOSEVELT DRIVE
EXCHANGE PLACE
GOUVERNEUR LANE
BROOKLYN BATTERY TUNNEL
BROAD ST
NEW ST
INFORMATION TECHNOLOGY CENTER
BEAVER ST
ROYAL BANK OF CANADA
OLD SLIP
OLD SLIP
EAST RIVER
BROOKLYN FERRY
LONG ISLAND FERRY
LA GUARDIA AIRPORT FERRY
MORRIS ST
MORRIS ST
S. WILLIAM ST
STONE ST
WASHINGTON ST
GREENWICH ST
GOLDMAN SACHS
PARKING
STONE ST
FRAUNCES TAVERN BLOCK HISTORIC DISTRICT
BATTERY PLACE
NEW YORK CUSTOM HOUSE MUSEUM OF THE AMERICAN INDIAN
WHITEHALL ST
PEARL ST
BRIDGE ST
WATER ST
DOWNTOWN HELIPORT
SOUTH ST
STATE ST
PARK ST
PETER MINUIT PLAZA
CASTLE CLINTON NATIONAL MONUMENT
BATTERY PARK
BATTERY MARITIME BUILDING
GOVERNORS ISLAND FERRY
STATEN ISLAND FERRY TERMINAL
STATEN ISLAND FERRY
ADMIRAL DEWEY PROMENADE
STATUE OF LIBERTY FERRY ELLIS ISLAND FERRY
U.S. COAST GUARD
WEEHAWKEN FERRY

The numbers tell the story:

Companies large and small can benefit from the plan.

The following is an example of how Mayor Giuliani's Lower Manhattan Revitalization Plan would benefit a multimedia company leasing 3,500 sq. ft.

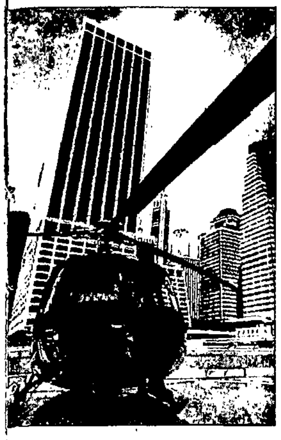
Assumptions for a Multimedia Firm

Rentable Square Feet	3,500
Base Rent (including Operating Expenses and Real Estate Taxes)	$22.00
Real Estate Taxes	$4.50
Electricity	$2.25
Rate of Growth	3.00%
Discount Rate	7.75%
Net Present Value of Lower Manhattan Revitalization Plan	$39,000

Potential Savings

Years 1-5	1997	1998	1999	2000	2001
Real Estate Tax Credit	$2.25	$2.25	$2.25	$1.49	$0.74
Commercial Rent Tax*	$1.09	$1.09	$1.09	$0.72	$0.36
Total Benefits Per Square Foot	$3.34	$3.34	$3.34	$2.21	$1.10
Total Benefits in Dollars	$11,694	$11,694	$11,694	$7,718	$3,859
Total Dollar Benefits				$47,000	
Net Present Value of Lower Manhattan Revitalization Plan				$39,000	

*Based on base rent and electricity costs



The following illustrates how a publishing company with a long-term, 15,000 sq. ft. lease could take advantage of Mayor Giuliani's Lower Manhattan Revitalization Plan.

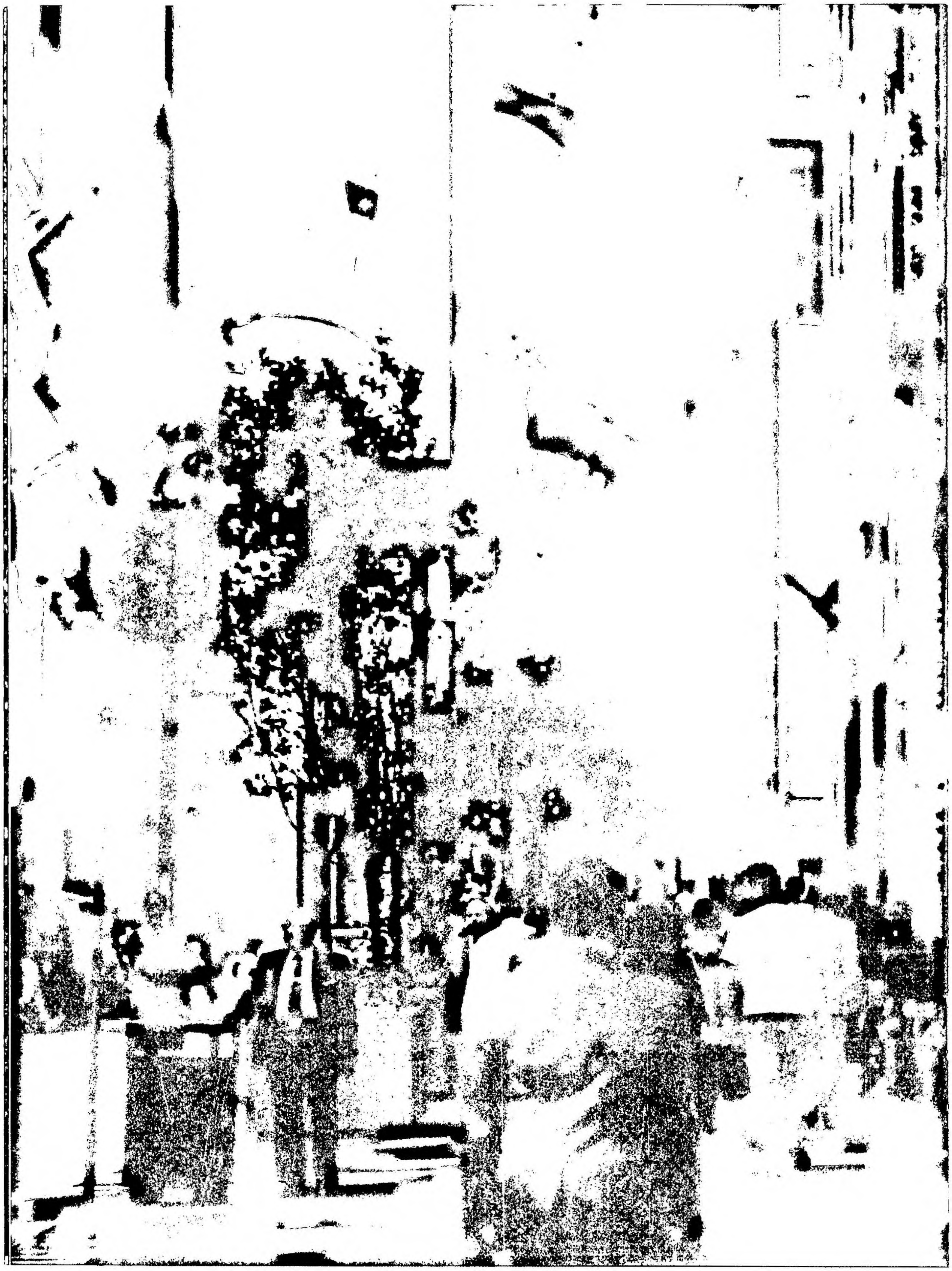
Assumptions for a Publishing Company

Rentable Square Feet	15,000
Base Rent (including Operating Expenses and Real Estate Taxes)	$22.50
Real Estate Taxes	$4.50
Electricity	$2.50
Rate of Growth	3.00%
Discount Rate	7.75%
Net Present Value of Lower Manhattan Revitalization Plan	$253,000

Potential Savings

Years 1-6	1997	1998	1999	2000	2001	2002
Real Estate Tax Credit	$2.25	$2.25	$2.25	$1.49	$0.74	-
Lower Manhattan Energy Plan	$0.75	$0.77	$0.80	$0.82	$0.84	$0.87
Commercial Rent Tax*	$1.13	$1.13	$1.13	$0.74	$0.37	-
Total Benefits Per Square Foot	$4.13	$4.15	$4.17	$3.05	$1.96	$0.87
Total Benefits in Dollars	$61,875	$62,213	$62,560	$45,706	$29,368	$13,042
Years 7-12	2003	2004	2005	2006	2007	2008
Real Estate Tax Credit	-	-	-	-	-	-
Lower Manhattan Energy Plan	$0.90	$0.92	$0.76	$0.59	$0.40	$0.21
Commercial Rent Tax	-	-	-	-	-	-
Total Benefits Per Square Foot	$0.90	$0.92	$0.76	$0.59	$0.40	$0.21
Total Benefits in Dollars	$13,433	$13,836	$11,401	$8,807	$6,048	$3,115
Total Dollar Benefits				$331,000		
Net Present Value of Lower Manhattan Revitalization Plan				$253,000		

*Based on base rent and electricity costs



There has never been a more exciting time to be a part of downtown.

Thanks to the Giuliani administration's plan, the downtown area is evolving into a 24-hour neighborhood. Already a corporate hotel with restaurant has opened, as have two art galleries. Restaurants and retail stores are appearing all over the area. (See box below.) Development deals for hotels, restaurants, stores and apartments are on the drawing board.

One of the first buildings to take advantage of the Lower Manhattan Revitalization Plan was the New York Information Technology Center (NYITC), located at 55 Broad Street. It is one of New York City's most innovative office spaces. Using the NYITC as a model, the owners of six downtown buildings, along with the City of New York and the Alliance for Downtown New York, have formed an alliance to market 120,000 sq. ft. of newly renovated, Internet-ready space to meet the needs of smaller, growing information technology firms. By having a central downtown location in New York City's "Silicon Alley," businesses on the cutting edge can communicate with each other, network with other technology innovators and benefit from dollars-and-cents business initiatives, all in New York City's nerve center of information technology. The high-tech space, occupying 320,000 sq. ft. of the seven buildings (including NYITC), will provide state-of-the-art telecommunications facilities and business development services to companies involved in new media, information technology and software development.

Lower Manhattan Activity

- **110 new businesses have opened** since the plan took effect, including the recently renovated *Windows on the World, Morton's of Chicago Steak House, Wall Street Kitchen & Bar, Beaver Brewing Co., Borders Bookstore* and an expanded *Strand Bookstore*. Other major retail chains are scouting for space as well.
- 850 apartments have been started, 2,000 more are in the pipeline and an estimated total of **7,000 units will be converted to residential use** in the next seven years.

A brief history of Lower Manhattan.

From its beginnings as a Dutch trading post, and after the island was purchased from the Manates Indians, Manhattan has had a long and distinguished history as a major center of commerce and finance. Named for the wall that once marked the northern boundary, Wall Street transformed a narrow road formerly lined with small houses into the world's most dynamic financial center. The waterfront's booming retail and wholesale activity brought fashionable New Yorkers to the area to buy jewelry, boots, perfume and more. From the early 1620s to the post-Civil War period, New Yorkers took up residence in what is now Lower Manhattan. Here they lived and worked, and enjoyed coffee houses, taverns and theater. They inaugurated the country's first president and began to shape the future of the United States. Lower Manhattan was the city's heart and soul. With industries varying from boot-making to shipping to finance, the population grew and thrived downtown.

New industries are now arriving to complement finance, insurance and real estate, which have provided the economic foundation of the downtown area. Information technology and multimedia companies now operate across the street from the country's oldest and best known securities firms, opening up dynamic communications and software development possibilities for business. This collaborative connection heralds a renaissance for Lower Manhattan: the center of life for generations of New Yorkers returns to its former glory with the Lower Manhattan Revitalization Plan. People are coming back to Lower Manhattan to live and to work, recreating the 24-hour environment that has existed downtown during most of its history–and your company can be part of it.

Call 212-732-2407 or
e-mail *spirit@DowntownNY.com*
to receive a comprehensive package that will help you take advantage of benefits available to your business if you expand in, relocate to, or renew your lease in, Lower Manhattan.

The SPIRIT *of the* Lower Manhattan Revitalization Plan.

Call ***212-732-2407***

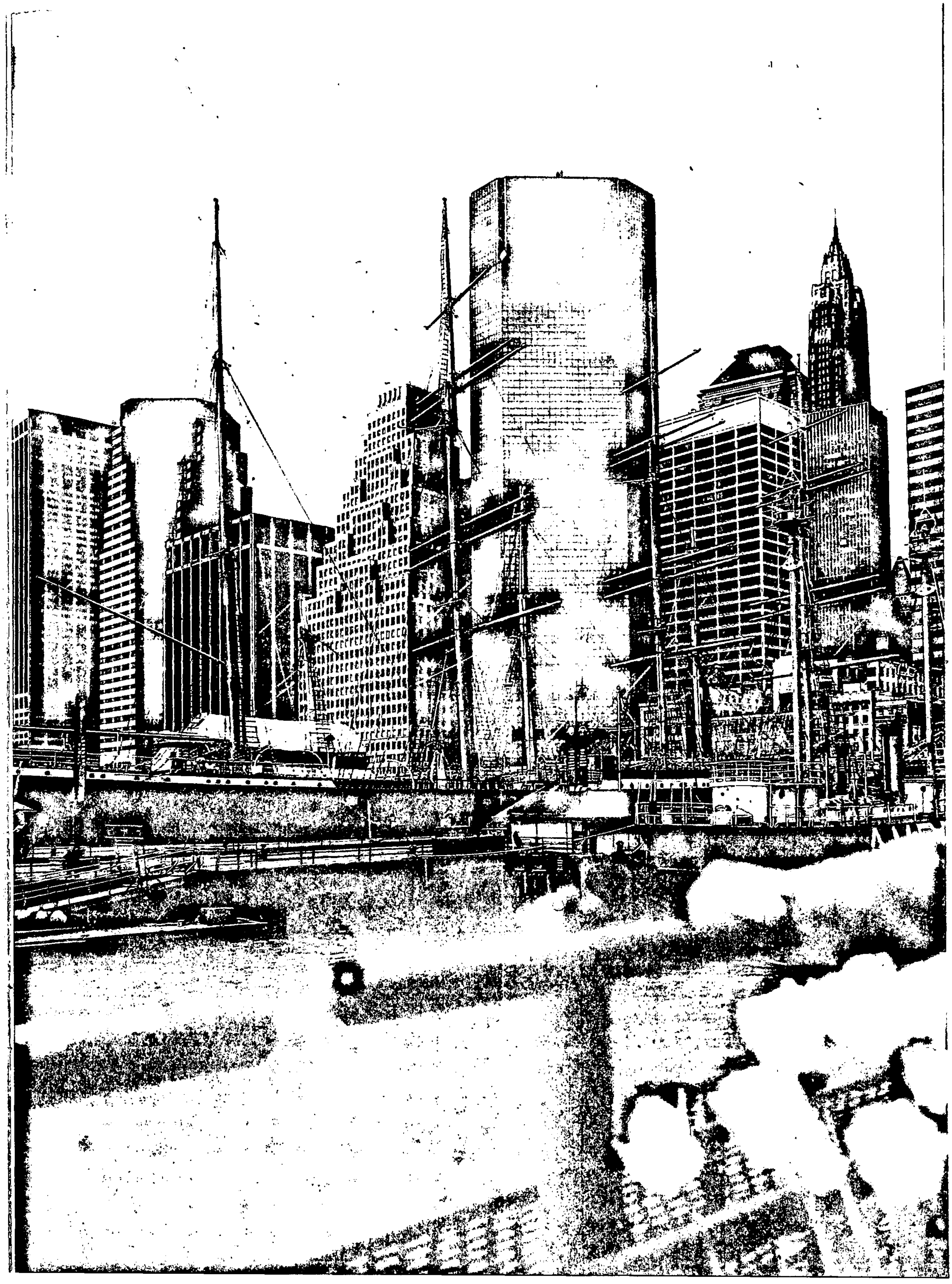
or e-mail spirit@DowntownNY.com

to be part of the vision for Lower Manhattan.

The application period for

Lower Manhattan Revitalization Plan

programs varies, so arrange to participate now.



A VISION *with* SPIRIT

New York City
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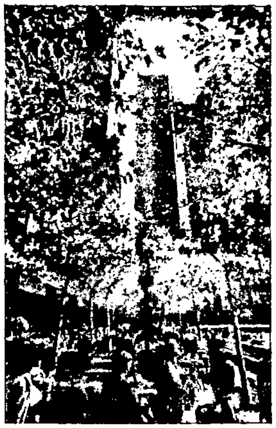

City of New York

Rudolph W. Giuliani, Mayor

Fran Reiter, Deputy Mayor
for Economic Development and Planning

**New York City
Economic Development
Corporation**

John S. Chalsty, Chairman

Charles Millard, President

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