# 7 WORLD TRADE COMPANY, L.P.

## SCHEDULE OF OPERATING EXPENSES

## YEAR ENDED DECEMBER 31, 1996

## AND

## INDEPENDENT AUDITORS' REPORT

FRIEDMAN
ALPREN &
GREEN LLP
CERTIFIED PUBLIC ACCOUNTANTS

1700 BROADWAY
NEW YORK, NY 10019
212-582-1600
FAX 212-265-4781

# INDEPENDENT AUDITORS' REPORT

TO THE PARTNERS OF 7 WORLD TRADE COMPANY, L.P.

We have audited the accompanying schedule of operating expenses (as defined in the lease agreement between 7 WORLD TRADE COMPANY, L.P., as lessor, and certain tenants, as lessees) of 7 WORLD TRADE COMPANY, L.P. for the building located at 7 World Trade Center, New York, New York for the year ended December 31, 1996. This schedule is the responsibility of the Partnership's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of operating expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of operating expenses. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of operating expenses referred to above presents fairly, in all material respects, the operating expenses of the building located at 7 World Trade Center, New York, New York for the year ended December 31, 1996, as defined in the lease agreements referred to in the first paragraph.

This report is intended solely for the information and use of the partners of 7 WORLD TRADE COMPANY, L.P. and certain tenants and should not be used for any other purpose.

Friedman Alpren & Green LLP

February 5, 1997

# 7 WORLD TRADE COMPANY, L.P.

## SCHEDULE OF OPERATING EXPENSES
(AS DEFINED IN THE LEASE AGREEMENT BETWEEN 7 WORLD TRADE COMPANY, L.P., AS LESSOR, AND CERTAIN TENANTS, AS LESSEES)

YEAR ENDED DECEMBER 31, 1996

| | |
|---|---|
| Wages and employee benefits | $ 1,169,002 |
| Contract services | 3,689,024 |
| Insurance | 315,206 |
| Steam | 448,058 |
| Electricity* | 680,110 |
| Building maintenance and supplies | 2,468,532 |
| Management fees | 1,946,812 |
| Other operating expenses | 587,446 |
| | 11,304,190 |
| Less - Tenant charges and reimbursements | (398,755) |
| | $10,905,435 |

*The cost of electricity allocable to the tenants was provided by a survey segregating these costs from the total electricity costs (which include costs allocable to the public areas).

See Independent Auditors' Report.