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STEPHEN B. SIEGEL
PRESIDENT &
CHIEF EXECUTIVE OFFICER

December 8, 1997

INSIGNIA/EDWARD S. GORDON CO., INC.

Honorable William J. Diamond
Commissioner
Department of CityWide Administrative Services
The City of New York
Municipal Building, 17th Floor, One Centre Street
New York, New York 10007

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Dear Bill:

I am pleased to hear that the Mayor's Office of Emergency Management's ("OEM") lease is proceeding well at 7 World Trade Center. Two brokers in my Downtown office, Jon Fales and Bill Brodsky, tell me that they played an integral role in the initial stages of the transaction. I'm not sure if you are aware but they had numerous meetings with Jerome Hauer, Director of OEM, and his most senior deputies reviewing the Downtown real estate market, providing detailed financial analysis, presenting many buildings (including 7 World Trade Center) and submitting proposals to landlords. OEM never told my brokers of a preferred vendor arrangement but, rather, encouraged them to continue to seek out appropriate alternatives for OEM and provide comprehensive financial analysis, which they did.

In June of 1997 Jon Fales introduced Jerome Hauer, Jerry McCarty, Chief of Staff OEM and Michael Byrne, First Deputy Director OEM, to Lewis Cowen of the Silverstein Organization and, together, they inspected the 23rd floor of 7 World Trade Center. Immediately following the inspection, Jerome Hauer authorized Insignia/ESG to submit a proposal to the Silverstein Organization for the 23rd Floor.

In the following days we were informed that Insignia/ESG would not be able to continue to assist OEM and instructed not to submit the proposal to 7 World Trade Center. We appreciate that CB Commercial took the lead role and is entitled to be compensated accordingly. But our important role with OEM should not, in fairness, be overlooked. There is no doubt we assisted OEM on the most senior level in good faith and first introduced OEM to both the Silverstein Organization and to the 23rd floor of 7 World Trade Center. Based on this involvement, I believe we are also entitled to fair compensation. In my opinion fair compensation for the work we performed is 33% of the commission. I'm sure we can find a quick resolution to this matter.

I look forward to speaking with you soon.

Sincerely,

Stephen B. Siegel

SBS:dc
cc: Bill Brodsky