



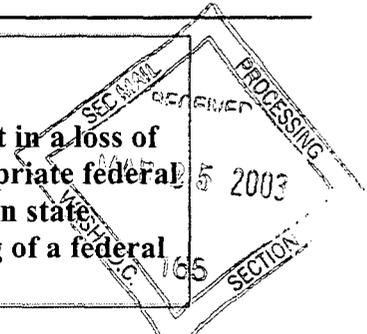
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SEC 1972 (6-02) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

ATTENTION

Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption state exemption unless such exemption is predicated on the filing of a federal notice.



UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

Table with OMB APPROVAL, OMB Number: 3235-0076, Expires: May 31, 2005, Estimated average burden hours per response... 1

FORM D

NOTICE OF SALE OF SECURITIES PURSUANT TO REGULATION D, SECTION 4(6), AND/OR UNIFORM LIMITED OFFERING EXEMPTION

Table with SEC USE ONLY, Prefix, Serial, DATE RECEIVED

PROCESSED

MAR 26 2003

Name of Offering ([] check if this is an amendment and name has changed, and indicate change.)

THOMSON FINANCIAL

Filing Under (Check box(es) that apply): [] Rule 504 [] Rule 505 [X] Rule 506 [] Section 4(6) [] ULOE

Type of Filing: [X] New Filing [] Amendment

A. BASIC IDENTIFICATION DATA

1. Enter the information requested about the issuer

Name of Issuer ([] check if this is an amendment and name has changed, and indicate change.)

Lex & 32 Property LLC

Address of Executive Offices: 275 Madison Avenue, New York, New York 10016 Telephone Number (Including Area Code): (212) 490-0050

Handwritten signature

Address of Principal Business Operations (Number and Street, City, State, Zip Code) Telephone
Number (Including Area Code)
(if different from Executive Offices)

Brief Description of Business

The company has been formed to acquire real property.

Type of Business Organization

corporation limited partnership, already formed other: Limited Liability Company
 business trust limited partnership, to be formed

Month/Day/Year

Actual or Estimated Date of Incorporation or Organization: 12/19/2002 Actual Estimated

Jurisdiction of Incorporation or Organization: (Enter two-letter U.S. Postal Service abbreviation for State:
CN for Canada; FN for other foreign jurisdiction) [N] [Y]

GENERAL INSTRUCTIONS

Federal:

Who Must File: All issuers making an offering of securities in reliance on an exemption under Regulation D or Section 4(6), 17 CFR 230.501 et seq. or 15 U.S.C. 77d(6).

When to File: A notice must be filed no later than 15 days after the first sale of securities in the offering. A notice is deemed filed with the U.S. Securities and Exchange Commission (SEC) on the earlier of the date it is received by the SEC at the address given below or, if received at that address after the date on which it is due, on the date it was mailed by United States registered or certified mail to that address.

Where to File: U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

Copies Required: Five (5) copies of this notice must be filed with the SEC, one of which must be manually signed. Any copies not manually signed must be photocopies of manually signed copy or bear typed or printed signatures.

Information Required: A new filing must contain all information requested. Amendments need only report the name of the issuer and offering, any changes thereto, the information requested in Part C, and any material changes from the information previously supplied in Parts A and B. Part E and the Appendix need not be filed with the SEC.

Filing Fee: There is no federal filing fee.

State:

This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form. Issuers relying on ULOE must file a separate notice with the Securities Administrator in each state where sales are to be, or have been made. If a state requires the payment of a fee as a precondition to the claim for the exemption, a fee in the proper amount shall accompany this form. This notice shall be filed in the appropriate states

in accordance with state law. The Appendix in the notice constitutes a part of this notice and must be completed.

A. BASIC IDENTIFICATION DATA

2. Enter the information requested for the following:

- Each promoter of the issuer, if the issuer has been organized within the past five years;
- Each beneficial owner having the power to vote or dispose, or direct the vote or disposition of, 10% or more of a class of equity securities of the issuer;
- Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
- Each general and managing partner of partnership issuers.

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual) **Forgash, Jack**

Business or Residence Address: **275 Madison Avenue, New York, NY 10016**

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual) **Cohen, Jack**

Business or Residence Address: **275 Madison Avenue, New York, NY 10016**

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual) **Mamiye, Hyman**

Business or Residence Address: **275 Madison Avenue, New York, NY 10016**

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: [] Promoter [] Beneficial Owner [] Executive Officer [] Director [] General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: [] Promoter [] Beneficial Owner [] Executive Officer [] Director [] General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

(Use blank sheet, or copy and use additional copies of this sheet, as necessary.)

B. INFORMATION ABOUT OFFERING

1. Has the issuer sold, or does the issuer intend to sell, to non-accredited investors in this offering?..... Yes No [] [X]

Answer also in Appendix, Column 2, if filing under ULOE.

2. What is the minimum investment that will be accepted from any individual?..... \$250,000

3. Does the offering permit joint ownership of a single unit?..... Yes No [X] []

4. Enter the information requested for each person who has been or will be paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with sales of securities in the offering. If a person to be listed is an associated person or agent of a broker or dealer registered with the SEC and/or with a state or states, list the name of the broker or dealer. If more than five (5) persons to be listed are associated persons of such a broker or dealer, you may set forth the information for that broker or dealer only.

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) [] All States

- [AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID] [IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO] [MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]

[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) [] All States

[AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]
 [IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO]
 [MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]
 [RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) [] All States

[AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]
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 [MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]
 [RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

(Use blank sheet, or copy and use additional copies of this sheet, as necessary.)

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if answer is "none" or "zero." If the transaction is an exchange offering, check this box " " and indicate in the columns below the amounts of the securities offered for exchange and already exchanged.

Type of Security	Aggregate Offering Price	Amount Already Sold
Debt	\$ _____	\$ _____
Equity	\$ _____	\$ _____
[] Common [] Preferred		
Convertible Securities (including warrants)	\$ _____	\$ _____
Partnership Interests	\$ _____	\$ _____
Other (Specify: Units).....	\$7,500,000.00	\$0

Total \$7,500,000.00 \$0

Answer also in Appendix, Column 3, if filing under ULOE.

2. Enter the number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

	Number Investors	Aggregate Dollar Amount of Purchases
Accredited Investors	_____	\$ _____
Non-accredited Investors	_____	\$ _____
Total (for filings under Rule 504 only)	0	\$0

Answer also in Appendix, Column 4, if filing under ULOE.

3. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C-Question 1.

Type of offering	Type of Security	Dollar Amount Sold
Rule 505	_____	\$ _____
<u>Regulation A</u>	_____	\$ _____
Rule 504	_____	\$ _____
Total	_____	\$ _____

4. a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the issuer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate.

Transfer Agent's Fees	[]	\$ _____
Printing and Engraving Costs	[]	\$ _____
Legal Fees	[X]	\$15,000
Accounting Fees	[]	\$ _____
Engineering Fees	[]	\$ _____
Sales Commissions (specify finders' fees separately)	[]	\$ _____
Other Expenses (identify) Filing and printing fees.....	[X]	\$3,000
Total	[X]	\$18,000

b. Enter the difference between the aggregate offering price given in response to Part C - Question 1 and total expenses furnished in response to Part C - Question 4.a. This \$7,482,000

- Question 1 and total expenses furnished in response to Part C - Question 4.a. This difference is the "adjusted gross proceeds to the issuer."

5. Indicate below the amount of the adjusted gross proceeds to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C - Question 4.b above.

	Payments to Officers, Directors, & Affiliates	Payments To Others
Salaries and fees	[] \$ _____	[] \$ _____
Purchase of real estate	[] \$ _____	[X] \$7,482,000
Purchase, rental or leasing and installation of machinery and equipment	[] \$ _____	[] \$ _____
Construction or leasing of plant buildings and facilities.....	[] \$ _____	[] \$ _____
Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger)	[] \$ _____	[] \$ _____
Repayment of indebtedness	[] \$ _____	[] \$ _____
Working capital	[] \$ _____	[] \$ _____
Other (specify): _____	[] \$ _____	[] \$ _____
_____	[] \$ _____	[] \$ _____
_____	[] \$ _____	[] \$ _____
Column Totals	[] \$ _____	[] \$ _____
Total Payments Listed (column totals added)		[X] \$7,482,000

D. FEDERAL SIGNATURE

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b)(2) of Rule 502.

Issuer (Print or Type) Lex & 32 Property LLC	Signature <i>Jack Forgash, Manager</i>	Date 3/17/03
Name of Signer (Print or Type) By: Lex Manager LLC By: Jack Forgash, Manager	Title of Signer (Print or Type) Manager	

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

LEX & 32 PROPERTY LLC
A LIMITED LIABILITY COMPANY

PRIVATE PLACEMENT OF MINIMUM OF 20 UNITS AND MAXIMUM OF 30
UNITS OF MEMBERSHIP INTERESTS
\$250,000 PER UNIT
MINIMUM INVESTMENT – ONE UNIT
(SUBJECT TO THE RIGHT OF THE MANAGERS TO
ACCEPT SUBSCRIPTIONS FOR FRACTIONAL UNITS)

THIS OFFERING IS AVAILABLE TO “ACCREDITED INVESTORS” ONLY

MARCH 4, 2003

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INVESTOR NOTICES

AS WITH ANY INVESTMENT, AN INVESTMENT IN UNITS OF MEMBERSHIP INTERESTS IF LEX & 32 PROPERTY LLC (THE "COMPANY") INVOLVES SUBSTANTIAL RISKS. SEE "RISK FACTORS". POTENTIAL INVESTORS SHOULD THOROUGHLY CONSIDER THIS MEMORANDUM AND THEIR PERSONAL TAX, FINANCIAL AND OTHER CIRCUMSTANCES PRIOR TO PURCHASING UNITS.

THE PURCHASE OF UNITS IS SUITABLE ONLY FOR INVESTORS OF SUBSTANTIAL FINANCIAL MEANS WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT AND WHO UNDERSTAND AND CAN AFFORD THE HIGH FINANCIAL AND OTHER RISKS OF SUCH AN INVESTMENT, INCLUDING THE RISK OF LOSING THEIR ENTIRE INVESTMENT. THERE WILL BE NO MARKET FOR THE RESALE OF UNITS. THE UNITS MAY NOT BE TRANSFERRED WITHOUT THE CONSENT OF THE MANAGERS (EXCEPT AS OTHERWISE PROVIDED IN THE OPERATING AGREEMENT), AND AN OPINION OF COUNSEL THAT SUCH TRANSFER COMPLIES WITH APPLICABLE FEDERAL AND STATE SECURITY LAWS.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY THE UNITS OF MEMBERSHIP INTERESTS IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. THE MEMBERSHIP INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE MEMBERSHIP INTERESTS HAVE NOT BE APPROVED OR DISAPPROVED BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OR BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS ANY AUTHORITY OR COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE UNITS WILL BE OFFERED PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 506 OF REGULATION D ("REGULATION D") AS PROMULGATED BY THE SEC PURSUANT TO THE SECURITIES ACT.

THIS MEMORANDUM IS PROVIDED FOR ASSISTANCE ONLY AND IS NOT INTENDED TO BE AND MUST NOT BE TAKEN SOLELY AS THE BASIS FOR AN INVESTMENT DECISION. EACH RECIPIENT OF THIS MEMORANDUM SHOULD MAKE SUCH INVESTIGATIONS AS IT DEEMS NECESSARY TO ARRIVE AT AN INDEPENDENT EVALUATION OF AN INVESTMENT IN THE MEMBERSHIP INTERESTS OFFERED HEREBY, AND SHOULD CONSULT HIS OR HER OWN LEGAL, FINANCIAL AND ACCOUNTING ADVISORS TO DETERMINE THE MERITS AND RISKS OF SUCH AN INVESTMENT. THIS MEMORANDUM IS FOR THE CONFIDENTIAL USE OF ONLY THOSE PERSONS TO WHOM IT IS TRANSMITTED BY THE MANGERS OF THE COMPANY IN CONNECTION WITH

THIS PRIVATE PLACEMENT AND IS NOT TO BE REPRODUCED OR USED FOR ANY OTHER PURPOSE. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THAT WHICH IS CONTAINED IN THIS MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THAT WHICH IS CONTAINED IN THIS MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

EACH OFFEREE OF THE UNITS IS INVITED TO ASK QUESTIONS OF THE MANAGERS CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION IN THIS MEMORANDUM THAT IS MATERIAL TO THE OFFERING MADE HEREBY.

NOTICE TO NEW JERSEY OFFEREES

NEITHER THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY NOR THE BUREAU OF SECURITIES OF THE STATE OF NEW JERSEY HAS PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO NEW YORK RESIDENTS

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

LEX & 32 PROPERTY LLC

Overview

This Confidential Memorandum is distributed in connection with the private offering of units ("Units") of membership interests (the "Membership Interests") in LEX & 32 PROPERTY LLC, a New York limited liability company (the "Company"). The Managing Members of the Company are Lex Manager LLC, Mamiye Acquisition 32 LLC and Lex 32 LLC (hereinafter, the "Managers" or the "Managing Members"). The managers of these entities are respectively, Jack Forgash, Hyman Mamiye and Jack Cohen.

Proceeds from the offering will be used towards the purchase of a commercial office building located at 145 East 32nd Street, New York, New York (the "Property"). The Property is a 104,756 square foot midblock 13 story office building which is currently 100% leased. A detailed description of the Property is provided in the Property Report and Financial Analysis prepared by Eastern Consolidated Properties, Inc. which is attached to this Memorandum as Exhibit A.

This offering is only being made to "accredited investors" within the meaning of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), who, upon admission to the Company, will become members of the Company (the "Members"). Each investor must acquire at least one (1) whole Unit for a purchase price of \$250,000, although the Managers may permit the purchase of fractional Units in their sole discretion. The Company is seeking aggregate commitments to purchase not less than twenty (20) and no more than thirty (30) Units, for an aggregate offering of between \$5,000,000 and \$7,500,000. The Managers (or their affiliates) will acquire not less than four (4) Units for a total minimum investment of \$1,000,000. The Managers' investment will not count towards the sale of the minimum number of Units that must be sold in order for the Company to accept an investor's subscription. Upon acceptance of an investor's subscription, the investor will become a Member of the Company.

Until the closing of the purchase of the Property, each investor's funds will be deposited in an account at an FDIC insured bank. If the minimum number of Units are not sold or the Property is not purchased, each investor's funds will be returned without interest, less expenses incurred by the Company. The offering will remain open until April 30, 2003, although the Managers in their discretion reserve the right to extend the offering to a date not later than September 30, 2003. The Managers may accept or reject subscriptions for Membership Interests, in whole or in part, in their sole discretion.

The Managers will make all decisions for the Company except as set forth in the Operating Agreement of the Company, a copy of which is attached hereto as Exhibit B. The majority vote of the Managers is required for any Company action requiring Manager approval.

The Managers will receive compensation equal to customary fees for managing, leasing, insurance placement, sales brokerage, financing and refinancing, and fees for the posting of any letters of credit, including a \$300,000 letter of credit which the Managers will make available to the Company in connection with the mortgage financing for the acquisition of the Property. Other compensation to the Managers is incentive or performance based, and is earned only after

a preferred annual cumulative return of 8% on each Members outstanding capital contribution has been achieved. Aside from reimbursable expenses associated with third-party expenses, and the fees described above, the Managers will not receive any annual distributions (except for distributions received as holders of Units of membership interests in the Company) until the other Members have received the preferred annual cumulative 8% return referred to below.

The Company will incur offering costs, organization expenses, including legal, accounting and other expenses, which will be paid for from the proceeds of the offering. Affiliates of the Managers may provide such services on an ongoing basis from time to time. It is not anticipated that the Company's offering and organizational expenses will exceed \$100,000, not including acquisition and financing costs.

THE OFFERING

This offering to sell up to thirty (30) Units of Membership Interests in the Company for an aggregate purchase price of \$7,500,000 is being made on a best efforts basis by the Company. A minimum of twenty (20) Units must be sold in this offering, exclusive of the Units to be acquired by the Managing Members. If the minimum number of Units is not sold, the Company will return each investor's subscription without interest, less expenses. Until the closing or termination of this offering, investors' funds will be deposited in account at an FDIC insured bank. The purchase price for a Unit is \$250,000, however the Company reserves the right to sell fractional Units, as permitted by the Managers. The purchase price for a Unit or fractional Unit is payable in full upon execution and delivery of a subscription agreement by an investor.

AGREEMENT OF SALE FOR THE PROPERTY

The Company has entered into an Agreement of Sale for the Property with 145 East 32nd LLC for a purchase price of \$22,500,000. The Company has delivered a deposit of \$750,000 to the seller of the Property. The Company plans to close on the Property prior to the end of the first week in April, 2003. However, if the closing is delayed beyond April 7, 2003, which is not caused by the seller, the Company may extend the closing date for an additional thirty (30) days for an additional deposit payment of \$100,000. Pursuant to the terms of the Agreement of Sale, the Company will purchase the Property in its "as is" condition.

The purchase price for the Property will be paid with the proceeds of this offering, the mortgage loan described below and the investment in Units of Membership Interests made by the Managing Members. Any equity investment required to purchase the Property in excess of the \$5,000,000 minimum offering amount which is not obtained pursuant to this offering, will be made by the Managing Members.

For a detailed description of the sources and uses of funds in connection with the purchase of the Property, see "Sources and Uses of Funds" attached hereto as Exhibit C.

FIRST MORTGAGE LOAN FOR THE ACQUISITION OF THE PROPERTY

The Company has received a first mortgage loan proposal from North Fork Bank (the "Lender") to fund a \$16,900,000 mortgage loan (the "Mortgage Loan" or "Loan"). The terms of the Mortgage Loan will be as follows:

Amount:	\$16,900,000
Term of the Loan:	Seven years, with one extension option of five (5) years
Amortization:	Interest only for the first two years. Balance of term based on a twenty five (25) year amortization schedule.
Interest Rate:	First two years at Company's option: either (1) Lender Prime plus 1.5% (floating with a floor of 5.75%) or (2) 5.5% Fixed. The following three years: 5.75% fixed and the balance of initial term at 6.00% fixed.
Guarantors:	The Managing Members will provide their guaranty with respect to the standard non-recourse carve-outs for fraud, environmental, misrepresentations, etc.
Fees:	$\frac{3}{4}$ of 1% to the Lender; $\frac{3}{4}$ of 1% to the loan broker
Appraisals, Etc.:	The Loan is subject to receipt by Lender of a satisfactory property appraisal, environmental report and engineering report
Prepayment:	Generally, the Company shall have the right to prepay the principal subject to a declining prepayment premium beginning at 5% of the amount prepaid and declining to a minimum of 1%.
Other Conditions and Letter of Credit:	<ol style="list-style-type: none">1) At closing the Property's income must provide a Minimum Debt Coverage Ratio of 1.25X, as determined by the Lender in its sole discretion.2) At closing the Company will deliver a

\$300,000 letter of credit in favor of Lender.

Extension Option Conditions:

- 3) One-Additional Five year term.
- 4) Interest rate to adjust to the then Five-year US Treasury plus 200 basis points with a floor of 6%.
- 5) Amortization based on 20 years.
- 6) At the time of the extension the Property's income must provide a Minimum Debt Coverage Ratio of 1.25X.
- 7) Reappraisal indicating a minimum LTV of 65%.

THE COMPANY

Lex & 32 Property LLC is a New York Limited Liability Company, which was formed in January, 2003, to acquire, own and operate the Property. Lex Manager LLC, Mamiye Acquisition 32 LLC and Lex 32 LLC are the Co-Managing Members of the Company (sometimes referred to herein as the Managers). The principals of these entities are, respectively, Jack Forgash, Hyman Mamiye and Jack Cohen. The Managers will contribute a minimum of \$1,000,000 to the capital of the Company. The \$1,000,000 minimum Capital Contribution by the Managers is included in the amount of the total offering of \$7,500,000, but shall not count towards the minimum amount of \$5,000,000 that must be sold for this offering to close.

Jack Forgash, Hyman Mamiye and Jack Cohen have extensive real estate and business experience in New York and surrounding areas. During the life of the Company, through their respective entities, they will be responsible for day to day operations and management oversight of the Property, as well as long-range planning to maximize the value of the Property.

MANAGEMENT OF THE PROPERTY

Upon the closing of this offering and the acquisition of the Property, the Company will enter into a management agreement with either Tri-Realty Management, Inc. or Tri-Realty Mgmt, LLC, each an affiliate of Lex Manager LLC. The Company will pay to such managing agent a management fee equal to 2.5% of the Property's annual gross revenue.

ORDER OF CASH DISTRIBUTIONS

The Company's available cash from the operation of the Property (other than from sales, refinancings or casualty or condemnation) after expenses and reserves (as determined by the Managers in their sole discretion), will be distributed as follows:

- **Initially**, to pay any interest and principal on any loans made by Members for defaulted capital contributions (“Capital Default Loans”).
- **Thereafter**, a preferred annual cumulative return of 8% on each Member’s outstanding capital contribution.
- **Thereafter**, 75% of available cash to the Members (inclusive of the Managing Members) and 25% to the Managing Members.

The Company’s available cash from sale of the Property or any part thereof, refinancing or casualty or condemnation proceeds not used to restore the Property or repay indebtedness will be distributed as follows:

- **Initially**, to pay off Company indebtedness (including Default Capital Loans), as required.
- **Thereafter**, any unpaid preferred annual cumulative 8% return.
- **Thereafter**, as a repayment of each Member’s capital contribution.
- **Thereafter**, 75% to the Members (inclusive of the Managing Members) and 25% to the Managing Members.

ALLOCATION OF NET PROFITS AND NET LOSSES

In general, net profits and net losses of the Company, shall be allocated to the Members in accordance with the manner in which available cash is distributed to the Members.

RISK FACTORS

An investment in the Company is subject to a number of risks and considerations, including, but not limited to, the following:

- **Economic and Market Risks.** The Company will be subject to all the risks inherent in investing in real estate, which risks may be increased because the investment in the Property will be leveraged. These risks may include, without limitation, general and local economic and social conditions, neighborhood values, the financial resources of tenants, vacancies, rent strikes, changes in tax, zoning, building, environmental and other applicable laws, real property tax, real property tax rates, changes in interest rates and the availability of mortgage funds which may render the sale of the Property difficult or unattractive. Such risks also include fluctuations in occupancy rates, rent schedules and operating expenses, which could adversely affect the value of the Property. There can be no assurance of profitable operations for the Property or that the forecasted returns to the Members described in Exhibit D hereto will be obtained. Such increases may not be obtained thereby impacting the ability of the Company to meet the forecasted returns.
- **Foreclosure Risk.** The Mortgage Loan for the Property will be non-recourse to the Investors, but will be secured by a first mortgage on the Property in the amount of

\$16,900,000. While the Managing Members believe that cash flow will be sufficient to cover mortgage payments, in the event that funds generated from the operation of the Property for whatever reason, including vacancies or tenant defaults, are not adequate to pay the debt service of the Mortgage Loan or in the event the Mortgage Loan cannot be refinanced when due, the Mortgage Loan may be foreclosed. Any such foreclosure could result in the loss by the Members of their entire investment and would result in substantial adverse tax consequences.

- **Limitations on Transfer; Lack of Liquidity.** The transfer of Units by a Member is subject to the consent of the Managers and the limitations contained in the Operating Agreement. There is no right of withdrawal from the Company or right of redemption of Units by the Company. There is no market for the resale of the Units and none is expected to develop. Accordingly, an investment in the Company is suitable only for persons with no need for liquidity and who can afford to lose their entire investment.
- **Variations from the Financial Forecast.** The financial forecasts that are included with this Memorandum are based upon the projected Financial Analysis contained in the Eastern Consolidated Properties Report attached hereto as Exhibit A and the Managing Members' assumptions reflecting conditions they expect to exist and the course of action they expect to take during the forecast period. The financial forecast is based upon certain assumptions as to future events and conditions that may prove to be incomplete or incorrect and unanticipated events and circumstances may occur. Because of these uncertainties and the other risks outlined in this Memorandum, the actual results of the Company will be different from those projected and the differences may be material and adverse. Potential investors should consider the projections in light of the underlying assumptions to reach their own conclusions as to the reasonableness of those assumptions and to evaluate the forecasts on the basis of that analysis. Neither the Managing Members, the Company nor their attorneys or accountants make any representation or warranty as to the accuracy or completeness of the forecasts contained in this Memorandum or the underlying assumptions.
- **Uncertain Conditions; Risks of Terrorism or Casualty Loss.** Upon a casualty loss that destroys all or a substantial portion of the Property, the Company may not be able to restore the Property to its current size or tenancy levels. This may adversely affect the Property's cash flow. To protect against this risk, the Company as of the closing of the purchase of the Property will have in place terrorism, casualty and other insurance and will endeavor to maintain to the extent commercially available such insurance to protect the Company against such risks.
- **No Control by the Members.** Under the Operating Agreement, the Managing Members have broad management discretion over the business of the Company and therefore the operations of the Company. No Member, in such person's capacity as a Member, is entitled to participate in the conduct or control of the business of the Company or the Company.

- **Limited Obligations and Liability of the Managers; Removal of the Managers.** The Operating Agreement provides that the Managers are liable to the Company only if they have been found guilty of fraud. The Managers may be removed for “good cause” by a vote of the Members holding in excess of two thirds of the Membership Interests. The Company will be very dependent upon the activities of the Managers. The loss of any of the Managers could have a significant adverse effect on the business of the Company.
- **Tax Considerations.** The Company will elect to be treated as a partnership for federal income tax purposes. The Company will not be subject to federal income tax, nor to most state income or similar taxes. Each Member will be required to include in computing its federal income tax liability its allocable share of the items of income, gain, loss and deduction of the Company, regardless of whether any distributions have been made by the Company to that Member. In addition, A Member is subject to tax on its distributive share of Company income or loss in the state and locality where the Member resides and in New York. THEREFORE, MEMBERS MAY BECOME LIABLE FOR FEDERAL AND STATE INCOME TAXES ON COMPANY INCOME EVEN THOUGH THEY HAVE RECEIVED NO DISTRIBUTIONS FROM THE COMPANY WITH WHICH TO PAY THE TAXES. EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN TAX ADVISOR CONCERNING AN INVESTMENT IN THE COMPANY AND THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES THEREOF.

SUMMARY OF CERTAIN PROVISIONS OF THE OPERATING AGREEMENT FOR LEX & 32 PROPERTY LLC

The Operating Agreement, a copy of which is attached hereto as Exhibit B, is the governing instrument establishing the Company’s right under the laws of the State of New York (the “New York Act”) to operate as a limited liability company and contains the rules under which the Company will be operated. Each prospective Investor should read the Operating Agreement in its entirety. Many of the provisions of the Operating Agreement have been summarized elsewhere in this Memorandum under various headings. Certain other provisions of the Operating Agreement are summarized below, but for complete information, reference should be made to the Operating Agreement. All capitalized terms not defined herein shall have the meaning given to such terms in the Operating Agreement.

Liability and Indemnification of the Managing Members

The Operating Agreement provides that the Managers will not be liable to the Company or the Members for liabilities, costs and expenses incurred as a result of any act or omission of the Managing Members unless such acts or omissions were performed or omitted fraudulently. The Company will indemnify the Managers against any such loss, damage or expense incurred by the Managers as well as for any amounts paid pursuant to any guaranty provided to the Company’s mortgage lender.

Limited Liability of Members

Under the New York Act neither a member of a limited liability company or its Managing Members is liable for any debts, obligations or liabilities of the limited liability company. Also a member, under the New York Act, is not a proper party to any proceeding by or against a limited liability company, except where the objective of such proceeding is to enforce a member's rights against or liability to a limited liability company.

In addition, a member may be liable to the extent of any distribution made to such member if the member was aware at the time of the distribution that, after giving effect to such distribution, the fair value of the remaining assets of the limited liability company was less than its outstanding liabilities (other than liabilities to other members on account of their interests in the company and liabilities for which the recourse of creditors is limited to specified property of the company).

No Right to Withdraw Capital Contributions

No Member has a right to withdraw his or her capital contribution from the Company.

Additional Capital Contributions

Under the terms of the Operating Agreement, if the Managers determine that additional capital is required for the operation of the Property, each Member will be required to contribute additional capital to the Company on a pro rata basis in accordance with their respective membership interests in the Company. If any Member fails to make any required additional capital contribution (a "Defaulted Capital Contribution"), the contributing Members, with the Managers' approval, may make the Defaulted Capital Contribution, either in the form of a capital contribution or as a loan in an amount equal to the Defaulted Capital Contribution (the "Capital Default Loans"). Upon the making by a contributing Member of the defaulted additional capital contributions or the Capital Default Loans, the defaulting Member's percentage interest in the Company shall be reduced in accordance with the formula described in the Operating Agreement

Allocation of Company Profits and Losses; Company Distributions

The Operating Agreement contains detailed provisions governing the allocation of net profits, gains, and net losses for Federal income tax purposes and the distribution of cash flow available for distribution, refinancing proceeds and sale proceeds. The manner in which cash flow of the Company is distributed is summarized under the section of this Memorandum "Order of Cash Distributions".

ASSIGNABILITY OF UNITS

Units of the Company will be assignable only with the consent of the Managers and as set forth in the Operating Agreement. In no event will the Managers consent to an assignment that would violate federal or state securities laws or would cause the Company to terminate for federal income tax purposes, nor will the Managers consent to any pledge or collateral assignment of any Units. Any assignment (other than to a permissible transferee (e.g. another Member, an immediate family member of a Member, beneficiaries of a Member's estate, or an

entity owned by a Member) will be conditioned upon compliance with the provisions of the right of first refusal set forth in the Operating Agreement.

Compensation of Managing Members

The Managing Members in their capacity as the Managers of the Company will not receive any salary, fees, profits or distributions except for allocations to which it may be entitled as a Member of the company as described under "Order of Cash Distributions."

Other Business of Members

Under the Operating Agreement, any Member or Manager may engage independently or with others in other business ventures of every nature and description. Neither the Company nor any Member will have any right to participate in or to receive any income or proceeds derived from another Member's or Manager's engaging in any other businesses, and the pursuit of such ventures, even if competitive with the business of the Company or the Manager, shall not be deemed wrongful or improper.

Replacement of the Managing Members; Assignability of Interest

Upon any vacancy in the number of Managers, the remaining Managers may fill such vacancy. If all three of the Managing Members shall no longer be a Managers, then the Members shall appoint new Managers.

Termination, Dissolution and Liquidation

The Operating Agreement provides that the term of the Company will be perpetual unless dissolved sooner. The Company will dissolve at such time that the Company no longer holds any interest in the Property, or any proceeds derived from the Property.

Amendments

Amendments to the Operating Agreement may be made only upon the approval of Members holding not less than two-thirds of the membership interests of the Company.

Books and Reports

The Managers are required to maintain adequate books and records with respect to the Company's business at the principal office of the Company. The books and records will be maintained for financial accounting purposes in accordance with such methods of accounting as determined by the Managers. The Managers will provide the Members with annual financial statements for the Company and the operation of the Property. Financial statements contained in all reports to the members will be prepared using the accrual method of accounting.

The Managers are required to deliver to the Members such information as may be necessary for a Member's preparation of federal, state or local income tax returns.

Power of Attorney

Each Member irrevocably appoints and empowers the Managers as its attorney-in-fact to execute, acknowledge and record or otherwise file such documents as are necessary or appropriate to carry out the provisions of the Operating Agreement, including all certificates, agreements and instruments and any other documents necessary or appropriate to: (i) form, qualify or continue the company as a limited liability company in New York; (ii) amend the Articles of Organization of the Company and the Operating Agreement, in accordance with the Operating Agreement for the Company; and (iii) to dissolve or terminate the Company.

LIMITATIONS ON TRANSFERABILITY; SUITABILITY REQUIREMENTS

The Units of Membership Interests offered hereby are being offered only to “accredited investors” meeting the suitability standards set forth herein. The term “accredited investor” generally includes (i) any natural person whose individual net worth or joint net worth with such person’s spouse exceeds \$1 million; (ii) any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with such person’s spouse in excess of \$300,000 in each of such years, and has a reasonable expectation of reaching the same income level in the current year; and (iii) any entity with over \$5,000,000 in assets or in which all of the equity owners are accredited investors.

Each prospective investor will be required to represent in the Subscription Agreement that (i) the Units of Membership Interests he or she acquires are being acquired for investment purposes only, and not with a view to resale or distribution; (ii) such investor’s overall commitment to investments which are not readily marketable is reasonable in relation to its net worth; (iii) such investor is willing and able to bear the economic risk of its investment in the Company, has no need for liquidity with respect thereto and is able to sustain a significant or complete loss of his or her investment; (iv) such investor has read this Memorandum for purposes of evaluating the risks of investing in the Company; and (v) such investor has substantial experience in making investment decisions.

The Units of Membership Interests have not been registered under the Securities Act and therefore cannot be transferred unless subsequently registered under the Securities Act or an exemption from such registration is available. It is not anticipated that any such registration will ever be in effect and there can be no assurance that certain exemptions provided by rules promulgated under the Securities Act will be available. In addition, the Operating Agreement contains prohibitions on the transfer of limits of Membership Interests, except in limited circumstances, without the Managers’ consent. Accordingly, each prospective investor electing to acquire Units of Membership must bear the economic risk of its investment for an indefinite period of time.

SUBSCRIPTION PROCEDURES

To subscribe for Units of Membership Interests in the Company, an investor must furnish to the Managers the following: (1) one completed copy of the Subscription Agreement, executed by the subscriber’s on the Signature Page and Power of Attorney, in the form attached hereto; and (2)

two separate completed, executed copies of the Signature Page and Power of Attorney. Completed and executed Subscription Agreements, and the Signature Page and Power of Attorney should be delivered by overnight courier or telecopy (with originals mailed) to the attention of Jack Forgash, c/o Lex Manager LLC, 275 Madison Avenue, New York, New York 10016. Payment for the investor's subscription for Units should be made by wire transfer to the account indicated at the end of the Subscription Agreement. The Managers may accept or reject subscriptions for Membership Interests, in whole or in part, in the Managers' sole discretion.

The Managers will contact each interested subscriber as to whether its subscription has been accepted and the number of Units allocated to such subscriber.

EXHIBIT A

EASTERN CONSOLIDATE PROPERTIES, INC. PROPERTY REPORT AND FINANCIAL ANALYSIS

The attached description of the Property and Financial Analysis included therein was prepared by Eastern Consolidated Properties, Inc. ("Eastern Consolidated"), the broker in the sale of the Property to the Company. With respect to the forecasted Financial Analysis included in the Eastern Consolidated report, Base Rental Revenue for years 2003 through 2005 is based on scheduled rental rates under existing leases. Beginning with 2006, when existing leases expire, Base Rental Revenue is based on the projected market rents as shown on the "Assumptions to Projected Cash Flow" and increase thereafter at a rate of three (3%) percent per annum.

Projections, such as the Eastern Consolidated Financial Analysis, are inherently subject to varying degrees of uncertainty and the degree of their accuracy depends, among other things, on the reliability of the underlying assumptions and the probability of the occurrence of a complex series of future events or transactions, many of which are not within the control of the Managers.

Actual operating results of the Company may vary widely from those which have been projected. Variations in levels of occupancy, operating expenses and Federal income tax law and interpretations can significantly affect the forecasted Financial Analysis and the assumed outcome.

THE FINANCIAL ANALYSIS SHOULD NOT BE RELIED UPON TO INDICATE ACTUAL RESULTS WHICH MAY BE OBTAINED OR THAT TAX BENEFITS OR DISTRIBUTIONS REFLECTED ARE INDICATIVE OR THE RESULTS THE COMPANY WILL ACHIEVE.

145 EAST 32ND STREET
NEW YORK, NEW YORK



Exclusive Agent

BRIAN EZRATTY
Vice Chairman



SCOTT ELLARD
Financial Services

EASTERN
CONSOLIDATED
PROPERTIES, INC.
355 LEXINGTON AVENUE
NEW YORK, NEW YORK 10017

(212) 499-7700

145 EAST 32ND STREET

EXECUTIVE SUMMARY

OVERVIEW

Eastern Consolidated Properties is pleased to present for sale the fee interest in a fully renovated 13-story plus mezzanine office and retail building located in one of Manhattan's most established residential neighborhoods. While in the immediate vicinity of the local amenities and service businesses that cater to the area's residential tenants, the property is also in close proximity to Midtown's corporate centers and primary transportation hubs, the United Nations and the multitude of hospitals and medical institutions on Midtown South's East Side. As a substantial commercial building in a residential neighborhood near the city's commercial center, the value of 145 East 32nd Street is anchored by its ability to continue to serve several diverse sectors of the real estate market.

145 East 32nd Street is a 104,756 square foot midblock office building commanding approximately 100 feet of frontage between Lexington and Third Avenues. Typical base floor sizes are over 9,000 rentable square feet and setbacks from the 8th floor up provide tenants with abundant light and air. Over the past several years the property has benefited from significant capital improvements of approximately \$675,000 in the aggregate. Improvements have included all new windows and storefronts, a newly renovated marble lobby, new elevator cabs (not including the replacement of many of the elevators mechanical components in the mid-1990's), a new boiler (1994) and repainting of the façade and roof repairs.

The property is currently 100% leased to eleven tenants at an average of \$26.90 p.s.f. for the upper floors and \$48.81 for the ground floor retail space (excluding the 4,600 square foot lower level space which is occupied as additional retail selling space). The premier roster of tenants, all of which enjoy full-floor or multi-floor occupancies, is well-established in the building with most leases having been signed in the early to mid-1990's. The shortest lease term does not expire until March 2006 and the longest term ends in 2013. These long lease terms combined with the low average rent to stable, creditworthy tenants provides a prospective purchaser with a secure and increasing cash flow throughout the better part of the decade.

The future of 145 East 32nd Street is equally promising as the property is located in New York City's quintessential residential neighborhood known as Murray Hill. While this subdistrict is primarily residential, development of new luxury residential high-rises has historically met with significant resistance from local residents in an effort to maintain the character of the area. Developments that have been completed are typically located along the avenues and very few new developments have occurred along the quieter side streets of this quaint neighborhood. 145 East 32nd Street itself has a zoning designation that allows its conversion to residential use as-of-right. Upon the expiration of the commercial leases, the full potential of this additional value can be unlocked by repositioning the property into an apartment building. The apartments could then be rented out at increased market rents or sold to individual purchasers on a "retail" basis as condominiums or cooperative units.

Exceptional quality of cash flow from existing commercial tenants and the inherent ability to convert the property to Free Market apartments provide a prospective purchaser of 145 East 32nd Street with the unique combination of near to medium term security and future upside potential.

145 EAST 32ND STREET

PHYSICAL CHARACTERISTICS

ADDRESS 145-149 East 32nd Street

LOCATION Mid-block between Lexington and Third Avenues in Midtown's Murray Hill subdistrict.

BLOCK/LOT 888/27

2002/03 ASSESSMENT Land \$2,664,000 Transitional Total \$3,920,400

ZONING R8B F.A.R. Residential 4.0 Community Facility 5.1

PLOT SIZE 99'6" x 98'9" Irregular "L" Built full on the ground and second floors with setbacks at the rear of the building from the third floor up. Front and back setbacks on the upper floors begin on the 8th floor.

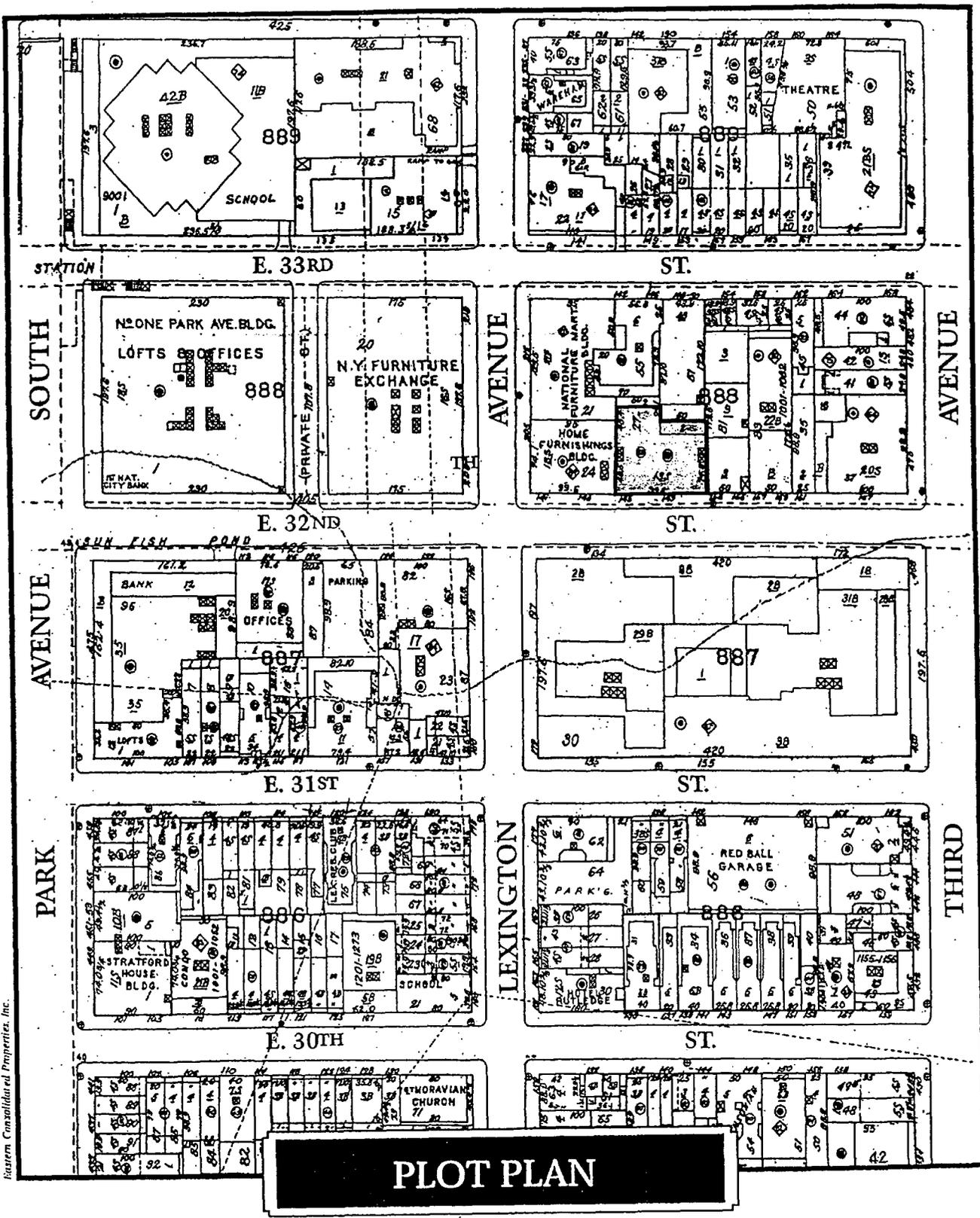
DESCRIPTION The property is a fireproof office and retail building of approximately 104,500 rentable square feet built in 1927 and completely modernized in 1990. Floor sizes range from 4,800 s.f. on the upper floors to over 9,000 s.f. on the lower base floors. Renovations have included a new marble lobby with 24-hour concierge, new tenant-controlled air conditioning, operable thermopane windows, new elevator cabs and new bathrooms. The property is fully sprinklered.

The building is currently 100% occupied at an average rent for the upper floors of \$26.90 p.s.f. All existing tenants occupy full floors or multiple floors under leases that expire between 2006 and 2013. The ground floor tenant is an established furniture retailer that also occupies the lower level as store space. The average rent for both floors is \$30 p.s.f.

The property provides a current stable cash flow and near-term upside from increases built into existing leases with established tenants. It also provides significant upside potential in the ability to be converted to residential use once the commercial leases expire.

NET OPERATING INCOME \$1,894,249 Current Annualized

ASKING PRICE \$23,500,000 All Cash



Eastern Consolidated Properties, Inc.

PLOT PLAN

145 East 32nd Street

145 EAST 32ND STREET
PHYSICAL CHARACTERISTICS

OVERVIEW:

145 East 32nd Street is a 13-story plus mezzanine and basement fireproof office building originally constructed in 1927 of steel and concrete. The property's main entrance and passenger elevator lobby are on East 32nd Street at the west end of the building. Floor loads on the upper floors are approximately 125 lbs per square foot. The property was entirely renovated in 1990, including a new marble lobby with a uniformed building attendant providing 24-hour coverage and access. Re-pointing of the 32nd Street façade was completed in compliance with Local Law 10 in early 2002. General capital improvements are as follows:

CAPITAL IMPROVEMENTS	
New Windows	\$350,000
New Storefronts	170,000
Lobby Upgrade	75,000
New Elevator Cabs	25,000
New Awning at Lobby Entrance – 32 nd Street Façade	10,000
Refurbished Boiler	20,000
Roof Repairs	25,000
TOTAL	\$675,000

CEILING HEIGHTS:

Basement	9'6" clear
1 st Floor	19'3" clear (in front of mezzanine)
Upper Floors	10'6" clear

LIGHT & AIR:

The property has new operable, energy efficient anodized aluminum thermopane windows on the front and rear facades. Setbacks begin at the 8th floor level and continue up to the top floor.

ELEVATORS:

There are two automatic passenger elevators of 2,400lb capacity each and two manual freight elevators of 3,500lb capacity each. The passenger elevators were completely renovated approximately 8 years ago with solid-state controllers, new motors, generators, cables and brakes and the refinishing of the cabs was completed approximately in mid-2002. The passenger cars have lockouts for each floor. The freight elevators have been converted from DC to AC power. There is a separate freight entrance at the east end of the building. The two passenger elevators service floors 1 through 14 and one of the freights services floors 1 through 10, all excluding the mezzanine. The other freight services all floors including the basement, mezzanine and roof levels.

145 EAST 32ND STREET
PHYSICAL CHARACTERISTICS

- HEATING:** The building is heated by low-pressure steam distributed through cast iron perimeter radiators. The one-pipe system uses a 1994 Rockmills MP4-78 boiler and IC burner burning #6 fuel oil. The oil is stored in a 5,000 gallon tank above ground in the basement.
- HVAC:** There are new tenant controlled, air-cooled package units installed on each floor, which service the full floor, single tenant occupancies typical throughout the building 24-hours per day, 7 days per week.
- ELECTRIC:** Con Edison supplies electricity with a service capacity to the building of approximately 3,400 amps, 120/240 volts three-phase. Main service switches and equipment are located in the basement. Tenants are typically directly metered by Con Edison for their use of electricity.
- GAS:** Con Edison supplies natural gas service into the building which is used primarily for the boiler's pilot lights.
- BATHROOMS:** All floors have two newly renovated gender specific bathrooms as well as additional bathrooms installed by the tenants themselves.
- FIRE SAFETY:** The building is fully sprinklered with a wet system throughout the building including the basement. There is also a standpipe located in the building's internal staircase. The sprinkler system is supplied by a 7,500 gallon pressure tank with a 4-year old 10,000 gallon wooden backup tank on the roof. The standpipe and domestic water requirements are supplied by separate 10-year old wooden combination tank, also of approximately 10,000 gallons and located on the roof. There are strobe emergency strobe lights and annunciator speakers on each floor and an Edwards Class-E command station in the lobby.
- EGRESS:** There are two internal staircases providing primary and secondary means of egress. One has a separate exit directly onto 32nd Street and the other leads to the main lobby as well as the basement. A third staircase leads from the basement to the freight lobby only and there is a private internal stair between the inter-connected 8th and 9th floor tenant spaces.
- SECURITY:** A video intercom system in the building's main entrance provides tenants with the convenience and protection of 24-hour security. Two video security cameras have been installed in the main lobby and additional cameras are installed on the 4th floor and in the freight lobby.

145 EAST 32ND STREET
FINANCIAL ANALYSIS

ANNUALIZED INCOME & EXPENSE

INCOME		p.s.f.
Occupied Office	\$2,331,884	\$26.90
Occupied Retail (Including Lower Level)	358,750	\$30.03
Occupied Mezzanine	<u>166,657</u>	<u>\$27.88</u>
Total	2,857,291	
RECOVERIES & ESCALATIONS		
Porters Wage	116,835	
Expense Reimbursements	<u>21,633</u>	
Total	138,468	
TOTAL INCOME	\$2,995,759	
EXPENSES		
Real Estate Taxes (2002/03)	380,749	\$3.63
Payroll (With Benefits)	144,201	\$1.38
Cleaning (Note 1)	208,835	\$1.99
Security	72,274	\$0.69
Insurance	48,278	\$0.46
Electricity	64,520	\$0.62
Water & Sewer	5,536	\$0.05
Fuel Oil	13,791	\$0.13
Repairs & Maintenance	55,041	\$0.53
Elevator	20,457	\$0.20
General Operating	9,277	\$0.09
Administrative	2,241	\$0.02
Professional	16,395	\$0.16
Management at 2.0 %	<u>59,915</u>	<u>\$0.57</u>
TOTAL EXPENSES	\$1,101,510	\$10.52
PROJECTED		
NET OPERATING INCOME	\$1,894,249	

PAYROLL BREAKDOWN

Position	Hours Worked	Union Status
Engineer	8am – 5pm Monday – Friday	Local Union 94
Starter	8am – 5pm Monday – Friday	Local Union 32B/32J

Note (1) Cleaning service is provided for tenant spaces and common areas under a separate service contract.

145 EAST 32ND STREET
FINANCIAL ANALYSIS

PROJECTED CASH FLOW

For the Years Ending	Dec-2003	Dec-2004	Dec-2005	Dec-2006	Dec-2007	Dec-2008	Dec-2009	Dec-2010	Dec-2011	Dec-2012
POTENTIAL GROSS REVENUE										
Base Rental Revenue	\$2,920,774	\$3,030,434	\$3,136,209	\$3,349,509	\$3,555,678	\$3,828,258	\$3,935,041	\$4,032,133	\$4,231,089	\$4,417,988
Absorption & Turnover Vacancy	0	0	0	(52,742)	(42,022)	(27,977)	(90,143)	(40,815)	(71,923)	0
Base Rent Abatements	0	0	0	(79,114)	(63,034)	(41,966)	(111,815)	(84,621)	(107,884)	0
Porters Wage Escalations	134,609	154,829	175,756	197,418	171,407	67,891	68,551	75,481	20,664	0
Expense Reimbursements	28,093	35,909	43,960	48,031	54,702	62,916	67,346	46,987	43,169	52,934
EFFECTIVE GROSS REVENUE	3,083,476	3,221,172	3,355,925	3,463,102	3,676,731	3,889,122	3,868,980	4,029,165	4,115,115	4,470,922
OPERATING EXPENSES										
Real Estate Tax	392,171	403,937	416,055	428,536	441,392	454,634	468,273	482,321	496,791	511,695
Electricity	66,456	68,449	70,503	72,618	74,796	77,040	79,351	81,732	84,184	86,709
Water & Sewer	5,702	5,873	6,049	6,231	6,418	6,610	6,809	7,013	7,223	7,440
Insurance	49,726	51,218	52,755	54,337	55,967	57,646	59,376	61,157	62,992	64,882
Payroll (Including Taxes & Benefits)	148,528	152,983	157,573	162,299	167,169	172,184	177,349	182,670	188,149	193,794
Cleaning	215,100	221,553	228,200	235,046	242,097	249,359	256,841	264,546	272,482	280,657
Security	74,442	76,675	78,976	81,345	83,785	86,299	88,888	91,555	94,301	97,130
Fuel Oil	14,205	14,631	15,070	15,522	15,988	16,467	16,961	17,470	17,994	18,534
General Repairs & Maintenance	56,691	58,393	60,144	61,948	63,808	65,722	67,693	69,724	71,817	73,970
Elevator Maintenance	21,071	21,703	22,354	23,025	23,715	24,427	25,160	25,914	26,692	27,492
Professional Fees	16,887	17,393	17,915	18,453	19,007	19,577	20,164	20,769	21,392	22,033
General Operating Expenses	9,555	9,843	10,138	10,441	10,755	11,077	11,409	11,752	12,105	12,468
Administrative	2,308	2,378	2,449	2,522	2,598	2,676	2,756	2,838	2,924	3,011
Management Fee at 2.0%	61,670	64,423	67,119	69,262	73,535	77,782	77,380	80,583	82,302	89,418
TOTAL OPERATING EXPENSES	1,134,512	1,169,452	1,205,300	1,241,585	1,281,030	1,321,500	1,358,410	1,400,044	1,441,348	1,489,233
NET OPERATING INCOME	\$1,948,964	\$2,051,720	\$2,150,626	\$2,221,517	\$2,395,701	\$2,567,622	\$2,510,570	\$2,629,121	\$2,673,767	\$2,981,689
Tenant Improvements	0	0	0	178,252	139,069	94,554	217,767	134,618	100,468	0
Leasing Commissions	0	0	0	139,184	110,896	73,830	237,883	107,710	189,802	0
TOTAL LEASING & CAPITAL COSTS	0	0	0	317,436	249,965	168,384	455,650	242,328	290,270	0
CASH FLOW BEFORE DEBT SERVICE	\$1,948,964	\$2,051,720	\$2,150,626	\$1,904,081	\$2,145,736	\$2,399,238	\$2,054,920	\$2,386,793	\$2,383,497	\$2,981,689

145 EAST 32ND STREET

FINANCIAL ANALYSIS

ASSUMPTIONS TO PROJECTED CASH FLOW

MARKET RENT:

Office Floors 2-6	\$32 p.s.f.
Office Floors 7-14 (No 13th Floor)	\$34 p.s.f.
Ground Floor	\$45 p.s.f.
Mezzanine	\$35 p.s.f.
Storage	\$15 p.s.f.

Upon rollover of existing leases, new or renewal leases are assumed to be signed at the then Market Rent based on the rents shown above increased by 3% per year.

OPERATING ESCALATIONS:

New leases and renewal leases have escalations based on increases in Base Rent of 3.0% per annum. Increases in base rent are cumulative. Existing Porters Wage escalations are replaced by fixed increases in Base Rent. 1999 Porter's Wage without fringe: \$ 15.952 /hr. increasing 3.5% per annum beginning 2000.

REAL ESTATE TAX REIMBURSEMENTS:

New and renewal leases include escalations based on tenant's pro rata share of increases in real estate taxes over a base year amount. Escalation base years reset to the year in which the lease commences for new leases and renewal leases.

2002/03 Real Estate Taxes	\$380,749
Taxes p.s.f.	\$3.63

ELECTRIC INCOME:

Existing tenants are billed directly for their use of electricity by Con Edison and are assumed to continue to be billed directly in future leases.

CLEANING:

Base rent for existing leases includes the cost of cleaning for tenant spaces and is assumed to continue to do so in future leases.

LEASE TERM:

Offices	10 Years
Retail	10 Years
Storage	10 Years

RENEWAL PROBABILITY:

All leases are subject to a 75.00% renewal probability.

VACANCY ON ROLLOVER

	<u>New Leases</u>	<u>Renewal Leases</u>
Retail & Storage	3 months	N/A
Office	3 months	N/A

FREE RENT:

Retail & Storage	3 months	1 months
Office	3 months	1 months

TENANT IMPROVEMENTS:

New 10-year office leases:	\$20.00 p.s.f. increasing 3% per annum beginning 1/1/04
10-year office renewal leases:	\$5.00 p.s.f. increasing 3% per annum beginning 1/1/04
Retail leases:	None
Basement leases	None

LEASING COMMISSIONS:

One full standard commission on new leases.	Year 1	5.00%	Year 6	3.00%
One half commission on renewal leases.	Year 2	4.50%	Year 7	3.00%
All commissions assumed payable in the first Lease Year	Year 3	4.00%	Year 8	2.50%
	Year 4	3.00%	Year 9	2.00%
	Year 5	3.00%	<u>Year 10</u>	<u>2.00%</u>
			Total	32.00%

ANNUAL GROWTH RATES:

General Operating Expenses	3.00% beginning 1/1/03
Real Estate Taxes	3.00% beginning 1/1/03
Electric	3.00% beginning 1/1/03
Management Fee	2.00% of Adjusted Gross Income

145 EAST 32ND STREET
FINANCIAL ANALYSIS

RENT ROLL

FLOOR	TENANT NAME	START DATE	LEASE EXPIRE	AREA SQF	BASE RENT		ESCALATIONS & REIMBURSEMENTS				
					ANNUAL AMOUNT \$	PSF	STEP UP DATE	TYPE	% SHARE	BASE YEAR	
BSMT	PROMIF ANTIQUES	Apr-2001	Aug-2011	4,598	Included in Ground Floor space.						
			Total	4,598							
GROUND	PROMIF ANTIQUES	Apr-2001	Aug-2011	7,350	\$358,750	\$30.03					
					\$367,719	\$30.78	Apr-2003	ELECTRIC	Direct Metered		
					\$376,912	\$31.55	Apr-2004	R.E. TAXES	1.215%	\$345,581	
					\$386,335	\$32.33	Apr-2005				
					\$395,993	\$33.14	Apr-2006				
					\$405,893	\$33.97	Apr-2007				
					\$416,040	\$34.82	Apr-2008				
					\$426,441	\$35.69	Apr-2009				
					\$437,102	\$36.58	Apr-2010				
					\$448,029	\$37.50	Apr-2011				
	AMERIPATH See Mezzanine	May-1999	Oct-2009	140	Included in Mezzanine space.						
			Total	7,490							
MEZZ	AMERIPATH Separately metered for water.	May-1999	Oct-2009	5,977	\$166,657	\$27.24					
					\$170,823	\$27.93	Oct-2003	ELECTRIC	Submetered		
					\$182,437	\$29.82	Oct-2004	R.E. TAXES	13.20%	\$344,770	
					\$186,998	\$30.57	Oct-2005	WATER	Submetered		
					\$198,015	\$32.37	Oct-2006				
					\$202,965	\$33.18	Oct-2007				
					\$208,039	\$34.01	Oct-2008				
					Total	5,977					
			NY GYN & OBSTETRICS	Mar-1993	Jan-2008	9,050	\$162,900	\$18.00			
						\$181,000	\$20.00	Mar-2003	ELECTRIC	Direct Metered	
				\$217,200	\$24.00	Mar-2004	R.E. TAXES	9.05%	\$417,154		
							PORTERS WAGE	100%	\$13.74		
			Total	9,050							

145 EAST 32ND STREET
FINANCIAL ANALYSIS

FLOOR	TENANT	START DATE	LEASE EXPIRE	AREA	SQF	BASE RENT			ESCALATIONS & REIMBURSEMENTS			
						ANNUAL AMOUNT	\$	PSF	STEP UP DATE	TYPE	% SHARE	BASE YEAR
8th	FRAGRANCE FOUNDATION	Jun-1999	Aug-2009	6,600		\$425,172	\$32.21		Feb-2003	ELECTRIC	Direct Metered	
						\$435,800	\$33.02		Feb-2004	R.E. TAXES	13.20%	\$346,960
						\$446,695	\$33.84		Feb-2005			
						\$457,862	\$34.69		Feb-2006			
						\$496,320	\$37.60		Feb-2007			
			Total	6,600	\$508,728	\$38.54		Feb-2007				
			Total	6,600	\$521,446	\$39.50		Feb-2008				
9th	FRAGRANCE FOUNDATION	Jun-1999	Aug-2009	6,600		Included in 8th Floor						
			Total	6,600								
10th	AMERIPATH	May-1999	Oct-2009	7,036		\$236,303	\$33.58		Oct-2003	ELECTRIC	Direct Metered	
						\$247,210	\$34.42		Oct-2004			
						\$258,677	\$36.76		Oct-2005			
						\$265,144	\$37.68		Oct-2006			
						\$280,765	\$39.90		Oct-2007			
						\$287,784	\$40.90		Oct-2008			
			Total	7,036		\$294,978	\$41.92					
11th	HO MARKOFF SCHWEIZER	Apr-1998	Oct-2013	4,650		\$131,824	\$28.35		Apr-2003	ELECTRIC	Direct Metered	
						\$139,769	\$30.06		Apr-2004	R.E. TAXES	4.65%	
						\$147,913	\$31.81		Apr-2005			
						2.5% Annual Increase			Apr-2013			
			Total	4,650		\$192,708	\$41.44					
12th	U.S. JAPAN FOUNDATION	Feb-1997	Feb-2007	4,660		\$121,160	\$26.00		Mar-2005	ELECTRIC	Direct Metered	
						\$125,820	\$27.00			R.E. TAXES	4.16%	
										PORTERS WAGE	100%	
			Total	4,660		\$167,856	\$34.97			ELECTRIC	Direct Metered	
14th	CHILD DEVELOPMENT FOUNDATION	Sep-1999	Dec-2009	4,800		\$172,896	\$36.02		Sep-2003	R.E. TAXES	4.80%	
						\$192,912	\$40.19		Sep-2004			
						\$198,672	\$41.39		Sep-2005			
						\$204,604	\$42.63		Sep-2006			
						\$210,768	\$43.91		Sep-2007			
			Total	4,800		\$217,107	\$45.23		Sep-2008			
	TOTAL											
											104,756	

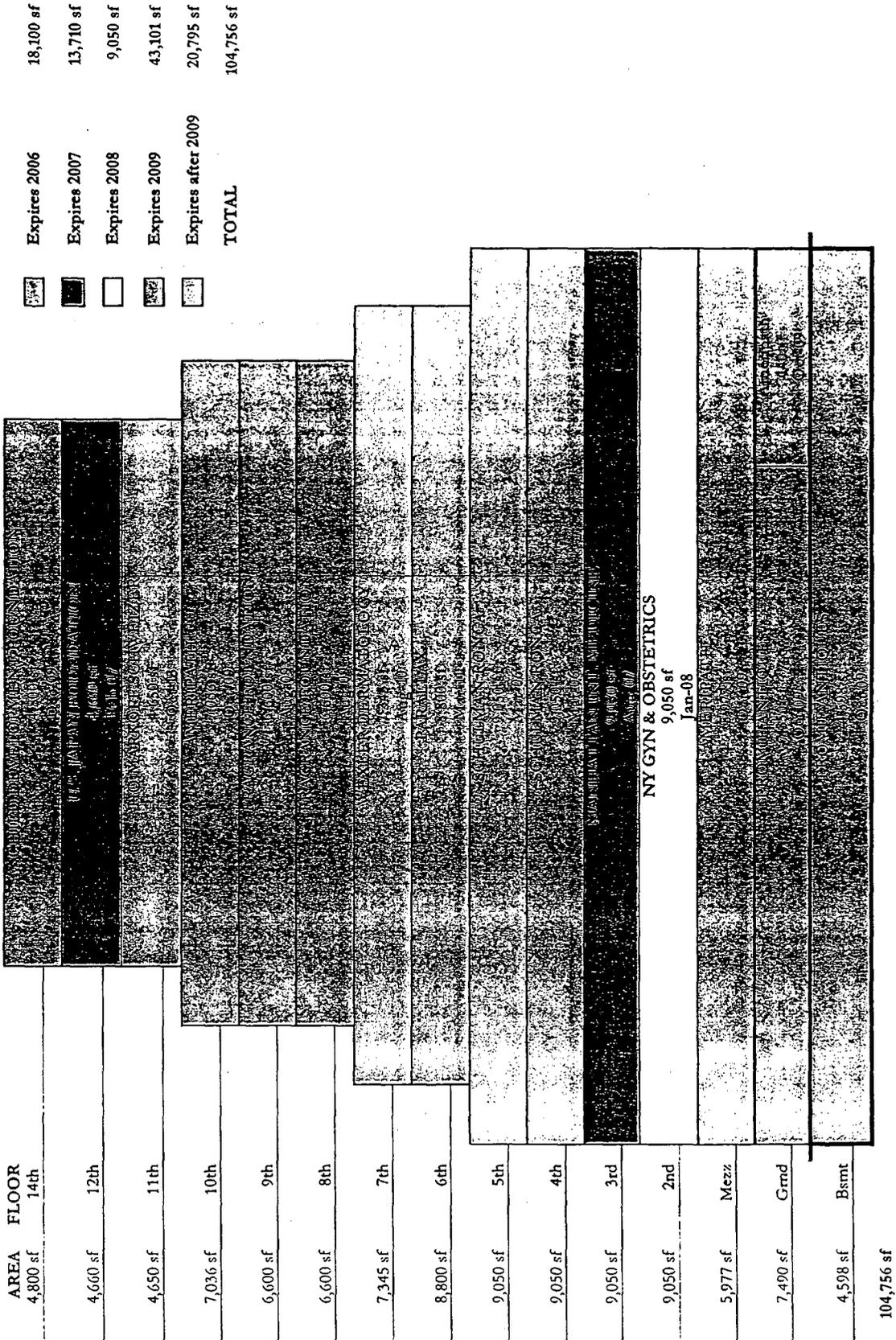
145 EAST 32ND STREET
FINANCIAL ANALYSIS

EXPIRATION SCHEDULE

TENANT LIST	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TOTAL
BSMT										4,598			4,598
PROMIF ANTIQUES										7,350			7,350
1st Floor													
1st Floor							140						140
Mezzanine							5,977						5,977
2nd Floor						9,050							9,050
3rd Floor				9,050									9,050
4th Floor				9,050									9,050
5th Floor				9,050									9,050
6th Floor									8,800				8,800
7th Floor									7,345				7,345
8th Floor							6,600						6,600
9th Floor							6,600						6,600
10th Floor							7,036						7,036
11th Floor												4,650	4,650
12th Floor						4660							4,660
14th Floor													4,800
Child Development Foundation													4,800
Total	0	0	0	0	18,100	13,710	9,050	31,153	0	28,093	0	4,650	104,756
Percent of Building	0.00%	0.00%	0.00%	0.00%	17.28%	13.09%	8.64%	29.74%	0.00%	26.82%	0.00%	4.44%	100.00%

145 EAST 32ND STREET FINANCIAL ANALYSIS

STACKING PLAN



145 EAST 32ND STREET
LOCATION DESCRIPTION

RETAIL MERCHANTS

ABC Carpet and Home	Loew's MoviePlex
Aveda Lifestyle	Matsuda
Barami	Medici & Juro
Barnes & Noble	Moe Ginsburg
Blockbuster Video	Nine West
Bombay Company	NordicTrack Fitness
Daffy's	Old Navy
D'Agostinos	Paragon Sporting Goods
Domain	Rainbow Shops
Drexel Heritage	Rothman's
Duane Read	Sleepy's
Eileen Fisher	Sony Theater
Ethan Allen	St. Laurie Ltd.
Fishs Eddy	Staples
Food Emporium	T. J. Maxx
Footlocker	The Body Shop
Genovese	The Door Store
GNC	The Gap
Innovation Luggage	Today's Man
Jennifer Leather	Work Bench

145 EAST 32ND STREET

LOCATION DESCRIPTION

TRANSPORTATION

The Property is conveniently located near all of the major transportation hubs in New York City. The east side No.6 subway two blocks west of the property at 33rd Street is one stop away from Grand Central Station and the Metro North commuter rail service to Westchester, Connecticut and the more affluent suburbs north of the city. The IND N and R station located at 23rd Street serves Union Square Station to the south and the Port Authority to the north. Trains available at Union Square include the 4, 5, 6, LL, R and N. The Port Authority is New York City's hub for regional and national bus travel. Amtrak Rail service is also available directly west along 33rd Street at Pennsylvania Station, serving the northeast corridor from Washington to Boston, and the Long Island Railroad.

Surface transportation is available by car, bus and taxi. 34th Street is the main cross street providing access to the FDR Drive on the east side and the West Side Highway. The entrance to the Midtown Tunnel is one block away and provides easy access to the Long Island Expressway, Queens and the major New York airports Kennedy International and La Guardia Airport. The Lincoln Tunnel to the west provides easy access to Newark International Airport. Bus service is available on Lexington Avenue, Third Avenue and Second Avenue for north/south travel, and cross-town service is available on 34th, 23rd and 42nd Streets.



CONFIDENTIALITY & DISCLAIMER

This offering memorandum has been prepared by Eastern Consolidated Properties, Inc. ("Eastern") for 145 East 32nd LLC (the "Owner") regarding the purchase of 145 East 32nd Street (the "Property"). The materials and information contained in this Offering Memorandum do not purport to be all-inclusive or to contain all of the information, which prospective investors may need or desire. All materials have been developed by Eastern, the Owner and other sources and are subject to variation.

No representation is made by Eastern or the Owner as to the accuracy or completeness of the information contained herein and nothing contained herein is or shall be relied on as a promise or representation as to the future performance of the property.

Although the information contained herein is believed to be correct, Eastern and the Owner and their employees disclaim any responsibility for inaccuracies and expect prospective purchasers to exercise independent due diligence in verifying all such information.

Further, Eastern, the Owner and their employees disclaim any and all liability for representations and warranties, expressed and implied, contained in or omitted from the Offering Memorandum or any other written or oral communication transmitted or made available to the recipient. The Offering Memorandum does not constitute a representation that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the Offering Memorandum. Analysis and verification of the information contained in the Offering Memorandum is solely the responsibility of the prospective purchaser.

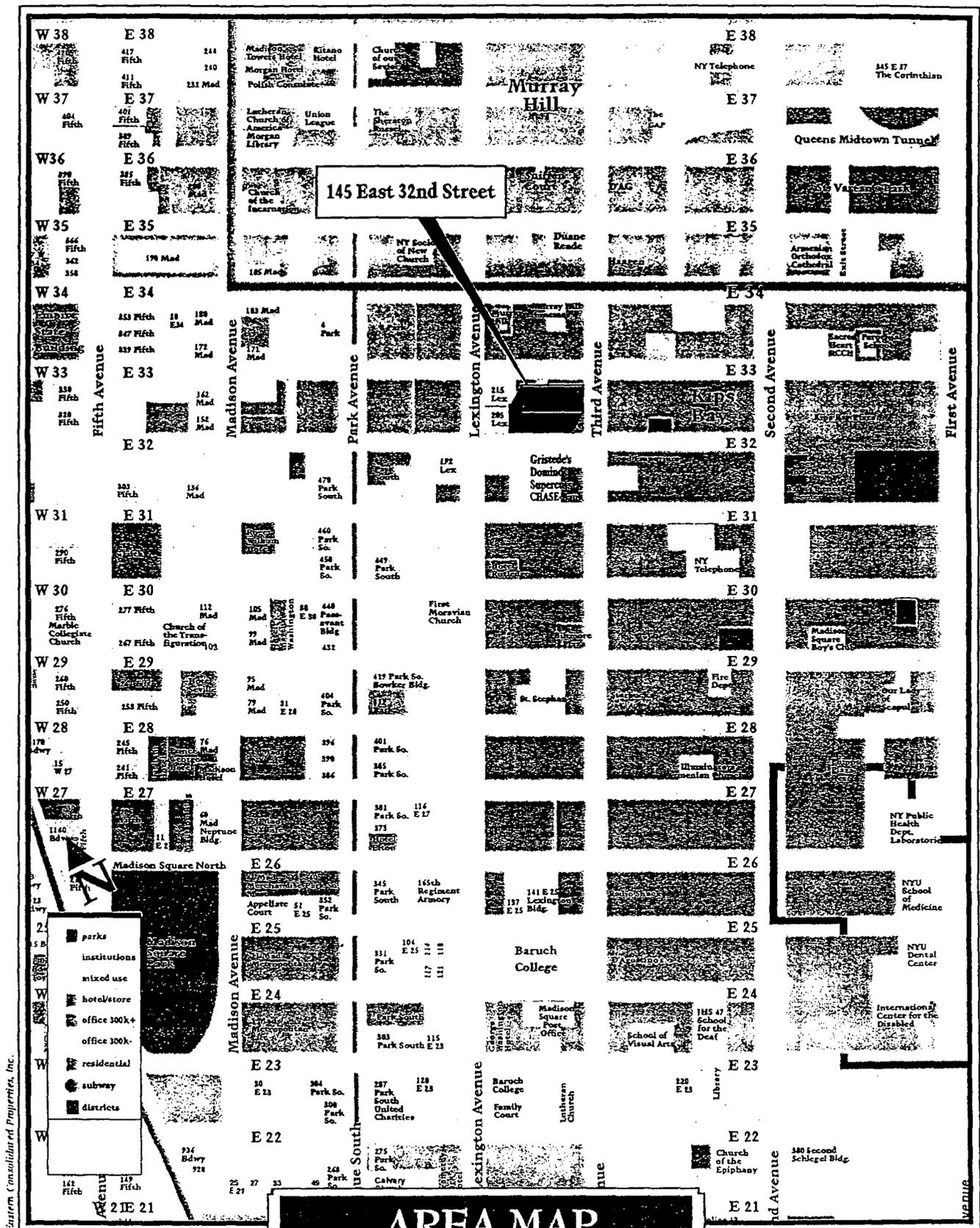
Additional information and an opportunity to inspect the Property will be made available upon request to interested and qualified purchasers.

The Owner and Eastern each expressly reserve the right, in their sole discretion, to reject any and all expressions of interest or offers regarding the Property and/or terminate discussions with any entity at any time with or without notice. The Owner shall have no legal commitment or obligation to any entity reviewing the Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase of the property has been fully executed, delivered and approved by the Owner and its legal counsel and any conditions to the Owner's obligations thereunder have been satisfied or waived. Eastern is not authorized to make any representations or agreements on behalf of the Owner.

This Offering Memorandum and its contents, except such information which is a matter of public record or is provided in sources available to the public (such contents as so limited herein called the "Contents") are of a confidential nature. By accepting the Offering Memorandum, you agree (i) to hold and treat it in the strictest confidence, (ii) not to photocopy or duplicate it, (iii) not to disclose the Offering Memorandum or any of its contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make a proposal and from whom you have obtained an agreement of confidentiality) without the prior written authorization of the Owner or Eastern, (iv) not to use the Offering Memorandum or any of its contents in any fashion or manner detrimental to the interest of the Owner or Eastern, and (v) to return it to Eastern immediately upon request of Eastern or the Owner.

If you have no further interest in the Property, please return the Offering Memorandum forthwith.

No inspections of the Property is permitted unless accompanied by the owner or a representative from Eastern Consolidated Properties, Inc.

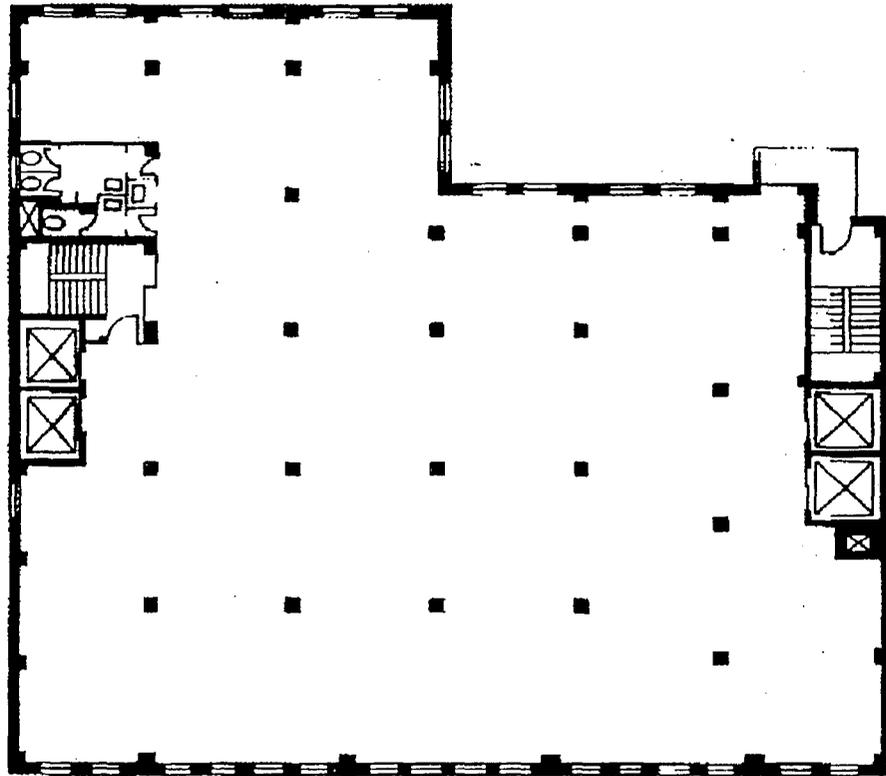


AREA MAP

Points of Interest

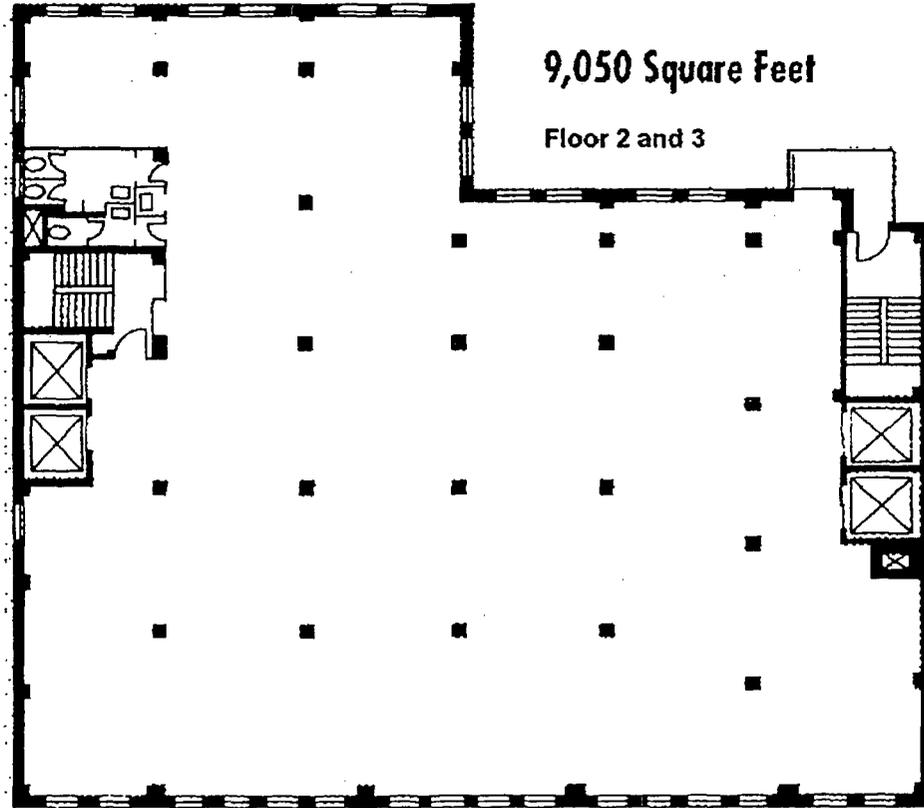
Eastern Consolidated Properties, Inc.

145 EAST 32ND STREET
FLOOR PLANS



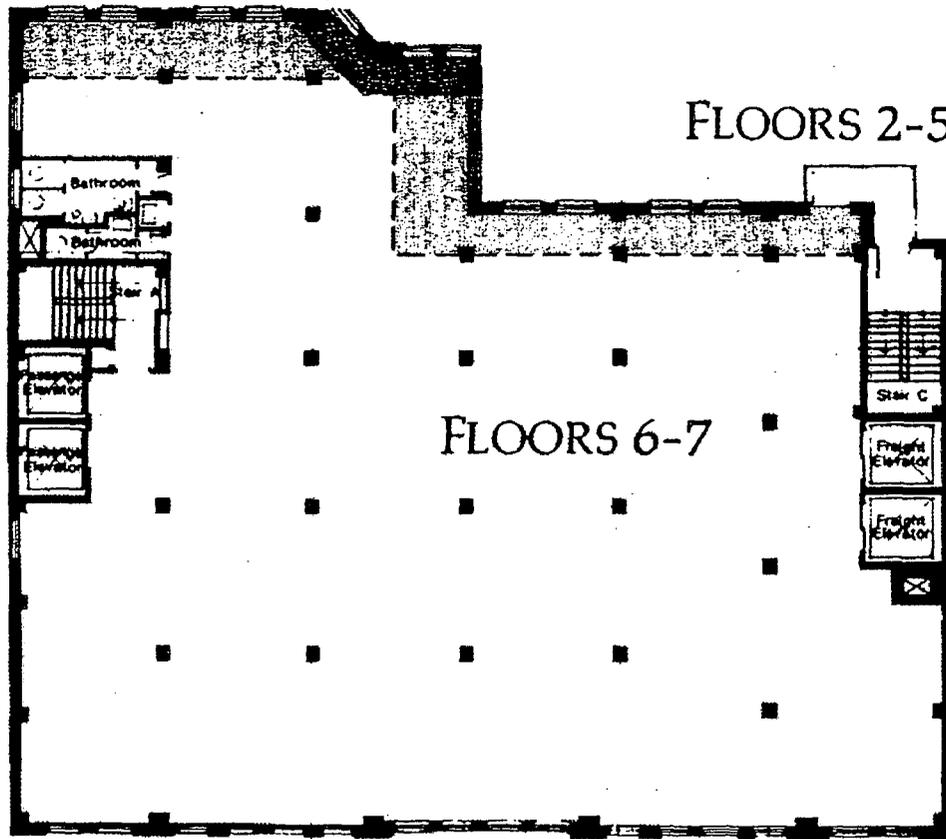
Typical Base Floor Plan

145 EAST 32ND STREET
FLOOR PLANS



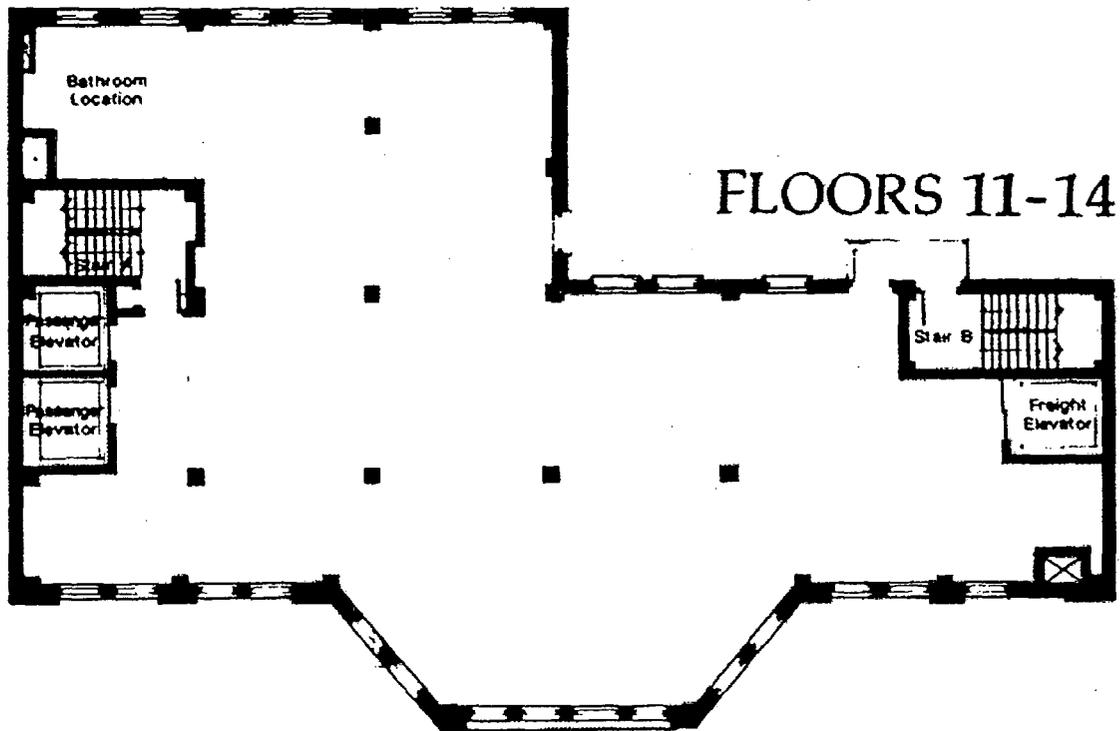
2nd & 3rd Floors

145 EAST 32ND STREET
FLOOR PLANS



6th-7th Floors

145 EAST 32ND STREET
FLOOR PLANS



FLOORS 11-14

11th - 14th Floors

145 EAST 32ND STREET

LOCATION DESCRIPTION

AREA DESCRIPTION

145 East 32nd Street commands approximately 100 feet of midblock frontage in this residential neighborhood known as Murray Hill/Kips Bay. The Property is situated two blocks south of 34th Street, Midtown South's major cross-town thoroughfare and the primary retail corridor of the area. This location offers unparalleled access to the heart of Manhattan's Midtown Business District, the de facto headquarters of corporate America. It offers equal access to the many businesses in the "creative industries", such as advertising, public relations, architecture, publishing, not-for-profits, foundations and more recently, the investment banking firm of Credit Suisse first Boston, which now calls Midtown South its New York home. The Property's proximity to transportation systems and cultural activities further enhances the value of both its commercial and retail components as well as its potential as a residential conversion.



View West Along 34th Street

While Third Avenue and 34th Street is the hub that connects the Midtown and Midtown South office districts, it is also the boundary that joins together the two established and vibrant residential neighborhoods of Kips Bay and Murray Hill. 145 East 32nd Street is well located to service the numerous schools, hospitals and foreign government offices which make up the area's institutional and more permanent tenants.

New York University Hospital, Bellevue Medical Center, Veteran's Hospital and The College of Dentistry are some of the institutions which have long been established in the Kips Bay district and are situated directly east of the subject property, along First Avenue. Beth Israel Hospital and the New York Eye & Ear Infirmary are just a few blocks to the south. The Norman Thomas School is located two blocks west between 33rd and 34th Streets along Park Avenue and Stern College, the women's branch of Yeshiva University, is at Lexington Avenue and 35th Street. Baruch College has undergone an enormous expansion at its facilities at 25th Street with the completion in 2000 of a major new building for classrooms and administrative offices. The new campus consumes most of the block between Lexington and Third Avenues. The School of Visual Arts is located ten blocks south on 23rd Street between Second and Third Avenues and



145 EAST 32ND STREET

LOCATION DESCRIPTION

P.S. 116, the area's 820 pupil primary school covering grades 1-5 is located at 210 East 33rd Street, one block north of the Property. As more young families move into the neighborhood, this school has grown and continues to outperform schools citywide on standardized tests.

The renovation of the B. Altman's department store at 34th Street and 5th Avenue into a multi-purpose resource center was completed in 1995. The renovation began in 1992 and the majority of the building is now known as the New York Resource Center, which houses the 200,000 square foot Science, Industry and Business Library, a division of the New York Public Library.

The retail component of the Properties takes advantage of a substantial flow of pedestrian traffic as a result of its location en route to three of the city's major transportation hubs. Park Avenue South, Madison Avenue and Fifth Avenue are lined with national and international retailers, such as The Gap, The Limited, Nine West, Giorgio Armani, Paul Smith, Club Monaco and Banana Republic to name a few. Ground floor spaces along Lexington and Third Avenues are occupied mostly by regional and local retailers serving local residents. The area is also known throughout the interior design, antiques and home furnishings industries and the New York Design Center, just around the corner from 145 East 32nd Street, occupies the entire blockfront of Lexington Avenue between 32nd and 33rd Streets.

Restaurants serving Indian cuisine are located along Lexington Avenue in the 20's, Argentinian cuisine is available at Patria (250 Park Avenue South) and Angelo & Maxie's is the area's best steak house (229 Park Avenue South). Country French dishes are served at ParkBistro (414 Park Avenue South) and Les Halles (411 Park Avenue South), while The Crab House is one of the premier seafood restaurants in New York. Among the better-known eating establishments along the Third Avenue corridor are Hudson Place (American and Chinese), Nicola Paone (northern Italian), El Rio Grande (Tex-Mex) and Dock's seafood restaurant further north at 39th Street.

Several of New York's most famous historic sights including the Chrysler Building, the Met Life Building and the Pierpont Morgan Library and Museum (on the National Register of Historic Places) are all within walking distance of 145 East 32nd Street. The Property is also in close proximity to some of the world's most established and recognized landmarks including the Empire State Building just four blocks away. This famous 2,300,000 square foot office tower is occupied by 850 companies and visited by approximately 2,500,000 tourists each year. The pedestrian traffic into the area from this site and the excellent location of the property at the focal point of Midtown and Midtown South's transportation hubs, provide tremendous exposure and ensure the long-term viability of the 145 East 32nd Street.

145 EAST 32ND STREET
LOCATION DESCRIPTION

MIDTOWN SOUTH: POINTS OF INTEREST

RESTAURANTS & SERVICES

AJA	Hotel Avalon
Alva	Hotel Grand Union
American	I Trulli
Amsterdam Hotel	La Giara
Arbette	Les Halles
Bachué Café	L'Express
Bally's Health Club	Lola
Bolo	Moreno
C.T.	National Arts Club
Café Beulah	New York Public Library
Cal's	New York Sports Club
Campagna	Novita
Chosi	Park Avalon
City Crab	Patria
Dolphin Sports Club	Paul & Jimmy's
Dumont Plaza Suite Hotel	Periyali
George Washington Hotel	Rosehill Steakhouse
Gramercy Park Hotel	Sal Anthony's
Gramercy Tavern	Village Vanguard

INSTITUTIONAL NEIGHBORS & DEVELOPMENT SITES

Baruch College	Parsons School of Design
Bellvue Hospital	School for the Deaf
Cabrini Medical Center	School of Visual Arts
Cardoza Law/Yeshiva University	State College of Optometry
NYU Dormitory Development	Touro College
New York Design Center	United Cerebral Palsy
NYU Hospital	Xavier Society for the Blind

EXHIBIT B
OPERATING AGREEMENT

LIMITED LIABILITY COMPANY

OPERATING AGREEMENT

This Agreement, dated as of March ___, 2003, is among the individuals and entities signing it below.

WHEREAS, the individuals and entities signing this Agreement desire to form a limited liability company known as LEX & 32 PROPERTY LLC, pursuant to the New York State Limited Liability Company Law;

WHEREAS, the individuals and entities signing this Agreement desire to establish their respective rights and obligations pursuant to the New York State Limited Liability Company Law in connection with forming such a limited liability company;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the individuals and entities signing this Agreement below agree as follows:

ARTICLE I
Definitions

1.1. Definitions. In this Agreement, the following terms shall have the meanings set forth below:

“Articles of Organization” shall mean the Articles of Organization of the Company filed or to be filed with the New York Secretary of State, as they may from time to time be amended.

“Capital Account” as of any date shall mean the Capital Contribution to the Company by a Member, adjusted as of such date pursuant to the provisions of this Agreement.

“Capital Contribution” shall mean any contribution to the Company by a Member to the capital or the Company in cash, property or services rendered or a promissory note or other obligation to contribute cash or property or to render services.

“Capital Transaction” shall mean any of the events described in Section 7.3.

“Code” shall mean the Internal Revenue Code of 1986, as amended, or any superseding federal revenue statute, as amended, or any superseding federal revenue statute.

“Company” shall refer to LEX & 32 PROPERTY LLC

“Distribution” means any cash and other property paid to a Member by the Company from the operations of the Company.

“Fiscal Year” shall mean the fiscal year of the Company, which shall be the year ending December 31.

“Immediate Family” shall mean and include with respect to any Member, his spouse, children (including adopted children), grandchildren (including adopted grandchildren), brothers, sisters and the spouses of any of the foregoing.

“Majority of the Manager Vote” shall mean the affirmative vote or written consent of Managers having at least a 51% Manager Vote in the Company.

“Majority of the Membership Interests” shall mean the affirmative vote or written consent of Members having at least a 51% Membership Interest in the Company.

“Managers” shall mean each individual listed in the Articles of Organization or on Exhibit B annexed hereto as a manager of the Company or any other Person that succeeds him, her or it, as a manager pursuant to this Agreement. The initial Managers are each a Member of the Company and may also hereinafter be referred to as “Managing Members.”

“Manager Vote” shall mean the voting interests held by all Managers, in the aggregate, as set forth on Exhibit B annexed hereto, and with respect to any Manager, the percentage of such Manager’s Voting Interest, as set forth on Exhibit B annexed hereto.

“Membership Interests” shall mean with respect to the Company, the Units of all of the interests in the Company held by all Members and with respect to any Member, the percentage of such Member’s interest set forth on Exhibit A annexed hereto.

“Member” shall mean each Person who or which executes a counterpart of this Agreement as a Member and each Person who or which may hereafter become a Member pursuant to the provisions of this Agreement.

“Net Losses” shall mean the losses of the Company, if any, determined in accordance with federal income tax provisions of Code Section 703 and Treasury Regulations 1.704 employed under the accrual method of accounting.

“Net Profits” shall mean the income of the Company, if any, determined in accordance with federal income tax provisions of Code Section 703 and Treasury Regulations 1.704 employed under the accrual method of accounting.

“New York Act” shall mean the New York State Limited Liability Company Law.

“Person” shall mean any individual, corporation, governmental authority, limited liability company, partnership, trust, unincorporated association or other entity.

“Selling Member” shall mean a Member desiring to sell his, her or its Membership Interest.

“Treasury Regulations” shall mean all temporary and final regulations promulgated under the Code as from time to time in effect.

ARTICLE II Organization

2.1. Formation. A limited liability company has been formed by and filing Articles of Organization with the New York Secretary of State pursuant to the New York Act.

2.2. Name. The name of the Company is LEX & 32 PROPERTY LLC.

2.3. Principal Place of Business. The principal place of business of the Company within the State of New York shall be located at 275 Madison Avenue, 30th Floor, New York, New York 10016. The Company may establish any other places of business as the Managers may from time to time deem advisable.

2.4. Term. The term of the Company shall be perpetual, unless the Company is dissolved sooner pursuant to this Agreement or the New York Act.

2.5. Purposes. (a) The only purposes of the Company and the only businesses in which the Company may lawfully engage are to own the real property and the buildings and improvements situated thereon, located at 145 East 32nd Street, New York, New York (the “Property”), and to own, operate, lease, improve, finance, encumber and otherwise deal, with the Property, or to invest in a holding company or other entity which owns the Property (the “Holding Company”). At all times, the Company shall preserve and keep in full force and effect its existence as a single purpose entity.

(b) The Company will comply with the provisions of its operating agreement as applicable and the laws of the State of New York relating to limited liability companies.

(c) The Company has done or caused to be done and will do all things necessary to observe organizational formalities and preserve its existence.

(d) The Company will accurately maintain its financial statements, accounting records and other company documents separate from those of any other Person and the Company will file its own tax returns. The Company will not commingle its assets with those of any other Person and will maintain its assets in such a manner

such that it will not be costly or difficult to segregate, ascertain or identify their individual assets from those of any other Person. The Company will pay its own liabilities from its own separate assets.

(e) The Company (i) does not own and will not own any assets or property other than the Property, or its investment in the Holding Company, as the case may be, and any incidental personal property necessary for the ownership, management or operation of the Property or its investment in the Holding Company, as the case may be, (ii) is not engaged and will not engage in any business other than the ownership, improvement, management and operation of the Property, or its investment in the Holding Company, as the case may be, (iii) will not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than a first mortgage loan, mezzanine financing and unsecured trade and operational debt incurred in the ordinary course of the operation of the Property, (iv) will not pledge its assets for the benefit of any other Person (except in connection with any prospective financing of the Property), and (v) has not made and will not make any loans or advances to any Person (including any affiliate) without the prior written consent of the Managers by a majority of the Managers Vote.

(f) The Company will not change its name or principal place of business. The Company will not have any subsidiaries. The Company will preserve and maintain its existence as a New York limited liability company and all material rights, privileges, tradenames and franchises.

(g) The Company will not merge or consolidate with any Person during its existence.

(h) The Company will not acquire any business or assets from, or capital stock or other ownership interest of, or be a party to any acquisition of, any Person.

ARTICLE III Members

3.1. Names and Addresses. The names of the Members are as set forth on the signature pages hereof and on Exhibit A annexed hereto.

3.2. Additional Members. A Person may be admitted as a Member after the date of this Agreement upon the vote or written consent of a Majority of the Manager Vote.

3.3. Books and Records. The Company or its agent shall keep books and records of accounts and minutes of all meetings of the Members. Such books and records shall be maintained on a cash basis in the same manner as the Company computes income for federal income tax purposes.

3.4. Information. Each Member may inspect during ordinary business hours and at the principal place of business of the Company the Articles of Organization, the Operating Agreement, the minutes of any meeting of the Members and any tax returns of the Company for the immediately preceding three (3) Fiscal Years, and such financial information in possession of the Company, including, but not limited to, all receipts and expenses attributable to any assets owned by the Company for the preceding Fiscal Year.

3.5. Limitation of Liability. Each Member's liability shall be limited as set forth in this Agreement, the New York Act and other applicable law. A Member shall not be personally liable for any indebtedness, liability or obligation of the Company, except that such Member shall remain personally liable for payment of his, her or its Capital Contribution and as otherwise expressly set forth in this Agreement, the New York Act and any other applicable law.

3.6. Sale of All Assets. Anything in this Agreement to the contrary notwithstanding, the Managers shall not have the right to approve the sale, lease, exchange or make any other disposition of all or substantially all of the assets of the Company or other disposition of the Property or the Company's investment in Holding Company without the affirmative vote of a majority of the Membership Interests.

3.7. Affiliated Transactions. In the event that the Company is considering a transaction with a Person related to, or affiliated with, one of the Managers, then such transaction shall require the vote or written consent of at least a Majority of the Manager Vote.

3.8. Acquisition Financing. By the execution of this Agreement, each Member hereby consents to the acceptance of financing in connection with the acquisition of the Property, or the Company's investment in Holding Company, as determined by a Majority of the Manager Vote, and no further Member consent shall be required.

3.9. Priority and Return of Capital. No Member shall have priority over any other Member, whether for the return of a Capital Contribution or for Net Profits, Net Losses, or a Distribution, except to the extent set forth in Section 7.2; provided, however, that this Section shall not apply to loan or other indebtedness (as distinguished from a Capital Contribution) made by a Member to the Company.

3.10. Liability of a Member to the Company. A Member who or which rightfully receives the return of any portion of a Capital Contribution is liable to the Company only to the extent provided by the New York Act. A Member who or which receives a Distribution made by the Company in violation of this Agreement or made when the Company's liabilities exceed its assets (after giving effect to such Distribution) shall be liable to the Company up to the amount of such Distribution.

3.11. Financial Adjustments. No Member admitted after the date of this Agreement shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Company. The Managers may, at the discretion of a Majority of the Manager Vote, at the time a Member is admitted, close the books and records of the Company (as though the Fiscal Year had ended) or make pro rata allocations of loss, income and expense deductions to such Member for that portion of the Fiscal Year in which such Member was admitted, provided same is undertaken in accordance with the Code.

3.12. Representations by Members. (a) Each Member hereby represents that he, she or it is acquiring its Membership Interest for his, her or its own account, for investment purposes only, and not with a view toward the resale or other distribution thereof in whole or in part, and agrees that he, she or it will not transfer, sell or otherwise dispose of it in any manner that will violate the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations of the Securities and Exchange Commission, or the laws and regulations of the State of New York or any other state or local governmental agency having jurisdiction thereof. The Managers shall require any transferee of a Membership Interest to make and execute a similar representation regarding their investment.

(b) Each Member represents that (i) he, she or it has adequate means for providing for his, her or its current needs and possible personal contingencies, and that he, she or it has no need for liquidity of this investment, (ii) the Managers have made available all of the documents and other information which he, she or it, or his, her or its advisors have requested in connection with the transaction contemplated by this Agreement, (iii) he, she or it has fully investigated the merits and risks of participating as a Member and is sophisticated, knowledgeable and experienced in evaluating such risks and merits and has made independent decisions with regard thereto. In addition, each Member making a Capital Contribution hereby represents that he, she or it is an "accredited investor" as defined by SEC Regulation D, Rule 501.

(c) Each Member acknowledges that: (i) investment as a Member in the Company involves a high degree of risk of loss of the Member's Capital Contribution; (ii) the Managers have not represented that any federal income tax benefits will be available to the Members; and (iii) any projections furnished to the Members are for illustrative purposes only and no assurance can be given that the actual results of operation of the Company will correspond to such projections.

(d) Each Member which is a partnership, corporation or limited liability company shall submit copies of its organizational documentation (i.e., filing receipt from Department of State, etc.) and agreements (i.e., operating agreement, etc.) to Managers upon its execution of this Agreement.

ARTICLE IV
Management

4.1. Management. The Members hereby unanimously agree that the responsibility for management of the business and affairs of the Company shall rest solely with the Managers.

4.2. Number, Tenure and Qualifications of Managers. The Company shall initially have as the Managers those individuals set forth on Exhibit B annexed hereto. The number of Managers of the Company may be added from time to time by the vote or written consent of a Majority of the Manager Vote.

4.3. Powers of Managers. The Managers shall (with at least a Majority of the Manager Vote), conduct, direct and exercise full control over all activities of the Company, including, but not limited to, (a) purchase, finance, lease or otherwise acquire from, or sell, lease or otherwise dispose of all or any part of the Company's property to any person or entity, under such terms and conditions as the Managers shall deem suitable in their sole discretion; except as set forth in Sections 3.6 and 3.7 hereof; (b) open and operate bank accounts, issue checks and otherwise invest the funds of the Company; (c) purchase insurance on the business and assets of the Company; (d) commence lawsuits and other proceedings; (e) enter into any agreement, contract, instrument or other writing; (f) retain accountants, attorneys, managing and leasing agents or other agents; and (g) take any other lawful action that the Managers consider necessary, convenient or advisable in connection with any business of the Company. The Managers, and their principals and affiliates, shall be permitted to receive and collect customary fees and commissions for managing, leasing, placing insurance, purchasing, refinancing and/or selling the Property and providing legal, accounting, consulting and brokerage services to the Company. It is understood and agreed by all Members that the Managers will enter into (i) a management agreement with Tri Realty Management Inc., an affiliate of Lex Manager LLC, which provides for an initial management fee of 2-1/2% of gross income; and (ii) leasing agreements and condominium unit sales agreements with rates consistent with those customary in the industry, such as the existing rates as of the date hereof, as set forth on Exhibit C annexed hereto.

4.4. Binding Authority. (a) Unless authorized to do so by this Agreement or by the vote or written consent of a Majority of the Manager Vote, no Person shall have any power or authority to bind the Company. Once authorized by a Majority of the Manager Vote, any Manager so authorized shall have the authority to execute any document or instrument as the authorized binding act of the Company.

(b) In the event of any deadlock of Managers in arriving at a Manager Vote with respect to one or more matters, the Managers may select a mutually agreeable individual to act as a "Tiebreaker". If within five (5) business days of a notice of deadlock sent by any one Manager to all of the other Managers, a mutually agreeable

Member or other Person to act as a Tiebreaker is not designated, then either Manager may elect to put such issue to a vote of the Members (in accordance with the procedures set forth in Section 5.10 hereof), whereupon such issue will be decided by a vote of a Majority of all of the Membership Interests. If the Managers do agree on a Person to act as a Tiebreaker, then the Managers agree to take all action to confirm and carry out the decision made by the Tiebreaker with respect to the contemplated action.

4.5. Liability for Certain Acts. The Managers shall perform their duties in good faith, in a manner he or she reasonably believes to be in the best interests of the Company and with such care as an ordinarily prudent person in a similar position would use under similar circumstances. A Manager who so performs such duties shall not have any liability by reason of being or having been a Manager. The Manager shall not be liable to the Company or any Member for any losses or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of the fraud of such Manager. Without limiting the generality of the preceding sentence, a Manager does not in any way guaranty the return of any Capital Contribution to a Member or a profit for the Members from the operations of the Company or the investment in Holding Company.

4.6. No Exclusive Duty to Company. Neither the Managers nor the Members shall be required to manage the Company as their sole and exclusive function and they may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member or Manager shall have any right pursuant to this Agreement to share or participate in such other business interests or activities or to the income or proceeds derived by any Manager as a result of engaging in any other business interests or activities.

4.7. Indemnification. In the event that any action or proceeding is instituted or threatened against any Manager, or in which any Manager shall be a party, such Manager shall be entitled to retain legal counsel and other experts at the expense of the Company, and the Company shall indemnify and hold such Manager harmless from and against all claims, liabilities, costs and expenses, including, but not limited to, legal fees and expenses, to the maximum extent permitted under the New York Act, as and when such claims, liabilities, costs and expenses are incurred and without awaiting determination of the action or proceeding. The Company shall also indemnify each Manager for any amounts paid and losses, costs and expenses incurred by the Manager pursuant to any guaranty provided by the Manager to any mortgage lender to the Company.

4.8. Resignation. Any Manager may resign at any time by giving written notice to the Company, which resignation shall take effect upon receipt by the Company of such notice or at any later time specified in such notice. Unless otherwise specified in such notice, the acceptance of the resignation shall not be necessary to make it effective. The resignation of the Manager who is also a Member shall not affect the Manager's right as a Member and shall not constitute a withdrawal of such Member.

4.9. Removal. Any Manager may be removed or replaced with “Cause” by vote or written consent of two-thirds of the Membership Interests. For purposes hereof, “Cause” means with respect to any Manager (i) the willful breach of any material obligations under this Agreement if such breach is not cured within ten (10) days after notice from a majority of the Members; (ii) gross negligence in performing obligations under this Agreement, and if such gross negligence is not cured within ten (10) days after notice from a majority of the Members; (iii) engaging in conduct constituting fraud or willful malfeasance in the conduct of duties under this Agreement, or (iv) with respect to Lex Manager LLC, the death or disability of Jack Forgash. The removal of a Manager who is also a Member shall not affect the Manager’s rights as a Member and shall not constitute a withdrawal of such Member.

4.10. Vacancies. Any vacancy occurring for any reason in the number of Managers may (but need not) be filled by the vote or written consent of at least a Majority of the Manager Vote; provided, however, that if there are no remaining Managers, each vacancy shall be filled by the vote or written consent of at least a Majority of the Membership Interests. A Manager elected to fill a vacancy shall be elected for the unexpired term of the Manager’s predecessor in office and shall hold office until the expiration of such term and until the Manager’s successor has been elected and qualified.

4.11. Officers. The Managers may designate one or more individuals as officers of the Company, who shall have such titles and exercise and perform such powers and duties as shall be assigned to them from time to time by the Managers. Any officer may be removed by the Managers at any time, with or without cause. Each officer shall hold office until his or her successor is elected and qualified. Any number of offices may be held by the same individual.

4.12. Reimbursement of Managers’ Expenses. The Members hereby acknowledge that the Managers have incurred certain expenses on behalf of the Company or made certain outlays in connection with the formation of the Company and the initial investments to be made by the Company. The Managers shall be reimbursed by the Company for such expenses or outlays. The Members further acknowledge that the Company will, from time to time, incur costs in connection with the acquisition and financing of the Property, including, but not limited to, finders fees, brokers’ commissions, lenders’ fees, legal fees, title insurance charges, mortgage recording tax, filing fees and other customary closing costs paid to third parties or Managers.

ARTICLE V Meetings of Members

5.1. Annual Meeting. The annual meeting of the Members shall be held on each third Tuesday in March or at such other time as shall be determined by the vote or written

consent of a Majority of the Membership Interests, plus a Majority of the Manager Vote for the purpose of the transaction of any business as may come before such meeting.

5.2. Special Meetings. Special meetings of the Members, for any purpose or purposes, may be called by any Manager(s) holding at least a Majority of the Manager Vote or by Member(s) holding at least a Majority of the Membership Interests.

5.3. Place of Meetings. Meetings of the Members may be held at any place within the City of New York designated in any notice of such meeting. If no such designation is made, the place of any such meeting shall be the chief executive office of the Company. Notwithstanding anything to the contrary contained herein, meetings may be conducted via telephone or teleconferencing.

5.4. Notice of Meetings. Written notice stating the place, day and hour of the meeting indicating that it is being issued by or at the direction of the person or persons calling the meeting, stating the purpose or purposes for which the meeting is called shall be delivered no fewer than ten (10) or more than sixty (60) days before the date of the meeting.

5.5. Record Date. For the purpose of determining the Members entitled to notice of or to vote at any meeting of Members or any adjournment of such meeting, or Members entitled to receive payment of any Distribution, or to make a determination of Members for any other purpose, the date on which notice of the meeting is mailed or the date on which the resolution declaring Distribution is adopted, as the case may be, shall be the record date for making such a determination. When a determination of Members entitled to vote at any meeting of Members has been made pursuant to this Section, the determination shall apply to any adjournment of the meeting.

5.6. Quorum of Members. Members owning not less than a Majority of the Membership Interest, represented in person or by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any meeting of Members, a Majority of the Membership Interests so represented may adjourn the meeting from time to time for a period not to exceed sixty (60) days without further notice. However, if the adjournment is for more than sixty (60) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at such meeting. At an adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed. The Members present at a meeting may continue to transact business until adjournment, notwithstanding the withdrawal during the meeting of Members holding a share of the Membership Interests whose absence results in less than a quorum being present.

5.7. Manner of Acting. If a quorum is present at any meeting, in person or by telephonic conference, the vote or written consent of Members owning a Majority of the

Membership Interest shall be the act of the Members, unless the vote of a greater or lesser proportion or number is otherwise required by the New York Act, the Articles of Organization or this Agreement.

5.8. Proxies. (a) A Member may vote in person, by telephonic conference or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact.

(b) Every proxy must be signed by the Member or his or her attorney-in-fact. No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it, except as otherwise provided in this Section.

(c) The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the Member who executed the proxy unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by any Manager.

(d) A proxy is automatically revoked, notwithstanding a provision making it irrevocable, a Member who has sold his, her or its Membership Interest. A proxy may be revoked by a purchaser of a Membership Interest who had no knowledge of the existence of such proxy.

5.9. Action by Members Without a Meeting. (a) Whenever a vote of the Members is permitted or required by the terms of this Agreement, then the following procedure shall govern such voting:

(i) The Managers (or in the case of deadlock among the Managers, such Manager who desires a call for a vote of the Members) shall promptly prepare a written notice for each Member (each, a "Member Notice"), which notice shall describe the nature of the matter which is being voted upon and shall set forth a date by which written votes must be received by Manager, which date shall not be less than ten (10) days nor more than thirty (30) days from the giving of such notice (the "Member Voting Period");

(ii) Each Member Notice shall be delivered to each Member entitled to vote, pursuant to and in accordance with the notice provision set forth below;

(iii) Each Member that desires to participate in the vote set forth in a Member Notice shall return his respective written vote either in favor of the proposal set forth in the Member Notice or against such proposal and shall return such written vote to the Manager on or before the expiration of the Member Voting Period. Votes not received by the Manager within the Member Voting Period shall be counted as a vote against the matter being voted upon; and

(iv) Promptly after the expiration of the Member Voting Period, the Managers shall tally the votes so received and provide a further notice to each of the Members setting forth the result of the vote taken and the action or inaction, as the case may be, that will be undertaken by the Company in response thereto. Immediately thereafter, the Manager shall undertake to implement on behalf of the Company the matters so voted upon by the Members.

(b) Notwithstanding the foregoing provisions of subsection (a) above, in the event that the matter to be voted upon by the Members is of an emergency nature, the Managers shall in good faith endeavor to provide as reasonable a period as possible under the circumstances for each Member to return his vote to the Managers (in which event, such shorter period shall be set forth in the Member Notice and shall be deemed to be the Member Voting Period for such vote).

ARTICLE VI Capital Contributions

6.1. Capital Contributions. Each Member shall contribute the amount set forth in Exhibit A to this Agreement as the Capital Contribution to be made by him, her or it. No Member shall have the right to withdraw any part of his or her or its Capital Contribution or receive any distribution, except in accordance with the provisions of this Agreement. No interest shall be paid on any Capital Contribution, other than the payment of the Preferred Return set forth in Section 7.2 hereof.

6.2. Additional Contributions. (a) If the Managers of the Company shall determine that additional capital is required for the operation of the Property, then each Member shall be required to contribute an amount equal to his, her or its pro rata share of the additional required capital contribution (“Additional Contribution”), based on his, her or its Membership Interest. The Managers shall advise each Member of his or her Additional Contribution, and each such Member shall, within fifteen (15) days of such notice, contribute to the Company his, her or its Additional Contribution.

(b) If any Member fails to make its Additional Contribution, in whole or in part, as required in Section 6.2(a) hereof (the “Noncontributing Member”), then, so long as any Member shall make his, her or its Additional Contribution as provided herein (each such Member making its Additional Contribution being hereinafter referred to as a “Contributing Member”), any Contributing Member shall have the option, as determined by the Managers, by a vote of a Majority of the Manager Vote, either (i) to make a capital contribution equal to the Additional Contribution not made by the Noncontributing Member (“Default Contribution”); or (ii) to make a loan equal to the Additional Contribution not made by the Noncontributing Member (“Default Loan”). In the event that more than one Contributing Member desires to make an Additional Contribution, or is permitted to make a Default Loan, on account of the Noncontributing Member, each such Contributing Member shall be permitted to participate in proportion to their

respective Membership Interests. All loans made pursuant to this Section 6.2(b) shall bear interest at the rate per annum equal to the greater of (a) eight percent (8%); or (b) one and one-half percent (1-1/2%) above the prime loan rate, as published in the Wall Street Journal.

(c) Upon the making of a Default Contribution or a Default Loan to the Company pursuant to Section 6.2(b), the Membership Interests of the Noncontributing Members and the Contributing Members shall be adjusted as follows:

(i) the Noncontributing Member's Membership Interests shall be decreased (but not below zero) by an amount equal to the percentage equivalent to the quotient of:

(A) the Additional Contribution not made by the Noncontributing Member giving rise to application of this Section 6.2(c) multiplied by (i) 112.5% upon the first failure of the Noncontributing Member to make an Additional Contribution; and (ii) 125% upon the second and each additional such failure, divided by

(B) the aggregate amount of all Capital Contributions made by the Members (including the Additional Contributions received by the Company); and

(ii) the Membership Interest(s) of the Contributing Member(s) making the Default Contribution or Default Loan shall be increased by an amount equal to the percentage by which the Non-Contributing Member's Membership Interest was decreased pursuant to clause (i) immediately above.

6.3. Capital Accounts. A Capital Account shall be maintained for each Member. Each Member's Capital Account shall be increased by the value of each Capital Contribution made by the Member, allocations to such Members of the Net Profits and any other allocations to such Member of income pursuant to the Code. Each Member's Capital Account will be decreased by the amount of each Distribution made to the Member by the Company, allocations to such Member of Net Losses and other allocations to such Members pursuant to the Code.

6.4. Transfers. Upon a permitted sale or other transfer of a Membership Interest in the Company, the Capital Account of the Member transferring his, her or its Membership Interests shall become the Capital Account of the Person to which or whom such Membership Interest is sold or transferred in accordance with Section 1.704-1(b)(2)(iv) of the Treasury Regulations.

6.5. Modifications. The manner in which Capital Accounts are to be maintained pursuant to this Section is intended to comply with the requirements of Section 704(b) of the Code. If the Managers determine, by a Majority of the Manager Vote, that the manner

in which Capital Accounts are to be maintained pursuant to this Agreement should be modified to comply with Section 704(b) of the Code, then the method in which Capital Accounts are maintained shall be so modified; provided, however, that any change in the manner of maintaining Capital Accounts shall not materially alter the economic agreement between or among the Members.

6.6. Deficit Capital Account. Except as otherwise required in the New York Act or this Agreement, no Member shall have any liability to restore all or any portion of a deficit balance in a Capital Account.

6.7. Withdrawal or Reduction of Capital Contributions. A Member shall not receive from the Company any portion of a Capital Contribution until all indebtedness, liabilities of the Company, including any Default Loans, but excepting any indebtedness, liabilities and obligations to Members on account of their Capital Contributions, have been paid or there remains property of the Company, in the sole discretion of the Managers owning a Majority of the Manager Vote, sufficient to pay them. A Member, irrespective of the nature of the Capital Contribution of such Member, shall not have the right to demand a return of its Capital Contribution.

ARTICLE VII Allocations and Distributions

7.1. Distribution of Cash Flow. "Cash Flow", as used herein, shall mean net cash available from the Company's operations, including from the Property (exclusive of proceeds from a Capital Transaction described in Section 7.3), after deducting therefrom all cash expenses and reserves (as determined in the Managers' sole discretion. The Managers shall, promptly upon receipt of proceeds from its investment in Holding Company, distribute the Cash Flow as follows, subject to reasonable retention required to run the Company:

(a) First, to each Contributing Member an amount equal to all accrued and unpaid interest on the Default Loans, in proportion to the amount of such interest owed to each Contributing Member;

(b) Second, to each Contributing Member up to the then aggregate outstanding principal balance any Default Loans, in proportion to the principal amount owed to each Contributing Member; and

(c) Third, a sum equal to eight percent (8%) per annum of the unreimbursed Capital Contributions shall be paid to the Members (including the Managing Members) in proportion to their Membership Interests ("Preferred Return"), which shall be considered a return on each such Member's Capital Contribution. In the event that there are insufficient funds to disburse all or part of the Preferred Return in any year, such unpaid portion of the Preferred Return shall accrue and shall be paid as soon as

practicable; provided, however, that all such Preferred Returns shall be paid on a straight, and not compounded, basis.

(d) Thereafter, distributions of Cash Flow shall be paid to the Members and Managing Members in accordance with Section 7.2 hereof.

7.2. Allocations of Additional Cash Flow. (a) All additional cash flow in excess of the amount required for distribution in accordance with Section 7.1 hereof for each year shall be allocated to each Member as follows:

(i) Seventy-five percent (75%) thereof shall be paid to the Members (including the Managing Members) in proportion to their respective Capital Contributions to the Company;

(ii) Twenty-five percent (25%) thereof shall be paid to the Managing Members in proportion to their respective Manager's Interest, as shown on Exhibit B;

(b) No distribution shall be declared and paid unless, after such distribution is made, the assets of the Company are in excess of all liabilities of the Company. No Member shall be entitled to his, her or its Preferred Return, interest on his, her or its Contribution or to a return of his, her or its Contribution, except as specifically set forth in this Agreement.

7.3. Distribution upon Capital Transaction. The net proceeds from any of the following Capital Transactions (a) the Company's sale of the entire Property, or any part thereof, including, but not limited, a condominium unit; (b) a refinancing of the mortgage on the Property; (c) a condemnation award in excess of the proceeds required, if any, to restore the taken property; or (d) casualty proceeds in excess of the proceeds required, if any, to restore the damaged property, shall be distributed as follows, after deducting therefrom all cash expenses and a reasonable retention required to continue to operate the Company:

(a) First, if required, to pay off any existing debts, obligations and liabilities of the Company;

(b) Next, an amount equal to any accrued Preferred Returns not yet paid;

(c) Next, an amount equal to the original Capital Contributions of each Member, plus any Additional Contributions, less any previously returned Capital Contributions, shall be paid to each of the Members (including any Managing Members);

(d) Next, distributions shall be paid to the Members and Managing Managers in accordance with the allocations in Section 7.2(a) hereof.

7.4. Allocation of Net Profits and Net Losses to Capital Accounts. “Net Profits” and “Net Losses” shall mean the annual net income or net loss, respectively, of the Company for a calendar year, as determined by the Company’s accountant in accordance with tax accounting principles applied in determining income, gains, expenses, deductions or losses pursuant to the accrual method of accounting, as the case may be, reported by the Company for federal income tax purposes on its United States income tax return.

(a) Subject to Section 7.5(b) hereof, for all purposes, including, without limitation, Federal, state and local income tax purposes:

(i) Net Profits shall be allocated each fiscal year:

(A) first, among all the Members in accordance with their respective rights to distributions of the Preferred Return pursuant to Section 7.1 of this Agreement; and

(B) second, among all the Members in accordance with their respective allocations pursuant to Section 7.2 of this Agreement.

(ii) Net Losses shall be allocated each fiscal year in accordance with Members’ Contributions.

(b) Notwithstanding Section 7.5(a) hereof, appropriate adjustments shall be made to the allocations of Net Profits and Net Losses to the extent required under Section 704(c) of the Code and the Treasury Regulations thereunder and under Sections 1.704-1(b)(2)(iv)(d), (e), (f) and (g) of Treasury Regulations;

(c) For purposes of determining the Net Profits, Net Losses or any other items allocable to any period, Net Profits, Net Losses, and any such other items shall be determined on a daily, monthly or other basis using any permissible method under Code Section 704 and the Treasury Regulations applicable thereto, as determined by a Majority of the Manager Vote.

(d) “Recapture Income”, if any, realized by the Company pursuant to Sections 1245 or 1250 of the Code shall be allocated to the Members to whom the prior corresponding depreciation deductions were allocated, in proportion to the amounts of such depreciation deductions previously allocated to them.

7.5. Offset. The Company may offset all amounts owing to the Company by a Member or Manager against any Distribution to be made to such Member or Manager.

7.6. Accounting Period. The accounting period of the Company shall be the Calendar Year.

ARTICLE VIII
Taxes

8.1. Tax Returns. The Managers shall cause to be prepared and filed all necessary federal, state and city income tax returns for the Company. Each Member shall furnish to the Managers all pertinent information in its possession relating to Company operations that is necessary to enable the Company's income tax returns to be prepared and filed.

8.2. Tax Elections. The Company shall make the following elections on the appropriate tax returns:

- (a) To adopt the calendar year as the Fiscal Year;
- (b) To adopt the accrual method of accounting for income tax purposes;
- (c) If a Distribution as described in Section 734 of the Code occurs or if a transfer of a Membership Interest described in Section 743 of the Code occurs, upon the written request of any Member, to elect to adjust the basis of the property of the Company pursuant to Section 754 of the Code;
- (d) To elect to amortize the organizational expenses of the Company and the start-up expenditures of the Company pursuant to Section 195 of the Code ratably over a period of sixty months as permitted by Section 709(b) of the Code; and
- (e) Any other election that the Managers by a vote of a majority of the Manager Vote may deem appropriate and in the best interests of the Members or the Company. Neither the Company nor any Member may make an election for the Company to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Code or any similar provisions of applicable state law, and no provisions of this Agreement shall be interpreted to authorize any such election.

8.3. Tax Matters Partners. The Managers, by a vote of Managers owning at least a Majority of the Manager Vote, shall designate one Manager to be the "tax matters partner" of the Company pursuant to Section 6231(a)(7) of the Code. Any Manager who is designated "tax matters partner" shall take any action as may be necessary to cause each other Member to become a "notice partner" within the meaning of Section 6223 of the Code.

8.4. Report to Members. The Members shall receive, on a semi-annual basis and on an annual basis, a summary of the receipts and disbursements of the operation of the Property.

ARTICLE IX
Transferability of Membership Interests

9.1. General. Except as set forth in this Agreement, no Member shall gift, sell, assign, pledge, hypothecate, exchange or otherwise transfer to another Person any portion of a Membership Interest; provided, however, that a Member may transfer his or her Membership Interest to a Member of his Immediate Family upon the consent of the Managers owning at least a Majority of the Manager Vote, which consent shall not be unreasonably withheld or delayed.

9.2. Offer to Acquire. (A) If a Member desires to sell a Membership Interest to another Person, such Selling Member shall obtain from such Person a bona fide written offer to purchase such Membership Interest, stating the terms and conditions upon which the purchase is to be made. Such Selling Member shall give written notification to the Managers of his, her or its intention to sell such Membership Interest and a copy of such bona fide written offer. The Managers shall have thirty (30) days in which to arrange for the purchase of all (but not less than all) of the Membership Interest proposed to be sold by the Selling Member to one or more Members upon the same terms and conditions as stated in the bona fide written offer, and to notify the Selling Member of such arrangement. In the event that the Managers are unable to arrange such a sale, the Selling Member shall be entitled to consummate the sale of his, her or its Membership Interest to the Person offering to do so pursuant to the bona fide written offer. If the Selling Member does not close on the sale of his, her or its Membership Interest within forty-five (45) days after receiving the right to do so, his, her or its right to do so terminates and the terms and conditions of this Section 9.2 shall again be in effect.

9.3. Closing. If any Member gives written notice to the Selling Member of his, her or its desire to exercise such right of first refusal and to purchase all of Selling Member's Interest upon the same terms and conditions as are stated in the written offer, such Member shall have the right to designate the time, date and place of closing within ninety days after receipt of written notification from the Selling Member of the bona fide offer.

9.4. Transferee Not a Member. No Person acquiring a Membership Interest pursuant to this Article IX, other than a Member, shall become a Member unless such Person is approved by a Majority of the Manager Vote. If no such approval is obtained, such Person's Membership Interest shall only entitle such Person to receive the distributions and allocations of profits and losses to which the Member from whom or which such Person received such Membership Interest would be entitled. Any such approval may be subject to any terms and conditions imposed by the Managers.

9.5. Effective Date. Any sale of a Membership Interest or admission of a Member pursuant to this Article IX shall be deemed effective as of the last day of the calendar month in which such sale or admission occurs.

ARTICLE X
Dissolution

10.1. Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the first to occur of the following:

- (a) The latest date on which the Company is to dissolve, if any, as set forth in the Articles of Organization; or
- (b) the date on which the Company no longer holds any interest in the Property, or any proceeds derived from the Property.

10.2. Winding Up. Upon the dissolution of the Company, the Managers may, in the name of and for an on behalf of the Company, prosecute and defend suits, whether civil, criminal or administrative, sell and close the Company's business, dispose of and convey the Company's interest in the Property, discharge the Company's liabilities and distribute to the Members any remaining assets of the Company, all without affecting the liability of Members. Upon winding up of the Company, the assets shall be distributed as follows:

- (a) To creditors, including any Member who is a creditor, to the extent permitted by law, in satisfaction of liabilities of the Company, whether by payment or by establishment of adequate reserves, other than liabilities for distributions to Members under Section 507 or Section 509 of the New York Act;
- (b) To Members and former Members in satisfaction of liabilities for Distributions under Section 507 or Section 509 of the New York Act; and
- (c) To Members (i) first for the payment of any accrued Preferred Return; then (ii) as a return of their Capital Contributions, to the extent not previously returned; and then (iii) in accordance with Section 7.2 hereof.

10.3. Articles of Dissolution. Within ninety (90) days following the dissolution and the commencement of winding up of the Company, or at any other time there are no Members, articles of dissolution shall be filed with the New York Secretary of State pursuant to the New York Act.

10.4. Deficit Capital Account. Upon a liquidation of the Company within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations, if any Member has a Deficit Capital Account (after giving effect to all contributions, distributions, allocations and other adjustments for all Fiscal Years, including the Fiscal Year in which such liquidation occurs), the Member shall have no obligation to make any Capital Contribution, and the negative balance of any Capital Account shall not be considered a debt owed by the Member to the Company or to any other Person for any purpose.

10.5. Non-recourse to Other Members. Except as provided by applicable law or as expressly provided in this Agreement, upon dissolution, each Member shall receive a return of his, her or its Capital Contribution solely from the assets of the Company. If the assets of the Company remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return any Capital Contribution of any Member, such Member shall have no recourse against any other Member or any Manager.

10.6. Termination. Upon completion of the dissolution, winding up, liquidation, and distribution of the assets of the Company, the Company shall be deemed terminated.

ARTICLE XI General Provisions

11.1. Notices. Any notice, demand or other communication required or permitted to be given pursuant to this Agreement shall have been sufficiently given for all purposes if (a) delivered personally to the party or to an executive officer of the party to whom such notice, demand or other communication is directed; or (b) sent by registered or certified mail, return receipt requested, postage prepaid; or (c) by nationally recognized overnight courier, addressed to the Member or the Company at his, her or its address set forth in this Agreement. Except as otherwise provided in the Agreement, any such notice shall be deemed to be given three (3) business days after the date on which it was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as set forth in this Section or upon delivery, if delivery is made as provided herein by hand or nationally-recognized overnight courier, by facsimile or by e-mail.

11.2. Amendments. This Agreement contains the entire agreement among the Members with respect to the subject matter of this Agreement, and supersedes each course of conduct previously pursued or acquiesced in, and each oral agreement and representation previously made, by the Members with respect thereto, whether or not relied or acted upon. No course of performance or other conduct subsequently pursued or acquiesced in, and no oral agreement or representation subsequently made, by the Members, whether or not relied or acted upon, shall amend this Agreement or impair or otherwise affect any Member's obligations pursuant to this Agreement or any rights and remedies of a Member pursuant to this Agreement. No amendment to this Agreement shall be effective unless made in a writing duly executed by all Members and specifically referring to each provision of this Agreement being amended.

11.3. Construction. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

11.4. Headings. The headings in this Agreement are for convenience only and shall not be used to interpret or construe any provision of this Agreement.

11.5. Waiver. No failure of a Member to exercise, and no delay by a Member in exercising, any right or remedy under this Agreement shall constitute a waiver of such right or remedy. No waiver by a Member of any such right or remedy under this Agreement shall be effective unless made in a writing duly executed by all Members and specifically referring to each such right or remedy being waived.

11.6. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. However, if any provision of this Agreement shall be prohibited by or invalid under such law, it shall be deemed modified to conform to the minimum requirements of such law or, if for any reason it is not deemed so modified, it shall be prohibited or invalid only to the extent of such prohibition or invalidity without the remainder thereof or any other such provision being prohibited or invalid.

11.7. Binding. This Agreement shall be binding upon and inure to the benefit of all Members, and each of the heirs, successors and assignees or the Members, except that no right or obligation of a Member under this Agreement may be assigned by such Member to another Person without first obtaining the written consent of all other Members or complying with the terms of Article IX hereof.

11.8. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

11.9. Governing Law. This Agreement shall be governed by, and interpreted and construed in accordance with, the laws of the State of New York, without regard to principles of conflict of laws.

11.10. Further Assurances. Each party to this Agreement agrees to execute, acknowledge, deliver, file and record such further certificates, amendments, instruments and documents, and to do all such other acts and things, as may be required by law, or as may, in the opinion of the Majority of the Manager Vote, be necessary or advisable to carry out the intent and purposes of this Agreement.

11.11. Execution of Transfer and Loan Documents. All documents necessary or desirable to be executed on behalf of the Company with regard to the acquisition of the Property or in connection with the financing, including mezzanine financing, thereof shall be executed by any one of the Managing Members which has been authorized by a resolution of all of the Managing Members.

IN WITNESS WHEREOF, the individuals and entities signing this Agreement below conclusively evidence their agreement to the terms and conditions of this Agreement by so signing this Agreement.

Signed at _____, New York
on this ____ day of _____, 2003

MANAGING MEMBERS:

Lex Manager LLC

By: _____
Jack Forgash, Manager

Mamiye Acquisition 32 LLC

By: _____
Hyman Mamiye, Manger

Lex 32 LLC

By: _____
Jack Cohen, Manager

MEMBERS:

EXHIBIT A

MEMBERSHIP INTERESTS

<u>Name</u>	<u>Address</u>	<u>Capital Contribution</u>	<u>No. of Units</u>	<u>Membership Interest (%)</u>
Lex Manager LLC	c/o Jack Forgash 275 Madison Avenue New York, NY 10016	\$		
Mamiye Acquisition 32 LLC	112 West 34 th Street 10 th Floor New York, NY 10120	\$		
Lex 32 LLC	c/o Jack Cohen Cojemm Realty 1430 Broadway 16 th Floor New York, NY 10016	_____	_____	_____
	Totals:			100%

EXHIBIT B

MANAGER INTERESTS

<u>Name</u>	<u>Address</u>	<u>Voting Weight</u>
Lex Manager LLC	c/o Jack Forgash 275 Madison Avenue New York, NY 10016	50%
Mamiye Acquisition 32 LLC	112 West 34 th Street 10 th Floor New York, NY 10120	
Lex 32 LLC	c/o Jack Cohen Cojemm Realty 1430 Broadway, 16 th Floor New York, NY 10016	_____
	Totals:	

EXHIBIT C

LEASE COMMISSION RATES

For the first year or any fraction thereof	5%
For the second and third year or any fraction thereof	4%
For the fourth and fifth year	3%
For the sixth year up to and including the tenth year	2.5%
For the eleventh year and beyond	2%

Condominium Unit Sales Rate is subject to industry, which can vary between 3% - 5% of the total price.

EXHIBIT C
SOURCES AND USES OF FUNDS

**145 EAST 32 STREET
NEW YORK, NEW YORK
ESTIMATED SOURCES AND USES OF FUNDS
ACQUISITION AND OTHER COSTS**

PURCHASE PRICE		\$	22,500,000
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BANK LOAN FEE	\$		126,750
BROKER FEE	\$		126,750
MORTGAGE TAX	\$		75,000
LEGAL FEES	\$		100,000
DUE DILIGENCE	\$		51,500
TITLE INSURANCE	\$		120,000
REAL ESTATE TAX AND ADJUSTMENTS	\$		250,000
RESERVES AND WORKING CAPITAL	\$		220,000
ACQUISITION FEE	\$		80,000
	<u>\$</u>	1,150,000	<u>\$</u> 1,150,000
TOTAL ACQUISITION COSTS			<u><u>\$</u> 23,650,000</u>

SOURCES OF FUNDS

MORTGAGE		\$	16,900,000
INVESTOR RAISE		\$	6,750,000 ***
TOTAL SOURCES OF FUNDS		<u>\$</u>	<u>23,650,000</u>

*** Although the maximum amount of the offering is \$7,500,000, any subscriptions received after the Company has accepted subscriptions for \$6,750,000, to the extent not required for the purchase of the Property or payment of the expenses of this offering, will be returned to such subscribers.

EXHIBIT D

MANAGERS' PROJECTED NET CASH FLOW

The attached Projected Net Cash Flow of the Company has been prepared by the Managers. Income from Operations is taken directly from the amounts shown as "Net Operating Income" in the projected Financial Analysis contained in the Eastern Consolidated Report. The Managers have then adjusted such amounts to reflect higher vacancy, reserves and other expenses than the amounts contained in the Eastern Consolidated Financial Analysis.

There can be no assurance that the returns to investors indicated on these projections will be achieved since they are based on assumptions and events which are not within the control of the Managers and Company.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
145 EAST 32 STREET										
PROJECTED CASH FLOW										
2003-2012										
FOR THE YEAR ENDING										
INCOME FROM OPERATIONS	1,894,249	2,051,720	2,150,626	2,221,517	2,395,701	2,567,622	2,510,570	2,629,121	2,673,767	2,981,689
MORTGAGE INTEREST AND AMORTIZATION (see below)	929,500	929,500	1,275,950	1,275,950	1,275,950	1,318,200	1,318,200	1,318,200	1,318,200	1,318,200
NET CASH FLOW	964,749	1,122,220	874,676	945,567	1,119,751	1,249,422	1,192,370	1,310,921	1,355,567	1,663,489
LESS: RESERVE FOR TENANT IMPROVEMENTS				(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
LESS: RESERVE FOR VACANCIES - 5%		(97,448)	(107,531)	(111,076)	(119,785)	(128,381)	(125,529)	(131,456)	(133,688)	(149,084)
NET CASH FLOW	964,749	1,019,634	767,145	714,491	879,966	1,001,041	946,842	1,059,465	1,101,879	1,394,405
ROI FROM NET CASH FLOW	14.29%	15.11%	11.37%	10.59%	13.04%	14.83%	14.03%	15.70%	16.32%	20.66%
NET CASH FLOW	964,749	1,019,634	767,145	714,491	879,966	1,001,041	946,842	1,059,465	1,101,879	1,394,405
ADD BACK: AMORTIZATION			312,220	330,654	350,176	370,850	392,745	415,933	440,489	466,496
CASH FLOW AND EQUITY	964,749	1,019,634	1,079,365	1,045,145	1,230,142	1,371,891	1,339,587	1,475,398	1,542,368	1,860,901
ROI FROM CASH FLOW AND EQUITY	14.29%	15.11%	15.99%	15.48%	18.22%	20.32%	19.85%	21.86%	22.85%	27.57%
NET CASH FLOW	964,749	1,019,634	767,145	714,491	879,966	1,001,041	946,842	1,059,465	1,101,879	1,394,405
8% PREFERRED RETURN	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
EXCESS CASH FLOW	424,749	479,634	227,145	174,491	339,966	461,041	406,842	519,465	561,879	854,405
LESS: 75% TO INVESTORS	318,562	359,726	170,359	130,868	254,974	345,781	305,131	389,599	421,409	640,803
25% PROMOTE	106,187	119,909	56,786	43,623	84,991	115,260	101,710	129,866	140,470	213,601
8% PREFERRED RETURN	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
75% TO INVESTORS	318,562	359,726	170,359	130,868	254,974	345,781	305,131	389,599	421,409	640,803
75% OF AMORTIZATION			234,165	247,991	262,632	278,138	294,559	311,950	330,367	349,872
TOTAL PAYOUT TO INVESTORS	858,562	899,726	944,524	918,859	1,057,606	1,163,918	1,139,690	1,241,548	1,291,776	1,530,675
ROI FROM EQUITY FLOW	12.72%	13.33%	13.99%	13.61%	15.67%	17.24%	16.88%	18.39%	19.14%	22.68%
8% PREFERRED RETURN	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
75% TO INVESTORS	318,562	359,726	170,359	130,868	254,974	345,781	305,131	389,599	421,409	640,803
CASH FLOW TO INVESTORS	858,562	899,726	944,524	918,859	1,057,606	1,163,918	1,139,690	1,241,548	1,291,776	1,530,675
ROI FROM CASH FLOW TO INVESTORS	12.72%	13.33%	10.52%	9.94%	11.78%	13.12%	12.52%	13.77%	14.24%	17.49%
PURCHASE PRICE										
YR 1-2										
YR 3-5										
YR 6-10										
23,500,000	23,500,000	23,500,000	23,500,000	23,500,000	23,500,000	23,500,000	23,500,000	23,500,000	23,500,000	23,500,000
70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
16,900,000	16,900,000	16,900,000	16,900,000	16,900,000	16,900,000	16,900,000	16,900,000	16,900,000	16,900,000	16,900,000
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
929,500	929,500	1,275,950	1,318,200							
Yrs 6-10 6% + 1.8% Amortization = 7.8%										