

BLANK ROME LLP  
Proposed Attorneys for Debtor  
The Chrysler Building  
405 Lexington Avenue  
New York, NY 10174  
(212) 885-5000  
Marc E. Richards  
Joel C. Shapiro  
Steven A. Shoumer  
Scott F. Budzenski

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re:

METROPOLITAN 885 THIRD AVENUE  
LEASEHOLD, LLC,  
  
Debtor.

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X

Case No. 10-\_\_\_\_\_ (\_\_\_\_)  
  
Chapter 11 Case

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**MOTION OF METROPOLITAN 885 THIRD AVENUE  
LEASEHOLD, LLC PURSUANT TO SECTIONS 361, 362, 363  
AND 507 OF THE BANKRUPTCY CODE AND FED. R. BANKR. P.  
2002, 4001 AND 9014, FOR ENTRY OF INTERIM ORDER: (I)  
AUTHORIZING THE DEBTOR TO USE CASH COLLATERAL;  
(II) AUTHORIZING DEBTOR TO PROVIDE ADEQUATE PROTECTION  
PENDING FINAL HEARING; AND (III) SCHEDULING FINAL HEARING**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Metropolitan 885 Third Avenue Leasehold, LLC (“Debtor” or the “Company”), by the Debtor’s undersigned proposed counsel, hereby moves this Court for entry of an interim order, the proposed form of which is attached hereto as Exhibit A (the “Interim Order”) and thereafter to schedule a hearing to consider entry of a final order (“Final Order”), pursuant to sections 361, 362 and 363 of title 11 of the United States Code (as amended, the “Bankruptcy Code”) and Fed. R. Bankr. P. (“Bankruptcy Rules”) 2002, 4001 and 9014: (i) authorizing Debtor’s use of cash collateral to maintain ongoing operations and avoid immediate and irreparable harm to the Debtor’s estate pending a final hearing; (ii) authorizing the Debtor to provide adequate protection

to Royal Bank of Canada (“RBC”); (iii) scheduling a final hearing in connection with the relief sought in this Motion; and (iv) granting such other and further relief as the Court deems appropriate (the “Motion”). In support of this Motion, Debtor relies on the Declaration of Jacob Abikzer (the “Abikzer Declaration”) in support of Chapter 11 Petition and First Day Pleadings. In further support of this Motion, Debtor submits as follows:

#### Jurisdiction

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §1334(b), Venue is proper pursuant to 28 U.S.C. §§1408 and 1409. This matter is a core proceeding within the meaning of 28 U.S.C. §157(b)(2).

2. The statutory predicates for the relief requested herein are sections 361, 362, 363(a) and (c)(2) and 507 of the Bankruptcy Code, Bankruptcy Rules 2002, 4001(b) and 9014 and Local Rule 4001-2.

3. This Motion is submitted along with the other First Day Pleadings, as defined in the Abikzer Declaration, including the Motion to Schedule a combined hearing under 11 U.S.C. § 105(d)(2)(b)(vi) to Approve the Solicitation and Disclosure Statement and the Prepetition Solicitation Procedures and Confirm the Prepackaged Chapter 11 Plan of Reorganization, (ii) Establishing Deadlines and Procedures for Filing Objections to the Approval of the Solicitation and Disclosure Statement or the Prepetition Solicitation Procedures or Confirmation of Plan, and (iii) Approving the Form and Manner of Notice of the Confirmation Hearing.

#### Concise Statement Pursuant To Bankruptcy Rule 4001

4. All entities with an interest in the Debtor’s cash collateral are identified in the Abikzer Declaration. This Motion authorizes status quo cash collateral usage, which will be deployed by Debtor solely for its presently limited, ordinary course business operations – to pay customary and usual operating expenses in the normal course. The terms of usage are set forth in the Interim Order and the Budget (as that term is defined below). There are no other material

terms requiring disclosure under Bankruptcy Rule 4001 (b)(1)(B)(iv) or Local Rule 4001-2 in respect of the usage proposed under this Motion.

I. Background

A. Debtor's Background and Business

5. On the date hereof (the "Petition Date"), the Debtor filed with the Court its voluntary petition for relief under chapter 11 of the Bankruptcy Code, commencing the above-captioned chapter 11 case. The Debtor continues to operate its business and manage its property as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. No creditors' committee has yet been appointed in this case. No trustee or examiner has been appointed.

7. The Debtor was organized in 2007 as a Delaware limited liability company and is wholly owned by Metropolitan 885 Third Avenue Leasehold Sub Junior Mezz LLC, a Delaware limited liability company ("Parent"). The Debtor owns the leasehold interest on a 34 story Class A office building located on the eastside of Third Avenue between 53rd and 54th Streets in New York City ("Third Avenue Property"). The building was completed in 1986 and is commonly known as the "Lipstick Building" for its distinctive elliptical shape.

8. The Third Avenue Property consists of rentable commercial space, approximately 63.5% of which is occupied by one tenant (with the lease termination date of June 2021). The Third Avenue Property is currently zoned for C6-6/C1-9 Commercial/Retail. The Debtor obtained its interest in the property through two ground leases as the land is divided into two adjacent parcels, the first measuring 5,500 square feet and the second measuring 20,635 square feet.

9. The Debtor has no employees. Metropolitan Real Estate Investors, LLC, a California limited liability company is the asset management company ("Asset Management Company") with respect to the Third Avenue Property and CB Richard Ellis, Inc. ("CBRE") is the management company operating the Third Avenue Property. CBRE makes payment to its

employees who perform the day-to-day operations of the Third Avenue Property. The Asset Management Company is the managing member of Metropolitan 885 Third Avenue LLC, a Delaware limited liability company (“Metropolitan”), which in turn is a managing member of Metropolitan 885 Third Avenue Leasehold Holdings LLC (“MTAL”).

10. Prior to the Petition Date, Debtor became indebted to Royal Bank of Canada (“RBC”) in the sum of \$210,000,000 (“RBC Loan”). The RBC Loan was secured by a lien on the Third Avenue Property. Parent owns 100% of the membership interests of Debtor. In connection with the RBC Loan, Debtor also obtained an initial equity infusion from MTAL in the amount of \$117,930,000.00. One of the members of MTAL is entitled to receive a preferred return on its investment before any of the other members. As of the Petition Date, the outstanding borrowings under the RBC Loan is in the principal amount of \$210,000,000 (plus accrued interest, costs, fees, penalties and expenses).

11. The causes which gave rise to the need to seek relief under chapter 11 are numerous. First, the recent violent downturn in the building and real estate markets have had a significant impact on the Debtor’s operations. Vacancy rates have increased making it more challenging to service the debt on the property. Renewal lease rates have also been lower than anticipated. Such lower renewal lease rates have continued to negatively impact the cash flow of the Third Avenue Property, which resulted and continues to result in an undue strain on the Debt Service Fund (as hereinafter defined). The Debtor filed this case as a result of serious liquidity issues.

12. A substantial portion of the Debtor’s revenue has been impacted by contractions in the commercial real estate markets throughout the United States. By way of example, Debtor’s tenant base is strongly associated with consumer confidence in the economy and the financial industry and as such, has been affected by the current recession. In brief summary, the significant

decline in rental revenue and liquidity position compelled the Debtor to seek an alternative to its current position.

B. Parties and Capital Structure

13. Under the existing RBC Loan, the Debtor is the borrower. As noted, the sole 100% member of the Debtor is the Parent. And the 100% member of the Parent is MTAL. MTAL is owned by Metropolitan and by Goldman, Sachs & Co., a New York limited partnership (“GS”). Metropolitan is the managing member of MTAL.

14. As noted, the Company’s significant indebtedness, \$210,000,000 of secured debt (plus accrued interest, costs, fees, penalties and expenses), is to RBC. The instruments evidencing the Company’s indebtedness to RBC are described below. In addition to the foregoing, the Company has unsecured trade debt of less than \$1,000,000.

15. Pursuant to that certain loan agreement, dated as of July 9, 2007, RBC, as collateral agent for the benefit of the holder or holders of the notes and their respective successors and assigns made a loan to Debtor in the original aggregate principal amount of \$210,000,000. The RBC Loan is evidenced by a certain Amended, Restated and Consolidated Promissory Note (Note A) in the original principal amount of \$125,000,000 (“Note A”) and that certain Amended, Restated and Consolidated Promissory Note in the original principal amount of \$85,000,000 (“Note B”; and together with Note A, collectively, the “Original Notes”), in each case dated as of July 9, 2007 (the “Original Closing Date”).

16. The Original Notes are in turn secured, *inter alia*, by that certain Amended, Restated and Consolidated Leasehold Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents, dated as of the Original Closing Date (the “Original Mortgage”) and recorded as Document ID: 2007071901142013 on August 7, 2007 and encumbering the Third Avenue Property.

17. The Debtor also entered into the following documents on the Original Closing Date in connection with the RBC Loan: (i) an Assignment of Leases and Rents; (ii) an Environmental Indemnity Agreement; (iii) a Subordination of Asset Management Agreement and Management Fees – (Asset Management Company signed as Manager of the Third Avenue Property); (iv) a Limited Guaranty; (v) a Subordination of Management Agreement and Management Fees; (vi) a Deposit Account Control Agreement (Security Deposits) (Three Party Hard Lockbox) by and among Debtor, RBC and PNC Bank, National Association (“PNC”); (vii) a Deposit Account Control Agreement (Three Party Hard Lockbox) by and among Debtor, RBC and PNC; (viii) a Deposit Account Control Agreement by and among Debtor, RBC and Bank of America, N.A. (“BofA”); and (ix) a state level UCC and a county level UCC fixture filing.

18. As of the Original Closing Date, amounts were deposited in the “Debt Service Fund” were to be applied by RBC to pay “Debt Service” (as defined in the RBC Loan) due on the RBC Loan.

19. Pursuant to Section 6(d) of the RBC Loan, Debtor is required to maintain a balance of at least \$2,300,000 in a debt service fund (“Debt Service Fund”) to pay monthly interest. On April 6, 2010, Midland Loan Services, Inc., acting as Servicer of the Loan on behalf of RBC (“Servicer”), emailed Debtor that as of April 1, 2010, disbursement from the Debt Service Fund caused the balance of the Debt Service Fund to drop below the required \$2,300,000 threshold. On April 19, 2010, RBC delivered a written default notice to Debtor that Debtor was required to deposit funds equal to \$280,126.41 to cover the shortfall in the Debt Service Fund. On May 5, 2010, Servicer once again emailed Debtor informing Debtor as of May 1, 2010 that a disbursement from the Debt Service Fund to fund the debt service had caused the balance of the Debt Service Fund to drop below \$2,300,000. On May 17, 2010, RBC delivered a second written default notice to Debtor that Debtor was required to deposit funds equal to \$621,394.51 to cover the shortfall in the Debt Service Fund.

20. Debtor failed to replenish the Debt Service Fund to the \$2,300,000 required threshold within the timeframe required by RBC.

C. Foreclosure Action

21. In connection with the Debtor's failure to replenish the Debt Service Fund, RBC filed an action in foreclosure against Debtor on June 21, 2010 in the Supreme Court of the State of New York County of New York (Index No. 650675/10). The foreclosure complaint alleges that the Debtor failed to maintain a balance of \$2,300,000 in the Debt Service Fund and continues to fail to do so and that RBC accordingly elected to accelerate the entire indebtedness due under the Original Notes.

22. As of August 6, 2010, the Debt Service Fund was, and continues to be, depleted.

23. Prior to the Petition Date, Debtor, RBC and PNC Bank, N.A. were parties to certain Deposit Account Control Agreement (Three Party Hard Lockbox) dated July 9, 2007 ("Lock Box Agreement") which, among other things, provided for the deposit of all rental income and the utilization of the same for payment of certain expenses as set forth therein. Prior to the Petition Date, the Debtor and RBC also executed a certain Non-Binding Term Sheet dated July 30, 2010, as amended by that certain Amendment to Non-Binding Term Sheet dated August 24, 2010, as amended by that certain Amendment to Non-Binding Term Sheet dated September 21, 2010, as amended (the "Term Sheet"), which, among other things, provided for the understanding regarding use of the rental income for the period from the Petition Date through the Effective Date of the Plan.

D. Relief Requested

24. By this Motion, Debtor seeks entry of the Interim Order pursuant to sections 361, 362 and 363 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001(b) and 9014: (i) authorizing Debtor to use cash being deposited under the Lock Box Agreement that may otherwise serve as collateral security for the amounts owed to RBC (the "Cash Collateral") in accordance

with the Budget attached hereto as Exhibit “B” (“Budget”) and the Interim Order as follows: First – to pay all monthly payments and other amounts due under the ground leases; second – to fund the deposits required for the reserves established for the tax and insurance escrow funds; third – to pay operating expenses in the amounts set forth on the Budget; and fourth – to pay accrued and unpaid Debt Service including non-default contract rate of interest on the pre-petition loan balance. The Cash Collateral will be used in accordance with the Budget for working capital to purchase goods and services and pay operating expenses related to the Third Avenue Property in the ordinary course of business, and in order to preserve the value of the Debtor’s estate, including without limitation, using Cash Collateral per the Budget for a brief interim period to satisfy - (a) any prepetition operating and other expenses approved by the Court, (b) obligations incurred in the ongoing postpetition operations of the Debtor, and (c) any and all costs and expenses arising in connection with the administration of the Debtor’s estate, on an interim basis and pending a final hearing; (ii) authorizing the Debtor to provide RBC adequate protection to RBC for its use of and directing that the Debtor make adequate protection payments provided for per the Budget; and (iii) scheduling a final hearing on the Motion to consider entry of a Final Order granting the relief requested herein.

25. Importantly, and pursuant to Bankruptcy Code section 363(c)(2)(A), RBC has consented to the Debtor’s use of Cash Collateral as set forth in the Motion and pursuant to the attached Budget provided that RBC receives the adequate protection set forth in the Interim Order attached hereto.

## II. Argument

26. Debtor should be granted use of Cash Collateral in accordance with the proposed Initial Budget because:

- Debtor’s access to the Cash Collateral is absolutely necessary for the Debtor to preserve the value of its business and the RBC’s collateral during the pendency of the Debtor’s chapter 11 case, and



- The proposed use of cash collateral is modest in scope and primarily designed to fund ongoing operational expenses.

Accordingly, the proposed use of Cash Collateral is necessary and appropriate under section 363 of the Bankruptcy Code.

A. Debtor's Need to Use Cash Collateral

27. To the extent Debtor's cash on hand represents Cash Collateral, it is subject to the use restriction set forth in section 363(c)(2) of the Bankruptcy Code. Without authorization from the Court for Debtor to use the Cash Collateral in accordance with section 363(c)(2)(B) of the Bankruptcy Code, the Debtor will be left without a source of working capital and will be unable to operate its businesses and, thereby, preserve the value of its estate for the benefit of creditors and equity. The ability of the Debtor to preserve its business and assets, and ultimately to reorganize, will be adversely affected if Debtor is unable to use the Cash Collateral to fund the Company's daily operations. Indeed, without the ability to fund Debtor current operations on an interim basis, the value of the Debtor's assets will be irreparably harmed if Cash Collateral use is not permitted.

28. The proposed Budget covers limited, ordinary but important Company operational disbursements, maintaining the Company's operational status quo and preserving its value. The Cash Collateral usage arrangement proposed in the Budget and the Interim Order provides for payments to vendors incurred in the ordinary course. Therefore, neither RBC, which is receiving adequate protection as discussed and in connection therewith, has consented to the relief sought herein, nor any other party interest, will be prejudiced by the granting of the relief requested in this Motion.

B. Adequate Protection

29. Pursuant to section 363(c)(2) of the Bankruptcy Code, a debtor-in-possession may not use cash collateral without the consent of the secured party or approval by the Court. By obtaining approval to use cash collateral, a debtor can continue to operate its business and

maintain and enhance the value of its lenders' collateral. *See, e.g., In re Megan Racine Associates Inc.*, 202 B.R. 660, 663 (Bankr. N.D.N.Y. 2002); *In re Constable Plaza Assocs., L.P.*, 125 B.R. 98, 105 (Bankr. S.D.N.Y. 1991). Section 363(e) of the Bankruptcy Code provides that on request of an entity that has an interest in property used or proposed to be used by the debtor, the Court shall prohibit or condition such use as is necessary to provide "adequate protection" of that interest. 11 U.S.C. §363(e); *see Zink v. Vanmiddlesworth*, 300 B.R. 394, 402-03 (N.D.N.Y. 2003) (burden is on creditor to show collateral value decline in order to justify provision of adequate protection or additional adequate protection).

30. What constitutes "adequate protection" must be decided on a case-by-case basis. *See In re O'Connor*, 808 F.2d 1393, 1396-97 (10<sup>th</sup> Cir. 1987); *In re Martin*, 761 F.2d 472, 474 (8<sup>th</sup> Cir. 1985). The adequate protection requirement is meant to prevent the diminution in the value of the secured creditors' interests in their collateral during the reorganization process. *See Megan Racine, supra* (citing, *In re Gallegos Research Group Corp.*, 193 B.R. 577, 584 (Bankr. D. Colo. 1995) (citing in turn, *United Savings Ass'n of Texas v. Timbers of Imwood Forest Assoc., Ltd.*, 484 U.S. 365 (1988) ("[T]o determine whether an entity is entitled to adequate protection and the type and amount of adequate protection required, a court must determine the value of the collateral, the creditor's interest in the collateral and the extent to which that value will decrease during the course of the bankruptcy case"); *In re Ledgemere Land Corp.*, 116 B.R. 338, 343 (Bankr. D. Mass. 1990) (permitting bank to receive adequate protection only where value of lender's entire property interest, not just its interest in the cash sought to be used, is declining); *In re Beker Indus. Corp.*, 58 B.R. 725, 736 (Bankr. S.D.N.Y. 1986) (focus is on protection of the secured creditor from diminution in value of its collateral during reorganization process). Where a debtor's cash is liened and used to enhance a secured creditor's collateral value and to increase the value of collateral, such use demonstrates the existence of adequate protection. *In re 499 W. Warren Street Associates Ltd. Partnership*, 142 B.R. 53, 56 (Bankr. N.D.N.Y. 1992); *see also In re Diaconix*

*Corp.*, 69 B.R. 333, 336 (Bankr. E.D. Pa. 1987) (third party guaranty can serve as adequate protection).

31. In this case, the Budget is designed in a careful and responsible fashion to maintain the Company's operational status quo for a short period and relates to disbursements that would otherwise be made by the proposed Cash Collateral usage. It is respectfully submitted that the proposed Cash Collateral usage enhances the value of the Third Avenue Property as a whole. Relatedly, it is in the interest of all creditors, including RBC, to enable the orderly pendency of operations of the Third Avenue Property while the Debtor moves forward on an accelerated basis to confirm its Plan of Reorganization filed simultaneously.

32. Further, the Debtor will suffer great harm if it is not authorized to use the Cash Collateral, as Debtor will have no source of working capital for the Company, and the Company will not be able to fund its daily business operations. Debtor will not be able to pay suppliers if it is not allowed to use Cash Collateral per the Budget and to use it with appropriate flexibility as set forth in the Interim Order. Failure to approve the use of the Cash Collateral as requested herein will lead to disastrous consequences not only for the Debtor, but for all parties in interest.

#### C. The Need for Immediate Relief

33. Pursuant to Bankruptcy Rule 4001(b)(2), a final hearing on a motion for the use of cash collateral may not be commenced earlier than fifteen (15) days after service of that motion. However, the Court may conduct a preliminary hearing before the expiration of the 15-day period and authorize the use of cash collateral to the extent necessary to avoid immediate and irreparable harm to a debtor's estate.

34. Pursuant to Bankruptcy Rule 4001(b), Debtor requests that the Court conduct an expedited preliminary hearing on or prior to November \_\_, 2010, pending any hearing to be held to consider the final relief requested by this Motion. In connection with such preliminary hearing, and the pendency period thereafter to any final hearing set by the Court, Debtor requests that the

Court authorize the Company to use such Cash Collateral to ensure the maintenance of ongoing operations and to avoid immediate and irreparable harm to their estates -- all as reflected in the line items of the Budget.

35. Without the Court's authorization to use the Cash Collateral on an interim basis pending a final hearing on this Motion, the Debtor's estate will be imminently and irreparably harmed. The Debtor will not be able to operate without the use of Cash Collateral, resulting in adverse consequences not only for the Debtor, but also for RBC, other creditors, suppliers, and all parties in interest. The Debtor's chances of successfully reorganizing under this chapter 11 case will be impaired fatally and the Company likely will not be able to continue, frustrating the purpose of chapter 11. Under the circumstances, the interim use of the Cash Collateral by Debtor and the authorization to provide adequate protection to RBC is appropriate in this case.

### III. Notice

36. Notice of this Motion has been provided to: (i) the Office of the United States Trustee for Region 2 (Attn: Andrea B. Schwartz); (ii) the Debtor's twenty largest unsecured creditors; (iii) counsel to prepetition lender, RBC; (iv) counsel to New Lipstick LLC; (v) counsel to GS; (vi) the Internal Revenue Service; (vii) the Securities and Exchange Commission; (viii) the United States Attorney for the Southern District of New York; (ix) New York State Department of Taxation and Finance; (x) New York City Department of Finance, Real Property and Transfer Tax Unit; and (xi) any party whose interests are directly affected by this Application, and on all other parties required to receive service under Rule 2002 of the Federal Rules of Bankruptcy Procedure and the Local Rules for the United States Bankruptcy Court for the Southern District of New York. In light of the nature of the relief requested herein, the Debtor submits that no other or further notice is necessary.

IV. No Prior Request

37. No prior motion for the relief requested herein has been made to this or any other court.

WHEREFORE, Debtor, respectfully requests that the Court enter the Interim Order: (i) authorizing Debtor to use cash that may otherwise serve as Cash Collateral pursuant to the Budget for the period specified in the Interim Order; (ii) authorizing the Debtor to provide adequate protection to RBC; (iii) scheduling hearings in connection with the relief sought in the Motion, and (iv) granting such other and further relief as the Court deems appropriate.

Dated: New York, NY  
November 15, 2010

Respectfully submitted,

BLANK ROME LLP

By: /s/ Marc E. Richards

Marc E. Richards  
Scott F. Budzenski  
The Chrysler Building  
405 Lexington Avenue  
New York, NY 10174-0208  
Telephone: (212) 885-5000  
Facsimile: (212) 885-5001

And

Joel C. Shapiro  
Steven A. Shoumer  
One Logan Square  
130 North 18<sup>th</sup> Street  
Philadelphia, PA 19103  
Telephone: (215) 569-5500  
Facsimile: (215) 569-5555

*Proposed Counsel to Metropolitan 885 Third  
Avenue Leasehold, LLC*

EXHIBIT A

Proposed Initial Interim Order

BLANK ROME LLP  
Proposed Attorneys for Debtor  
The Chrysler Building  
405 Lexington Avenue  
New York, NY 10174  
(212) 885-5000  
Marc E. Richards  
Joel C. Shapiro  
Steven A. Shoumer  
Scott F. Budzenski

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	
	:	
METROPOLITAN 885 THIRD AVENUE	:	Case No. 10-_____ (____)
LEASEHOLD, LLC,	:	
	:	Chapter 11 Case
Debtor.	:	
-----	X	

**INTERIM ORDER (I) AUTHORIZING  
METROPOLITAN 885 THIRD AVENUE LEASEHOLD, LLC TO USE CASH  
COLLATERAL, (II) AUTHORIZING ADEQUATE PROTECTION PENDING FINAL  
HEARING; AND (III) SCHEDULING FINAL HEARING**

Upon the motion (the “Motion”) of Debtor, (all terms used in this Interim Order, which are initially capitalized but not otherwise defined shall have the meaning set forth in the Motion) for an interim order: (a) authorizing Debtor’s use of Cash Collateral to maintain ongoing operations and avoid immediate and irreparable harm to the Debtor’s estate pending a final hearing, (b) authorizing the Debtor to provide adequate protection to Royal Bank of Canada (“RBC”), and (c) preliminarily scheduling a final hearing on the Motion to consider entry of a final Order (“Final Order”) granting the relief requested in the Motion, the Court finds that - (i) it has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§157 and 1334(b), (ii) this is a core proceeding pursuant to 28 U.S.C. §157(b)(2), (iii) the relief requested in the Motion is in the best interests of the Debtor, its estate, and their stakeholders, (iv) proper and

adequate notice of the Motion and the preliminary hearing thereon has been given and that no other or further notice is necessary, (v) Debtor requires access to Cash Collateral to avoid immediate and irreparable harm to the Debtor's estate pending a final hearing on the Motion, (vi) Debtor is authorized to provide adequate protection to RBC as set forth herein, and (vii) good and sufficient cause exists for the granting of the relief requested in the Motion on an interim basis after having given due deliberation on the Motion and in light of all of the proceedings before the Court in connection with the Motion.

Therefore, the Court hereby makes the following additional findings of fact and conclusions of law:

A. Petition Date. On November \_\_, 2010 (the "Petition Date"), the Debtor filed a voluntary petition under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York and thereby commenced its chapter 11 case (the "Chapter 11 Case").

B. Debtor in Possession. The Debtor is continuing in the management and operation of its business and properties as debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Chapter 11 Case.

C. Statutory Committee. As of the date hereof, the United States Trustee for the Southern District of New York (the "U.S. Trustee") has not appointed an official committee of unsecured creditors (a "Creditors' Committee") in the Chapter 11 Case pursuant to section 1102 of the Bankruptcy Code.

D. Debtor's Stipulations. The Debtor admits, stipulates and agrees that (collectively, paragraphs D(a) through D(g) below are referred to herein as the "Debtor's Stipulations");



a. Third Avenue Property. The Debtor owns the leasehold interests on a 34 story Class A office building located on the eastside of Third Avenue between 53rd and 54th Streets in New York City (“Third Avenue Property”).

b. RBC Loan. Pursuant to that certain loan agreement, dated as of July 9, 2007, RBC, as collateral agent for the benefit of the holder or holders of the notes and their respective successors and assigns made a loan to Debtor in the original aggregate principal amount of \$210,000,000 (with accrued interest, costs, expenses, fees and penalties, the “RBC Loan”). The RBC Loan is evidenced by a certain Amended, Restated and Consolidated Promissory Note (Note A) in the original principal amount of \$125,000,000 (“Note A”) and that certain Amended, Restated and Consolidated Promissory Note (“Note B”) in the original principal amount of \$85,000,000 (“Note B”; and together with Note A, collectively, the “Original Notes”), in each case dated as of July 9, 2007 (the “Original Closing Date”).

c. Security Agreement. The Original Notes are in turn secured, *inter alia*, by that certain Amended, Restated and Consolidated Leasehold Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents, dated as of the Original Closing Date (the “Original Mortgage”) and recorded as Document ID: 2007071901142013 on August 7, 2007 and encumbering the Third Avenue Property.

d. Additional Loan Documents. The Debtor also entered into the following documents on the Original Closing Date in connection with the RBC Loan: (i) an Assignment of Leases and Rents; (ii) an Environmental Indemnity Agreement; (iii) a Subordination of Asset Management Agreement and Management Fees – (Asset Management Company signed as Manager of the Third Avenue Property); (iv) a Limited Guaranty; (v) a Subordination of Management Agreement and Management Fees; (vi) a Deposit Account

Control Agreement (Security Deposits) (Three Party Hard Lockbox) by and among Borrower, Lender and PNC Bank, National Association (“PNC”); (vii) a Deposit Account Control Agreement (Three Party Hard Lockbox) by and among Debtor, RBC and PNC; (viii) a Deposit Account Control Agreement by and among Debtor, RBC and Bank of America, N.A. (“BofA”); and (ix) a state level UCC and a county level UCC fixture filing (collectively, with the RBC Loan, the Original Notes and the Original Mortgage, the “Loan Documents”, with the collateral granted under the Loan Documents the “Prepetition Collateral”).

e. Validity and Perfection of Original Mortgage and RBC Loan. The Debtor acknowledges and agrees that: (i) as of the Petition Date, the Original Mortgage on the Prepetition Collateral was valid, binding, enforceable, non-avoidable and properly perfected; (ii) the RBC Loan constitutes a legal, valid, binding, and non-avoidable obligation of the Debtor; (iii) no portion of the RBC Loan, the Original Mortgage or the other Loan Documents are subject to avoidance, recharacterization, disallowance, disgorgement, recovery or subordination under the Bankruptcy Code or applicable non-bankruptcy law; and (iv) the Debtor and its estate have no claims, objections, challenges, causes of action, and/or choses in action, including without limitation, avoidance claims under chapter 5 of the Bankruptcy Code, against RBC or any of its respective affiliates, agents, attorneys, advisors, professionals, officers, managers, members, directors and employees arising out of, based upon or related to the RBC Loan.

f. Cash Collateral. The Debtor represents that all of the Debtor’s cash generated from the Prepetition Collateral, wherever located, whether as original collateral or profits or proceeds of the Third Avenue Property or other Prepetition Collateral, constitutes Cash Collateral.

g. Default by the Debtor. The Debtor acknowledges and stipulates that the Debtor is in default of its debts and obligations under the Loan Documents.

E. Adequate Protection. RBC is entitled to receive adequate protection in respect of the Debtor's use of the Prepetition Collateral and any decline in the value thereof, resulting (a) from the use of the Cash Collateral, (b) from the use, sale, lease, or depreciation or other diminution in value of the Prepetition Collateral, or (c) as a result of the imposition of the automatic stay under Section 362(a) of the Bankruptcy Code (the amount of any such diminution being referred to hereinafter as the "Adequate Protection Obligations"). Pursuant to sections 361, 363, and 507(b), as adequate protection for the Adequate Protection Obligations, the Debtor has agreed to provide RBC with: (a) the Adequate Protection Liens; (b) the Adequate Protection Superpriority Claims; and (c) the Adequate Protection Payments (each as defined below). RBC has objected to the use by the Debtor of the Cash Collateral, except on the terms and conditions set forth in this Interim Order.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED to the extent set forth herein:
2. Authorization to Use Cash Collateral. Subject to the terms of this Interim Order, Debtor is authorized to use Cash Collateral from a period beginning November \_\_, 2010 and ending on the earlier of (i) March 31, 2011; or (ii) a Termination Declaration Date (as defined below) (the "Subject Period") strictly pursuant to and in accordance with the Budget attached hereto as Exhibit A (the "Budget") to satisfy (in the order of) (i) all payments required under its ground leases; (ii) all monthly payments to be made in escrow for insurance and taxes; (iii) operational costs and expenses arising in connection with the administration of the Debtor's estate; and (iv) payment of accrued and unpaid Debt Service (as defined in the RBC Loan), including non-default contract rate of interest on the pre-petition loans, from any amounts

remaining after payment of items (i) – (iii). Debtor may move amounts between line items on the Budget consistent with reasonable financial practice, may exceed any line items on the Budget by no more than 5% without RBC's permission and notice to U.S. Trustee and may apply unused amounts for any line item on the Budget towards the payment of any other lien item on the Budget. Upon the date of the expiration of the Subject Period (the "Expiration Date"), Debtor's authority to use Cash Collateral shall cease absent further Order of this Court.

3. Budget Maintenance. The Budget and any modifications to, or extensions, amendments or updates of, the Budget shall be in form and substance acceptable to and approved in writing by RBC, in its sole discretion. The Budget may be amended or modified in writing from time to time only with the written consent of RBC, in its sole discretion. The Debtor shall deliver to RBC on or before the close of business on Tuesday of each week (and if such day is not a business day, then the next succeeding business day) a (i) comparison for the prior week of actual results of all items contained in the Budget to the amounts originally contained in the Budget and (ii) cumulative comparison for the period from the Petition Date through the end of the prior week of the actual results of all items contained in the Budget to the amounts originally contained in the Budget, in each case along with such supporting information and additional reporting as RBC may request.

4. Adequate Protection Liens. As adequate protection against any diminution in value of RBC's interest in the Prepetition Collateral, RBC is hereby granted (effective and perfected as of the Petition Date and without the necessity of the execution by the Debtor of mortgages, security agreements, pledge agreements, financing statements or other agreements) a valid and perfected replacement security interest in, and lien on (the "Adequate Protection Liens"), all of the right, title and interest of the Debtor in, to and under all present and after-

acquired property and assets of the Debtor of any nature whatsoever, whether real or personal, tangible or intangible, wherever located, including, without limitation, all cash and Cash Collateral of the Debtor (whether maintained with RBC or any other financial institution) and any investment of such cash and Cash Collateral, goods, cash-in-advance deposits, contracts, causes of action, general intangibles, accounts receivable, and other rights to payment, whether arising before or after the Petition Date, chattel paper, documents, instruments, interests in leaseholds, real properties, plants, machinery, equipment, patents, copyrights, trademarks, trade names or other intellectual property, licenses, insurance proceeds, and tort claims, and any and all of the proceeds, products, offspring, rents and profits thereof, rights under letters of credit, capital stock and other equity or ownership interests held by the Debtor, including equity interests in subsidiaries and all other investment property, and the proceeds of all of the foregoing, whether now existing or hereafter acquired (collectively, the “Collateral”), provided, however, that the Collateral shall not include the Debtor’s claims and causes of action under section 544, 545, 547, 548, 549 or 550 of the Bankruptcy Code (collectively, the “Avoidance Actions”) but, unless the Final Order provides otherwise, the Collateral shall include the proceeds of the Avoidance Actions. Subject to the Carve-Out (as defined below), the Adequate Protection Liens shall be (i) first priority perfected liens on all of the Collateral that is not otherwise encumbered by validly perfected, non-avoidable security interests or liens as of the Petition Date, (ii) first priority perfected liens on all of the Collateral as to which RBC had a first priority lien as of the Petition Date, even if such Collateral is subject to a validly perfected lien that is junior to the lien of RBC, and (iii) junior perfected liens on all Collateral that is subject to a validly perfected lien with priority over RBC’s liens as of the Petition Date.

5. Priority of Adequate Protection Liens. The Adequate Protection Liens shall be enforceable against the Debtor, its estate and any successors thereto, including without limitation, any trustee or other estate representative appointed in the Chapter 11 Case, or any case under chapter 7 of the Bankruptcy Code upon the conversion of the Chapter 11 Case, or in any other proceedings superseding or related to any of the foregoing (collectively, a “Successor Case”). Except as provided herein, the Adequate Protection Liens shall not be made subject to or *pari passu* with any lien or security interest by any court order heretofore or hereafter entered in the Chapter 11 Case or any Successor Case, and shall be valid and enforceable against any trustee appointed in the Chapter 11 Case or any Successor Case, or upon the dismissal of the Chapter 11 Case or Successor Case. The Adequate Protection Liens shall not be subject to sections 506(c) (effective upon entry of the Final Order), 510, 549, or 550 of the Bankruptcy Code. No lien or interest avoided and preserved for the benefit of the estate pursuant to section 551 of the Bankruptcy Code shall be made *pari passu* with or senior to the Adequate Protection Liens.

6. Adequate Protection Superpriority Claims. As further adequate protection against any diminution in value of the interests of RBC in the Prepetition Collateral, RBC is hereby granted as and to the extent provided by sections 503(b) and 507(b) of the Bankruptcy Code allowed superpriority administrative expenses claims in the Chapter 11 Case and any Successor Case in the amount of the Adequate Protection Obligations (the “Adequate Protection Superpriority Claim”).

7. Priority of Adequate Protection Superiority Claims. The Adequate Protection Superpriority Claims shall be junior only to the Carve Out (as defined herein). Except for the Carve Out, the Adequate Protection Superpriority Claims shall have priority over all

administrative expense claims and unsecured claims against the Debtor or its estate, now existing or hereafter arising, of any kind or nature whatsoever, including, without limitation, administrative expenses of the kinds specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 364, 365, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 546(d), 726 (to the extent permitted by law), 1113 and 1114 of the Bankruptcy Code.

8. Adequate Protection Payments. As additional adequate protection to RBC, RBC shall receive adequate protection payments (the “Adequate Protection Payments”) from the Debtor, in the form of: (i) payment of accrued and unpaid Debt Service (as defined in the RBC Loan), including non-default contract rate of interest on the pre-petition loans, from any amounts remaining after payment in accordance with the Budget and this Interim Order of (a) all payments required under the Third Avenue Property ground leases; (b) all monthly payments to be made in escrow for insurance and taxes; (c) other operational costs and expenses arising in connection with the administration of the Debtor’s estate that are not otherwise set forth on the Budget; (ii) ongoing payment of RBC’s fees, costs and expenses including, but not limited to, payment of reasonable attorneys’ fees (including but not limited to the fees and expenses of Fried Frank Harris Shriver & Jacobson LLP (“Fried Frank”)), (with copies of such Fried Frank invoices sent to U.S. Trustee) fees of third party consultants and reports, title insurance premiums and all other similar costs and expenses; and (iii) continued maintenance and insurance of the Collateral in the amounts and for the risks, and by the entities, required under Loan Documents, provided, however, that amounts to be paid in connection with (i)(c) that are not otherwise set forth on the Budget and (ii) above are to be funded by the Plan Funders on the Effective Date and not otherwise paid from Cash Collateral. The Debtor is authorized and directed, upon the submission of invoices from RBC or its advisors (including but not limited to

Fried Frank), to pay all reasonable fees, costs and charges incurred prepetition or postpetition, in each case, in connection with matters relating to the RBC Loan and the rights and interests of RBC in connection with the Chapter 11 Case. None of the fees, costs and expenses payable to RBC's advisors pursuant to this paragraph shall be subject to separate approval by this Court, and RBC's advisors shall not be required to file any interim or final fee application with respect thereto.

9. Modification of Automatic Stay. The automatic stay under Bankruptcy Code section 362(a) is hereby modified as necessary to effectuate all of the terms and provisions of this Interim Order, including, without limitation, to: (a) permit the Debtor to grant the Adequate Protection Liens and Adequate Protection Superpriority Claims; (b) permit the Debtor to perform such acts as RBC may request in its sole discretion to assure the perfection and priority of the liens granted herein; and (c) authorize the Debtor to pay, and RBC to retain and apply, payments made in accordance with the terms of this Interim Order.

10. Perfection of Adequate Protection Liens. This Interim Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the Adequate Protection Liens, without the necessity of filing or recording any mortgage, financing statement or other instrument or document which may otherwise be required under the law or regulation of any jurisdiction or the taking of any other action (including, for the avoidance of doubt, entering into any deposit account control agreement) to validate or perfect (in accordance with applicable non-bankruptcy law) the Adequate Protection Liens, or to entitle RBC to the priorities granted herein. Notwithstanding the foregoing, the Debtor is authorized and directed to execute and deliver promptly to RBC all such financing statements, mortgages, notices and other documents as RBC may reasonably request, and RBC may file a photocopy of this Interim Order as a financing



statement with any filing or recording office or with any registry of deeds or similar office, in addition to or in lieu of such financing statements, notices of lien or similar instruments.

11. Disposition of Collateral. The Debtor shall not sell, transfer, lease, encumber or otherwise dispose of any material portion of the Collateral without the prior written consent of RBC.

12. Events of Default. The occurrence of any of the following events, unless waived by RBC, shall constitute an event of default (collectively, the “Events of Default”):

a. the failure by the Debtor to perform, in any respect, any of the terms, provisions, conditions, covenants, or obligations under this Interim Order;

b. the Debtor’s obtaining of credit or the incurring of indebtedness that is (i) secured by a security interest, mortgage or other lien on all or any portion of the Collateral which is equal or senior to any security interest, mortgage or other lien of RBC, or (ii) entitled to priority administrative status which is equal or senior to that granted to RBC;

c. any lien or security interest purported to be created under the Loan Documents shall cease to be, or shall be asserted by Debtor not to be, a valid and perfected lien on or security interest in any Collateral, with the priority required by the Loan Documents or herein;

d. the entry of an order by the Court granting relief from or modifying the automatic stay of section 362 of the Bankruptcy Code (i) to allow any creditor to execute upon or enforce a lien on or security interest in any Collateral having a value in excess of \$100,000, or (ii) with respect to any lien on or the granting of any lien on any Collateral to any state or local environmental or

regulatory agency or authority, which in either case would have a material adverse effect on the business, operations, property, assets, or condition, financial or otherwise, of the Debtor;

e. reversal, vacatur, or modification (other than a modification with the express prior written consent of RBC) of this Interim Order;

f. dismissal of the Chapter 11 Case or conversion of the Chapter 11 Case to a chapter 7 case, or appointment of a chapter 11 trustee or examiner with enlarged powers or other responsible person;

g. any misrepresentation of a material fact made after the Petition Date by the Debtor or its agents to RBC about the financial condition of the Debtor, the nature, extent, location or quality of any Collateral, or the disposition or use of any Collateral, including Cash Collateral;

h. a default by the Debtor in reporting financial information as and when required under this Interim Order;

i. the sale of any material portion of the Debtor's assets outside the ordinary course of business without the prior written consent of RBC, in its sole discretion;

j. thirty (30) days following the Petition Date if the Final Order has not been entered by the Court by such date;

k. unless otherwise agreed to in writing by RBC, March 31, 2011 if the confirmation order for the chapter 11 plan has not been entered by such date;

l. the filing of a chapter 11 plan that deviates or is inconsistent in any material respect with that certain Non-Binding Term Sheet dated July 30, 2010 as

amended by that certain Amendment to Non-Binding Term Sheet dated August 24, 2010 and that certain Second Amended Non-Binding Term Sheet dated September 21, 2010 as amended (the “Term Sheet”);

m. the Term Sheet is terminated or breached by any of the Borrower Parties (as defined in the Term Sheet).

n. the failure to make Adequate Protection Payments or other payments to RBC;

o. the failure to comply with the Budget for any period, measured weekly as of the close of business on Wednesday of each following work week; or

p. the filing by the Debtor of any motion seeking, or the granting of any motion providing for, reversal or modification of this Interim Order.

13. Rights and Remedies Upon Event of Default. Immediately upon the occurrence and during the continuation of an Event of Default, RBC may declare a termination, reduction or restriction of the ability of the Debtor to use any Cash Collateral (any such declaration, shall be referred to herein as a “Termination Declaration”). The Termination Declaration shall be given by email or facsimile (or other electronic means) to counsel to the Debtor, counsel to any Creditors’ Committee (if one is appointed), counsel to New Lipstick LLC, and the U.S. Trustee (the earliest date any such Termination Declaration is made shall be referred to herein as the “Termination Declaration Date”). On the Termination Declaration Date, the Debtor’ right to use Cash Collateral shall automatically cease, and the automatic stay shall automatically be terminated without further notice or order, and the Debtor shall no longer have the right to use or seek to use Cash Collateral and RBC shall be permitted to exercise all remedies set forth herein

in the Term Sheet and in the Loan Documents, as applicable, and as otherwise available at law against the Collateral, without further order of or application or motion to the Court, and without restriction or restraint by any stay under sections 362 or 105 of the Bankruptcy Code, or otherwise, against the enforcement of the liens and security interest in the Collateral or any other rights and remedies granted to RBC with respect thereto pursuant to the Loan Documents or this Interim Order, as applicable.

14. Carve Out. Subject to the terms and conditions contained in this paragraph, the Adequate Protection Liens and the Adequate Protection Superpriority Claims shall be subordinate to the following (collectively, the “Carve-Out”): (i) fees pursuant to 28 U.S.C. § 1930(a)(6); (ii) fees payable to the clerk of the Bankruptcy Court and any agent thereof; and (iii) pursuant to section 726(b) of the Bankruptcy Code, reasonable fees and expenses of a trustee that are incurred after the conversion of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code, in an amount not to exceed \$50,000. Payment of any obligations within the Carve-Out shall not and shall not be deemed to reduce the RBC Loan or the Adequate Protection Obligations and shall not and shall not be deemed to subordinate the Adequate Protection Liens or the Adequate Protection Superpriority Claims to any junior prepetition or postpetition lien, interest, or claim in favor of any other party.

15. Limitations on the Cash Collateral and the Carve Out. The Cash Collateral may only be used in accordance with the Budget and, in any event, the Cash Collateral and the Carve Out may not be used: (a) in connection with or to finance in any way any action, suit, arbitration, proceeding, application, motion or other litigation of any type (i) against RBC or seeking relief that would impair their rights and remedies under the Loan Documents, the Term Sheet or this Interim Order, including, without limitation, (A) to assert, commence, or prosecute any claims or

causes of action whatsoever, including, without limitation, any actions under chapter 5 of the Bankruptcy Code, against RBC, (B) to prosecute an objection to, contest in any manner, or raise any defenses to, the validity, extent, amount, perfection, priority, or enforceability of any of the rights and obligations of RBC or seeking affirmative relief against RBC, or (C) for the payment of any services rendered by the professionals retained by the Debtor or any Creditors' Committee in connection with the assertion of or joinder in any claim, counterclaim, action, proceedings, application, motion, objection, defense or other contested matter, the purpose of which is to seek, or the result of which would be to obtain, any order, judgment determination, declaration or similar relief that would impair the ability of RBC to recover on the RBC Loan, (ii) invalidating, setting aside, avoiding or subordinating, in whole or in part, the Original Mortgage, (iii) for monetary, injunctive or other affirmative relief against RBC or its collateral, or (iv) preventing, hindering or otherwise delaying the exercise by RBC of any rights and/or remedies under this Interim Order, the Loan Documents, or applicable law, or the enforcement of realization (whether by foreclosure, credit bid, further order of the Court or otherwise) by RBC upon any of the Collateral; (b) to make any distribution under a plan of reorganization in the Chapter 11 Case; (c) to make any payment in settlement of any claim, action or proceeding, before any court, arbitrator or other governmental body without prior written consent of RBC, unless otherwise ordered by the Court; (d) to pay any fees or similar amounts to any person who has proposed or may propose to purchase interests in the Debtor without the prior written consent of RBC, (e) to object, contest, or interfere with in any way the enforcement or realization upon any of the Collateral by RBC once an Event of Default has occurred; (f) to sell or otherwise dispose of Collateral without the prior consent of RBC; (g) to the extent such Cash Collateral represents insurance proceeds constituting Collateral, without the prior consent of RBC; (h) to pay

indebtedness outside the ordinary course of business without the prior consent of RBC; (i) to object to or challenge in any way the claims, liens, or interests (including interests in the Collateral) held by or on behalf of RBC; or (j) to pay any costs or expenses that are not ordinary course operating expenses of the Debtor unless and to the extent such costs or expenses are provided by the Plan Funders.

16. No Third Party Rights. Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect, or incidental beneficiary.

17. Section 506(c) Claims. Upon entry of the Final Order, no costs or expenses of administration which have been or may be incurred in the Chapter 11 Case at any time shall be charged against RBC or any of its claims or the Collateral pursuant to sections 105 or 506(c) of the Bankruptcy Code, or otherwise.

18. No Liability to Third Parties. In making its decision to permit the use of Cash Collateral or in taking any other actions related to this Interim Order, RBC (i) shall have no liability to any third party and shall not be deemed to be in control of the operations of the Debtor or to be acting as a “controlling person,” “responsible person” or “owner or operator” with respect to the operation or management of the Debtor (as such term, or any similar terms, are used in the Internal Revenue Code, the United States Comprehensive Environmental Response, Compensation and Liability Act, as amended, or any similar Federal or state statute), and (ii) shall not owe any fiduciary duty to the Debtor, its creditors or its estate. RBC’s relationship with the Debtor shall not constitute or be deemed to constitute a joint venture or partnership with the Debtor.

19. No Marshaling/Application of Proceeds. Upon entry of the Final Order, RBC shall not be subject to the equitable doctrine of “marshaling” or any other similar doctrine with respect to any of the Collateral, as the case may be, and proceeds shall be received and applied in accordance with this Interim Order notwithstanding any other agreement or provision to the contrary.

20. Section 552(b). Upon entry of the Final Order, RBC shall be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code, and the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to RBC with respect to proceeds, product, offspring or profits of any of the Prepetition Collateral.

21. Rights Preserved. Notwithstanding anything herein to the contrary and subject to the Exit Facility Plan Support Agreement, the entry of this Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly: (a) RBC’s right to seek any other or supplemental relief in respect of the Debtor, including the right to seek additional adequate protection; (b) any of the rights of RBC under the Bankruptcy Code or under non-bankruptcy law, including, without limitation, the right to (i) request modification of the automatic stay of section 362 of the Bankruptcy Code, (ii) request dismissal of the Chapter 11 Case or a Successor Case, conversion of the Chapter 11 Case to a case under chapter 7, or appointment of a chapter 11 trustee or examiner with expanded powers, or (iii) propose, subject to the provisions of section 1121 of the Bankruptcy Code, a chapter 11 plan or plans. Notwithstanding anything to the contrary, the U.S. Trustee reserves its rights to review any line item on the Budget pending entry of a Final Order.

22. Section 507(b) Reservation. Nothing herein shall impair or modify the application of section 507(b) of the Bankruptcy Code in the event that the adequate protection

provided to RBC hereunder is insufficient to compensate for any diminution in value of RBC's interests in the Prepetition Collateral during the Chapter 11 Case or any Successor Case. Nothing contained herein shall be deemed a finding by the Court, or an acknowledgement by RBC, that the adequate protection granted herein does in fact adequately protect RBC against any diminution in value of its interest in the Prepetition Collateral (including Cash Collateral).

23. No Waiver by Failure to Seek Relief. The failure of RBC to seek relief or otherwise exercise its rights and remedies under this Interim Order or applicable law, as the case may be, shall not constitute a waiver of any rights hereunder, thereunder, or otherwise of RBC.

24. Proofs of Claim. RBC will not be required to file a proof of claim in the Chapter 11 Case or a Successor Case for its claims to be allowed, and the Debtor's Stipulations shall be deemed to constitute a timely filed proof of claim. Any order entered by the Court in relation to the establishment of a bar date for any claim (including, without limitation) administrative claims) in the Chapter 11 Case or a Successor Case shall not apply to RBC.

25. Good Faith. RBC has acted in good faith in connection with this Interim Order and its reliance on this Interim Order is in good faith.

26. Binding Effect of Interim Order. Immediately upon entry by this Court (notwithstanding any applicable law or rule to the contrary), the terms and provisions of this Interim Order shall become valid and binding upon and inure to the benefit of the Debtor, RBC, the Trustee, all other creditors of any of the Debtor, any committee appointed in the Chapter 11 Case, and all other parties in interest and their respective successors and assigns, including any trustee or other fiduciary hereafter appointed in the Chapter 11 Case, any Successor Case, or upon dismissal of the Chapter 11 Case or a Successor Case. In the event of any inconsistency between the provisions of this Interim Order and any other order (including any "First Day"



Pleadings and Orders relating thereto), the provisions of this Interim Order shall govern and control. Any payments to be made under any order (including any “First Day” order) shall be made in accordance with this Interim Order and the Budget.

27. No Modification of Interim Order. The Debtor irrevocably waives any right to seek any amendment, modification or extension of this Interim Order without the prior written consent of RBC, and no such consent shall be implied by any other action, inaction or acquiescence of RBC. In the event any or all of the provisions of this Interim Order are hereafter modified, amended or vacated by a subsequent order of this Court or any other court, such modification, amendment or vacatur shall not affect the validity, perfection, priority, allowability, enforceability or non-availability of any advances, payments or use of cash whether previously or hereunder, or lien, claim or priority authorized or created hereby. Any liens or claims granted to RBC hereunder arising prior to the effective date of any such modification, amendment or vacatur of this Interim Order shall be governed in all respects by the original provisions of this Interim Order, including entitlement to all rights, remedies, privileges and benefits granted herein.

28. Survival. The provisions of this Interim Order and any actions taken pursuant hereto shall survive entry of any order which may be entered: (a) confirming any plan of reorganization in the Chapter 11 Case; (b) converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code; (c) dismissing the Chapter 11 Case or any Successor Case; or (d) pursuant to which this Court abstains from hearing the Chapter 11 Case or a Successor Case. The terms and provisions of this Interim Order, including the claims, liens, security interests and other protections granted to RBC pursuant to this Interim Order, notwithstanding the entry of any such order, shall continue in the Chapter 11 Case, in any Successor Case, or following dismissal

of the Chapter 11 Case or any Successor Case, and shall maintain their priority as provided by this Interim Order until the RBC Loan has been indefeasibly paid in full in cash.

29. Effect of this Interim Order. This Interim Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be enforceable *nunc pro tunc* to the Petition Date immediately upon execution thereof.

30. Retention of Jurisdiction. The Court has and will retain jurisdiction to enforce this Interim Order according to its terms.

31. Final Hearing. A final hearing on the Motion shall be conducted on November \_\_\_, 2010, at \_\_:\_\_\_0 \_\_.m. to determine Debtor authority to use Cash Collateral and related matters on a final basis.

32. Service. A copy of this Interim Order, together with the Motion, shall be served upon the (i) the United States Trustee (Andrea B. Schwartz); (ii) counsel to RBC; (iii) counsel to GS; (iv) counsel to New Lipstick LLC; and (v) the creditors holding 20 largest unsecured claims against the Debtor's estate, as defined in the Debtor's chapter 11 petition, by overnight mail no later than November \_\_, 2010, and such service shall constitute good and sufficient notice of the final hearing.

33. Disbursement of Funds. Notwithstanding the terms of the Lockbox Agreement, PNC Bank, N.A. is authorized to disburse funds in accordance with the provisions of this Interim Order.

Dated: New York, New York  
November \_\_, 2010

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UNITED STATES BANKRUPTCY JUDGE  
SOUTHERN DISTRICT OF NEW YORK

EXHIBIT A TO INTERIM ORDER

Budget

**885 Third Avenue  
2010 Budget**

11/4/2010  
12:06 AM

		<b>2010</b>	
		<b>NOV</b>	<b>DEC</b>
<b><u>INCOME</u></b>			
<b><u>Rental Income</u></b>			
4110-000	Base Rent-Office	\$ 2,820,933	\$ 2,821,024
4113-000	Base Rent-Retail	\$ 36,000	\$ 36,000
4150-000	Storage Rent	\$ 5,630	\$ 5,630
4190-000	Other Rental Operations/LIF	\$ 1,150	\$ 1,150
4190-000	Other Rental Operations/LIF		
4120-000	Rent Abatements	\$ -	\$ (448,709)
	<b>Total Rental Income</b>	<b>\$ 2,863,713</b>	<b>\$ 2,415,095</b>
<b><u>Tenant Recoveries</u></b>			
4210-000	Operating Escalation	\$ 98,488	\$ 98,488
4220-000	Re Tax Escalation	\$ 193,557	\$ 193,557
4249-000	Electric Inclusion	\$ 5,865	\$ 5,865
4250-000	Utilities Recoveries/Metered Electric	\$ 126,879	\$ 126,879
4255-000	Condenser Water	\$ 17,063	\$ 17,063
4265-000	Fixed Charges - HVAC	\$ 54,167	\$ 54,167
	<b>Total Tenant Recoveries</b>	<b>\$ 496,019</b>	<b>\$ 496,019</b>
<b><u>Other Income</u></b>			
4910-000	Other Non-Rental Income/Sundry & Misc.	\$ 52,500	\$ 52,500
4920-000	Interest Inc.-St. Investm.	\$ 2,000	\$ 2,000
	<b>Total Other Income</b>	<b>\$ 54,500</b>	<b>\$ 54,500</b>
	<b>TOTAL INCOME</b>	<b>\$ 3,414,233</b>	<b>\$ 2,965,614</b>
<b><u>OPERATING EXPENSES</u></b>			
<b><u>Utilities</u></b>			
5110-000	Electric/current occupancy	\$ 216,203	\$ 187,116
5130-000	Water & Sewer	\$ 8,501	\$ 8,501
5160-000	Steam	\$ 33,303	\$ 33,303
5170-000	Tenant Utilities Inclusion Expense	\$ 5,455	\$ 5,455
5180-000	Submeter reading	\$ 1,024	\$ 1,024
5195-000	Reimb.-Utilities	\$ 3,167	\$ 3,167
	<b>Total Utilities</b>	<b>\$ 267,653</b>	<b>\$ 238,566</b>
<b><u>Cleaning</u></b>			
5210-000	Cleaning contract	\$ 108,518	\$ 108,518
5220-000	Cleaning supplies/restroom supplies	\$ 6,852	\$ 6,852
5230-000	Window cleaning contract	\$ 12,010	\$ 12,010
5234-000	Window Wash-Exterior	\$ 2,250	\$ 2,250
5240-000	Freight Service	\$ 7,637	\$ 7,637
5290-000	Janitorial-Other	\$ 500	\$ 500
5294-000	Carpet Care	\$ 7,637	\$ 7,637
	<b>Total Cleaning</b>	<b>\$ 145,404</b>	<b>\$ 145,404</b>
<b><u>Local 94 Engineer</u></b>			
5560-000	Engineer staff payroll- 100 %	\$ 38,938	\$ 38,938
5561-000	Scheduled overtime & bonus	\$ 8,534	\$ 8,534
5563-000	Engineer staff payroll - Taxes	\$ 3,887	\$ 3,887
5564-000	Engineer staff payroll - Benefits	\$ 20,787	\$ 20,787
	<b>Total Local 94 Engineer</b>	<b>\$ 72,146</b>	<b>\$ 72,146</b>
<b><u>Elevator</u></b>			
5310-000	Elevator Contract	\$ 20,000	\$ 20,000
5320-000	Elevator repair & maintenance	\$ 1,250	\$ 1,250
5390-000	Elevator Permits & inspection	\$ 1,215	\$ 1,215
	<b>Total Elevator</b>	<b>\$ 22,465</b>	<b>\$ 22,465</b>
<b><u>HVAC</u></b>			
5410-000	HVAC R&M	\$ 3,997	\$ 3,997
5420-000	HVAC Supplies	\$ 508	\$ 508
5430-000	HVAC Water Treatment	\$ 1,945	\$ 1,945
	<b>Total HVAC</b>	<b>\$ 6,449</b>	<b>\$ 6,449</b>

**885 Third Avenue  
2010 Budget**

11/4/2010  
12:06 AM

		<b>2010</b>	
		<b>NOV</b>	<b>DEC</b>
<b><u>General Building Repair &amp; Maintenance</u></b>			
5510-000	Carpet repair / Replacement	\$ 400	\$ 400
5520-000	Electrical repair & maintenance	\$ 2,000	\$ 2,000
5525-000	Electrical Supplies	\$ 1,250	\$ 1,250
5530-000	Plumbing repair & maintenance	\$ 433	\$ 433
5535-000	Plumbing Supplies	\$ 600	\$ 600
5536-000	Metal Maintenance	\$ 3,583	\$ 3,583
5537-000	Pump Repair & Maintenance	\$ 833	\$ 833
5538-000	Tank Maintenance & Cleaning	\$ 292	\$ 292
5539-000	Air quality testing	\$ -	\$ -
5540-000	Misc. repair & maintenance exterior	\$ 400	\$ 400
5550-000	Misc. repair & maintenance interior	\$ 200	\$ 200
5555-000	Carpentry & Flooring	\$ 417	\$ 417
5565-000	Uniforms	\$ 300	\$ 300
5570-000	Fire Safety	\$ 1,300	\$ 1,300
5571-000	Life Safety	\$ 4,000	\$ 4,000
5572-000	Smoke Detector	\$ 4,200	\$ 4,200
5573-000	Fire extinguisher inspection	\$ 300	\$ 300
5580-000	Painting	\$ 1,800	\$ 1,800
5584-000	Electrical Infrared Scan	\$ 217	\$ 217
5587-000	BMS Sec. Access Maintenance	\$ 3,000	\$ 3,000
5588-000	Emergency Generator	\$ 500	\$ 500
5589-000	Windows, Glass & Canopies	\$ 500	\$ 500
5591-000	Radio Maintenance	\$ 200	\$ 200
5592-000	Repair & Maintenance Consultants	\$ 500	\$ 500
5593-000	Environmental Testing	\$ 200	\$ 200
5594-000	Eddy Current Test	\$ 150	\$ 150
5596-000	Hardware & Locksmith	\$ 100	\$ 100
5597-000	Revolving door inspection maintenance	\$ 350	\$ 350
	<b>Total Bldg R &amp; M</b>	<b>\$ 28,025</b>	<b>\$ 28,025</b>
<b><u>Lot &amp; Landscape</u></b>			
5610-000	Permits, Fees, Licenses	\$ 375	\$ 375
5620-000	Exterminating	\$ 200	\$ 200
5630-000	Trash Removal	\$ 1,625	\$ 1,625
5640-000	Façade Inspections	\$ 500	\$ 500
5650-000	Sidewalk repair	\$ 100	\$ 100
5660-000	Interior Landscaping	\$ 917	\$ 917
5655-000	Exterior Landscaping	\$ 208	\$ 208
5670-000	Steam System Maintenance	\$ 417	\$ 417
5680-000	Signs & Directory	\$ 150	\$ 150
5681-000	Tools & equipment	\$ 1,000	\$ 1,000
5682-000	Water Treatment Consultant	\$ 1,750	\$ 1,750
5690-000	Seasonal Decoration	\$ 1,083	\$ 1,083
5694-000	Misc. Special Projects	\$ -	\$ -
		<b>\$ 8,325</b>	<b>\$ 8,325</b>
<b><u>Security expense</u></b>			
5710-000	Security contract	\$ 61,500	\$ 61,500
5715-000	Fire drill contract and EAP training	\$ 1,000	\$ 1,000
5790-000	Add'l repairs security	\$ 254	\$ 254
5795-000	Security supplies	\$ 833	\$ 833
	<b>Total Security expense</b>	<b>\$ 63,587</b>	<b>\$ 63,587</b>
<b><u>General &amp; Administrative</u></b>			
5816-000	Computer Equip-repair & maintenance	\$ 208	\$ 208
5817-000	Office supplies	\$ 250	\$ 250
5818-000	Messenger Service	\$ 2,333	\$ 2,333
5819-000	Telephone, blackberry	\$ 1,900	\$ 1,900
5821-000	Information Technology Costs	\$ 1,100	\$ 1,100
5822-000	Tenant Relations	\$ 300	\$ 300
5823-000	Equipment lease / rental	\$ 325	\$ 325
5825-000	Postage & Delivery	\$ 42	\$ 42
5830-000	Salary	\$ 21,490	\$ 21,490
5830-000	Benefits (20%)	\$ 5,258	\$ 7,787
5830-000	Payroll Taxes( 9%)	\$ 2,159	\$ 2,159
5830-000	Bonus	\$ -	\$ 30,000
5836-000	Admin temporary help	\$ 200	\$ 200

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		<b>2010</b>	
		<b>NOV</b>	<b>DEC</b>
5840-000	Architect/Engineer - bldg.	\$ 833	\$ 833
5850-000	Filing Fees	\$ 338	\$ 338
5851-000	Building Office Contracts	\$ -	\$ -
5860-000	Dues	\$ 142	\$ 142
5890-000	Meals & entertainment	\$ 150	\$ 150
5895-000	Corporate Reimbursement expense	\$ 4,167	\$ 4,167
5820-000	Payroll recovery cost	\$ -	\$ -
5820-000	Misc. expense / PO system	\$ -	\$ -
<b>Total General &amp; Administrative</b>		<b>\$ 41,196</b>	<b>\$ 73,725</b>
<b><u>Tenant Reimbursed Expenses</u></b>			
6295-000	Tenant Miscellaneous Expense	\$ 440	\$ 440
	Tenant Work Order Expense	\$ 6,554	\$ 6,554
	Tenant Fixed HVAC Expense	\$ 9,076	\$ 9,076
	Tenant Freight Elevator Expense	\$ 3,790	\$ 3,790
	Tenant Overtime HVAC Expense	\$ 1,060	\$ 1,060
	Tenant Condenser Water Expense	\$ 720	\$ 720
	Tenant Steam Expense	\$ 600	\$ 600
<b>Total Reimbursed Expenses</b>		<b>\$ 22,240</b>	<b>\$ 22,240</b>
<b><u>Insurance</u></b>			
6010-000	Insurance	\$ 28,075	\$ 28,075
<b>Total Insurance</b>		<b>\$ 28,075</b>	<b>\$ 28,075</b>
<b><u>Management Fees</u></b>			
5810-000	Property Management fees	\$ 52,990	\$ 52,990
<b>Total Management Fees</b>		<b>\$ 52,990</b>	<b>\$ 52,990</b>
<b><u>Real Estate Taxes</u></b>			
5910-000	Real Estate Taxes	\$ 751,485	\$ 751,485
<b>Total Real Estate Taxes</b>		<b>\$ 751,485</b>	<b>\$ 751,485</b>
<b><u>Miscellaneous</u></b>		<b>\$300,000</b> <b>(Amount subject to written approval of RBC)</b>	
<b>TOTAL OPERATING EXPENSES</b>		<b>\$ 1,810,040</b>	<b>\$ 1,513,482</b>
<b><u>NON-OPERATING EXPENSES</u></b>			
7265-000	Asset Management fee	\$ 34,122	\$ 29,636
7270-000	Other Professional Fees	\$ 6,660	\$ 6,660
<b>TOTAL NON OPERATING EXPENSES</b>		<b>\$ 40,782</b>	<b>\$ 36,296</b>
<b>NET OPERATING INCOME</b>		<b>\$ 1,563,410</b>	<b>\$ 1,415,837</b>
<b><u>Ground Rent &amp; Debt Service</u></b>			
8200-000	Leasehold Rent	\$ 57,750	\$ 57,750
8220-000	Leasehold Rent (SL Green Ground Lease)	\$ 924,583	\$ 924,583
8310-000	Mort. Interest Exps (RBC)	See Note Below	See Note Below
<b>Note:</b> remaining cash available going to RBC againts Mortgage Interest Expense			

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		2011		
		JAN	FEB	MAR
<b><u>INCOME</u></b>				
<b><u>Rental Income</u></b>				
4110-000	Base Rent-Office	\$ 2,765,607	\$ 2,748,556	\$ 2,676,246
4113-000	Base Rent-Retail	\$ 36,982	\$ 36,982	\$ 36,982
4150-000	Storage Rent	\$ 11,056	\$ 11,056	\$ 11,056
4190-000	Other Rental Operations/LIF	\$ -	\$ 71,732	\$ -
4120-000	Rent Abatements	\$ (8,330)	\$ (42,251)	\$ (42,251)
	<b>Total Rental Income</b>	<b>\$ 2,805,315</b>	<b>\$ 2,826,074</b>	<b>\$ 2,682,032</b>
<b><u>Tenant Recoveries</u></b>				
4210-000	Operating Escalation	\$ 95,551	\$ 91,787	\$ 69,730
4220-000	Re Tax Escalation	\$ 190,751	\$ 191,159	\$ 163,595
4249-000	Electric Inclusion	\$ 6,996	\$ 5,838	\$ 5,297
4250-000	Utilities Recoveries/Metered Electric	\$ 132,200	\$ 142,000	\$ 135,700
4255-000	Condenser Water	\$ 23,900	\$ 23,900	\$ 23,900
4265-000	Fixed Charges - HVAC	\$ 54,167	\$ 54,167	\$ 54,167
	<b>Total Tenant Recoveries</b>	<b>\$ 503,564</b>	<b>\$ 508,851</b>	<b>\$ 452,388</b>
<b><u>Other Income</u></b>				
4900-000	Other Revenue	\$ 30,073	\$ 30,073	\$ 30,073
4910-000	Other Non-Rental Income/Sundry & Misc.	\$ 41,667	\$ 41,667	\$ 41,667
4920-000	Interest Inc.-St. Investm.	\$ 500	\$ 500	\$ 500
	<b>Total Other Income</b>	<b>\$ 72,240</b>	<b>\$ 72,240</b>	<b>\$ 72,240</b>
	<b>TOTAL INCOME</b>	<b>\$ 3,381,119</b>	<b>\$ 3,407,165</b>	<b>\$ 3,206,661</b>
<b><u>OPERATING EXPENSES - RECOVERABLE</u></b>				
<b><u>Utilities</u></b>				
5110-000	Electric/current occupancy	\$ 156,306	\$ 174,954	\$ 160,673
5130-000	Water & Sewer	\$ 9,008	\$ 9,008	\$ 9,008
5160-000	Steam	\$ 33,951	\$ 33,951	\$ 33,951
5180-000	Submeter reading	\$ 1,232	\$ 1,232	\$ 1,232
	<b>Total Utilities</b>	<b>\$ 200,496</b>	<b>\$ 219,144</b>	<b>\$ 204,863</b>
<b><u>Cleaning</u></b>				
5210-000	Cleaning contract	\$ 113,465	\$ 113,465	\$ 113,465
5220-000	Cleaning supplies/restroom supplies	\$ 7,164	\$ 7,164	\$ 7,164
5230-000	Window cleaning contract	\$ 12,558	\$ 12,558	\$ 12,558
5234-000	Window Wash-Exterior	\$ 2,542	\$ 2,542	\$ 2,542
5240-000	Freight Service	\$ 7,985	\$ 7,985	\$ 7,985
5290-000	Janitorial-Other	\$ 1,000	\$ 1,000	\$ 1,000
5294-000	Carpet Care	\$ 7,985	\$ 7,985	\$ 7,985
	<b>Total Cleaning</b>	<b>\$ 152,699</b>	<b>\$ 152,699</b>	<b>\$ 152,699</b>
<b><u>Local 94 Engineer</u></b>				
5560-000	Engineer staff payroll- 100 %	\$ 42,072	\$ 42,072	\$ 42,072
5561-000	Scheduled overtime & bonus	\$ 8,876	\$ 8,876	\$ 8,876
5563-000	Engineer staff payroll - Taxes	\$ 4,182	\$ 4,182	\$ 4,182
5564-000	Engineer staff payroll - Benefits	\$ 21,615	\$ 21,615	\$ 21,615
	<b>Total Local 94 Engineer</b>	<b>\$ 76,745</b>	<b>\$ 76,745</b>	<b>\$ 76,745</b>
<b><u>Elevator</u></b>				
5310-000	Elevator Contract	\$ 19,563	\$ 19,563	\$ 19,563
5320-000	Elevator repair & maintenance	\$ 1,833	\$ 1,833	\$ 1,833
5390-000	Elevator Permits & inspection	\$ 1,625	\$ 1,625	\$ 1,625
	<b>Total Elevator</b>	<b>\$ 23,021</b>	<b>\$ 23,021</b>	<b>\$ 23,021</b>
<b><u>HVAC</u></b>				
5410-000	HVAC R&M	\$ 3,997	\$ 3,997	\$ 3,997
5420-000	HVAC Supplies	\$ 508	\$ 508	\$ 508
5430-000	HVAC Water Treatment	\$ 2,232	\$ 2,232	\$ 2,232
	<b>Total HVAC</b>	<b>\$ 6,736</b>	<b>\$ 6,736</b>	<b>\$ 6,736</b>
<b><u>General Building Repair &amp; Maintenance</u></b>				
5510-000	Carpet repair / Replacement	\$ 400	\$ 400	\$ 400
5520-000	Electrical repair & maintenance	\$ 1,792	\$ 1,792	\$ 1,792
5525-000	Electrical Supplies	\$ 1,250	\$ 1,250	\$ 1,250
5530-000	Plumbing repair & maintenance	\$ 433	\$ 433	\$ 433
5535-000	Plumbing Supplies	\$ 600	\$ 600	\$ 600

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		2011		
		JAN	FEB	MAR
5536-000	Metal Maintenance	\$ 2,917	\$ 2,917	\$ 2,917
5537-000	Pump Repair & Maintenance	\$ 833	\$ 833	\$ 833
5538-000	Tank Maintenance & Cleaning	\$ 292	\$ 292	\$ 292
5539-000	Air quality testing	\$ 750	\$ -	\$ -
5540-000	Misc. repair & maintenance exterior	\$ 400	\$ 400	\$ 400
5550-000	Misc. repair & maintenance interior	\$ 200	\$ 200	\$ 200
5555-000	Carpentry & Flooring	\$ 375	\$ 375	\$ 375
5565-000	Uniforms	\$ 317	\$ 317	\$ 317
5570-000	Fire Safety	\$ 1,300	\$ 1,300	\$ 1,300
5571-000	Life Safety	\$ 3,750	\$ 3,750	\$ 3,750
5572-000	Smoke Detector	\$ 4,326	\$ 4,326	\$ 4,326
5573-000	Fire extinguisher inspection	\$ 267	\$ 267	\$ 267
5580-000	Painting	\$ 1,800	\$ 1,800	\$ 1,800
5584-000	Electrical Infrared Scan	\$ 217	\$ 217	\$ 217
5587-000	BMS Sec. Access Maintenance	\$ 2,917	\$ 2,917	\$ 2,917
5588-000	Emergency Generator	\$ 500	\$ 500	\$ 500
5589-000	Windows, Glass & Canopies	\$ 458	\$ 458	\$ 458
5591-000	Radio Maintenance	\$ 2,900	\$ 200	\$ 200
5592-000	Repair & Maintenance Consultants	\$ 475	\$ 475	\$ 475
5593-000	Environmental Testing	\$ 183	\$ 183	\$ 183
5594-000	Eddy Current Test	\$ 138	\$ 138	\$ 138
5596-000	Hardware & Locksmith	\$ 100	\$ 100	\$ 100
5597-000	Revolving door inspection maintenance	\$ 350	\$ 350	\$ 350
<b>Total Bldg R &amp; M</b>		<b>\$ 30,239</b>	<b>\$ 26,789</b>	<b>\$ 26,789</b>
<b><u>Lot &amp; Landscape</u></b>				
5610-000	Permits, Fees, Licenses	\$ 375	\$ 375	\$ 375
5620-000	Exterminating	\$ 200	\$ 200	\$ 200
5630-000	Trash Removal	\$ 1,625	\$ 1,625	\$ 1,625
5640-000	Façade Inspections	\$ 7,500	\$ 7,500	\$ -
5660-000	Interior Landscaping	\$ 833	\$ 833	\$ 833
5655-000	Exterior Landscaping	\$ 208	\$ 208	\$ 208
5670-000	Steam System Maintenance	\$ 417	\$ 417	\$ 417
5680-000	Signs & Directory	\$ 150	\$ 150	\$ 150
5681-000	Tools & equipment	\$ 1,000	\$ 1,000	\$ 1,000
5682-000	Water Treatment Consultant	\$ 1,750	\$ 1,750	\$ 1,750
5690-000	Seasonal Decoration	\$ 1,083	\$ 1,083	\$ 1,083
5694-000	Security Cameras	\$ 25,000	\$ 25,000	\$ 25,000
<b>Total Lot &amp; Landscape</b>		<b>\$ 40,142</b>	<b>\$ 40,142</b>	<b>\$ 32,642</b>
<b><u>Security expense</u></b>				
5710-000	Security contract	\$ 63,417	\$ 63,417	\$ 63,417
5715-000	Fire drill contract and EAP training	\$ 1,000	\$ 1,000	\$ 1,000
5790-000	Add'l repairs security	\$ 254	\$ 254	\$ 254
5795-000	Security supplies	\$ 833	\$ 833	\$ 833
<b>Total Security expense</b>		<b>\$ 65,504</b>	<b>\$ 65,504</b>	<b>\$ 65,504</b>



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		2011		
		JAN	FEB	MAR
<b><u>General &amp; Administrative</u></b>				
5816-000	Computer Equip-repair & maintenance	\$ 208	\$ 208	\$ 208
5817-000	Office supplies	\$ 417	\$ 417	\$ 417
5818-000	Messenger Service	\$ 2,333	\$ 2,333	\$ 2,333
5819-000	Telephone, blackberry	\$ 1,917	\$ 1,917	\$ 1,917
5821-000	Information Technology Costs	\$ 1,100	\$ 1,100	\$ 1,100
5822-000	Tenant Relations	\$ 300	\$ 300	\$ 300
5823-000	Equipment lease / rental	\$ 375	\$ 375	\$ 375
5825-000	Postage & Delivery	\$ 42	\$ 42	\$ 42
5830-000	Salary	\$ 30,750	\$ 30,750	\$ 30,750
5830-000	Bonus	\$ -	\$ -	\$ -
5836-000	Admin temporary help	\$ 167	\$ 167	\$ 167
5840-000	Architect/Engineer - bldg.	\$ 750	\$ 750	\$ 750
5850-000	Filing Fees	\$ 338	\$ 338	\$ 338
5860-000	Dues	\$ 142	\$ 142	\$ 142
5890-000	Meals & entertainment	\$ 150	\$ 150	\$ 150
<b>Total General &amp; Administrative</b>		<b>\$ 38,989</b>	<b>\$ 38,989</b>	<b>\$ 38,989</b>
<b><u>Tenant Reimbursed Expenses</u></b>				
6295-000	Tenant Miscellaneous Expense	\$ 440	\$ 440	\$ 440
	Tenant Work Order Expense	\$ 6,554	\$ 6,554	\$ 6,554
	Tenant Fixed HVAC Expense	\$ 9,076	\$ 9,076	\$ 9,076
	Tenant Freight Elevator Expense	\$ 4,263	\$ 4,263	\$ 4,263
	Tenant Overtime HVAC Expense	\$ 1,193	\$ 1,193	\$ 1,193
	Tenant Condenser Water Expense	\$ 810	\$ 810	\$ 810
	Tenant Steam Expense	\$ 600	\$ 600	\$ 600
<b>Total Reimbursed Expenses</b>		<b>\$ 22,936</b>	<b>\$ 22,936</b>	<b>\$ 22,936</b>
<b><u>Insurance</u></b>				
6010-000	Insurance	\$ 25,523	\$ 25,523	\$ 25,523
<b>Total Insurance</b>		<b>\$ 25,523</b>	<b>\$ 25,523</b>	<b>\$ 25,523</b>
<b><u>Management Fees</u></b>				
5810-000	Property Management fees	\$ 52,990	\$ 52,990	\$ 52,990
<b>Total Management Fees</b>		<b>\$ 52,990</b>	<b>\$ 52,990</b>	<b>\$ 52,990</b>
<b><u>Real Estate Taxes</u></b>				
5910-000	Real Estate Taxes	\$ 733,078	\$ 733,078	\$ 733,078
5920-000	BID Taxes	\$ 3,673	\$ 3,673	\$ 3,673
5930-000	Consulting-Property Taxes	\$ -	\$ -	\$ -
<b>Total Real Estate Taxes</b>		<b>\$ 736,751</b>	<b>\$ 736,751</b>	<b>\$ 736,751</b>
<b>TOTAL OPERATING EXPENSES - RECOVERABLE</b>		<b>\$ 1,472,770</b>	<b>\$ 1,487,968</b>	<b>\$ 1,466,187</b>
<b><u>OPERATING EXPENSES - NON-RECOVERABLE</u></b>				
7220-000	Data Processing Fees/Bank Srv Fees	\$ 3,064	\$ 3,064	\$ 3,064
7265-000	Asset Management fee	\$ 33,806	\$ 34,067	\$ 32,062
<b>TOTAL OPERATING EXPENSES - NON-RECOVERABLE</b>		<b>\$ 36,870</b>	<b>\$ 37,131</b>	<b>\$ 35,126</b>
<b>TOTAL OPERATING EXPENSES</b>		<b>\$ 1,509,641</b>	<b>\$ 1,525,099</b>	<b>\$ 1,501,313</b>
<b>NET OPERATING INCOME</b>		<b>\$ 1,871,479</b>	<b>\$ 1,882,066</b>	<b>\$ 1,705,348</b>
<b><u>Debt Service</u></b>				
8200-000	Leasehold Rent	\$ 63,250	\$ 63,250	\$ 63,250
8220-000	Leasehold Rent (SL Green Ground Lease)	\$ 924,583	\$ 924,583	\$ 924,583
8310-000	Mort. Interest Exps (RBC)	See Note Below	See Note Below	See Note Below
<b>Note:</b> remaining cash available going to RBC againts Mortgage Interest Expense				

EXHIBIT B

Initial Budget

**885 Third Avenue  
2010 Budget**

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		<b>2010</b>	
		<b>NOV</b>	<b>DEC</b>
<b><u>INCOME</u></b>			
<b><u>Rental Income</u></b>			
4110-000	Base Rent-Office	\$ 2,820,933	\$ 2,821,024
4113-000	Base Rent-Retail	\$ 36,000	\$ 36,000
4150-000	Storage Rent	\$ 5,630	\$ 5,630
4190-000	Other Rental Operations/LIF	\$ 1,150	\$ 1,150
4190-000	Other Rental Operations/LIF		
4120-000	Rent Abatements	\$ -	\$ (448,709)
	<b>Total Rental Income</b>	<b>\$ 2,863,713</b>	<b>\$ 2,415,095</b>
<b><u>Tenant Recoveries</u></b>			
4210-000	Operating Escalation	\$ 98,488	\$ 98,488
4220-000	Re Tax Escalation	\$ 193,557	\$ 193,557
4249-000	Electric Inclusion	\$ 5,865	\$ 5,865
4250-000	Utilities Recoveries/Metered Electric	\$ 126,879	\$ 126,879
4255-000	Condenser Water	\$ 17,063	\$ 17,063
4265-000	Fixed Charges - HVAC	\$ 54,167	\$ 54,167
	<b>Total Tenant Recoveries</b>	<b>\$ 496,019</b>	<b>\$ 496,019</b>
<b><u>Other Income</u></b>			
4910-000	Other Non-Rental Income/Sundry & Misc.	\$ 52,500	\$ 52,500
4920-000	Interest Inc.-St. Investm.	\$ 2,000	\$ 2,000
	<b>Total Other Income</b>	<b>\$ 54,500</b>	<b>\$ 54,500</b>
	<b>TOTAL INCOME</b>	<b>\$ 3,414,233</b>	<b>\$ 2,965,614</b>
<b><u>OPERATING EXPENSES</u></b>			
<b><u>Utilities</u></b>			
5110-000	Electric/current occupancy	\$ 216,203	\$ 187,116
5130-000	Water & Sewer	\$ 8,501	\$ 8,501
5160-000	Steam	\$ 33,303	\$ 33,303
5170-000	Tenant Utilities Inclusion Expense	\$ 5,455	\$ 5,455
5180-000	Submeter reading	\$ 1,024	\$ 1,024
5195-000	Reimb.-Utilities	\$ 3,167	\$ 3,167
	<b>Total Utilities</b>	<b>\$ 267,653</b>	<b>\$ 238,566</b>
<b><u>Cleaning</u></b>			
5210-000	Cleaning contract	\$ 108,518	\$ 108,518
5220-000	Cleaning supplies/restroom supplies	\$ 6,852	\$ 6,852
5230-000	Window cleaning contract	\$ 12,010	\$ 12,010
5234-000	Window Wash-Exterior	\$ 2,250	\$ 2,250
5240-000	Freight Service	\$ 7,637	\$ 7,637
5290-000	Janitorial-Other	\$ 500	\$ 500
5294-000	Carpet Care	\$ 7,637	\$ 7,637
	<b>Total Cleaning</b>	<b>\$ 145,404</b>	<b>\$ 145,404</b>
<b><u>Local 94 Engineer</u></b>			
5560-000	Engineer staff payroll- 100 %	\$ 38,938	\$ 38,938
5561-000	Scheduled overtime & bonus	\$ 8,534	\$ 8,534
5563-000	Engineer staff payroll - Taxes	\$ 3,887	\$ 3,887
5564-000	Engineer staff payroll - Benefits	\$ 20,787	\$ 20,787
	<b>Total Local 94 Engineer</b>	<b>\$ 72,146</b>	<b>\$ 72,146</b>
<b><u>Elevator</u></b>			
5310-000	Elevator Contract	\$ 20,000	\$ 20,000
5320-000	Elevator repair & maintenance	\$ 1,250	\$ 1,250
5390-000	Elevator Permits & inspection	\$ 1,215	\$ 1,215
		<b>\$ 22,465</b>	<b>\$ 22,465</b>
<b><u>HVAC</u></b>			
5410-000	HVAC R&M	\$ 3,997	\$ 3,997
5420-000	HVAC Supplies	\$ 508	\$ 508
5430-000	HVAC Water Treatment	\$ 1,945	\$ 1,945
		<b>\$ 6,449</b>	<b>\$ 6,449</b>

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		<b>2010</b>	
		<b>NOV</b>	<b>DEC</b>
<b><u>General Building Repair &amp; Maintenance</u></b>			
5510-000	Carpet repair / Replacement	\$ 400	\$ 400
5520-000	Electrical repair & maintenance	\$ 2,000	\$ 2,000
5525-000	Electrical Supplies	\$ 1,250	\$ 1,250
5530-000	Plumbing repair & maintenance	\$ 433	\$ 433
5535-000	Plumbing Supplies	\$ 600	\$ 600
5536-000	Metal Maintenance	\$ 3,583	\$ 3,583
5537-000	Pump Repair & Maintenance	\$ 833	\$ 833
5538-000	Tank Maintenance & Cleaning	\$ 292	\$ 292
5539-000	Air quality testing	\$ -	\$ -
5540-000	Misc. repair & maintenance exterior	\$ 400	\$ 400
5550-000	Misc. repair & maintenance interior	\$ 200	\$ 200
5555-000	Carpentry & Flooring	\$ 417	\$ 417
5565-000	Uniforms	\$ 300	\$ 300
5570-000	Fire Safety	\$ 1,300	\$ 1,300
5571-000	Life Safety	\$ 4,000	\$ 4,000
5572-000	Smoke Detector	\$ 4,200	\$ 4,200
5573-000	Fire extinguisher inspection	\$ 300	\$ 300
5580-000	Painting	\$ 1,800	\$ 1,800
5584-000	Electrical Infrared Scan	\$ 217	\$ 217
5587-000	BMS Sec. Access Maintenance	\$ 3,000	\$ 3,000
5588-000	Emergency Generator	\$ 500	\$ 500
5589-000	Windows, Glass & Canopies	\$ 500	\$ 500
5591-000	Radio Maintenance	\$ 200	\$ 200
5592-000	Repair & Maintenance Consultants	\$ 500	\$ 500
5593-000	Environmental Testing	\$ 200	\$ 200
5594-000	Eddy Current Test	\$ 150	\$ 150
5596-000	Hardware & Locksmith	\$ 100	\$ 100
5597-000	Revolving door inspection maintenance	\$ 350	\$ 350
	<b>Total Bldg R &amp; M</b>	<b>\$ 28,025</b>	<b>\$ 28,025</b>
<b><u>Lot &amp; Landscape</u></b>			
5610-000	Permits, Fees, Licenses	\$ 375	\$ 375
5620-000	Exterminating	\$ 200	\$ 200
5630-000	Trash Removal	\$ 1,625	\$ 1,625
5640-000	Façade Inspections	\$ 500	\$ 500
5650-000	Sidewalk repair	\$ 100	\$ 100
5660-000	Interior Landscaping	\$ 917	\$ 917
5655-000	Exterior Landscaping	\$ 208	\$ 208
5670-000	Steam System Maintenance	\$ 417	\$ 417
5680-000	Signs & Directory	\$ 150	\$ 150
5681-000	Tools & equipment	\$ 1,000	\$ 1,000
5682-000	Water Treatment Consultant	\$ 1,750	\$ 1,750
5690-000	Seasonal Decoration	\$ 1,083	\$ 1,083
5694-000	Misc. Special Projects	\$ -	\$ -
		<b>\$ 8,325</b>	<b>\$ 8,325</b>
<b><u>Security expense</u></b>			
5710-000	Security contract	\$ 61,500	\$ 61,500
5715-000	Fire drill contract and EAP training	\$ 1,000	\$ 1,000
5790-000	Add'l repairs security	\$ 254	\$ 254
5795-000	Security supplies	\$ 833	\$ 833
	<b>Total Security expense</b>	<b>\$ 63,587</b>	<b>\$ 63,587</b>
<b><u>General &amp; Administrative</u></b>			
5816-000	Computer Equip-repair & maintenance	\$ 208	\$ 208
5817-000	Office supplies	\$ 250	\$ 250
5818-000	Messenger Service	\$ 2,333	\$ 2,333
5819-000	Telephone, blackberry	\$ 1,900	\$ 1,900
5821-000	Information Technology Costs	\$ 1,100	\$ 1,100
5822-000	Tenant Relations	\$ 300	\$ 300
5823-000	Equipment lease / rental	\$ 325	\$ 325
5825-000	Postage & Delivery	\$ 42	\$ 42
5830-000	Salary	\$ 21,490	\$ 21,490
5830-000	Benefits (20%)	\$ 5,258	\$ 7,787
5830-000	Payroll Taxes( 9%)	\$ 2,159	\$ 2,159
5830-000	Bonus	\$ -	\$ 30,000
5836-000	Admin temporary help	\$ 200	\$ 200

**885 Third Avenue  
2010 Budget**

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		<b>2010</b>	
		<b>NOV</b>	<b>DEC</b>
5840-000	Architect/Engineer - bldg.	\$ 833	\$ 833
5850-000	Filing Fees	\$ 338	\$ 338
5851-000	Building Office Contracts	\$ -	\$ -
5860-000	Dues	\$ 142	\$ 142
5890-000	Meals & entertainment	\$ 150	\$ 150
5895-000	Corporate Reimbursement expense	\$ 4,167	\$ 4,167
5820-000	Payroll recovery cost	\$ -	\$ -
5820-000	Misc. expense / PO system	\$ -	\$ -
<b>Total General &amp; Administrative</b>		<b>\$ 41,196</b>	<b>\$ 73,725</b>
<b><u>Tenant Reimbursed Expenses</u></b>			
6295-000	Tenant Miscellaneous Expense	\$ 440	\$ 440
	Tenant Work Order Expense	\$ 6,554	\$ 6,554
	Tenant Fixed HVAC Expense	\$ 9,076	\$ 9,076
	Tenant Freight Elevator Expense	\$ 3,790	\$ 3,790
	Tenant Overtime HVAC Expense	\$ 1,060	\$ 1,060
	Tenant Condenser Water Expense	\$ 720	\$ 720
	Tenant Steam Expense	\$ 600	\$ 600
<b>Total Reimbursed Expenses</b>		<b>\$ 22,240</b>	<b>\$ 22,240</b>
<b><u>Insurance</u></b>			
6010-000	Insurance	\$ 28,075	\$ 28,075
<b>Total Insurance</b>		<b>\$ 28,075</b>	<b>\$ 28,075</b>
<b><u>Management Fees</u></b>			
5810-000	Property Management fees	\$ 52,990	\$ 52,990
<b>Total Management Fees</b>		<b>\$ 52,990</b>	<b>\$ 52,990</b>
<b><u>Real Estate Taxes</u></b>			
5910-000	Real Estate Taxes	\$ 751,485	\$ 751,485
<b>Total Real Estate Taxes</b>		<b>\$ 751,485</b>	<b>\$ 751,485</b>
<b><u>Miscellaneous</u></b>		<b>\$300,000</b> <b>(Amount subject to written approval of RBC)</b>	
<b>TOTAL OPERATING EXPENSES</b>		<b>\$ 1,810,040</b>	<b>\$ 1,513,482</b>
<b><u>NON-OPERATING EXPENSES</u></b>			
7265-000	Asset Management fee	\$ 34,122	\$ 29,636
7270-000	Other Professional Fees	\$ 6,660	\$ 6,660
<b>TOTAL NON OPERATING EXPENSES</b>		<b>\$ 40,782</b>	<b>\$ 36,296</b>
<b>NET OPERATING INCOME</b>		<b>\$ 1,563,410</b>	<b>\$ 1,415,837</b>
<b><u>Ground Rent &amp; Debt Service</u></b>			
8200-000	Leasehold Rent	\$ 57,750	\$ 57,750
8220-000	Leasehold Rent (SL Green Ground Lease)	\$ 924,583	\$ 924,583
8310-000	Mort. Interest Exps (RBC)	See Note Below	See Note Below
<b>Note:</b> remaining cash available going to RBC againts Mortgage Interest Expense			

**885 Third Avenue  
2011 Budget**

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		2011		
		JAN	FEB	MAR
<b><u>INCOME</u></b>				
<b><u>Rental Income</u></b>				
4110-000	Base Rent-Office	\$ 2,765,607	\$ 2,748,556	\$ 2,676,246
4113-000	Base Rent-Retail	\$ 36,982	\$ 36,982	\$ 36,982
4150-000	Storage Rent	\$ 11,056	\$ 11,056	\$ 11,056
4190-000	Other Rental Operations/LIF	\$ -	\$ 71,732	\$ -
4120-000	Rent Abatements	\$ (8,330)	\$ (42,251)	\$ (42,251)
	<b>Total Rental Income</b>	<b>\$ 2,805,315</b>	<b>\$ 2,826,074</b>	<b>\$ 2,682,032</b>
<b><u>Tenant Recoveries</u></b>				
4210-000	Operating Escalation	\$ 95,551	\$ 91,787	\$ 69,730
4220-000	Re Tax Escalation	\$ 190,751	\$ 191,159	\$ 163,595
4249-000	Electric Inclusion	\$ 6,996	\$ 5,838	\$ 5,297
4250-000	Utilities Recoveries/Metered Electric	\$ 132,200	\$ 142,000	\$ 135,700
4255-000	Condenser Water	\$ 23,900	\$ 23,900	\$ 23,900
4265-000	Fixed Charges - HVAC	\$ 54,167	\$ 54,167	\$ 54,167
	<b>Total Tenant Recoveries</b>	<b>\$ 503,564</b>	<b>\$ 508,851</b>	<b>\$ 452,388</b>
<b><u>Other Income</u></b>				
4900-000	Other Revenue	\$ 30,073	\$ 30,073	\$ 30,073
4910-000	Other Non-Rental Income/Sundry & Misc.	\$ 41,667	\$ 41,667	\$ 41,667
4920-000	Interest Inc.-St. Investm.	\$ 500	\$ 500	\$ 500
	<b>Total Other Income</b>	<b>\$ 72,240</b>	<b>\$ 72,240</b>	<b>\$ 72,240</b>
	<b>TOTAL INCOME</b>	<b>\$ 3,381,119</b>	<b>\$ 3,407,165</b>	<b>\$ 3,206,661</b>
<b><u>OPERATING EXPENSES - RECOVERABLE</u></b>				
<b><u>Utilities</u></b>				
5110-000	Electric/current occupancy	\$ 156,306	\$ 174,954	\$ 160,673
5130-000	Water & Sewer	\$ 9,008	\$ 9,008	\$ 9,008
5160-000	Steam	\$ 33,951	\$ 33,951	\$ 33,951
5180-000	Submeter reading	\$ 1,232	\$ 1,232	\$ 1,232
	<b>Total Utilities</b>	<b>\$ 200,496</b>	<b>\$ 219,144</b>	<b>\$ 204,863</b>
<b><u>Cleaning</u></b>				
5210-000	Cleaning contract	\$ 113,465	\$ 113,465	\$ 113,465
5220-000	Cleaning supplies/restroom supplies	\$ 7,164	\$ 7,164	\$ 7,164
5230-000	Window cleaning contract	\$ 12,558	\$ 12,558	\$ 12,558
5234-000	Window Wash-Exterior	\$ 2,542	\$ 2,542	\$ 2,542
5240-000	Freight Service	\$ 7,985	\$ 7,985	\$ 7,985
5290-000	Janitorial-Other	\$ 1,000	\$ 1,000	\$ 1,000
5294-000	Carpet Care	\$ 7,985	\$ 7,985	\$ 7,985
	<b>Total Cleaning</b>	<b>\$ 152,699</b>	<b>\$ 152,699</b>	<b>\$ 152,699</b>
<b><u>Local 94 Engineer</u></b>				
5560-000	Engineer staff payroll- 100 %	\$ 42,072	\$ 42,072	\$ 42,072
5561-000	Scheduled overtime & bonus	\$ 8,876	\$ 8,876	\$ 8,876
5563-000	Engineer staff payroll - Taxes	\$ 4,182	\$ 4,182	\$ 4,182
5564-000	Engineer staff payroll - Benefits	\$ 21,615	\$ 21,615	\$ 21,615
	<b>Total Local 94 Engineer</b>	<b>\$ 76,745</b>	<b>\$ 76,745</b>	<b>\$ 76,745</b>
<b><u>Elevator</u></b>				
5310-000	Elevator Contract	\$ 19,563	\$ 19,563	\$ 19,563
5320-000	Elevator repair & maintenance	\$ 1,833	\$ 1,833	\$ 1,833
5390-000	Elevator Permits & inspection	\$ 1,625	\$ 1,625	\$ 1,625
	<b>Total Elevator</b>	<b>\$ 23,021</b>	<b>\$ 23,021</b>	<b>\$ 23,021</b>
<b><u>HVAC</u></b>				
5410-000	HVAC R&M	\$ 3,997	\$ 3,997	\$ 3,997
5420-000	HVAC Supplies	\$ 508	\$ 508	\$ 508
5430-000	HVAC Water Treatment	\$ 2,232	\$ 2,232	\$ 2,232
	<b>Total HVAC</b>	<b>\$ 6,736</b>	<b>\$ 6,736</b>	<b>\$ 6,736</b>
<b><u>General Building Repair &amp; Maintenance</u></b>				
5510-000	Carpet repair / Replacement	\$ 400	\$ 400	\$ 400
5520-000	Electrical repair & maintenance	\$ 1,792	\$ 1,792	\$ 1,792
5525-000	Electrical Supplies	\$ 1,250	\$ 1,250	\$ 1,250
5530-000	Plumbing repair & maintenance	\$ 433	\$ 433	\$ 433
5535-000	Plumbing Supplies	\$ 600	\$ 600	\$ 600

**885 Third Avenue  
2011 Budget**

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		2011		
		JAN	FEB	MAR
5536-000	Metal Maintenance	\$ 2,917	\$ 2,917	\$ 2,917
5537-000	Pump Repair & Maintenance	\$ 833	\$ 833	\$ 833
5538-000	Tank Maintenance & Cleaning	\$ 292	\$ 292	\$ 292
5539-000	Air quality testing	\$ 750	\$ -	\$ -
5540-000	Misc. repair & maintenance exterior	\$ 400	\$ 400	\$ 400
5550-000	Misc. repair & maintenance interior	\$ 200	\$ 200	\$ 200
5555-000	Carpentry & Flooring	\$ 375	\$ 375	\$ 375
5565-000	Uniforms	\$ 317	\$ 317	\$ 317
5570-000	Fire Safety	\$ 1,300	\$ 1,300	\$ 1,300
5571-000	Life Safety	\$ 3,750	\$ 3,750	\$ 3,750
5572-000	Smoke Detector	\$ 4,326	\$ 4,326	\$ 4,326
5573-000	Fire extinguisher inspection	\$ 267	\$ 267	\$ 267
5580-000	Painting	\$ 1,800	\$ 1,800	\$ 1,800
5584-000	Electrical Infrared Scan	\$ 217	\$ 217	\$ 217
5587-000	BMS Sec. Access Maintenance	\$ 2,917	\$ 2,917	\$ 2,917
5588-000	Emergency Generator	\$ 500	\$ 500	\$ 500
5589-000	Windows, Glass & Canopies	\$ 458	\$ 458	\$ 458
5591-000	Radio Maintenance	\$ 2,900	\$ 200	\$ 200
5592-000	Repair & Maintenance Consultants	\$ 475	\$ 475	\$ 475
5593-000	Environmental Testing	\$ 183	\$ 183	\$ 183
5594-000	Eddy Current Test	\$ 138	\$ 138	\$ 138
5596-000	Hardware & Locksmith	\$ 100	\$ 100	\$ 100
5597-000	Revolving door inspection maintenance	\$ 350	\$ 350	\$ 350
<b>Total Bldg R &amp; M</b>		<b>\$ 30,239</b>	<b>\$ 26,789</b>	<b>\$ 26,789</b>
<b><u>Lot &amp; Landscape</u></b>				
5610-000	Permits, Fees, Licenses	\$ 375	\$ 375	\$ 375
5620-000	Exterminating	\$ 200	\$ 200	\$ 200
5630-000	Trash Removal	\$ 1,625	\$ 1,625	\$ 1,625
5640-000	Façade Inspections	\$ 7,500	\$ 7,500	\$ -
5660-000	Interior Landscaping	\$ 833	\$ 833	\$ 833
5655-000	Exterior Landscaping	\$ 208	\$ 208	\$ 208
5670-000	Steam System Maintenance	\$ 417	\$ 417	\$ 417
5680-000	Signs & Directory	\$ 150	\$ 150	\$ 150
5681-000	Tools & equipment	\$ 1,000	\$ 1,000	\$ 1,000
5682-000	Water Treatment Consultant	\$ 1,750	\$ 1,750	\$ 1,750
5690-000	Seasonal Decoration	\$ 1,083	\$ 1,083	\$ 1,083
5694-000	Security Cameras	\$ 25,000	\$ 25,000	\$ 25,000
<b>Total Lot &amp; Landscape</b>		<b>\$ 40,142</b>	<b>\$ 40,142</b>	<b>\$ 32,642</b>
<b><u>Security expense</u></b>				
5710-000	Security contract	\$ 63,417	\$ 63,417	\$ 63,417
5715-000	Fire drill contract and EAP training	\$ 1,000	\$ 1,000	\$ 1,000
5790-000	Add'l repairs security	\$ 254	\$ 254	\$ 254
5795-000	Security supplies	\$ 833	\$ 833	\$ 833
<b>Total Security expense</b>		<b>\$ 65,504</b>	<b>\$ 65,504</b>	<b>\$ 65,504</b>

**885 Third Avenue  
2011 Budget**

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		2011		
		JAN	FEB	MAR
<b><u>General &amp; Administrative</u></b>				
5816-000	Computer Equip-repair & maintenance	\$ 208	\$ 208	\$ 208
5817-000	Office supplies	\$ 417	\$ 417	\$ 417
5818-000	Messenger Service	\$ 2,333	\$ 2,333	\$ 2,333
5819-000	Telephone, blackberry	\$ 1,917	\$ 1,917	\$ 1,917
5821-000	Information Technology Costs	\$ 1,100	\$ 1,100	\$ 1,100
5822-000	Tenant Relations	\$ 300	\$ 300	\$ 300
5823-000	Equipment lease / rental	\$ 375	\$ 375	\$ 375
5825-000	Postage & Delivery	\$ 42	\$ 42	\$ 42
5830-000	Salary	\$ 30,750	\$ 30,750	\$ 30,750
5830-000	Bonus	\$ -	\$ -	\$ -
5836-000	Admin temporary help	\$ 167	\$ 167	\$ 167
5840-000	Architect/Engineer - bldg.	\$ 750	\$ 750	\$ 750
5850-000	Filing Fees	\$ 338	\$ 338	\$ 338
5860-000	Dues	\$ 142	\$ 142	\$ 142
5890-000	Meals & entertainment	\$ 150	\$ 150	\$ 150
<b>Total General &amp; Administrative</b>		<b>\$ 38,989</b>	<b>\$ 38,989</b>	<b>\$ 38,989</b>
<b><u>Tenant Reimbursed Expenses</u></b>				
6295-000	Tenant Miscellaneous Expense	\$ 440	\$ 440	\$ 440
	Tenant Work Order Expense	\$ 6,554	\$ 6,554	\$ 6,554
	Tenant Fixed HVAC Expense	\$ 9,076	\$ 9,076	\$ 9,076
	Tenant Freight Elevator Expense	\$ 4,263	\$ 4,263	\$ 4,263
	Tenant Overtime HVAC Expense	\$ 1,193	\$ 1,193	\$ 1,193
	Tenant Condenser Water Expense	\$ 810	\$ 810	\$ 810
	Tenant Steam Expense	\$ 600	\$ 600	\$ 600
<b>Total Reimbursed Expenses</b>		<b>\$ 22,936</b>	<b>\$ 22,936</b>	<b>\$ 22,936</b>
<b><u>Insurance</u></b>				
6010-000	Insurance	\$ 25,523	\$ 25,523	\$ 25,523
<b>Total Insurance</b>		<b>\$ 25,523</b>	<b>\$ 25,523</b>	<b>\$ 25,523</b>
<b><u>Management Fees</u></b>				
5810-000	Property Management fees	\$ 52,990	\$ 52,990	\$ 52,990
<b>Total Management Fees</b>		<b>\$ 52,990</b>	<b>\$ 52,990</b>	<b>\$ 52,990</b>
<b><u>Real Estate Taxes</u></b>				
5910-000	Real Estate Taxes	\$ 733,078	\$ 733,078	\$ 733,078
5920-000	BID Taxes	\$ 3,673	\$ 3,673	\$ 3,673
5930-000	Consulting-Property Taxes	\$ -	\$ -	\$ -
<b>Total Real Estate Taxes</b>		<b>\$ 736,751</b>	<b>\$ 736,751</b>	<b>\$ 736,751</b>
<b>TOTAL OPERATING EXPENSES - RECOVERABLE</b>		<b>\$ 1,472,770</b>	<b>\$ 1,487,968</b>	<b>\$ 1,466,187</b>
<b><u>OPERATING EXPENSES - NON-RECOVERABLE</u></b>				
7220-000	Data Processing Fees/Bank Srv Fees	\$ 3,064	\$ 3,064	\$ 3,064
7265-000	Asset Management fee	\$ 33,806	\$ 34,067	\$ 32,062
<b>TOTAL OPERATING EXPENSES - NON-RECOVERABLE</b>		<b>\$ 36,870</b>	<b>\$ 37,131</b>	<b>\$ 35,126</b>
<b>TOTAL OPERATING EXPENSES</b>		<b>\$ 1,509,641</b>	<b>\$ 1,525,099</b>	<b>\$ 1,501,313</b>
<b>NET OPERATING INCOME</b>		<b>\$ 1,871,479</b>	<b>\$ 1,882,066</b>	<b>\$ 1,705,348</b>
<b><u>Debt Service</u></b>				
8200-000	Leasehold Rent	\$ 63,250	\$ 63,250	\$ 63,250
8220-000	Leasehold Rent (SL Green Ground Lease)	\$ 924,583	\$ 924,583	\$ 924,583
8310-000	Mort. Interest Exps (RBC)	See Note Below	See Note Below	See Note Below
<b>Note:</b> remaining cash available going to RBC againts Mortgage Interest Expense				