

The General Motors Building- Macklowe Properties acquired this 2,000,000 square foot trophy property in September 2003 for a purchase price of \$1.4 billion, which represented the largest single-asset real estate transaction in the United States at the time. The property was purchased solely by Macklowe, and the acquisition was closed in less than 30-days from contract execution. The purchase was financed with \$1.2 billion of debt.

Macklowe completed a comprehensive \$150 million repositioning program to reenergize the GM Building into one of Manhattan's most recognizable and iconic trophy office buildings. As a result of the extensive repositioning and highly attentive management program, the company has been able to successfully execute office leases at record-setting rents exceeding \$200 per SF, as well as retail rents in excess of \$1,000 per SF.

At the time of acquisition, the building generated an annual NOI of approximately \$60 million. After acquiring the building, Macklowe succeeded in increasing the property's NOI to more than \$130 million (a growth of over 100%) through property improvements such as a comprehensive lobby renovation, an extensive office and retail leasing effort, and the redevelopment of the Fifth Avenue and Madison Avenue retail space.

The property was first recapitalized in January 2005, with new senior debt of \$1.1 billion, and \$300 million of preferred equity from Jamestown, a German retail real estate syndicator. The recapitalization allowed Macklowe to replace its floating-rate acquisition mortgage financing with long-term fixed-rate debt, and provided the funding necessary to successfully implement the repositioning plan for the property.

By redeveloping the Fifth Avenue Plaza to provide for Apple Inc.'s revolutionary belowstreet flagship store design, and extending the Madison Avenue facing storefronts to the street line to create additional space for high-end, exclusive retail stores such as Bally's, Porsche Design and FAO Schwartz, Macklowe has secured long-term, cash flow and added significant value to this property.

As part of the redesign of the Fifth Avenue Plaza, and extraordinary 32-foot glass cube element has converted approximately 23,000 SF of previously unusable below-street concourse and retail space into Apple's largest and only 24-hour flagship store and product showroom. On average, approximately 1,000 people per hour pass through the store. This innovative glass cube has been widely praised by the public, city officials, and architectural circles. The attendant plaza redesign has brought a new sense of life and vibrancy to the once-empty plaza. Recently, the Cube and Plaza ranked #50 in the American Institute of Architect's list of America's favorite architectural structures.





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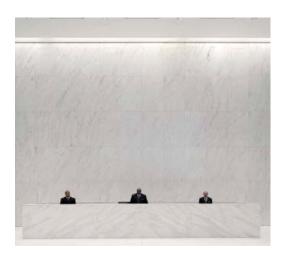
In addition to its successes on the GM Building's Fifth Avenue side, Macklowe also reconfigured the Madison Avenue side of the building, extending the recessed storefronts to the highly trafficked sidewalk. This resulted in the addition of approximately 14,000 SF of new street-level retail space located directly on the city's most valuable retail corridor. This new retail space has yielded an additional \$17 million of annual base rent, generating approximately \$350 million in added value to the building.

As part of its plan to provide the building's high-end corporate tenants with the luxury surroundings that they demand, Macklowe implemented a comprehensive refurbishment of the building's lobby and public spaces, thereby restoring the building to its original grandeur. This was accompanied by the implementation of an extremely "hands on" and tenant-service focused building management program, which represented a tremendous improvement over the detached, institutional management style that had characterized the previous owners. All of these improvements have contributed to the GM Building's ability to achieve some of the highest rents in Manhattan, at rates that were previously thought to be unattainable.

In December 2006, the property was recapitalized again, with \$1.9 billion in new senior debt. This recapitalization provided Macklowe with the opportunity to buy their preferred equity partner's (Jamestown) interest in accordance with the partnership agreement. Macklowe became the sole owner of the General Motor's Building, with an equity interest valued at over \$1.0 billion. Over the two-year holding period, Macklowe's preferred equity partner earned an internal rate of return ("IRR") of approximately 40%.

In May of 2008, Macklowe announced the sale of the GM Building to Boston Properties for approximately \$2.9 billion, the highest price ever paid for a U.S. office property. Upon the consummation of this transaction, Macklowe retained a non-controlling interest in the landmark building.

GENERAL MOTORS BUILDING 767 FIFTH









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