RECKSON ASSOCIATES REALTY CORP
Form 10-K
March 21, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2000

OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to

Commission File Number 1-13762

RECKSON ASSOCIATES REALTY CORP.
(Exact name of registrant as specified in its charter)

MARYLAND	11-3233650
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
225 BROADHOLLOW ROAD, MELVILLE, NY (Address of principal executive offices)	11747 (Zip Code)

Registrant's telephone number, including area code: (631) 694-6900

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of Each Exchange on Which Registered
Class A common stock, $.01 par value	New York Stock Exchange
Class B common stock, $.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-K. [ ]

The aggregate market value of the shares of Class A common stock and Class B common stock held by non-affiliates was approximately $1,197.1 million based on the closing prices on the New York Stock Exchange for such shares on March 20, 2001.

The Company has two class' of common stock, issued at $.01 par value per share with 45,812,864 and 10,283,513 shares of Class A common stock and Class B common stock outstanding, respectively as of March 23, 2001.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Annual Shareholder's Meeting to be held May 24, 2001 are incorporated by reference into Part III.

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PART I

ITEM 1. BUSINESS

GENERAL

Reckson Associates Realty Corp. was incorporated in September 1994 and commenced operations effective with the completion of its initial public offering on June 2, 1995. Reckson Associates Realty Corp., together with Reckson Operating Partnership, L.P. (the "Operating Partnership"), and their affiliates (collectively, the "Company") were formed for the purpose of continuing the commercial real estate business of Reckson Associates, its affiliated partnerships and other entities ("Reckson"). For more than 40 years, Reckson has been engaged in the business of owning, developing, acquiring, constructing, managing and leasing office and industrial properties in the New York tri-state area (the "Tri-State Area"). Based on industry surveys, management believes that the Company is one of the largest owners and operators of Class A suburban and commercial business district ("CBD") office properties and industrial properties in the Tri-State Area. The Company operates as a fully-integrated, self-administered and self-managed real estate investment trust ("REIT"). As of December 31, 2000, the Company owned 188 properties (the "Properties") (including 10 joint venture properties) in the Tri-State Area encompassing approximately 21.3 million rentable square feet, all of which are managed by the Company. The Properties consist of 65 Class A office properties (the "Suburban Office Properties") encompassing approximately 9.1 million rentable square feet, 17 Class A CBD Office Properties) encompassing approximately 5.3 million rentable square feet (together, the "Office Properties"), 104 industrial properties (the "Industrial Properties") encompassing approximately 6.8 million rentable square feet and two 10,000 square foot retail properties. The Company also owns a 357,000 square foot office building located in Orlando, Florida. In addition, as of December 31, 2000, the Company had approximately $6.4 million invested in certain mortgage indebtedness encumbering approximately 101 acres of land, approximately $17 million in a note receivable secured by a partnership interest in Omni Partners, L. P., owner of the Omni, a 575,000 square foot Class A Office Property located in Uniondale, New York and $36.5 million under three notes which are secured by a minority partner's preferred unit interest in the Operating Partnership (the "Note Receivable Investments"). As of December 31, 2000, the Company is in the process of developing a 315,000 square foot office building and also owned approximately 290 acres of land in 13 separate parcels on which the Company can develop approximately 1.4 million square feet of office space and approximately 224,000 square feet of industrial space.

During 1999 and 2000, the Company made investments in REIT-qualified joint ventures with Reckson Strategic Venture Partners, LLC ("RSVP"), a venture capital fund created as a research and development vehicle for the Company to invest in alternative real estate sectors (see Corporate Strategies and Growth Opportunities). RSVP is managed by an affiliate of FrontLine Capital Group ("FrontLine"). The Company has committed up to $100 million for investments in the form of either (i) RSVP-controlled (REIT-qualified) joint ventures or (ii) loans to FrontLine for FrontLine's investment in RSVP. As of December 31, 2000, the Company has invested approximately $41.1 million in RSVP -- controlled (REIT-qualified) joint ventures. In March 2001, the Company increased the RSVP Commitment to $110 million and advanced approximately $24 million under the RSVP Commitment to fund additional RSVP-controlled (REIT-qualified) joint ventures.

The Office Properties are Class A office buildings and are well-located, well-maintained and professionally managed. In addition, these properties are modern with high finishes or have been modernized to successfully compete with newer buildings and achieve among the highest rent, occupancy and tenant retention rates within their markets. The majority of the Suburban Office Properties are located in ten planned office parks. The Office Properties are tenanted by a diverse industry group of national firms which include consumer products, telecommunication, health care, insurance, financial services and professional service firms such as accounting firms and securities brokerage houses. The Industrial Properties are utilized for distribution, warehousing, research and development and light manufacturing / assembly activities and are located primarily in three planned industrial parks developed by Reckson.

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All of the Company's interests in the Properties, the Note Receivable Investments and land are held directly or indirectly by, and all of its operations are conducted through, the Operating Partnership. Reckson Associates Realty Corp. controls the Operating Partnership as the sole general partner and as of December 31, 2000, owned approximately 88% of the Operating Partnership's outstanding common units of limited partnership ("OP Units") and Class B common units of limited partnership interest.

The Company seeks to maintain cash reserves for normal repairs, replacements, improvements, working capital and other contingencies. The Company has established an unsecured credit facility (the "Credit Facility") with a maximum borrowing amount of $575 million scheduled to mature on September 7, 2003. The Credit Facility requires the Company to comply with a number of financial and other covenants on an ongoing basis.

There are numerous commercial properties that compete with the Company in attracting tenants and numerous companies that compete in selecting land for development and properties for acquisition.

In order to protect the Company's ability to qualify as a REIT, ownership of its common stock by any single stockholder is limited to 9%, subject to certain exceptions.

The Company's principal executive offices are located at 225 Broadhollow Road, Melville, New York 11747 and its telephone number at that location is (631) 694-6900. At December 31, 2000, the Company had approximately 317 employees.

RECENT DEVELOPMENTS

Acquisition Activity.

Set forth below is a brief description of the Company's major acquisition activity during 2000.

On January 13, 2000, the Company acquired 1350 Avenue of the Americas, a 540,000 square foot, 35 story, CBD Office Property, located in New York City, for a purchase price of approximately $126.5 million. This acquisition was financed through a $70 million secured debt financing and a draw under the Credit Facility.

On August 15, 2000, the Company acquired 538 Broadhollow Road, a 180,000 square foot Suburban Office Property located in Melville, New York for a purchase price of approximately $25.6 million. This acquisition was financed, in part, through a borrowing under the Credit Facility.

In addition, as of December 31, 2000, the Company has invested approximately $6.4 million in certain mortgage indebtedness encumbering approximately 101 acres of land. The Company has also loaned approximately $17 million to its minority partner in Omni, its 575,000 square foot flagship Long Island Suburban Office Property, and effectively increased its economic interest in the property owning partnership.

On August 9, 1999, the Company executed a contract for the sale, which took place in three stages, of its interest in Reckson Morris Operating Partnership, L. P. ("RMI"), which consisted of 28 properties, comprising approximately 6.1 million square feet and three other big box industrial properties to Keystone Property Trust ("KTR"). In addition, the Company also entered into a sale agreement with the Matrix Development Group ("Matrix") relating to a first mortgage note and certain industrial land holdings (the "Matrix Sale"). The combined total sales price of $310 million ($52 million of which is attributable to the Morris Companies and its affiliates in the form of $41.6 million of preferred units of KTR's operating partnership and $10.4 million of debt relief) consisted of (i) approximately $159.7 million in cash, (ii) $41.5 million in convertible preferred and common stock of KTR, (iii) $61.6 million in preferred units of KTR's operating partnership, (iv) approximately $37.1 million of debt relief and (v) approximately $10.1 million in purchase money mortgage notes secured by certain land that is being sold to Matrix.

As of December 31, 2000, the Matrix Sale and the sale of the Company's interest in RMI was completed. As a result, the Company realized a gain of approximately $16.7 million. Such gain has been included in gain on dispositions of real estate on the Company's consolidated statements of income. Cash proceeds from the sales were used primarily to repay borrowings under the Company's Credit Facility.

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In addition, the Company redeemed approximately $20 million of the preferred stock of KTR and received principal repayments of approximately $7.2 million related to the purchase money mortgage notes, all of which was used primarily for general operating expenditures.

Leasing Activity

During the year ended December 31, 2000, the Company leased approximately 800,000 square feet at the CBD Office Properties at an average effective rent (i.e., base rent adjusted on a straight-line basis for free rent periods, tenant improvements and leasing commissions) of $32.80 per square foot, approximately 1.9 million square feet at the Suburban Office Properties at an average effective rent of $22.90 per square foot and approximately 1.3 million square feet at the Industrial Properties at an average effective rent of $7.29 per square foot. Included in this leasing data is 753,701 square feet at the Long Island Suburban Office Properties at an average effective rent of $24.07; 590,022 square feet at the Westchester Suburban Office Properties at an average effective rent of $23.01; 319,174 square feet at the Westchester CBD Office Properties at an average effective rent of $23.77; 149,301 square feet at the Connecticut CBD Office Properties at an average effective rent of $26.25; 548,878 square feet at the New Jersey Suburban Office Properties at an average effective rent of $21.19 and 331,442 square feet at the New York City CBD Office Properties at an average effective rent of $44.44. Also included in this leasing data is 1,222,932 square feet at the Long Island Industrial Properties at an average effective rent of $6.88; 48,568 square feet at the Westchester Industries Properties at an average effective rent of $17.26 and 16,150 square feet at the New Jersey Industrial Properties at an average effective rent of $8.96.

Financing Activities

On September 7, 2000, the Company obtained its three year $575 million unsecured revolving Credit Facility from The Chase Manhattan Bank, as administrative agent, UBS Warburg LLC as syndication agent and Deutsche Bank as documentation agent. The Credit Facility matures in September, 2003 and borrowings under the Credit Facility are currently priced off of LIBOR plus 105 basis points.

The Credit Facility replaced the Company's existing $500 million unsecured credit facility (together with the Credit Facility, the "Credit Facility") and $75 million term loan. As a result, certain deferred loan costs incurred in connection with such unsecured credit facility and term loan were written off. Such amount is reflected as an extraordinary loss in the Company's consolidated statements of income.

The Company utilizes the Credit Facility primarily to finance real estate investments, fund its real estate development activities and for working capital purposes. At December 31, 2000, the Company had availability under the Credit Facility to borrow an additional $358.4 million (of which, $51.3 million has been allocated for outstanding undrawn letters of credit).

Other Financing Activities

On January 13, 2000, in connection with the acquisition of 1350 Avenue of the Americas, the Company obtained a secured $70 million first mortgage commitment which matures in August 2001 and bears interest at LIBOR plus 165 basis points

On November 2, 2000, the Company obtained a three year secured $250 million first mortgage commitment on the property located at 919 Third Avenue, New York N. Y. Interest rates on borrowings under the commitment are based on LIBOR plus a spread ranging from 110 basis points to 140 basis points based upon the outstanding balance. At closing, $200 million was funded under the commitment at an interest rate of LIBOR plus 120 basis points. In addition, in connection with the $200 million initial funding, the Company purchased a LIBOR interest rate hedge that provides for a maximum LIBOR rate of 9.25%. The initial funding was used primarily to repay outstanding borrowings under the Company's Credit Facility.

Stock Offerings

On June 20, 2000, the Company issued 4,181,818 shares of Class A common stock in exchange for four million shares of Series B Convertible Cumulative Preferred Stock with a liquidation preference value of $100 million.

CORPORATE STRATEGIES AND GROWTH OPPORTUNITIES

The Company's primary business objectives are to maximize current return to stockholders through increases in distributable cash flow per share and to increase stockholders' long-term total return through the appreciation in value of its common stock. The Company plans to achieve these objectives by continuing Reckson's corporate strategies and capitalizing on the internal and external growth opportunities as described below.

Corporate Strategies. Management believes that throughout its 40-year operating history, Reckson has created value in its properties through a variety of market cycles by implementing the operating strategies described below. These operating strategies include the implementation of: (i) a multidisciplinary leasing approach that involves architectural design and construction personnel as well as leasing professionals, (ii) innovative property marketing programs such as the broker frequent leasing points program which was established by the Company to enhance relationships with the brokerage community and which allows brokers to accumulate points for leasing space in the Company's portfolio which can be redeemed for luxurious prizes, (iii) a comprehensive tenant service program and property amenities designed to maximize tenant satisfaction and retention, (iv) cost control management and systems that take advantage of economies of scale that arise from the Company's market position and efficiencies attributable to the state-of-the-art energy control systems at many of the Office Properties and (v) an acquisition and development strategy that is continuously adjusted in light of anticipated changes in market conditions and that seeks to capitalize on management's multidisciplinary expertise and market knowledge to modify, upgrade and reposition a property in its marketplace in order to maximize value.

The Company also intends to adhere to a policy of maintaining a debt ratio (defined as the total debt of the Company as a percentage of the sum of the Company's total debt and the market value of its equity) of less than 50%. As of December 31, 2000, the Company's debt ratio was approximately 40.6%. This calculation is net of minority partners' proportionate share of debt and including the Company's share of unconsolidated joint venture debt. This debt ratio is intended to provide the Company with financial flexibility to select the optimal source of capital (whether debt or equity) with which to finance external growth.

Growth Opportunities. The Company intends to achieve its primary business objectives by applying its corporate strategies to the internal and external growth opportunities described below.

Internal Growth. To the extent the Long Island, Westchester, New Jersey and Southern Connecticut suburban office and industrial markets remain strong with supply constrained markets management believes the Company is well positioned to benefit from rental revenue growth through: (i) contractual annual compounding of 3-4% Base Rent increases (defined as fixed gross rental amounts that excludes payments on account of real estate taxes, operating expense escalations and base electrical charges) on approximately 85% of existing leases at the Long Island Properties, (ii) periodic contractual increases in Base Rent on existing leases at the Westchester Properties, the New Jersey Properties and the Southern Connecticut Properties and (iii) the potential for increases to Base Rents as leases expire and space is re-leased at the higher rents that exist in the current market environment as a result of continued tightening of the office and industrial markets with limited new supply.

In connection with the Company's acquisition and merger transaction with Tower Realty Trust, Inc. (see External Growth below) the Company entered the New York City office market. The New York City office market is currently experiencing favorable supply and demand characteristics exceeding those currently in the Company's suburban markets and is also characterized by similar lack of available land supply and other barriers to entry that limit competition. The Company's New York City office buildings offer similar potential for increase in Base Rents as described in (iii) above.

External Growth. The Company seeks to acquire multi-tenant suburban and CBD Class A office and industrial properties located in the Tri-State Area. Management believes that the Tri-State Area presents opportunities to acquire or invest in properties at attractive yields. The Company believes that its (i) capital structure, in particular its Credit Facility providing for a maximum borrowing amount of up to $575 million, (ii) ability to acquire a property for OP Units and thereby defer the seller's income tax on gain,

(iii) operating economies of scale, (iv) relationships with financial institutions and private real estate owners, (v) fully integrated operations in its five existing divisions and (vi) its dominant position and franchise in the submarkets in which it owns Properties will enhance the Company's ability to identify and capitalize on acquisition opportunities. The Company also intends to selectively develop new Class A suburban and CBD office and industrial properties and to continue to redevelop existing Properties as these opportunities arise. For the near future, the Company will concentrate its development activities on industrial and Class A Suburban and CBD office properties within the Tri-State Area. The Company's expansion into the New York

City office market and the opening of its New York City division provides it with additional opportunities to acquire interests in properties at attractive yields. The Company also believes that the addition of its New York City division provides additional leasing and operational facilities and enhances its overall franchise value by being the only real estate operating company in the Tri-State Area with significant presence in both Manhattan and each of the surrounding sub-markets.

During 1997, the Company formed FrontLine (formerly Reckson Service Industries, Inc.) and RSVP. In connection with the formation of FrontLine, the Operating Partnership established a credit facility with FrontLine (the "FrontLine Facility") in the amount of $100 million for FrontLine to use in its investment activities, operations and other general corporate purposes. As of December 31, 2000, the Company had advanced approximately $93.4 million under the FrontLine Facility. In addition, the Operating Partnership approved the funding of investments of up to $100 million with or in RSVP (the "RSVP Commitment"), through RSVP-controlled joint ventures (for REIT-qualified investments) or advances made to FrontLine under terms similar to the FrontLine Facility. As of December 31, 2000, approximately $83.2 million had been funded through the RSVP Commitment, of which $41.1 million represents investments in RSVP-controlled (REIT-qualified) joint ventures and $42.1 million represents advances. In March 2001, the Company increased the RSVP Commitment to $110 million and advanced approximately $24 million under the RSVP Commitment to fund additional RSVP-controlled (REIT-qualified) joint ventures. In addition, as of December 31, 2000, the Company, through its Credit Facility, has allocated approximately $3.2 million in outstanding undrawn letters of credit for the benefit of FrontLine. Both the FrontLine Facility and the RSVP Commitment have a term of five years and advances under each are recourse obligations of FrontLine. Interest accrues on advances made under the credit facilities at a rate equal to the greater of (a) the prime rate plus two percent and (b) 12% per annum, with the rate on amounts that are outstanding for more than one year increasing annually at a rate of four percent of the prior year's rate. Prior to maturity, interest is payable quarterly but only to the extent of net cash flow of FrontLine and on an interest-only basis. As of December 31, 2000, interest accrued under the FrontLine Facility and RSVP Commitment was approximately $13.8 million.

FrontLine currently has two distinct operating units: one of which represents its interest in HQ Global Holdings, Inc., the largest provider of flexible officing solutions in the world, and the other which represents interests in technology based partner companies. RSVP invests primarily in real estate and real estate related operating companies generally outside of the Company's core office and industrial focus.

On August 27, 1998 the Company announced the formation of a joint venture with RSVP and the Dominion Group, an Oklahoma-based, privately-owned group of companies that focuses on the development, acquisition and ownership of government occupied office buildings and correctional facilities. The new venture, Dominion Properties LLC (the "Dominion Venture"), is owned by Dominion Venture Group LLC, and by a subsidiary of the Company. The Dominion Venture is primarily engaged in acquiring, developing and/or owning government-occupied office buildings and privately operated correctional facilities. Under the Dominion Venture's operating agreement, RSVP may invest up to $100 million, some of which may be invested by the Company (the "RSVP Capital"). The initial contribution of RSVP Capital was approximately $39 million of which approximately $10.1 million was invested by a subsidiary of the Company. The Company's investment was funded through the RSVP Commitment. In addition, the Company advanced approximately $3.3 million to FrontLine through the RSVP Commitment for an investment in RSVP which was then invested on a joint venture basis with the Dominion Group in certain service business activities related to the real estate activities. As of December 31, 2000, the Company had invested, through the RSVP Commitment, approximately $20.6 million in the Dominion

Venture which had investments in 13 government office buildings and three correctional facilities.

As of December 31, 2000, the Company has invested approximately $11.1 million, through a subsidiary, in RAP Student Housing Properties, LLC ("RAP -- SHP"), a company that engages primarily in the acquisition and development of off-campus student housing projects. The Company's investment was funded through the RSVP Commitment. In addition, the Company has advanced approximately $3.5 million to FrontLine through the RSVP Commitment for an investment in RSVP which was then invested in certain service business activities related to student housing. As of December 31, 2000, RAP -- SHP had investments in seven off -- campus student housing projects. Additionally, during 2000, RAP-SHP entered into an off -- campus development joint venture with Titan Investments II, a third party national developer. The purpose of the venture is to develop or reposition off -- campus student housing projects across the United States.

As of December 31, 2000, the Company has invested approximately $3.4 million, through a subsidiary, in RAP MD, LLC ("RAP -- MD"), a company that engages primarily in the acquisition, ownership, management and development of medical office properties. The Company's investment was funded through the RSVP Commitment. As of December 31, 2000, RAP -- MD had investments in eight medical office properties.

On September 28, 2000, the Company formed a joint venture (the "Tri-State JV") with Teachers Insurance and Annuity Association ("TIAA") and contributed eight Office Properties aggregating approximately 1.5 million square feet to the Tri-State JV in exchange for approximately $136 million and a 51% majority ownership interest in the Tri-State JV. As a result, the Company realized a gain of approximately $15.2 million. Such gain has been included in gain on dispositions of real estate on the Company's consolidated statements of income. Cash proceeds received were used primarily to repay borrowings under the Credit Facility.

In July 1998, the Company formed a joint venture, Metropolitan Partners LLC ("Metropolitan"), with Crescent Real Estate Equities Company, a Texas REIT ("Crescent") for the purpose of acquiring Tower Realty Trust, Inc. ("Tower"). On May 24, 1999 the Company completed the merger with Tower and acquired three Class A CBD Office Properties located in New York City totaling 1.6 million square feet and one Suburban Office Property located on Long Island totaling approximately 101,000 square feet. In addition, pursuant to the merger, the Company also acquired certain office properties, a property under development and land located outside of the Tri-State Area.

The Company controls Metropolitan and owns 100% of the common equity; Crescent owns a $85 million preferred equity investment in Metropolitan. Crescent's investment accrues distributions at a rate of 7.5% per annum for a two-year period (May 24, 1999 through May 24, 2001) and may be redeemed by Metropolitan at any time during that period for $85 million, plus an amount sufficient to provide a 9.5% internal rate of return. If Metropolitan does not redeem the preferred interest, upon the expiration of the two-year period, Crescent must convert its $85 million preferred interest into either (i) a common membership interest in Metropolitan or (ii) shares of the Company's Class A common stock at a conversion price of $24.61 per share.

Prior to the closing of the merger, the Company arranged for the sale of four of Tower's Class B New York City properties, comprising approximately 701,000 square feet for approximately $84.5 million. Subsequent to the closing of the merger, the Company has sold a real estate joint venture interest and all of the property located outside the Tri-State Area other than one office property located in Orlando, Florida for approximately $171.1 million. The combined consideration consisted of approximately $143.8 million in cash and approximately $27.3 million of debt relief. Net cash proceeds from the sales were used primarily to repay borrowings under the Company's Credit Facility. As a result of incurring certain sales and closing costs in connection with the sale of the assets located outside the Tri-State Area, the Company has incurred a loss of approximately $4.4 million which has been included in gain (loss) on dispositions of real estate on the Company's consolidated statements of income.

Subsequent to the closing of the merger, the Company acquired title to 919 Third Avenue and 1350 Avenue of the Americas located in New York City. The Company holds all of the Properties in its New York City division through Metropolitan.

ENVIRONMENTAL MATTERS

Under various Federal, state and local laws, ordinances and regulations, an owner of real estate is liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. These laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property is generally not limited under such enactments and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of such substances at a disposal or treatment facility, whether or not such facility is owned or operated by such person. Certain environmental laws govern the removal, encapsulation or disturbance of asbestos-containing materials ("ACMs") when such materials are in poor condition, or in the event of renovation or demolition. Such laws impose liability for release of ACMs into the air and third parties may seek recovery from owners or operators of real properties for personal injury associated with ACMs. In connection with the ownership (direct or indirect), operation, management and development of real properties, the Company may be considered an owner or operator of such properties or as having arranged for the disposal or treatment of hazardous or toxic substances and, therefore, potentially liable for removal or remediation costs, as well as certain other related costs, including governmental fines and injuries to persons and property.

All of the Office Properties and all of the Industrial Properties have been subjected to a Phase I or similar environmental audit after April 1, 1994 (which involved general inspections without soil sampling, ground water analysis or radon testing and, for the Properties constructed in 1978 or earlier, survey inspections to ascertain the existence of ACMs were conducted) completed by independent environmental consultant companies (except for 35 Pinelawn Road which was originally developed by Reckson and subjected to a Phase 1 in April 1992). These environmental audits have not revealed any environmental liability that would have a material adverse effect on the Company's business.

ITEM 2. PROPERTIES

GENERAL

As of December 31, 2000, the Company owned and operated 188 Properties (including 10 joint venture office properties but excluding the RSVP -- controlled joint ventures) in the Tri-State Area encompassing approximately 21.3 million square feet. These properties consist of 65 Class A Suburban Office Properties encompassing approximately 9.1 million square feet and 17 Class A CBD Office Properties encompassing approximately 5.3 million square feet. 104 Industrial Properties encompassing approximately 6.8 million rentable square feet and two free-standing 10,000 square foot retail properties. The Company also owns a 357,000 square foot Class A office building in Orlando, Florida. The rentable square feet of each property has been determined for these purposes based on the aggregate leased square footage specified in currently effective leases and, with respect to vacant space, management's estimate. In addition, as of December 31, 2000, the Company is in the process of developing a 315,000 square foot office building and owned approximately 290 acres of land in 13 separate parcels of on which the Company can develop approximately 1.4 million square feet of office space and approximately 224,000 square feet of industrial space.

Reckson has historically emphasized the development and acquisition of properties that are in strong CBD markets or are part of large scale office and industrial parks. Approximately 37% (measured by rentable square footage) of the Office Properties are CBD Office Properties. In addition, approximately 67% of the Suburban Office Properties and approximately 59% of the Industrial Properties are located in such parks (measured by rentable square footage). The Company believes that owning properties in planned office and industrial parks provides certain strategic advantages, including the following: (i) certain tenants prefer being located in a park with other high quality companies to enhance their corporate image, (ii) parks afford tenants certain aesthetic amenities such as a common landscaping plan,

standardization of signage and common dining and recreational facilities, (iii) tenants may expand (or contract) their business within a park, enabling them to centralize business functions and (iv) a park provides tenants with access to other tenants and may facilitate business relationships between tenants.

Set forth below is a summary of certain information relating to the Properties, categorized by Office and Industrial Properties, as of December 31, 2000.

OFFICE PROPERTIES

General

As of December 31, 2000, the Company owned or had an interest in 65 Class A Suburban Office Properties encompassing approximately 9.1 million square feet and 17 Class A CBD Office Properties encompassing approximately 5.3 million square feet. As of December 31, 2000, these Office Properties were approximately 97.2% leased (percent leased excludes properties under development) to approximately 1,100 tenants.

The Office Properties are Class A office buildings and are well-located, well-maintained and professionally managed. In addition, these properties are modern with high finishes and achieve among the highest rent, occupancy and tenant retention rates within their sub-markets. Forty two of the 65 Suburban Office Properties are located in the following ten planned office parks: the North Shore Atrium, the Huntington Melville Corporate Center, the Nassau West Corporate Center, the Tarrytown Corporate Center, the Executive Hill Office Park, the Reckson Executive Park, the University Square Office Complex, the

Summit at Valhalla, the Mt. Pleasant Corporate Center, and the Short Hills Office Complex. The buildings in these office parks offer a full array of amenities including health clubs, racquetball courts, sun decks, restaurants, computer controlled HVAC access systems and conference centers. Management believes that the location, quality of construction and amenities as well as the Company's reputation for providing a high level of tenant service have enabled the Company to attract and retain a national tenant base. The office tenants include national service companies, such as telecommunications firms, "Big Five" accounting firms, securities brokerage houses, insurance companies and health care providers.

The Office Properties are leased to both national and local tenants. Leases on the Office Properties are typically written for terms ranging from five to ten years and require: (i) payment of a fixed gross rental amount that excludes payments on account of real estate tax, operating expense escalations and base electrical charges ("Base Rent"), (ii) payment of a base electrical charge, (iii) payment of real estate tax escalations over a base year, (iv) payment of compounded annual increases to Base Rent and/or payment of operating expense escalations over a base year, (v) payment of overtime HVAC and electric and (vi) payment of electric escalations over a base year. In virtually all leases, the landlord is responsible for structural repairs. Renewal provisions typically provide for renewal rates at market rates or a percentage thereof, provided that such rates are not less than the most recent renewal rates.

The following table sets forth certain information as of December 31, 2000 for each of the Office Properties.

PROPERTY	PERCENTAGE OWNERSHIP	OWNERSHIP INTEREST (GROUND LEASE EXPIRATION DATE) (1)	YEAR CONSTRUCTED	LAND AREA (ACRES)
Office Properties:				
Huntington Melville Corporate Center, Melville, NY				
395 North Service Rd	100%	Leasehold (2,081)	1988	7.5
200 Broadhollow Rd	100%	Fee	1981	4.6
48 South Service Rd	100%	Fee	1986	7.3
35 Pinelawn Rd	100%	Fee	1980	6.0
275 Broadhollow Rd	51%	Fee	1970	5.8
58 South Service Rd (3)	100%	Fee	2000	16.5
1305 Old Walt Whitman Rd	51%	Fee	1998(5)	18.1
Total--Huntington Melville Corporate Center (4)				65.8

PROPERTY	NUMBER OF FLOORS	RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL BASE RENT (2)	ANNUAL BASE RENT PER LEASED SQ. FT.

Office Properties:					
Huntington Melville Corporate Center, Melville, NY					
395 North Service Rd	4	187,393	99.3%	$ 4,924,316	$ 26.47
200 Broadhollow Rd	4	67,432	100.0%	$ 1,553,502	$ 23.04
48 South Service Rd	4	125,372	100.0%	$ 3,145,035	$ 25.08
35 Pinelawn Rd	2	105,241	92.5%	$ 2,011,350	$ 20.66
275 Broadhollow Rd	4	124,441	99.6%	$ 2,833,490	$ 22.85
58 South Service Rd (3)	4	277,500	--	--	--
1305 Old Walt Whitman Rd	3	167,400	98.1%	$ 4,124,735	$ 25.13
Total--Huntington Melville Corporate Center (4)		1,054,779	98.6%	$18,592,428	$ 24.28

PROPERTY	PERCENTAGE OWNERSHIP	OWNERSHIP INTEREST (GROUND LEASE EXPIRATION DATE) (1)	YEAR CONSTRUCTED	LAND AREA (ACRES)
North Shore Atrium, Syosset, NY				
6800 Jericho Turnpike (North Shore Atrium I)	100%	Fee	1977	13.0
6900 Jericho Turnpike (North Shore Atrium II)	100%	Fee	1982	5.0
Total--North Shore Atrium				18.0
Nassau West Corporate Center, Mitchel Field, NY				
50 Charles Lindbergh Blvd. (Nassau West Corporate Center II)	100%	Leasehold (2,082)	1984	9.1
60 Charles Lindbergh Blvd. (Nassau West Corporate Center I)	100%	Leasehold (2,082)	1989	7.8
51 Charles Lindbergh Blvd.	100%	Leasehold (2,084)	1989	6.6
55 Charles Lindbergh Blvd.	100%	Leasehold (2,082)	1982	10.0
333 Earl Ovington Blvd. (The Omni)	60%	Leasehold (2,088)	1991	30.6
90 Merrick Ave.	51%	Leasehold (2,084)	1985	13.2
Total--Nassau West Corporate Center ...				77.3
Tarrytown Corporate Center Tarrytown, NY				
505 White Plains Road	100%	Fee	1974	1.4
520 White Plains Road	60%	Fee(6)	1981	6.8
555 White Plains Road	100%	Fee	1972	4.2
560 White Plains Road	100%	Fee	1980	4.0

580 White Plains Road	100%	Fee	1977	6.1
660 White Plains Road	100%	Fee	1983	10.9

Total--Tarrytown Corporate Center				33.4

Reckson Executive Park Rye Brook, NY				
1 International Dr.	100%	Fee	1983	N/A
2 International Dr.	100%	Fee	1983	N/A
3 International Dr.	100%	Fee	1983	N/A
4 International Dr.	100%	Fee	1986	N/A
5 International Dr.	100%	Fee	1986	N/A
6 International Dr.	100%	Fee	1986	N/A
Total--Reckson Executive Park				44.4

Summit at Valhalla Valhalla, NY				
100 Summit Dr.	100%	Fee	1988	11.3
200 Summit Dr.	100%	Fee	1990	18.0
500 Summit Dr.	100%	Fee	1986	29.1

Total -- Summit at Valhalla				58.4

Mt. Pleasant Corporate Center				
115/117 Stevens Ave.	100%	Fee	1984	5.0

Total -- Mt Pleasant Corporate Center..				5.0

Landmark Square Stamford, CT				
One Landmark Square	100%	Fee	1973	N/A
Two Landmark Square	100%	Fee	1976	N/A
Three Landmark Square	100%	Fee	1978	N/A
Four Landmark Square	100%	Fee	1977	N/A
Five Landmark Square	100%	Fee	1976	N/A
Six Landmark Square	100%	Fee	1984	N/A
Total -- Landmark Square				7.2

Stamford Towers Stamford, CT				
680 Washington Blvd.	51%	Fee	1989	1.3

PROPERTY	NUMBER OF FLOORS	RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL BASE RENT (2)	ANNUA BASE RENT PER LEASE SQ. FT
North Shore Atrium, Syosset, NY					
6800 Jericho Turnpike (North Shore Atrium I)	2	209,028	96.0%	$ 4,094,898	$ 20.4
6900 Jericho Turnpike (North Shore Atrium II)	4	95,149	100.0%	$ 2,156,644	$ 22.6
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Total--North Shore Atrium		304,177	97.3%	$ 6,251,542	$ 21.1
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Nassau West Corporate Center, Mitchel Field, NY					

50 Charles Lindbergh Blvd. (Nassau West Corporate Center II)	6	211,845	96.5%	$ 4,567,615	$ 22.3
60 Charles Lindbergh Blvd. (Nassau West Corporate Center I)	2	195,998	100.0%	$ 4,578,271	$ 23.3
51 Charles Lindbergh Blvd.	1	108,000	100.0%	$ 2,275,649	$ 21.0
55 Charles Lindbergh Blvd.	2	214,581	100.0%	$ 2,606,170	$ 12.1
333 Earl Ovington Blvd. (The Omni)	10	575,000	99.3%	$16,083,501	$ 28.1
90 Merrick Ave.	9	221,839	97.3%	$ 4,997,745	$ 23.1
Total--Nassau West Corporate Center		1,527,263	98.9%	$35,108,951	$ 23.2
Tarrytown Corporate Center Tarrytown, NY					
505 White Plains Road	2	26,468	95.3%	$ 426,143	$ 16.9
520 White Plains Road	6	171,761	100.0%	$ 3,727,762	$ 21.7
555 White Plains Road	5	121,585	94.1%	$ 2,692,386	$ 23.5
560 White Plains Road	6	126,471	92.7%	$ 2,220,688	$ 18.9
580 White Plains Road	6	170,726	94.6%	$ 3,525,079	$ 21.8
660 White Plains Road	6	258,715	92.7%	$ 5,090,460	$ 21.2
Total--Tarrytown Corporate Center		875,726	94.8%	$17,682,518	$ 21.3
Reckson Executive Park Rye Brook, NY					
1 International Dr.	3	90,000	100.0%	$ 1,170,000	$ 13.0
2 International Dr.	3	90,000	100.0%	$ 1,170,000	$ 13.0
3 International Dr.	3	91,174	100.0%	$ 2,015,775	$ 22.1
4 International Dr.	3	86,694	89.3%	$ 2,014,051	$ 26.0
5 International Dr.	3	90,000	100.0%	$ 2,181,374	$ 24.2
6 International Dr.	3	94,016	100.0%	$ 1,656,258	$ 17.6
Total--Reckson Executive Park		541,884	98.3%	$10,207,458	$ 19.1
Summit at Valhalla Valhalla, NY					
100 Summit Dr.	4	249,551	95.7%	$ 5,125,534	$ 21.4
200 Summit Dr.	4	240,834	89.7%	$ 4,610,306	$ 21.3
500 Summit Dr.	4	208,660	100.0%	$ 5,633,820	$ 27.0
Total -- Summit at Valhalla		699,045	94.9%	$15,369,660	$ 23.1
Mt. Pleasant Corporate Center					
115/117 Stevens Ave.	3	162,004	95.6%	$ 2,895,825	$ 18.7
Total -- Mt Pleasant Corporate Center..		162,004	95.6%	$ 2,895,825	$ 18.7
Landmark Square Stamford, CT					
One Landmark Square	22	296,716	89.2%	$ 6,311,100	$ 23.8
Two Landmark Square	3	39,701	87.8%	$ 717,196	$ 20.5
Three Landmark Square	6	128,286	100.0%	$ 1,687,016	$ 13.1
Four Landmark Square	5	104,446	93.9%	$ 1,723,990	$ 17.5
Five Landmark Square	3	57,273	100.0%	$ 302,731	$ 5.2
Six Landmark Square	10	171,899	96.9%	$ 3,920,672	$ 23.5
Total -- Landmark Square		798,321	94.0%	$14,662,705	$ 19.5

Stamford Towers Stamford, CT					
680 Washington Blvd.	11	132,759	99.5%	$ 3,786,544	$ 28.6

PROPERTY	PERCENTAGE OWNERSHIP	OWNERSHIP INTEREST (GROUND LEASE EXPIRATION DATE) (1)	YEAR CONSTRUCTED	LAND AREA (ACRES)
750 Washington Blvd.	51%	Fee	1989	2.4
Total--Stamford Towers				3.7
Stand-alone Long Island Properties				
400 Garden City Plaza Garden City, NY	51%	Fee	1989	5.7
88 Duryea Rd. Melville, NY	100%	Fee	1986	1.5
310 East Shore Rd. Great Neck, NY	100%	Fee	1981	1.5
333 East Shore Rd. Great Neck, NY	100%	Leasehold (2,030)	1976	1.5
520 Broadhollow Rd. Melville, NY	100%	Fee	1978	7.0
1660 Walt Whitman Rd. Melville, NY	100%	Fee	1980	6.5
125 Baylis Rd. Melville, NY	100%	Fee	1980	8.2
150 Motor Parkway Hauppauge, NY	100%	Fee	1984	11.3
1979 Marcus Ave. Lake Success, NY	100%	Fee	1987	8.6
120 Mineola Blvd. Mineola, NY	100%	Fee	1989	0.7
538 Broadhollow Road Melville, NY	100%	Fee	1986	7.5
50 Marcus Drive, Melville, NY	100%	Fee	2000(5)	12.9
Total--Stand-alone Long Island				72.9
Stand-alone Westchester Properties				
155 White Plains Road, Tarrytown, NY	100%	Fee	1963	13.2
235 Main Street, White Plains, NY	100%	Fee	1974(5)	0.4
245 Main Street White Plains, NY	100%	Fee	1983	0.4
120 White Plains Rd. Tarrytown, NY	51%	Fee	1984	9.7
80 Grasslands Elmsford, NY	100%	Fee	1989	4.9
360 Hamilton Avenue White Plains, NY	100%	Fee	1977	1.5
140 Grand Street White Plains, NY	100%	Fee	1991	2.2

Total Stand-alone Westchester Properties				32.3
Executive Hill Office Park West Orange, NJ				
100 Executive Dr	100%	Fee	1978	10.1
200 Executive Dr	100%	Fee	1980	8.2
300 Executive Dr	100%	Fee	1984	8.7
10 Rooney Circle	100%	Fee	1971	5.2
Total--Executive Hill Office Park				32.2
University Square Princeton, NJ				
100 Campus Dr.	100%	Fee	1987	N/A
104 Campus Dr.	100%	Fee	1987	N/A
115 Campus Dr.	100%	Fee	1987	N/A
Total University Square				11.0
Short Hills Office Complex Short Hills, NJ				
101 West John F. Kennedy Parkway	100%	Fee	1981	9.0
101 East John F. Kennedy Parkway	100%	Fee	1981	6.0
51 John F Kennedy Parkway	51%	Fee	1988	11.0

PROPERTY	NUMBER OF FLOORS	RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL BASE RENT (2)	ANNUAL BASE RENT PER LEASED SQ. FT.
750 Washington Blvd.	11	192,108	99.6%	$ 4,675,265	$ 24.44
Total--Stamford Towers		324,867	99.6%	$ 8,461,809	$ 21.15
Stand-alone Long Island Properties					
400 Garden City Plaza Garden City, NY	5	176,073	96.6%	$ 4,100,754	$ 24.12
88 Duryea Rd. Melville, NY	2	25,061	96.7%	$ 406,370	$ 16.77
310 East Shore Rd. Great Neck, NY	4	50,000	91.2%	$ 1,056,684	$ 23.17
333 East Shore Rd. Great Neck, NY	2	17,715	99.6%	$ 452,678	$ 25.65
520 Broadhollow Rd. Melville, NY	1	83,176	71.1%	$ 1,193,719	$ 20.19
1660 Walt Whitman Rd. Melville, NY	1	73,115	99.9%	$ 1,435,770	$ 19.66
125 Baylis Rd. Melville, NY	2	98,329	95.3%	$ 1,842,756	$ 19.66
150 Motor Parkway Hauppauge, NY	4	191,447	96.1%	$ 4,152,752	$ 22.56

1979 Marcus Ave. Lake Success, NY	4	326,612	100.0%	$ 7,159,400	$ 21.92
120 Mineola Blvd. Mineola, NY	6	101,000	100.0%	$ 2,398,421	$ 23.75
538 Broadhollow Road Melville, NY	4	180,339	95.7%	$ 4,121,324	$ 23.89
50 Marcus Drive, Melville, NY	2	163,762	100.0%	$ 1,074,688	$ 6.56
Total--Stand-alone Long Island		1,486,629	96.6%	$29,395,316	$ 22.26
Stand-alone Westchester Properties					
155 White Plains Road, Tarrytown, NY	2	60,909	99.6%	$ 1,168,551	$ 19.27
235 Main Street, White Plains, NY	6	83,237	93.8%	$ 1,513,711	$ 19.38
245 Main Street White Plains, NY	6	73,543	93.3%	$ 1,216,955	$ 17.75
120 White Plains Rd. Tarrytown, NY	6	197,785	99.6%	$ 4,730,530	$ 24.03
80 Grasslands Elmsford, NY	3	85,104	100.0%	$ 1,695,536	$ 19.92
360 Hamilton Avenue White Plains, NY	12	382,000	96.5%	$ 7,465,521	$ 20.26
140 Grand Street White Plains, NY	9	130,136	93.0%	$ 2,663,153	$ 22.00
Total Stand-alone Westchester Properties		1,012,714	96.7%	$20,453,957	$ 20.89
Executive Hill Office Park West Orange, NJ					
100 Executive Dr	3	92,872	100.0%	$ 1,917,717	$ 20.65
200 Executive Dr	4	102,630	99.9%	$ 2,204,345	$ 20.94
300 Executive Dr	4	126,196	100.0%	$ 2,213,881	$ 17.54
10 Rooney Circle	3	69,684	100.0%	$ 1,406,904	$ 20.19
Total--Executive Hill Office Park		391,382	100.0%	$ 7,742,847	$ 19.78
University Square Princeton, NJ					
100 Campus Dr.	1	27,350	100.0%	$ 622,621	$ 22.76
104 Campus Dr.	1	70,155	100.0%	$ 1,515,517	$ 21.60
115 Campus Dr.	1	33,600	100.0%	$ 721,107	$ 21.46
Total University Square		131,105	100.0%	$ 2,859,245	$ 21.81
Short Hills Office Complex Short Hills, NJ					
101 West John F. Kennedy Parkway	6	185,233	100.0%	$ 2,963,728	$ 16.00
101 East John F. Kennedy Parkway	4	122,841	100.0%	$ 655,152	$ 5.33
51 John F Kennedy Parkway	5	248,962	100.0%	$ 8,790,239	$ 33.79

PROPERTY	PERCENTAGE OWNERSHIP	OWNERSHIP INTEREST (GROUND LEASE EXPIRATION DATE) (1)	YEAR CONSTRUCTED	LAND AREA (ACRES)	NUMBE OF FLOO
Total -- Short Hills Office				26.0	
Stand-alone New Jersey Properties					
1 Paragon Drive Montvale, NJ	100%	Fee	1980	11	2
99 Cherry Hill Road Parsippany, NJ	100%	Fee	1982	8.8	3
119 Cherry Hill Road Parsippany, NJ	100%	Fee	1982	9.3	3
One Eagle Rock Hanover, NJ	100%	Fee	1986	10.4	3
155 Passaic Ave. Fairfield, NJ	100%	Fee	1984	3.6	4
3 University Plaza Hackensack, NJ	100%	Fee	1985	10.6	6
1255 Broad Street Clifton, NJ	100%	Fee	1968	11.1	2
492 River Rd, Nutley, NJ	100%	Fee	1952	17.3	13
Total Stand-alone New Jersey Properties				82.1	
New York City Properties					
120 W. 45th Street New York, NY	100%	Fee	1989	0.4	40
100 Wall Street New York, NY	100%	Fee	1969	0.5	29
810 Seventh Avenue New York, NY	100%	Fee	1970	0.6	42
919 Third Avenue New York, NY	100%	Fee(7)	1971	1.5	47
1350 Avenue of the Americas New York, NY	100%	Fee	1966	0.6	35
Total -- New York City Office Properties				3.6	
Total--Office Properties (4)				573.3	

PROPERTY	RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL BASE RENT (2)	ANNUAL BASE RENT PER LEASED SQ. FT.	NUMB OF TE LEAS

Total -- Short Hills Office	557,036	100.0%	$ 12,409,119	$ 22.28	
Stand-alone New Jersey Properties					
1 Paragon Drive Montvale, NJ	104,599	81.6%	$ 1,763,074	$ 20.67	
99 Cherry Hill Road Parsippany, NJ	93,250	99.0%	$ 1,746,078	$ 18.92	
119 Cherry Hill Road Parsippany, NJ	95,724	99.9%	$ 1,908,205	$ 19.96	
One Eagle Rock Hanover, NJ	140,000	100.0%	$ 3,223,210	$ 23.02	
155 Passaic Ave. Fairfield, NJ	87,986	100.0%	$ 1,348,254	$ 15.32	
3 University Plaza Hackensack, NJ	216,403	93.2%	$ 4,041,680	$ 20.04	
1255 Broad Street Clifton, NJ	193,574	100.0%	$ 4,259,924	$ 22.01	
492 River Rd, Nutley, NJ	130,009	100.0%	$ 1,358,105	$ 10.45	
Total Stand-alone New Jersey Properties	1,061,545	96.9%	$ 19,648,530	$ 19.10	
New York City Properties					
120 W. 45th Street New York, NY	443,109	100.0%	$ 15,908,898	$ 35.90	
100 Wall Street New York, NY	458,626	99.3%	$ 14,063,841	$ 30.89	
810 Seventh Avenue New York, NY	692,060	95.1%	$ 23,323,658	$ 35.44	
919 Third Avenue New York, NY	1,374,966	99.1%	$ 32,217,043	$ 23.95	
1350 Avenue of the Americas New York, NY	540,000	92.8%	$ 15,848,017	$ 31.62	
Total -- New York City Office Properties	3,508,761	97.0%	$101,361,457	$ 29.45	2
Total--Office Properties (4)	14,437,238	97.2%	$323,103,367	$ 23.48	1,1

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(1) Ground lease expirations assume exercise of renewal options by the lessee.

(2) Represents Base Rent of signed leases at December 31, 2000 adjusted for scheduled contractual increases during the 12 months ending December 31, 2001. Total Base Rent for these purposes reflects the effect of any lease expirations that occur during the 12-month period ending December 31, 2001. Amounts included in rental revenue for financial reporting purposes have been determined on a straight-line basis rather than on the basis of contractual rent as set forth in the foregoing table.

(3) Property is currently under development.

(4) Percent leases excludes properties under development.

(5) Year renovated.

(6) The actual fee interest in is held by the County of Westchester Industrial Development Agency. The fee interest in 520 White Plains Road may be acquired if the outstanding principal under certain loan agreements and

annual basic installments are prepaid in full.

(7) There is a ground lease in place on a small portion of the land which expires in 2066.

INDUSTRIAL PROPERTIES

General

As of December 31, 2000, the Company owned or had an interest in 104 Industrial Properties that encompass approximately 6.8 million rentable square feet. As of December 31, 2000, the Industrial Properties were approximately 97.5% leased (percentage leased excludes properties under development) to approximately 230 tenants. Many of the Industrial Properties have been constructed with high ceiling heights (i.e., above 18 feet), upscale office building facades, parking in excess of zoning requirements, drive-in and/or loading dock facilities and other features which permit them to be leased for industrial and/or office purposes.

The Industrial Properties are leased to both national and local tenants. These tenants utilize the Industrial Properties for distribution, warehousing, research and development and light manufacturing/assembly activities. Leases on the Industrial Properties are typically written for terms

ranging from three to seven years and require: (i) payment of a Base Rent, (ii) payments of real estate tax escalations over a base year, (iii) payments of compounded annual increases to Base Rent and (iv) reimbursement of all operating expenses. Electric costs are borne and paid directly by the tenant. Certain leases are "triple net" (i.e., the tenant is required to pay in addition to annual Base Rent, all operating expenses and real estate taxes). In virtually all leases, the landlord is responsible for structural repairs. Renewal provisions typically provide for renewal rents at market rates, provided that such rates are not less than the most recent rental rates.

Approximately 86% of the Industrial Properties, measured by square footage, are located on Long Island. Sixty eight percent of these properties, as measured by square footage, are located in the following three Industrial Parks developed by Reckson: (i) Vanderbilt Industrial Park, (ii) Airport International Plaza and (iii) County Line Industrial Center.

In addition to the Industrial Properties on Long Island, the Company owns nine Industrial Properties in the other suburban markets. These properties encompass approximately 940,000 square feet and were approximately 93% leased as of December 31, 2000.

The following table sets forth certain information as of December 31, 2000 for each of the Industrial Properties.

PROPERTY	PERCENTAGE OWNERSHIP	OWNERSHIP INTEREST (GROUND LEASE EXPRIRATION DATE	YEAR CONSTRUCTED	LAND AREA (ACRES)	CLEARANCE HEIGHT (FEET)
Industrial Properties:					

Vanderbilt Industrial Park Hauppauge, NY					
360 Vanderbilt Motor Parkway	100%	Fee	1967	4.2	16
410 Vanderbilt Motor Parkway	100%	Fee	1965	3.0	15
595 Old Willets Path	100%	Fee	1968	3.5	14
611 Old Willets Path	100%	Fee	1963	3.0	14
631/641 Old Willets Path.	100%	Fee	1965	1.9	14
651/661 Old Willets Path..	100%	Fee	1966	2.0	14
681 Old Willets Path	100%	Fee	1961	1.3	14
740 Old Willets Path	100%	Fee	1965	3.5	14
325 Rabro Dr	100%	Fee	1967	2.7	14
250 Kennedy Dr	100%	Fee	1979	7.0	16
90 Plant Ave	100%	Fee	1972	4.3	16
110 Plant Ave	100%	Fee	1974	6.8	18
55 Engineers Rd	100%	Fee	1968	3.0	18
65 Engineers Rd	100%	Fee	1969	1.8	22
85 Engineers Rd	100%	Fee	1968	2.3	18
100 Engineers Rd	100%	Fee	1968	5.0	14
150 Engineers Rd	100%	Fee	1969	6.8	22
20 Oser Ave	100%	Fee	1979	5.0	16
30 Oser Ave	100%	Fee	1978	4.4	16
40 Oser Ave	100%	Fee	1974	3.1	16
50 Oser Ave	100%	Fee	1975	4.1	21
60 Oser Ave	100%	Fee	1975	3.3	21
63 Oser Ave	100%	Fee	1974	1.2	20
65 Oser Ave	100%	Fee	1975	1.2	18
73 Oser Ave	100%	Fee	1974	1.2	20
80 Oser Ave	100%	Fee	1974	1.1	18
85 Nicon Ct	100%	Fee	1978	6.1	30
90 Oser Ave	100%	Fee	1973	1.1	16
104 Parkway Dr.	100%	Fee	1985	1.8	15
110 Ricefield Ln	100%	Fee	1980	2.0	15
120 Ricefield Ln	100%	Fee	1983	2.0	15
125 Ricefield Ln	100%	Fee	1973	2.0	14
135 Ricefield Ln	100%	Fee	1981	2.1	15
85 Adams Dr	100%	Fee	1980	1.8	15
395 Oser Ave	100%	Fee	1980	6.1	14

PROPERTY	PRECENTAGE OFFICE/ RESEARCH AND DEVELOP- MENT FINISH	RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL BASE RENT (2)	ANNUAL BASE RENT PER LEASED SQ. FT.	NUMBER OF TENANT LEASES
Industrial Properties:						

Vanderbilt Industrial Park Hauppauge, NY						
360 Vanderbilt Motor Parkway	62%	54,000	100.0%	$543,780	$ 10.07	1
410 Vanderbilt Motor Parkway	7%	41,784	90.4%	$ 98,302	$ 2.60	3
595 Old Willets Path	14%	31,670	100.0%	$192,605	$ 6.08	4
611 Old Willets Path	11%	20,000	100.0%	$127,550	$ 6.38	2
631/641 Old Willets Path.	31%	25,000	100.0%	$ 95,560	$ 3.82	4
651/661 Old Willets Path..	45%	25,000	100.0%	$184,479	$ 7.38	7
681 Old Willets Path	10%	15,000	100.0%	$102,414	$ 6.83	1
740 Old Willets Path	5%	30,000	100.0%	$ 29,670	$ 0.99	1
325 Rabro Dr	10%	35,000	100.0%	$204,560	$ 5.84	2
250 Kennedy Dr	9%	127,980	100.0%	$455,298	$ 3.56	1
90 Plant Ave	13%	75,000	100.0%	$452,744	$ 6.04	3
110 Plant Ave	8%	125,000	100.0%	$156,250	$ 1.25	1
55 Engineers Rd	8%	36,000	100.0%	$351,878	$ 9.77	1
65 Engineers Rd	10%	23,000	100.0%	$131,198	$ 5.70	1
85 Engineers Rd	5%	40,800	100.0%	$221,601	$ 5.43	2
100 Engineers Rd	11%	88,000	100.0%	$ 79,271	$ 0.90	1
150 Engineers Rd	11%	135,000	100.0%	$414,528	$ 3.07	1
20 Oser Ave	18%	42,000	98.7%	$326,963	$ 7.89	2
30 Oser Ave	21%	42,000	82.1%	$212,926	$ 6.17	4
40 Oser Ave	33%	59,800	80.3%	$335,405	$ 6.99	11
50 Oser Ave	15%	60,000	100.0%	$240,000	$ 4.00	1
60 Oser Ave	19%	48,000	100.0%	$192,000	$ 4.00	1
63 Oser Ave	9%	22,000	100.0%	$ 68,961	$ 3.13	1
65 Oser Ave	10%	20,000	100.0%	$ 99,670	$ 4.98	1
73 Oser Ave	15%	20,000	100.0%	$ 21,271	$ 1.06	1
80 Oser Ave	25%	19,500	100.0%	$ 67,516	$ 3.46	1
85 Nicon Ct	10%	104,000	100.0%	$544,515	$ 5.24	1
90 Oser Ave	26%	37,500	100.0%	$130,779	$ 3.49	1
104 Parkway Dr.	50%	27,600	100.0%	$208,033	$ 7.54	1
110 Ricefield Ln	25%	32,264	100.0%	$166,220	$ 5.15	1
120 Ricefield Ln	24%	33,060	100.0%	$134,055	$ 4.05	1
125 Ricefield Ln	20%	30,495	100.0%	$206,643	$ 6.78	1
135 Ricefield Ln	10%	32,340	100.0%	$209,761	$ 6.49	1
85 Adams Dr	90%	20,000	100.0%	$278,817	$ 13.94	1
395 Oser Ave	100%	50,000	99.0%	$441,045	$ 8.91	1

PROPERTY	PERCENTAGE OWNERSHIP	OWNERSHIP INTEREST (GROUND LEASE EXPRIRATION DATE	YEAR CONSTRUCTED	LAND AREA (ACRES)	CLEARANCE HEIGHT (FEET)
185 Oser Ave	100%	Fee	1974	2.0	18
25 Davids Dr	100%	Fee	1975	3.2	20
45 Adams Ave	100%	Fee	1979	2.1	18
225 Oser Ave	100%	Fee	1977	1.2	14
180 Oser Ave	100%	Fee	1978	3.4	16
360 Oser Ave	100%	Fee	1981	1.3	18
400 Oser Ave	100%	Fee	1982	9.5	16
375 Oser Ave	100%	Fee	1981	1.2	18
425 Rabro Drive	100%	Fee	1980	4.0	16

390 Motor Parkway	100%	Fee	1980	10.0	14
400 Moreland Road(3)	100%	Fee	1967	6.3	17
600 Old Willets Path	100%	Fee	1965	4.5	14

Total Vanderbilt Industrial Park (4)				160.4	

Airport International Plaza Islip, NY					
20 Orville Dr	100%	Fee	1978	1.0	16
25 Orville Dr	100%	Fee	1970	2.2	16
50 Orville Dr	100%	Fee	1976	1.6	15
65 Orville Dr	100%	Fee	1971	2.2	14
70 Orville Dr	100%	Fee	1975	2.3	22
80 Orville Dr	100%	Fee	1988	6.5	16
85 Orville Dr	100%	Fee	1974	1.9	14
95 Orville Dr	100%	Fee	1974	1.8	14
110 Orville Dr	100%	Fee	1979	6.4	24
180 Orville Dr	100%	Fee	1982	2.3	16
1101 Lakeland Ave	100%	Fee	1983	4.9	20
1385 Lakeland Ave	100%	Fee	1973	2.4	16
125 Wilbur Place	100%	Fee	1977	4.0	16
140 Wilbur Place	100%	Fee	1973	3.1	20
160 Wilbur Place	100%	Fee	1978	3.9	16
170 Wilbur Place	100%	Fee	1979	4.9	16
4040 Veterans Highway	100%	Fee	1972	1.0	14
120 Wilbur Place	100%	Fee	1972	2.8	16
2002 Orville Drive North	100%	Fee	2000	15.8	24
2004 Orville Drive North	100%	Fee	1998	7.4	24
2005 Orville Drive North	100%	Fee	1999	8.7	24

Total Airport International Plaza				87.1	

County Line Industrial Center Melville, NY					
5 Hub Dr	100%	Fee	1979	6.9	20
10 Hub Dr	100%	Fee	1975	6.6	20
30 Hub Drive	100%	Fee	1976	5.1	20
265 Spagnoli Rd	100%	Fee	1978	6.0	20

Total County Line Industrial Center				24.6	

Standalone Long Island Properties					
32 Windsor Pl. Islip, NY	100%	Fee	1971	2.5	18
42 Windsor Pl. Islip, NY	100%	Fee	1972	2.4	18
208 Blydenburgh Rd. Islandia, NY	100%	Fee	1969	2.4	14
210 Blydenburgh Rd. Islandia, NY	100%	Fee	1969	1.2	14
71 Hoffman Ln. Islandia, NY	100%	Fee	1970	5.8	16
135 Fell Ct. Islip, NY	100%	Fee	1965	3.2	16

Subtotal Islip/Islandia				17.5	

PROPERTY	PRECENTAGE OFFICE/ RESEARCH AND DEVELOP- MENT FINISH	RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL BASE RENT (2)	ANNUAL BASE RENT PER LEASED SQ. FT.	NUMB OF TENA LEAS
185 Oser Ave	40%	30,000	--	--	--	-
25 Davids Dr	90%	40,000	100.0%	$ 334,516	$ 8.36	
45 Adams Ave	90%	28,000	100.0%	$ 226,333	$ 8.08	
225 Oser Ave	80%	10,000	99.6%	$ 116,175	$ 11.67	
180 Oser Ave	35%	61,868	89.9%	$ 424,419	$ 7.63	
360 Oser Ave	35%	23,000	100.0%	$ 96,600	$ 4.20	
400 Oser Ave	30%	164,936	89.3%	$ 1,256,877	$ 8.53	2
375 Oser Ave	40%	20,000	100.0%	$ 154,388	$ 7.72	
425 Rabro Drive	25%	65,641	99.7%	$ 469,536	$ 7.18	
390 Motor Parkway	4%	181,155	100.0%	$ 813,435	$ 4.49	
400 Moreland Road(3)	10%	56,875	--	--	--	-
600 Old Willets Path	25%	69,627	100.0%	$ 405,061	$ 5.82	
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Total Vanderbilt Industrial Park (4)		2,379,895	96.8%	$12,023,608	$ 5.35	10
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Airport International Plaza Islip, NY						
20 Orville Dr	50%	12,852	100.0%	$ 181,720	$ 14.09	
25 Orville Dr	100%	32,300	100.0%	$ 490,561	$ 15.19	
50 Orville Dr	20%	28,000	99.8%	$ 254,320	$ 9.10	
65 Orville Dr	13%	32,000	100.0%	$ 171,588	$ 5.36	
70 Orville Dr	7%	41,508	100.0%	$ 315,731	$ 7.61	
80 Orville Dr	21%	92,544	100.0%	$ 668,272	$ 7.22	
85 Orville Dr	20%	25,000	100.0%	$ 160,569	$ 6.42	
95 Orville Dr	10%	25,000	100.0%	$ 147,583	$ 5.90	
110 Orville Dr	15%	110,000	100.0%	$ 646,433	$ 5.88	
180 Orville Dr	18%	37,612	100.0%	$ 191,971	$ 5.10	
1101 Lakeland Ave	8%	90,411	100.0%	$ 531,315	$ 5.88	
1385 Lakeland Ave	18%	35,000	64.3%	$ 162,344	$ 7.22	
125 Wilbur Place	31%	62,686	77.1%	$ 248,547	$ 5.14	
140 Wilbur Place	37%	48,500	100.0%	$ 210,494	$ 4.34	
160 Wilbur Place	30%	62,710	100.0%	$ 481,790	$ 7.68	
170 Wilbur Place	28%	72,062	100.0%	$ 407,680	$ 5.65	
4040 Veterans Highway	100%	2,800	100.0%	$ 45,051	$ 16.09	
120 Wilbur Place	15%	35,000	100.0%	$ 196,470	$ 5.61	
2002 Orville Drive North	17%	206,000	100.0%	$ 1,569,100	$ 7.62	
2004 Orville Drive North	20%	106,515	100.0%	$ 732,042	$ 6.87	
2005 Orville Drive North	20%	130,010	100.0%	$ 945,977	$ 7.28	
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Total Airport International Plaza		1,288,510	98.1%	$ 8,759,558	6.93	5
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County Line Industrial Center Melville, NY						

5 Hub Dr	20%	88,001	100.0%	$ 536,268	$ 6.09	
10 Hub Dr	15%	95,546	100.0%	$ 698,888	$ 7.94	
30 Hub Drive	18%	73,127	100.0%	$ 483,286	$ 6.61	
265 Spagnoli Rd	28%	85,500	100.0%	$ 673,610	$ 7.87	
Total County Line Industrial Center		342,174	100.0%	$ 2,392,052	$ 6.99	1
Standalone Long Island Properties						
32 Windsor Pl. Islip, NY	10%	43,000	100.0%	$ 144,127	$ 3.35	
42 Windsor Pl. Islip, NY	8%	65,000	100.0%	$ 234,744	$ 3.61	
208 Blydenburgh Rd. Islandia, NY	17%	24,000	100.0%	$ 125,681	$ 5.24	
210 Blydenburgh Rd. Islandia, NY	16%	20,000	100.0%	$ 115,127	$ 5.76	
71 Hoffman Ln. Islandia, NY	10%	30,400	100.0%	$ 193,701	$ 6.37	
135 Fell Ct. Islip, NY	20%	30,000	100.0%	$ 240,992	$ 8.03	
Subtotal Islip/Islandia		212,400	100.0%	$ 1,054,371	$ 4.96	1

PROPERTY	PERCENTAGE OWNERSHIP	OWNERSHIP INTEREST (GROUND LEASE EXPIRATION DATE	YEAR CONSTRUCTED	LAND AREA (ACRES)	CLEARANCE HEIGHT (FEET)
70 Schmitt Boulevard, Farmingdale, NY	100%	Fee	1975	4.4	18
105 Price Parkway, Farmingdale, NY	100%	Fee	1969	12.0	26
110 Bi County Blvd. Farmingdale, NY	100%	Fee	1984	9.5	19
Subtotal Farmingdale				25.9	
70 Maxess Rd, Melville, NY	100%	Fee	1969	9.3	15
20 Melville Park Rd, Melville, NY	100%	Fee	1965	4.0	23
45 Melville Park Drive, Melville, NY	100%	Fee	1998	4.2	24
65 Marcus Drive Melville, NY	100%	Fee	1968	5.0	16
Subtotal Melville				22.5	
300 Motor Parkway, Hauppauge, NY	100%	Fee	1979	4.2	14
1516 Motor Parkway, Hauppauge, NY	100%	Fee	1981	7.9	24
Subtotal Hauppauge				12.1	

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933 Motor Parkway Smithtown, NY	100%	Fee	1973	5.6	20
65 S. Service Rd , Plainview, NY(5)	100%	Fee	1961	1.6	14
85 S. Service Rd. Plainview, NY	100%	Fee	1961	1.6	14
19 Nicholas Dr., Yaphank, NY (6)	100%	Fee	1989	29.6	24
48 Harbor Park Dr., Port Washington, NY	100%	Fee	1976	2.7	16
110 Marcus Dr., Huntington, NY	100%	Fee	1980	6.1	20
35 Engle St., Hicksville, NY	100%	Leasehold(7)	1966	4.0	24
100 Andrews Rd., Hicksville, NY	100%	Fee	1954	11.7	25

Subtotal other				62.9	

Total Standalone Long Island Properties				140.9	

Standalone Westchester Properties					
100 Grasslands Rd., Elmsford, NY	100%	Fee	1964	3.6	16
2 Macy Rd., Harrison, NY	100%	Fee	1962	5.7	16
500 Saw Mill Rd., Elmsford, NY	100%	Fee	1968	7.3	22

Total Standalone Westchester Industrial Properties				16.6	

Standalone New Jersey Industrial Properties					
40 Cragwood Rd, South Plainfield, NJ	100%	Fee	1965	13.5	16
100 Forge Way, Rockaway, NJ	100%	Fee	1986	3.5	24
200 Forge Way, Rockaway, NJ	100%	Fee	1989	12.7	28
300 Forge Way, Rockaway, NJ	100%	Fee	1989	4.2	24
400 Forge Way, Rockaway, NJ	100%	Fee	1989	12.8	28

Total New Jersey Standalone Industrial Properties				46.7	

PROPERTY	PRECENTAGE OFFICE/ RESEARCH AND DEVELOP- MENT FINISH	RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL BASE RENT (2)	ANNUAL BASE RENT PER LEASED SQ. FT.	NUMBER OF TENANTS LEASES

70 Schmitt Boulevard, Farmingdale, NY	10%	76,312	100.0%	$ 559,673	$ 7.33	1
105 Price Parkway, Farmingdale, NY	8.50%	297,000	100.0%	$ 1,430,170	$ 4.82	1
110 Bi County Blvd. Farmingdale, NY	45%	147,303	96.3%	$ 1,250,320	$ 8.82	10
Subtotal Farmingdale		520,615	98.9%	$ 3,240,163	$ 6.29	12
70 Maxess Rd, Melville, NY	38%	78,000	100.0%	$ 692,862	$ 8.88	1
20 Melville Park Rd, Melville, NY	66%	67,922	100.0%	$ 393,337	$ 5.79	1
45 Melville Park Drive, Melville, NY	22%	40,247	100.0%	$ 562,060	$ 13.97	1
65 Marcus Drive Melville, NY	50%	60,000	100.0%	$ 623,162	$ 10.39	1
Subtotal Melville		246,169	100.0%	$ 2,271,421	$ 9.23	4
300 Motor Parkway, Hauppauge, NY	100%	55,942	96.8%	$ 907,004	$ 16.75	9
1516 Motor Parkway, Hauppauge, NY	5%	140,000	100.0%	$ 503,883	$ 3.60	1
Subtotal Hauppauge		195,942	99.1%	$ 1,410,887	$ 7.27	10
933 Motor Parkway Smithtown, NY	26%	48,000	100.0%	$ 315,600	$ 6.58	2
65 S. Service Rd , Plainview, NY(5)	10%	10,000	100.0%	$ 72,008	$ 7.20	1
85 S. Service Rd. Plainview, NY	60%	20,000	100.0%	$ 82,155	$ 4.11	2
19 Nicholas Dr., Yaphank, NY (6)	5%	230,000	100.0%	$ 1,315,250	$ 5.72	1
48 Harbor Park Dr., Port Washington, NY	100%	35,000	100.0%	$ 735,646	$ 21.02	1
110 Marcus Dr., Huntington, NY	39%	78,240	100.0%	$ 506,119	$ 6.47	1
35 Engle St., Hicksville, NY	8%	120,000	100.0%	$ 607,559	$ 5.06	1
100 Andrews Rd., Hicksville, NY	12%	167,500	100.0%	$ 1,146,499	$ 6.84	2
Subtotal other		708,740	100.0%	$ 4,780,836	$ 6.75	11
Total Standalone Long Island Properties		1,883,866	99.6%	$12,757,678	$ 6.98	47
Standalone Westchester Properties						
100 Grasslands Rd., Elmsford, NY	100%	45,000	87.8%	$ 579,637	$ 14.67	3
2 Macy Rd., Harrison, NY	100%	26,000	100.0%	$ 394,460	$ 15.16	1
500 Saw Mill Rd., Elmsford, NY	17%	92,000	100.0%	$ 846,400	$ 9.20	1
Total Standalone Westchester Industrial						

Properties		163,000	96.7%	$ 1,820,497	$ 11.55	5
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Standalone New Jersey Industrial Properties						
40 Cragwood Rd, South Plainfield, NJ	49%	135,000	57.5%	$ 1,188,697	$ 15.31	3
100 Forge Way, Rockaway, NJ	12%	20,136	100.0%	$ 175,842	$ 8.73	5
200 Forge Way, Rockaway, NJ	23%	72,118	100.0%	$ 459,752	$ 6.38	2
300 Forge Way, Rockaway, NJ	37%	24,000	100.0%	$ 230,050	$ 9.51	2
400 Forge Way, Rockaway, NJ	20%	73,000	100.0%	$ 254,120	$ 3.48	2
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Total New Jersey Standalone Industrial Properties		324,254	82.4%	$ 2,308,461	$ 8.64	14
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PROPERTY	PERCENTAGE OWNERSHIP	OWNERSHIP INTEREST (GROUND LEASE EXPRIRATION DATE	YEAR CONSTRUCTED	LAND AREA (ACRES)	CLEARANCE HEIGHT (FEET)
Standalone Connecticut Industrial Property					
710 Bridgeport Shelton, CT	100%	Fee	1971-1979	36.1	22

Total Connecticut Standalone Industrial Property				36.1	

Total Industrial Properties (4)				512.4	
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PROPERTY	PRECENTAGE OFFICE/ RESEARCH AND DEVELOP-MENT FINISH	RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL BASE RENT (2)	ANNUAL BASE RENT PER LEASED SQ. FT.	NUMBER OF TENANTS LEASES
Standalone Connecticut Industrial Property						
710 Bridgeport Shelton, CT	30%	452,414	100.0%	$ 2,876,568	$ 6.36	2

Total Connecticut Standalone Industrial Property	452,414	100.0%	$ 2,876,568	$ 6.36	2
Total Industrial Properties (4)	6,834,113	97.5%	$ 42,938,423	$ 6.50	241

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(1) Calculated as the difference from the lowest beam to floor.

(2) Represents Base Rent of signed leases at December 31, 2000 adjusted for scheduled contractual increases during the 12 months ending December 31, 2001. Total Base Rent for these purposes reflects the effect of any lease expirations that occur during the 12 month period ending December 31, 2001. Amounts included in rental revenue for financial reporting purposes have been determined on a straight-line basis rather than on the basis of contractual rent as set forth in the foregoing table.

(3) Property under redevelopment.

(4) Percent leased excludes properties under redevelopment.

(5) A tenant has been granted an option exercisable after April 30, 1997 and prior to October 31, 2002 to purchase this property for $600,000.

(6) The actual fee interest is currently held by the Town of Brookhaven Industrial Development Agency. The Company may acquire such fee interest by making a nominal payment to the Town of Brookhaven Industrial Development Agency.

(7) The Company has entered into a 20 year lease agreement in which it has the right to sublease the premises.

RETAIL PROPERTIES

As of December 31, 2000, the Company owned two free-standing 10,000 square foot retail properties located in Great Neck and Huntington, New York of which one property is fully leased and one property is vacant.

DEVELOPMENTS IN PROGRESS

As of December 31, 2000, the Company had invested approximately $154.7 million in developments in progress. This amount includes approximately $89.0 million relating to existing buildings encompassing approximately 1.3 million square feet. The Company estimates that if these projects were to be completed, total additional development costs would be approximately $28 million. In addition, the Company has also invested approximately $ 65.7 million relating to approximately 13 acres of land which it can develop approximately 1.6 million square feet. The Company estimates that if these projects were to be completed, total additional development costs would be approximately $250 million.

THE OPTION PROPERTIES

In connection with the IPO, the Company was granted a ten year option to acquire ten properties (the "Option Properties") which were not contributed to the Operating Partnership and are either owned by Reckson or in which Reckson owns a non controlling minority interest.

As of December 31, 2000, the Company has acquired four of the Option Properties for an aggregate purchase price of approximately $35 million and the issuance of approximately 475,000 OP Units. In addition, during 1998, one of the Option Properties was sold by Reckson to a third party.

The remaining Option Properties consist of three Class A office properties encompassing approximately 311,000 square feet and two industrial properties encompassing approximately 69,000 square feet.

HISTORICAL NON-INCREMENTAL REVENUE-GENERATING CAPITAL EXPENDITURES, TENANT IMPROVEMENT COSTS AND LEASING COMMISSIONS

The following table sets forth annual and per square foot recurring, non-incremental revenue-generating capital expenditures and non-incremental revenue-generating tenant improvement costs and leasing commissions incurred by the Company to retain revenues attributable to existing leased space for the period 1996 through 2000 for the Office Properties and the Industrial Properties. As noted, incremental revenue-generating tenant improvement costs and leasing commissions are excluded from the table set forth immediately below. The historical capital expenditures, tenant improvement costs and leasing commissions set forth below are not necessarily indicative of future recurring, non-incremental revenue-generating capital expenditures or non-incremental revenue-generating tenant improvement costs and leasing commissions.

	1996	1997	1998	19
NON-INCREMENTAL REVENUE GENERATING CAPITAL EXPENDITURES				
Office Properties				
Total	$ 375,026	$ 1,108,675	$ 2,004,976	$ 2,29
Per square foot	$ 0.13	$ 0.22	$ 0.23	$
CBD Office Properties				
Total	N/A	N/A	N/A	N/
Per square foot	N/A	N/A	N/A	N/
Industrial Properties				
Total	$ 670,751	$ 733,233	$ 1,205,266	$ 1,04
Per square foot	$ 0.18	$ 0.15	$ 0.12	$
NON-INCREMENTAL REVENUE GENERATING TENANT IMPROVEMENT COSTS AND LEASING COMMISSIONS				
Long Island Office Properties				
Annual Tenant Improvement Costs	$ 523,574	$ 784,044	$ 1,140,251	$ 1,00
Per square foot improved	4.28	7.00	3.98	
Annual Leasing Commissions	119,047	415,822	418,191	55
Per square foot leased	0.97	4.83	1.46	
Total per square foot	$ 5.25	$ 11.83	$ 5.44	$
Westchester Office Properties				
Annual Tenant Improvement Costs	$ 834,764	$ 1,211,665	$ 711,160	$ 1,31
Per square foot improved	6.33	8.90	4.45	
Annual Leasing Commissions	264,388	366,257	286,150	45
Per square foot leased	2.00	2.69	1.79	
Total per square foot	$ 8.33	$ 11.59	$ 6.24	$
Connecticut Office Properties				
Annual Tenant Improvement Costs	$ 58,000	$ 1,022,421	$ 202,880	$ 17

Per square foot improved	12.45	13.39	5.92	
Annual Leasing Commissions	0	256,615	151,063	11
Per square foot leased	0	3.36	4.41	
Total per square foot	$ 12.45	$ 16.75	$ 10.33	$
New Jersey Office Properties				
Annual Tenant Improvement Costs	N/A	N/A	$ 654,877	$ 45
Per square foot improved	N/A	N/A	3.78	
Annual Leasing Commissions	N/A	N/A	396,127	78
Per square foot leased	N/A	N/A	2.08	
Total per square foot	N/A	N/A	$ 5.86	$
New York Office Properties				
Annual Tenant Improvement Costs	N/A	N/A	N/A	N/
Per square foot improved	N/A	N/A	N/A	N/
Annual Leasing Commissions	N/A	N/A	N/A	N/
Per square foot leased	N/A	N/A	N/A	N/
Total per square foot	N/A	N/A	N/A	N/

	1996	1997	1998	
Industrial Properties				
Annual Tenant Improvement Costs	$ 380,334	$ 230,466	$ 283,842	$
Per square foot improved	0.72	0.55	0.76	
Annual Leasing Commissions	436,213	81,013	200,154	
Per square foot leased	0.82	0.19	0.44	
Total per square foot	$ 1.54	$ 0.74	$ 1.20	$

MORTGAGE INDEBTEDNESS

The following table sets forth certain information regarding the mortgage debt of the Company, as of December 31, 2000.

PROPERTY	PRINCIPAL AMOUNT OUTSTANDING (IN THOUSANDS)	INTEREST RATE	MATURITY DATE
6800 Jericho Turnpike	$ 14,324	8.07%	7/1/10
6900 Jericho Turnpike	7,560	8.07%	7/1/10
200 Broadhollow Road	6,494	7.75%	6/02/02
395 North Service Road	20,525	6.45%	10/26/05
50 Charles Lindbergh Blvd.	15,479	7.50%	7/10/01
333 Earl Ovington Blvd (The Omni)(1)	55,641	7.72%	8/14/07
310 East Shore Road	2,322	8.00%	7/01/02
80 Orville Drive	2,616	10.10%	2/01/04
580 White Plains Road	13,057	7.86%	9/1/10
Landmark Square	46,974	8.02%	10/07/06
110 Bi-County Blvd.	4,043	9.125%	11/30/12
100 Summit Lake Drive	21,541	8.50%	4/01/07
200 Summit Lake Drive	20,133	9.25%	1/01/06

120 West 45th Street	66,103	6.82%(4)	11/01/27
810 7th Avenue	85,600	7.73%	8/1/09
100 Wall Street	37,094	7.73%	8/1/09
One Orlando Center	39,465	6.82%(4)	11/01/27
1350 Avenue of the Americas	70,000	LIBOR + 1.65%	8/1/01
919 3rd Avenue	200,000	LIBOR + 1.20%	10/31/03
Total	$ 728,971		

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(1) The Company has a 60% general partnership interest in the Omni and its proportionate share of the aggregate principal amount of the mortgage debt is approximately $33.4 million.

(2) Principal payments of $34,000 per month.

(3) Interest only

(4) Subject to interest rate adjustment on November 1, 2004.

ITEM 3. LEGAL PROCEEDINGS

The Company is not presently subject to any material litigation nor, to the Company's knowledge, is any litigation threatened against the Company, other than routine actions for negligence or other claims and administrative proceedings arising in the ordinary course of business, some of which are expected to be covered by liability insurance and all of which collectively are not expected to have a material adverse effect on the liquidity, results of operations or business or financial condition of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of stockholders during the fourth quarter of the year ended December 31, 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

CLASS A COMMON STOCK

The Company's Class A common stock began trading on the New York Stock Exchange ("NYSE") on May 25, 1995, under the symbol "RA". The following table sets forth the quarterly high and low closing sale prices per share of the Company's Class A common stock as reported on the NYSE and the distributions paid by