

Years Ended December 31, 2002 and December 31, 2001

Revenues

The Company's revenues, which consist of property rentals, tenant expense reimbursements, hotel revenues, trade shows revenues, amortization of above and below market leases acquired under SFAS No. 141 and 142, and other income, were \$1,392,239,000 for the year ended December 31, 2002, compared to \$952,161,000 in the year ended December 31, 2001, an increase of \$440,078,000 of which \$423,128,000 resulted from the acquisition of the remaining 66% of CESCO and the resulting consolidation of its operations. Below are the details of the increase (decrease) by segment:

(AMOUNTS IN THOUSANDS)	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Other
Rentals:						
Acquisitions, dispositions and non-same store revenue:						
CESCO (acquisition of remaining 66% and consolidation vs. equity method accounting for 34%)	January 2002	\$ 393,506	\$393,506	\$ —	\$ —	\$ —
715 Lexington Avenue	July 2001	976	—	976	—	—
Las Catalinas (acquisition of remaining 50% and consolidation vs. equity method accounting for 50%)	September 2002	3,108	—	3,108	—	—
435 Seventh Avenue (placed in service)	August 2002	2,541	—	2,541	—	—
424 Sixth Avenue	July 2002	320	—	320	—	—
Properties taken out of service for redevelopment		(767)	—	(767)	—	—
Operations:						
Hotel activity		(7,645) ⁽¹⁾	—	—	—	(7,645) ⁽¹⁾
Trade Show activity		(3,908) ⁽²⁾	—	—	(3,908) ⁽²⁾	—
Leasing activity		8,535	8,058	680	314	(517)
Total increase (decrease) in property rentals		396,666	401,564	6,858	(3,594)	(8,162)
Tenant expense reimbursements:						
Increase due to acquisitions		15,319	14,398	921	—	—
Operations		10,434	6,925	1,379	953	1,177
Total increase in tenant expense reimbursements		25,753	21,323	2,300	953	1,177
Other Income:						
Increase due to acquisitions		15,235	15,224	11	—	—
Operations		2,424	2,624	535	1,452	(2,187)
Total increase (decrease) in other income		17,659	17,848	546	1,452	(2,187)
Total increase (decrease) in revenues		\$ 440,078	\$440,735	\$9,704	\$ (1,189)	\$ (9,172)

(1) Average occupancy and REVPAR for the Hotel Pennsylvania were 65% and \$58 for the year ended December 31, 2002 compared to 63% and \$70 for the prior year.

(2) Reflects a decrease of \$3,580 resulting from the rescheduling of two trade shows from the fourth quarter in which they were previously held to the first quarter of 2003.

See Leasing Activity on page 6, for further details and corresponding changes in occupancy.