

BLACKSTONE ACQUIRES DEBT ON 7 WORLD TRADE CENTER

New York, NY – October 17, 2000: Blackstone Real Estate Advisors, the global real estate investment and management arm of The Blackstone Group, L.P., announced today that it has purchased, from Teachers Insurance and Annuity Association, the participating mortgage secured by 7 World Trade Center, a commercial office complex controlled by real estate developer Larry Silverstein.

Located in downtown Manhattan, 7 World Trade Center is a 47 story, Class A, office tower containing 2 million square feet of office space. The property, which is 100% occupied, houses some of Manhattan's premier companies including Salomon Smith Barney, Hartford Fire Insurance, American Express and the U.S. Securities and Exchange Commission.

The mortgage contains certain features which allow Blackstone, as the lender, to share in the improvement in performance of the asset over time through its maturity in 2006. Average rents in the building are currently \$45 per square foot, reflecting a significant discount to current market rents. Additional terms of the transaction were not disclosed.

Steve Galiotos, a Managing Director of The Blackstone Group, said, "Rising rental rates coupled with the lack of available office space in downtown Manhattan, made 7 World Trade Center an attractive investment opportunity for Blackstone. We are pleased to be a lender to Larry Silverstein, a seasoned real estate veteran, on one of Manhattan's trophy properties." 7 World Trade Center is the second investment made by Blackstone in a Silverstein office building. In April 2000, Blackstone formed a joint venture with Larry Silverstein and Walton Street Capital to own and operate the Equitable Building at 120 Broadway in downtown Manhattan.

Larry Silverstein stated that "Blackstone has one of the most exceptional track records in real estate investment and we are pleased to have them as a primary lender to a premier New York office property. Their commitment demonstrates the strength of this market."

About Silverstein Properties, Inc.

Silverstein Properties Inc. is a Manhattan-based real estate development and investment firm that owns, manages, and has developed more than 20 million square feet of office, residential and retail space. The office space is located primarily in the financial district of downtown Manhattan and along Fifth Avenue in midtown. Current projects in development include River Place, the entire 42nd Street block between 11th and 12th Avenues, with two 40-story residential towers to contain a total of 1,800 apartments, retails and parking facilities.

About The Blackstone Group L.P.

The Blackstone Group, a private investment bank with offices in New York and London, was founded in 1985 by its Chairman, Peter G. Peterson, and its President and CEO, Stephen A. Schwarzman. Blackstone's Real Estate Group has raised three funds representing approximately \$3 billion in total equity. The group has made around 100 separate investments in hotels and other commercial properties with a total transaction value of about \$11 billion. In addition to real estate, The Blackstone Group's core businesses include Mergers and Acquisitions Advisory, Restructuring and Reorganization Advisory, Private Equity Investing, Private Mezzanine Investing, and Liquid Alternative Asset Investing.