

790 Riverside Drive Owners, Inc.

August 23, 2007

Dear Shareholders,

Now that summer vacations and travels are starting to wind down the Board wishes to update you on a variety of things happening here at the Riviera. Also for your information the 2007 mid-term financial report prepared by our accountant, Aimee Schwartz, will be delivered separately.

Special Election

As you will recall, at our last Annual Meeting on May 9, 2007, shareholders voted to increase the size of the board from five to seven seats. **The election of the two new board members will take place on Tuesday, September 25, 2007** at a special shareholders' meeting, which will be held at 7 pm at the Church of the Intercession located at 550 West 155th Street, between Broadway and Amsterdam. Any candidate who wishes to have his or her name placed on the ballot should contact the building manager, Don Skupinsky by Friday Sept. 21st.

Also on the agenda for the September 25th meeting will be a review of the status of our finances and major projects both currently under way and planned. Our accountant, as well as representatives of our managing agent and key contractors doing work on the building, will be present.

Financials

Our accountant has prepared a special report, which documents the coop's financial performance for the first half of 2007: January through June. Highlights are as follows:

INCOME: 8.8% ABOVE BUDGET

- Maintenance collections are on target
- Interest income, which includes earnings on both operating and capital reserves, is 43.8% above budget. This was due to slower than expected billings, which resulted in higher interest-bearing balances.
- Transfer fees, or flip taxes, were 346.9% above budget. The budget for this line item was purposefully set very conservatively because of the unpredictability of these revenues.

EXPENSE: 3.6% ABOVE BUDGET

- Fuel expense was 10.5% under budget.
- Union, welfare, and pension expense was 21.6% under budget.
- Repairs and maintenance expense was 15.0% above budget.
- Special, one-time prior-year expense items amounted to \$63,479.

NET OPERATING RESULT

- The 2007 budget, which is balanced for the year, shows an interim net income loss of \$25,499 through the end of June (i.e., due to the seasonal variability).
- Actual performance through June shows income exceeding expense by \$64,463.

RESERVE ACCOUNT BALANCES

- The coop's operating cash reserve as of the end of June 2007 stood at \$133,326.
- Capital reserves as of the end of June 2007, both in cash and invested, totaled to \$6,817,481.

PRICE PER SHARE

- Based on the sale of six apartments to date this year, the average price per share stands at \$1,510.39. This is an 8.9% gain from the average price per share for 2006.

Local Law 11 Work

B&A is currently waiting for final inspection and sign-off from the Department of Buildings before it can resume work. B&A, as well our engineers, Midtown Preservation, are confident that we will be able to complete the work in time for our filing deadline for J-51 tax abatements.

In addition to the façade work cited in our Local Law 11 filing with the City, we will also be working to correct and/or remove other issues necessary for filing for J-51 status. This includes repairing missing and/or

uneven floor tiles in public areas and ensuring that all window a/c units are in compliance with City regulations. All residents will soon receive a separate memo covering guidelines for a/c compliance.

Roof: Permanent/Final Phase

The second and final phase of the roof work is slated to begin this coming spring. This work will include the final waterproofing and protective layers. The work will be planned in conjunction with the proposed future development of the roof space.

Passenger Elevators

Completion of work on the south elevator is currently slightly ahead of schedule and should be in service by the middle of September. Once the south elevator is back in service we will start on the north elevator. If work continues at the existing pace, the renovation should be finished in November as planned.

Freight Elevator

The Board reviewed the sealed bids for the freight elevator renovation and selected American Elevator. American Elevator, the firm currently upgrading the passenger elevators, submitted the lowest bid for the freight elevator project. While the Board has not yet scheduled the work, it will likely take place in 2008.

Laundry Room

The Board has selected Mac-Gray as the new provider for the coop's laundry room. Mac-Gray will be installing brand new machines and adding/upgrading other amenities to improve the quality and service for building residents.

New Security Cameras

The Board approved improvements to the building's security system. This includes adding seven new cameras for more effective coverage of the building's public spaces and additional recording devices. Some cameras that were not upgraded previously, such as those in the elevators, will be upgraded in the current renovation.

New Mail Boxes

The Board selected a contractor to proceed with the work involved with installing new USPS approved mailboxes which will be located on the ground floor hallway directly across from the storage and bike rooms.

The mailboxes will be flush mounted, as they are now, on the south wall of the hallway. Per USPS regulation, a recessed shelf will run the length of the mailboxes just below the bottom row of mailboxes. Once the new mailboxes are installed, the old ones will be removed and the back hallway cleaned and repaired.

Building Assets Development

Earlier this summer the Building Assets Working Group met to analyze the results of its resident survey and to draw up its recommendations for the Board. The group's first recommendation was the location of the new mailboxes, which would free up space in other areas under consideration for development.

Secondly, based on the number one survey response the BAWG recommended that the Board consider developing a gym in what has been previously referred to as the "plumbing supply room." The BAWG also recommended that the space currently used as the superintendent's office be developed as a multi-purpose room that would serve chiefly as a children's playroom during the day.

The Board has agreed to pursue the BAWG's recommendations. As previously stated the Board is in the process of installing the new mailboxes and is working to move forward with the other recommendations as well.

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From the 790 Board, have a very happy and safe Labor Day weekend and don't forget to mark your calendars for the September 25th special meeting.