
02683

# APPRAISAL OF REAL PROPERTY

Development Site
336 Flatbush Avenue
Brooklyn, Kings County, NY 11238

IN A SUMMARY APPRAISAL REPORT
As of October 1, 2013

Prepared For:
Cozen O'Connor
277 Park Avenue, 16th Floor
New York, NY 10172

Prepared By:
Cushman & Wakefield, Inc.
Valuation & Advisory
1290 Avenue of the Americas, 9th Floor
New York, NY 10104-6178
C&W File ID: 13-12002-902821

CUSHMAN & WAKEFIELD®
VALUATION & ADVISORY


Development Site
336 Flatbush Avenue
Brooklyn, Kings County, NY 11238

1290 AVENUE OF THE AMERICAS, 9TH FLOOR
NEW YORK, NY 10104-6178

October 25, 2013

Kenneth K. Fisher, Esq.
Member
**Cozen O'Connor**
277 Park Avenue, 16th Floor
New York NY 10172

Re: Appraisal of Real Property
In a Summary Report

**Development Site**
336 Flatbush Avenue
Brooklyn, Kings County, NY 11238

C&W File ID: 13-12002-902821

Dear Mr. Fisher:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our appraisal of the above captioned property in a summary report dated October 25, 2013. The effective date of value is October 1, 2013.

This appraisal report has been prepared in accordance with our interpretation of your institution's guidelines and the *Uniform Standards of Professional Appraisal Practice* (USPAP).

This is a summary appraisal, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice. As such, it presents limited discussions of the data, reasoning, or analyses used in the appraisal process to develop the appraisers' opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses is retained in our files. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below.

Cushman & Wakefield, Inc. has performed a previous appraisal of the subject site within the three years prior to this assignment.

## MARKET VALUE AS IS

Based on our Appraisal as defined by the *Uniform Standards of Professional Appraisal Practice*, we have developed an opinion that the Market Value of the Fee Simple Interest of the subject property, subject to the assumptions and limiting conditions, certification, extraordinary assumptions and hypothetical conditions, if any, and definitions, "As-Is" on October 1, 2013, was:

**ONE MILLION THREE HUNDRED THOUSAND DOLLARS**

**$1,300,000**

The value opinion in this report is qualified by certain assumptions, limiting conditions, certification, and definitions. We particularly call your attention to the extraordinary assumptions and hypothetical conditions listed below.

## EXTRAORDINARY ASSUMPTIONS

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions.

This appraisal employs the following extraordinary assumptions. 1) 184 Sterling Place and a portion of 336 Flatbush Avenue are leased to CASPI, Inc. As of March 1, 2000, the lease was assigned to Bio-Medical Applications. The lease commenced on April 28, 1998, with a 10 year initial term. There are two five-year renewal options. The scheduled base rent is $18,333.33 per month for years six through 10. According to the lease, there was no rent increase clause and all utilities are paid by the landlord. The tenant is permitted to use the space as a dialysis center, lab services, and medical offices. The landlord pays all real estate taxes. The lease's final option will expire in 2018. The 10 year lease term has expired and the tenant reportedly exercised the first five year lease option. We were not provided with an updated rent schedule. We assumed this is a lease between related entities and the lease can be terminated in the short term at no substantial financial cost. Therefore, we did not consider any interim rent. Any changes to the above may materially impact the market value reported herein. 2) The subject property is owned by Downstate at LICH Holding Company, Inc. This appraisal assumes the subject is marketed as an individual property and not as a group of properties to be sold in bulk. 3) The appraisers inspected the interior of the asset in September 2010. We assumed no change in conditions observed from this prior inspection.

## HYPOTHETICAL CONDITIONS

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions.

This appraisal does not employ any hypothetical conditions.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD, INC.

Sandy Chansamone
Director
NY State Real Estate Appraiser Assistant
License No. 48000048041

John T. Feeney
Executive Director
NY Certified General Appraiser
License No. 46000028659

Robert S. Nardella, MAI, MRICS
Senior Managing Director
NY Certified General Appraiser
License No. 46000004620

# SUMMARY OF SALIENT FACTS AND CONCLUSIONS

The subject site consists of a 2,700 square foot parcel. The subject is located on the south side of Sterling Place between Seventh and Eighth Avenues. The site is currently improved with a 13,108 square foot building.

The chart below is an executive summary of the information that we present in more detail in the report.

| BASIC INFORMATION | | | |
|---|---|---|---|
| **Common Property Name:** | Development Site | **Report Type:** | Summary |
| **Address:** | 336 Flatbush Avenue | **Interest Appraised:** | Fee Simple |
| **City:** | Brooklyn | **Date of Value:** | 10/1/13 |
| **State:** | NY | **Date of Inspection:** | 10/1/13 |
| **Zip Code:** | 11238 | **Date of Report:** | 10/25/13 |
| **County:** | Kings | **Property Ownership Entity:** | Downstate at LICH Holding Company, Inc. |
| | | **CW File Reference:** | 13-12002-902821 |

| SITE INFORMATION | | | |
|---|---|---|---|
| **Land Area Gross SF:** | 2,700 | **Frontage:** | Average |
| **Flood Zone:** | X | **Access:** | Average |
| **Flood Map Number:** | 360497-0203F | **Visibility:** | Good |
| **Flood Map Date:** | 9/5/07 | **Location Rating:** | Good |
| **Site Utility:** | Average | | |
| **Site Topography:** | Level at street grade | | |
| **Site Shape:** | Irregularly shaped | | |

| MUNICIPAL INFORMATION | | | |
|---|---|---|---|
| **Assessing Authority:** | City of New York | **Municipality Governing Zoning:** | City of New York |
| **Assessor's Parcel Identification:** | Block 1058, Lot 30 | **Current Zoning:** | R7A and R7B with a C2-2 overlay |
| **Current Tax Year:** | 2013/2014 | **Is current use permitted:** | Yes |
| **Taxable Assessment:** | $336,217 | **Current Use Compliance:** | Legal, Pre-Existing, Non-Conforming Use |
| **Current Tax Liability:** | $44,317 | | |

| HIGHEST & BEST USE | |
|---|---|
| **As Vacant:** | **As Improved:** |
| A residential apartment building built to its maximum feasible building area | Demolition of the existing improvements and construction of a residential building built to its maximum permitted density |

| VALUATION INDICES | Market Value As Is |
|---|---|
| **COST APPROACH** | |
| Indicated Value: | NA |
| **SALES COMPARISON APPROACH** | |
| Indicated Value: | $1,300,000 |
| **INCOME CAPITALIZATION APPROACH** | |
| Indicated Value: | NA |
| **FINAL VALUE CONCLUSION** | |
| Concluded Value: | $1,300,000 |
| **EXPOSURE TIME** | |
| **Exposure Time:** | 6 to 9 months |
| **Marketing Time:** | 6 to 9 months |

## EXTRAORDINARY ASSUMPTIONS

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions.

This appraisal employs the following extraordinary assumptions. 1) 184 Sterling Place and a portion of 336 Flatbush Avenue are leased to CASPI, Inc. As of March 1, 2000, the lease was assigned to Bio-Medical Applications. The lease commenced on April 28, 1998, with a 10 year initial term. There are two five-year renewal options. The scheduled base rent is $18,333.33 per month for years six through 10. According to the lease, there was no rent increase clause and all utilities are paid by the landlord. The tenant is permitted to use the space as a dialysis center, lab services, and medical offices. The landlord pays all real estate taxes. The lease's final option will expire in 2018. The 10 year lease term has expired and the tenant reportedly exercised the first five year lease option. We were not provided with an updated rent schedule. We assumed this is a lease between related entities and the lease can be terminated in the short term at no substantial financial cost. Therefore, we did not consider any interim rent. Any changes to the above may materially impact the market value reported herein. 2) The subject property is owned by Downstate at LICH Holding Company, Inc. This appraisal assumes the subject is marketed as an individual property and not as a group of properties to be sold in bulk. 3) The appraisers inspected the interior of the asset in September 2010. We assumed no change in conditions observed from this prior inspection.

## HYPOTHETICAL CONDITIONS

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions.

This appraisal does not employ any hypothetical conditions.

# Property Photographs

## AERIAL MAP


View of the subject


Additional view of the subject


Street scene facing west on Sterling Place. Subject is on the left (2010)

Street scene facing east on Sterling Place. Subject is on the right

# Table of Contents

# Introduction

## SCOPE OF WORK

This appraisal, presented in a summary report, is intended to comply with the reporting requirements outlined under the USPAP for a summary appraisal report. This appraisal report has been prepared in accordance with our interpretation of your institution's guidelines and the *Uniform Standards of Professional Appraisal Practice* (USPAP).

This is a summary appraisal, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice. As such, it presents limited discussions of the data, reasoning, or analyses used in the appraisal process to develop the appraisers' opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses is retained in our files. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below.

Cushman & Wakefield, Inc. has performed a previous appraisal of the subject property within the three years prior to this assignment.

Cushman & Wakefield, Inc. has an internal Quality Control Oversight Program. This Program mandates a "second read" of all appraisals. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature.

The scope of this appraisal required collecting primary and secondary data relevant to the subject property. We investigated numerous land sales, improved building sales, and condominium unit sales in the subject's market, analyzed rental data, and considered the input of buyers, sellers, brokers, property developers and public officials. We made a physical inspection of the exterior of the subject property. We also investigated the general regional economy as well as the specifics of the subject property's local area.

The data have been thoroughly analyzed and confirmed with sources believed to be reliable, leading to the value conclusions in this report. The valuation process used generally accepted market-derived methods and procedures appropriate to the assignment.

This appraisal employs the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that only this approach would be considered meaningful and applicable in developing a credible value conclusion. As part of the agreed to Scope of Work for this report, the appraisers analyzed the subject property as a standalone asset without consideration to the other assets comprising the Long Island College Hospital campus.

## IDENTIFICATION OF PROPERTY

| | |
|---|---|
| Common Property Name: | Development Site |
| Location: | The subject property is located at 336 Flatbush Avenue in Brooklyn, Kings County, New York 11238 |
| Assessor's Parcel Numbers: | Block 1058, Lot 30 |
| Legal Description: | A metes and bounds legal description for the subject site has been retained in the files of the appraisers. |

## PROPERTY OWNERSHIP AND RECENT HISTORY

| | |
|---|---|
| Current Ownership: | Downstate at LICH Holding Company, Inc. |
| Sale History: | Title to the subject property, as well as the other buildings that comprise the Long Island College Hospital campus, was transferred to current ownership in May 2011 according to public records. The allocated purchase price for the subject property was $700,000. We were provided neither the details of the acquisition nor the methodology used in ownership's allocation process.<br>To the best of our knowledge, there have been no other arm's-length transfers of the subject property within the last three years. |
| Current Disposition: | To the best of our knowledge, the subject property is not being marketed for sale or under contract. |

## DATES OF INSPECTION AND VALUATION

| | |
|---|---|
| Dates of Valuation: | October 1, 2013 |
| Date of Inspection: | October 1, 2013 (exterior only) |
| Property Inspected by: | Sandy Chansamone (exterior only)<br>The interior was inspected as part of a prior assignment in 2010. |

## CLIENT, INTENDED USE AND USERS OF THE APPRAISAL

| | |
|---|---|
| Client: | Cozen O'Connor |
| Intended Use: | The appraisal determines the Market Value of the Fee Simple Interest of the subject property in its as is condition. The report is to be used in connection with an internal review by the client for decision making purposes regarding this asset and in contemplation of potential litigation involving the subject and other assets. This report is not intended for any other use. |
| Intended Users: | This report is for use and benefit of, and may be relied upon by Cozen O'Connor and its client, Downstate at LICH Holding Co, Inc. Use of this report by others is not |

intended by the appraisers.

## EXTRAORDINARY ASSUMPTIONS

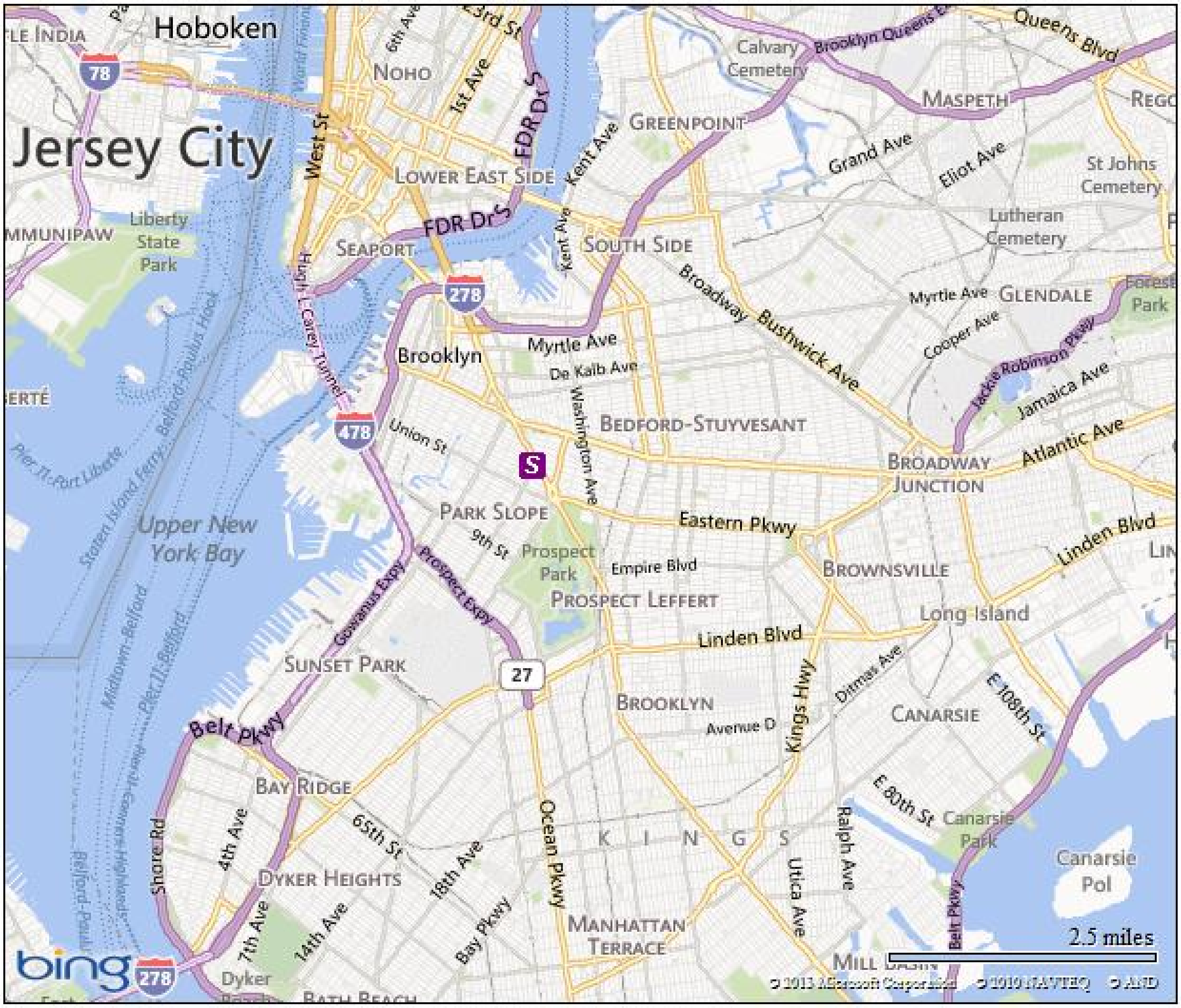
This appraisal employs the following extraordinary assumptions. 1) 184 Sterling Place and a portion of 336 Flatbush Avenue are leased to CASPI, Inc. As of March 1, 2000, the lease was assigned to Bio-Medical Applications. The lease commenced on April 28, 1998, with a 10 year initial term. There are two five-year renewal options. The scheduled base rent is $18,333.33 per month for years six through 10. According to the lease, there was no rent increase clause and all utilities are paid by the landlord. The tenant is permitted to use the space as a dialysis center, lab services, and medical offices. The landlord pays all real estate taxes. The lease's final option will expire in 2018. The 10 year lease term has expired and the tenant reportedly exercised the first five year lease option. We were not provided with an updated rent schedule. We assumed this is a lease between related entities and the lease can be terminated in the short term at no substantial financial cost. Therefore, we did not consider any interim rent. Any changes to the above may materially impact the market value reported herein. 2) The subject property is owned by Downstate at LICH Holding Company, Inc. This appraisal assumes the subject is marketed as an individual property and not as a group of properties to be sold in bulk. 3) The appraisers inspected the interior of the asset in September 2010. We assumed no change in conditions observed from this prior inspection.

## HYPOTHETICAL CONDITIONS

This appraisal does not employ any hypothetical conditions.

# New York City Regional Analysis

**REGIONAL MAP**



# INTRODUCTION

## MARKET DEFINITION

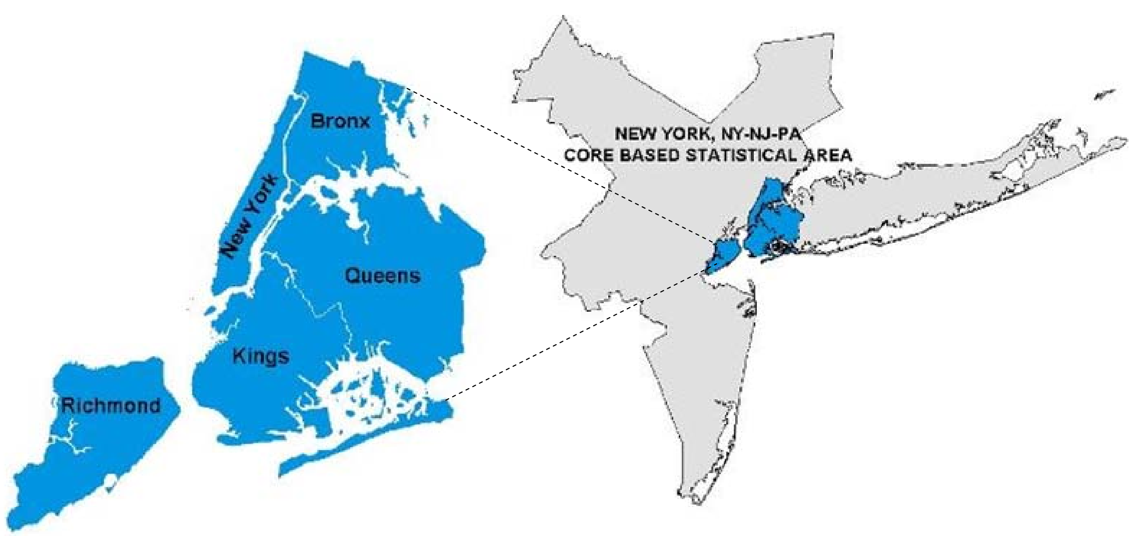
New York City consists of five counties at the mouth of the Hudson River in the southeast area of New York State. The borough of Manhattan, also referred to as New York County, forms the political, financial and cultural core of the city. It is the economic growth engine of the Greater New York Region. The city's other boroughs are Brooklyn, Queens, Staten Island, and the Bronx, otherwise known as Kings, Queens, Richmond, and Bronx counties, respectively. The area's vast mass transit infrastructure connects the five boroughs as well as the surrounding suburban areas, forming the Greater New York Region. This region covers 21 counties in the southeastern section of New York State, southwestern corner of Connecticut, and Central and Northern New Jersey.

The following are notable points about New York City:

- The city is home to the two largest stock exchanges in the world, the New York Stock Exchange and the NASDAQ.
- New York houses many large financial institutions, including: Citigroup, JP Morgan Chase, Goldman Sachs, Barclay's and Bank of America.
- New York City is home to the headquarters of 43 companies on the Fortune 500 list.

The following map highlights the Metropolitan Statistical Area (MSA) of New York, NY:

**NEW YORK CITY COUNTIES**




Source: Claritas, Inc., Cushman & Wakefield Valuation & Advisory

## CURRENT TRENDS

New York City's economy is growing modestly on the strength of steady employment gains over the past few years. The city has recovered all of the jobs lost during the most recent recession (well ahead of most cities in the nation), though the current composition of employment is slightly different from the pre-recession peak. The recent job gains have come in many sectors, and the city's employment diversity has helped weather the finance industry's struggles. A major source of recent economic growth has been the city's tourism industry. NYC & Co. reports that New York City had a record 52.0 million visitors in 2012. Healthy tourism is generating revenue for both the retail and hospitality sectors. This boom in the industry explains the city's expansion in related employment sectors, and will continue to help the local economy.

Another bright spot for the city has been its tech sector. Major companies like Google and Facebook have been joined by small startups throughout the city in creating a thriving tech ecosystem. According to a 2013 study presented at the Bloomberg Technology Summit, the city's tech boom has been responsible for roughly one-third of its private sector job creation since 2007. New York City's government is helping to nurture the growth with economic development and education initiatives. As a result, Cornell, NYU, and Columbia are all opening or expanding tech campuses in the city, in an effort to meet the need for highly educated workers.

Despite the city's strong job growth, not all of the jobs added have been high quality and well-paying professional positions. As Wall Street remains stagnant in terms of hiring, the tourism industry has created thousands of low-paying retail jobs. This tradeoff is likely to have a negative impact on New York City's average household income. Moreover, New York City's unemployment rate remains above the nations well into 2013.

Further considerations are as follows:

- To support the city's tech industry, the mayor's office launched a campaign in February 2013 called "We Are Made in NY". The initiative will help jobseekers find tech opportunities and organize resources and benefits for startups.
- Long Island College Hospital in Brooklyn is currently slated to close permanently. Community opposition has stalled the closure twice so far in 2013, and a state Supreme Court justice put a temporary hold on the closure in September. A shutdown would result in thousands of lost jobs.
- A September 2013 report from the New York Building Congress found that $7.9 billion worth of construction projects were started in New York City in the first half of 2013, a 10.0 percent increase from the first half of 2012.
- In September 2013, the City Planning Commission approved a plan for what will be the world's largest Ferris Wheel. The project, which will be located on Staten Island adjacent to a proposed outlet mall, needs to be approved by the City Council before proceeding.
- Steiner Studios is spending up to $85.0 million to expand its film studio and production space at the Brooklyn Navy Yard. The studio is the largest movie and production facility east of Hollywood.
- The New York City government selected a developer in September to redevelop a large city-owned site on the Lower East Side, referred to as the Seward Park sites. Plans for the redevelopment call for 1,000 units of housing, a bowling alley, an urban farm, tech incubator space, and the New York annex of the Andy Warhol museum.

## DEMOGRAPHIC TRENDS

### DEMOGRAPHIC CHARACTERISTICS

New York City exceeds national averages in household income at both the top and bottom of the spectrum. As a result, the city's middle income brackets are relatively small. The high cost of living in New York City pushes out many of those who are not poor enough to qualify for subsidized rents or wealthy enough to afford market-rate housing. A 2012 study from the Center for Housing Policy found that for the decade ended in 2010, housing and transportation costs in New York City rose 55.0 percent. Over the same time period, income in the area only grew by 31.0 percent.

The city also has a gap in educational attainment. A higher percentage of New York City residents are without a high school diploma than the national population, and likewise for residents with at least a bachelor's degree.

Further considerations are as follows:

- The median person in New York City is 36 years old, one year younger than the national median.
- New York City's average household income ($78,052) is significantly higher than the country's ($69,636). When looking at median household income, however, the roles are reversed. Median income in New York is $49,047, while the country's median household income is $49,231. Medians are typically a better measure of central tendency, as means are more easily influenced by outliers. As discussed above, New York is full of outliers at the upper and lower ends of the income scale.
- A survey set released by the U.S. Census in September 2013 revealed that in 2011, 21.2 percent of New York City residents were under the poverty line, compared to only 15.9 percent for the nation as a whole. This marked the fourth straight year that the percentage increased. The stat seems to suggest that much of the region's recent job growth has been in industries with low wages.
- New York City is ahead of the national average in residents with at least a bachelor's degree by 5.3 percentage points. The city boasts a large number of institutions of higher learning, along with industries that require such education. This makes New York City an attractive destination for many businesses.

The following table compares the demographic characteristics of New York City with those of the United States:

| Demographic Characteristics<br>New York City vs. United States<br>2013 Estimates | | |
|---|---|---|
| **Characteristic** | **New York City** | **United States** |
| Median Age (years) | 36.0 | 37.0 |
| Average Annual Household Income | $78,052 | $69,636 |
| Median Annual Household Income | $49,047 | $49,231 |
| *Households by Annual Income Level:* | | |
| <$25,000 | 28.4% | 25.4% |
| $25,000 to $49,999 | 22.3% | 25.3% |
| $50,000 to $74,999 | 16.0% | 18.1% |
| $75,000 to $99,999 | 10.5% | 11.7% |
| $100,000 plus | 22.7% | 19.5% |
| *Education Breakdown:* | | |
| < High School | 20.6% | 14.6% |
| High School Graduate | 25.1% | 28.4% |
| College < Bachelor Degree | 20.8% | 28.9% |
| Bachelor Degree | 19.9% | 17.7% |
| Advanced Degree | 13.5% | 10.4% |

Source: Claritas, Inc., Cushman & Wakefield Valuation & Advisory

## POPULATION

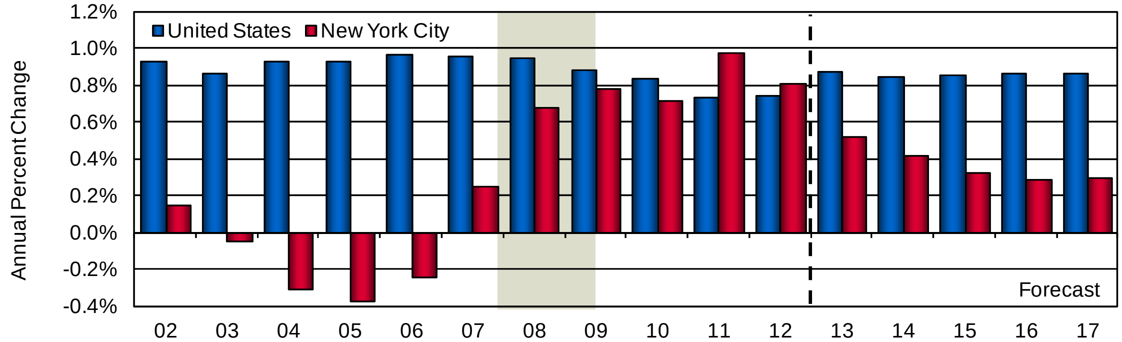
According to Moody's Analytics, the current population of New York City is estimated at over 8.3 million. Rapid population growth is and always will be a challenge for New York City, as the densely populated metro area has little room for growth. The recent trend of redeveloping former industrial and office buildings into residential buildings could help, but the city will likely never grow as quickly as the rest of the country. Of all the boroughs, Brooklyn is expected to grow the most quickly in the near future, as its current renaissance continues. According to Moody's Analytics, the borough is forecast to grow by an average annual rate of 0.5 percent through 2017.

Further considerations are as follows:

- From 2002 through 2012, New York City had average annual population growth of 0.3 percent. Over the same time frame, however, the nation grew at an average annual rate of 0.9 percent.
- Population growth for the next five years will continue to be low in New York. The average annual rate is forecast at 0.3 percent, much lower than the nations forecast annual growth of 0.9 percent.
- People typically follow jobs, so the recent string of private sector job growth is a likely driver behind New York's population growth since the recession. The city's annual growth rate peaked at nearly 0.9 percent in 2011.

The following chart compares historical and projected population growth between New York City and the United States as a whole:

**POPULATION GROWTH BY YEAR**
**New York City vs. United States, 2002-2017**




Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

The following table shows New York City's annualized population growth by county:

| Annualized Population Growth by County<br>New York City<br>2002 - 2017 | | | | | | |
|---|---|---|---|---|---|---|
| Population (000's) | 2002 | 2012 | Forecast 2013 | Forecast 2017 | Compound Annual Growth Rate 02-12 | Compound Annual Growth Rate 13-17 |
| United States | 287,625.2 | 313,914.0 | 316,667.9 | 327,665.7 | 0.9% | 0.9% |
| **New York City** | **8,072.0** | **8,336.7** | **8,380.3** | **8,491.9** | **0.3%** | **0.3%** |
| Bronx County | 1,358.7 | 1,408.5 | 1,416.1 | 1,435.3 | 0.4% | 0.3% |
| Kings County | 2,480.6 | 2,565.6 | 2,582.0 | 2,633.6 | 0.3% | 0.5% |
| Queens County | 2,224.5 | 2,272.8 | 2,284.6 | 2,318.4 | 0.2% | 0.4% |
| Richmond County | 452.8 | 470.7 | 472.5 | 473.4 | 0.4% | 0.0% |
| New York County | 1,555.4 | 1,619.1 | 1,625.1 | 1,631.3 | 0.4% | 0.1% |

Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

## HOUSEHOLDS

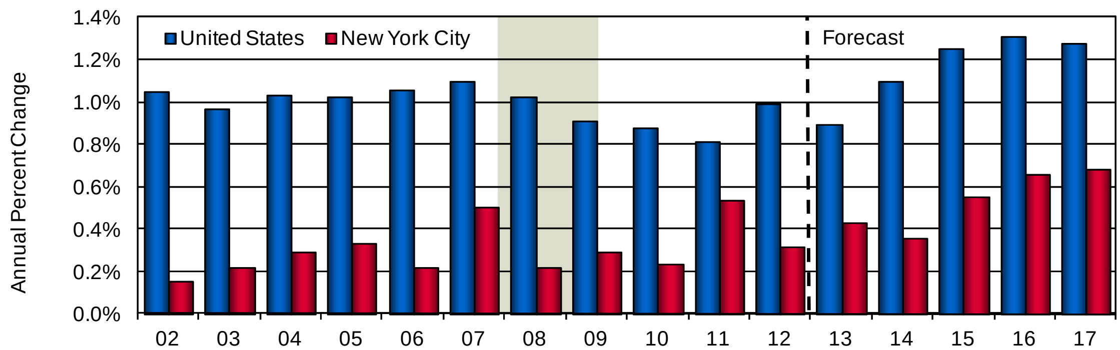
Much like population growth, New York City continually lags the country in household formation. This is both due to recessionary factors and issues endemic to New York City. For example, the extremely high cost of living discourages household formation, especially as young residents group together in apartments to live more affordably. It is not uncommon for living rooms to be converted into extra bedrooms. Indeed, the most recent census data show that New York City leads the nation in nonfamily households, with almost 60.0 percent of households having members with no familial relationship.

Further considerations are as follows:

- From 2002 to 2012, household formation in the city grew at an average annual rate of 0.3 percent, lower than the national rate of 1.0 percent per year.
- Over the next five years, the city's average growth rate is expected to be 0.6 percent per year, half that of the nation's.

The chart below compares historical and projected household formation growth between New York City and the United States as a whole:

**HOUSEHOLD FORMATION BY YEAR**
**New York City vs. United States, 2002-2017**




Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

# ECONOMIC TRENDS

## GROSS METRO PRODUCT

One of the city's biggest new growth drivers since the recession is the tech industry. Giants like Microsoft, eBay, Yahoo!, Google, Facebook, Twitter, and LinkedIn have been expanding, while smaller tech firms and startups are popping up in "Silicon Alley". Notable among these are Kickstarter, Gilt Groupe, and Tumblr. A May 2012 study from the Center for an Urban Future found that New York City has the fastest growing tech industry in the country. The industry has also been one of the biggest consumers of office space in the city in recent quarters. Expansion is expected to continue as Cornell University's proposed $2.0 billion high-tech graduate school on Roosevelt Island begins to come to fruition. It may take some time before new jobs and businesses arise from the initiative, but the industry will continue to own a growing share of the city's economic output.

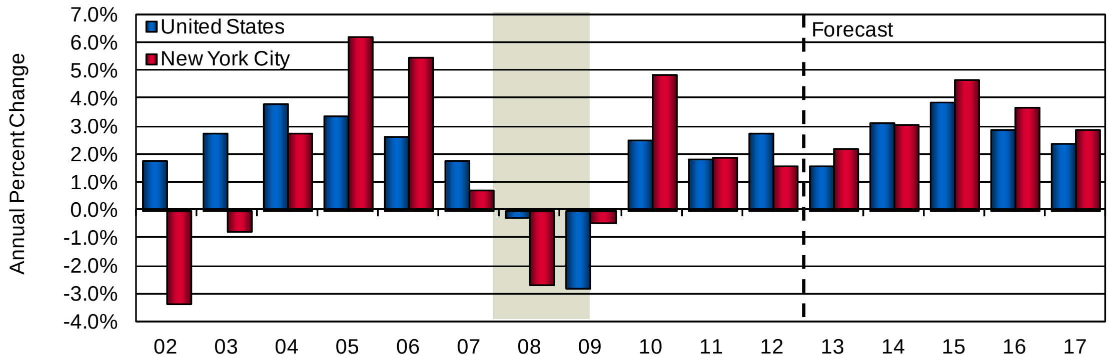
Though economic growth in early 2013 was relatively slow due to fears of sequestration, the pace has picked up going into the second half of the year. According to Moody's Analytics, the city's economy is expected to have grown by over 2.0 percent by the end of the year, outpacing the nation's growth. The city's economy is well-diversified now, and growth will further intensify when financial companies return to growth.

Further considerations are as follows:

- For the purpose of comparing the economies of New York City and the United States, we use Gross Metro Product (GMP) and Gross Domestic Product (GDP), respectively. The measures are analogous in what they attempt to capture, but GDP is on a much larger scale than GMP.
- From 2002 through 2012, New York City averaged 1.9 percent annual GMP growth, slightly better than the nation's annual GDP growth of 1.8 percent over the same time period.
- The city's GMP growth is expected to outpace the nation's GDP growth over the next five years, growing by an annual average rate of 3.6 percent. The nation's GDP is forecast to have 3.1 percent annual growth.

The following chart compares historical and projected GMP growth by year for New York City and GDP growth for the United States:

**REAL GROSS PRODUCT GROWTH BY YEAR**
**New York City vs. United States, 2002-2017**




Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

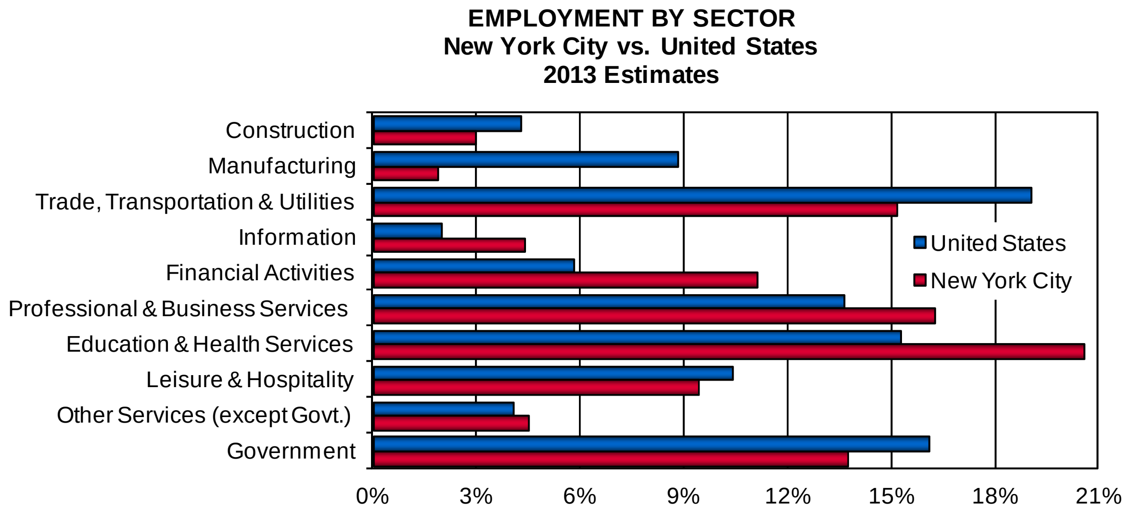
## Employment Distribution

New York City is heavily weighted in office-using employment sectors, which comprise 31.5 percent of jobs compared to 24.4 percent for the nation. This helps to explain the high wages and job growth found in the metro area. Furthermore, the city's abundance of service jobs has shielded it from the gradual decay in manufacturing employment across the nation.

Further considerations are as follows:

- More New York City workers are employed in education/health services than in any other sector, comprising 20.6 percent of the workforce. The national representation for this sector is currently at 15.3 percent.
- The sector with the lowest employment representation in the city is manufacturing, which accounts for only 1.9 percent of the workforce. By contrast, the sector accounts for 8.8 percent of national employment. This is a reflection of the service heavy orientation of New York City, the high cost of land, and the lack of space for large manufacturing facilities.
- New York City employment in the financial activities sector is nearly double that of the national proportion, with 11.1 percent of city workers in the field. This is not surprising, as New York City is the financial capital of the United States and home to Wall Street.
- The area also has more than two times the information sector representation than the rest of the country. Recent growth in this sector is a result of the tech boom.

The following chart compares non-farm employment sectors for New York City and the United States as a whole:




Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

## Major Employers

New York City's major employers are a good reflection of the city's employment distribution. Just as many New York City jobs are in education/health services and financial activities, many of the largest employers are found in those sectors. Of the ten largest private employers in the city, five work in healthcare, two are schools, two are banks, and one is a major retailer.

Further considerations are as follows:

- JP Morgan Chase & Co. and Citigroup Inc. are the two largest private sector employers, employing almost 52,000 people combined. Their appearance on this list is not surprising, given New York's status in the financial world, but their payrolls have been decreasing in 2012 and into 2013.
- As previously stated, the education/health services sector is the largest in the city, and the rest of the list reflects this. In addition to New York City's most renowned schools (NYU and Columbia), the five largest hospitals (North-Shore Long Island Jewish Health System, Mount Sinai Medical Center, Continuum Health Partners, NYU Langone Medical Center, and Montefiore Medical Center) employ over 90,000 New Yorkers.

The following table lists New York City's largest private employers:

| Largest Private Employers<br>New York City, NY | | |
|---|---|---|
| Company | No. of Employees | Business Type |
| JPMorgan Chase & Co. | 27,157 | Financial Services |
| Citigroup Inc. | 24,809 | Financial Services |
| North-Shore Long Island Jewish Health System | 20,775 | Healthcare |
| Mount Sinai Medical Center | 18,999 | Healthcare |
| Continuum Health Partners Inc. | 18,974 | Healthcare |
| NYU Langone Medical Center | 16,649 | Healthcare |
| Macy's Inc. | 16,332 | Retailer |
| Columbia University | 14,847 | Education |
| Montefiore Medical Center | 14,845 | Healthcare |
| New York University | 14,813 | Education |

Source: Crain's New York Business - 2012, Crain's New York Business - April 2011 & Cushman & Wakefield Valuation & Advisory

## EMPLOYMENT GROWTH

Employment growth in New York City remains steady, and has now outpaced the nation's job growth in each of the past six years. Notable growth has occurred since 2011, with each year bringing job gains surpassing 2.0 percent. Since the city's job market bottomed out in November 2009, New York City has added 290,000 jobs, representing a 7.9 percent increase and full recovery of jobs lost during the recession.

According to the New York State Department of Labor, total employment in the city grew by 2.2 percent during the 12-month period ending in August 2013, adding 84,400 jobs. Once again, this surpassed the state and national growth rates of 1.4 percent and 1.7 percent, respectively. Moreover, private sector employment grew by 2.5 percent over that time period.

The professional and business services sector continues to be a major growth engine for the city, adding over 15,000 jobs in the past year for 2.4 percent annual growth. Within this sector, jobs related to both computer systems design and advertising have been growing quickly. Other sources of employment growth over the past year have been concentrated in trade/transportation/utilities (17,000 jobs gained; mostly in the retail trade subsector), and education and health services, which gained 32,100 jobs representing growth of 4.2 percent.

Weaknesses in the New York City employment picture continue to be concentrated in the following sectors: financial activities, information, manufacturing, and government. The city's important securities and investment banking sectors have been shrinking for several years following the recession. As the economy has improved, fears that the Federal Reserve will begin tapering its bond purchasing program has led to renewed worries in the sector.

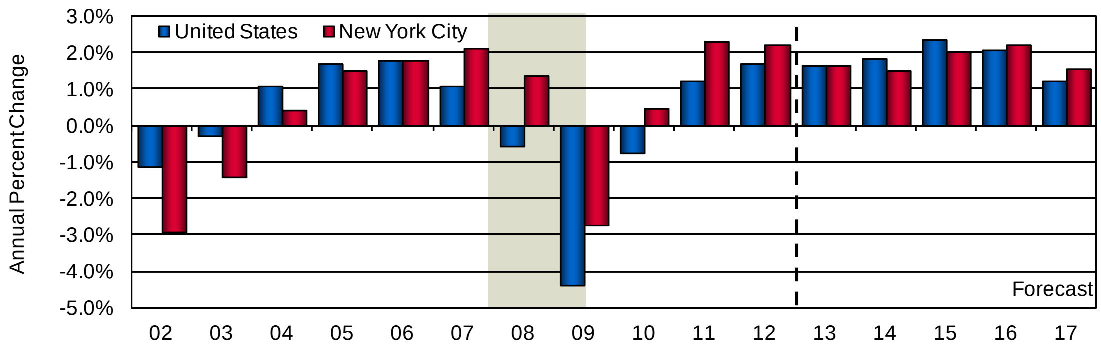
Additional considerations for employment growth are as follows:

- Annual revisions to the city's jobs numbers revealed that 5,200 finance and insurance jobs were lost during 2012.
- From 2002 through 2012, New York City's total non-farm employment grew by an annual average of 0.8 percent. This was much better than the nation's 0.2 percent annual average job growth over the same time period.
- Over the next five years, the city's total non-farm employment is forecast to grow by an annual average of 1.8 percent, approximately in line with the nation's 1.9 percent annual growth.

The following chart illustrates total non-farm employment growth per year for New York City and the United

States:

**TOTAL EMPLOYMENT GROWTH BY YEAR**
**New York City vs. United States, 2002-2017**




Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

## UNEMPLOYMENT

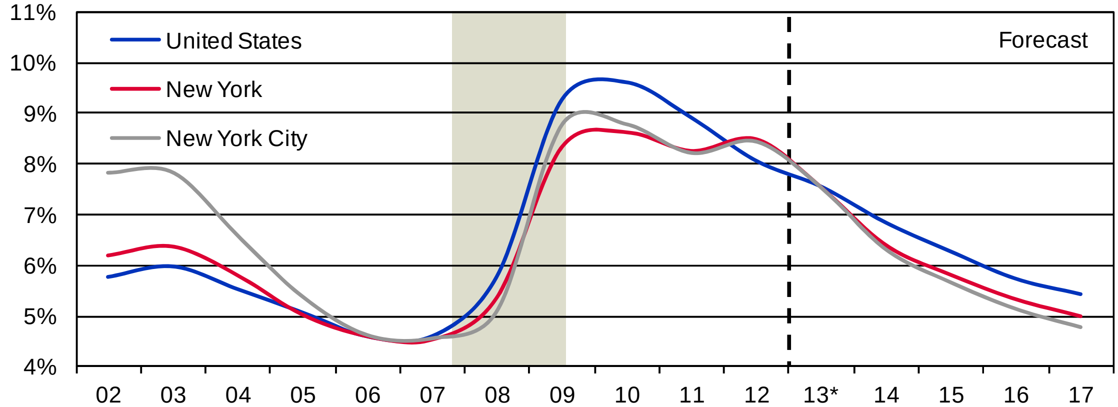
According to the New York State Department of Labor, New York City's seasonally adjusted unemployment rate in August 2013 rose to 8.6 percent, 20 basis points higher than the previous month. Year-over-year, the current unemployment rate represents a 70-basis-point drop from August 2012. The rate remains well above the state (7.6 percent) and national (7.3 percent) rates, however. This paradox of a high unemployment rate combined with steady job growth is partly a result of discouraged workers returning to the city's labor force as job prospects improve.

Further considerations are as follows:

- New York City's unemployment rate averaged 6.9 percent from 2002 through 2012, slightly higher than the nation's average rate of 6.7 percent. During the early 2000s the city had a much higher unemployment rate than the nation, a trend which has returned.
- Over the next five years, Moody's Analytics forecasts that New York City's unemployment rate will average 5.9 percent, compared to 6.4 percent for the country. The city's unemployment rate will dip below 5.0 percent in 2016, nearing the rate during the pre-recession boom period.

The following graph compares historical and projected unemployment rates for New York City, the state of New York, and the United States as a whole:

**UNEMPLOYMENT RATE BY YEAR**
**New York City vs. New York vs. United States, 2002-2017**




Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession
*Second Quarter 2013

## CONCLUSION

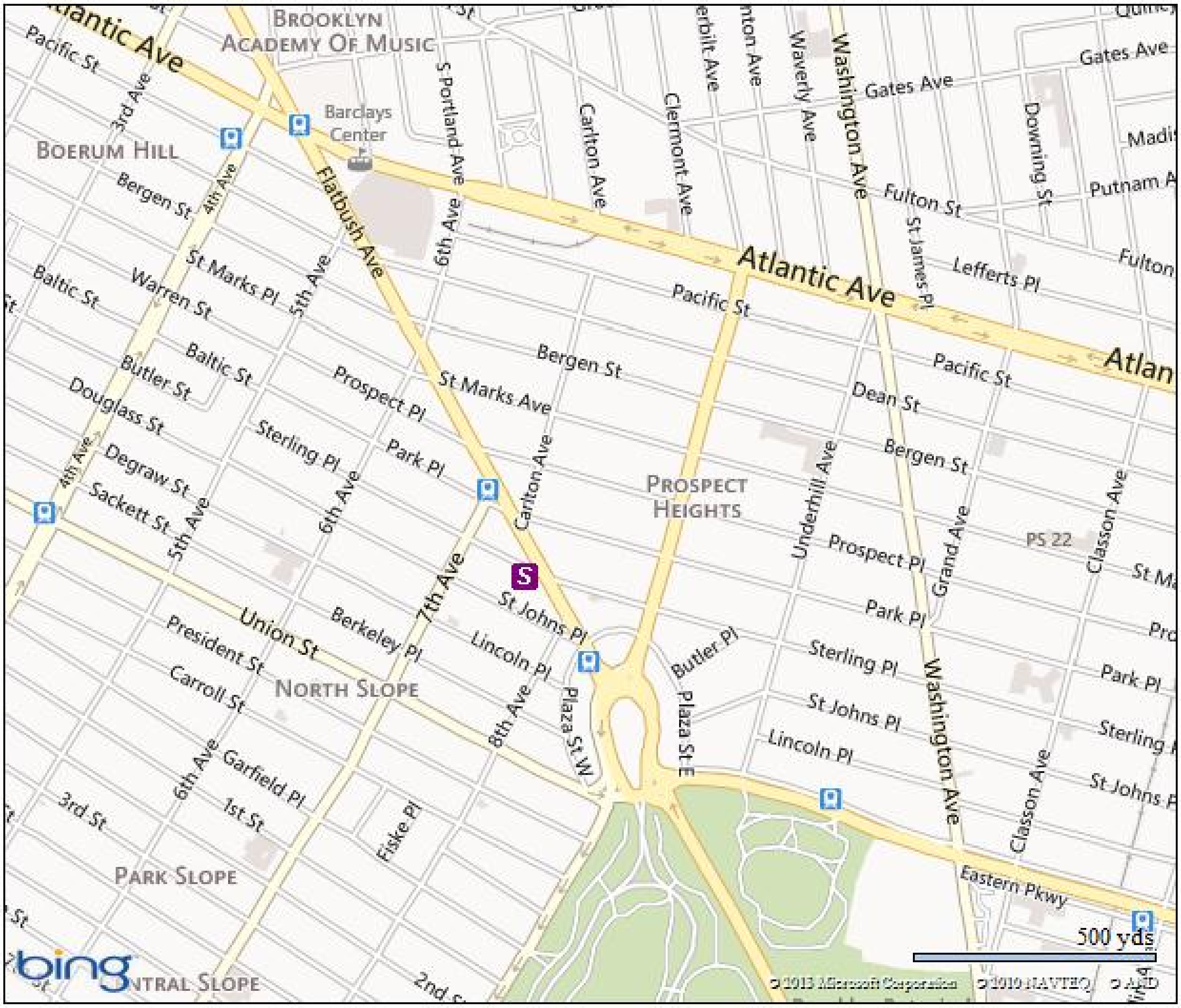
New York City has fared well in the past few years and recovery from the recession is firmly in place. The city has experienced moderate economic growth and employment gains that have outpaced the nations. Though growth slowed temporarily in the first half of 2013, modest growth has returned and acceleration is likely in the near future.

Additional items to consider for New York City:

- New York City has had steady private sector job growth since 2011, record tourism numbers, and features a well-diversified economy that is no longer dependent on Wall Street. As the tech and tourism industries grow further, New York City will continue to see economic growth at least in line with the rest of the country.
- It appears that New York City's unemployment rate peaked in 2012 and will experience steady improvement over the next several years.
- Affordability will continue to be a problem in the near term for New York City's middle class, sustaining the trend of "a city of extremes". The shifting employment mix could exacerbate this problem.

# Local Area Analysis

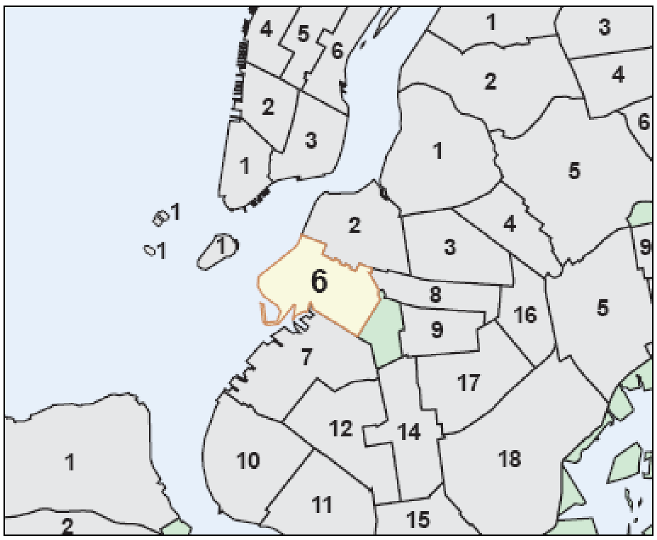
LOCAL AREA MAP

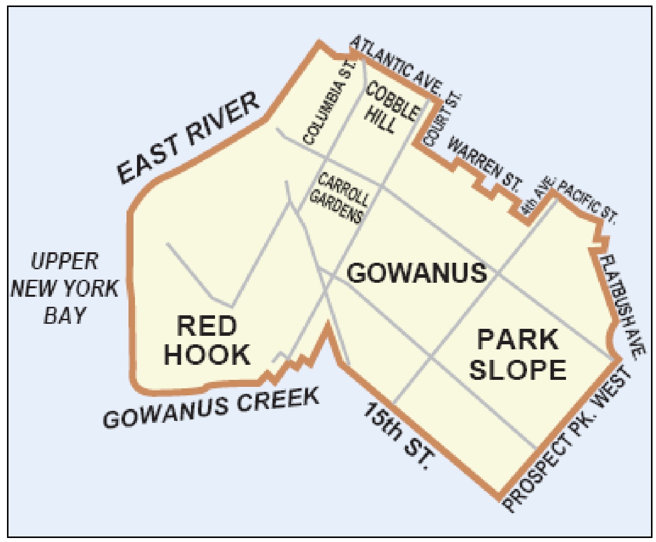


## Location Overview

The subject is located on the south side of Sterling Place between Seventh and Eighth Avenues. The subject is on the border of Park Slope. Park Slope is situated in the western portion of the Borough of Brooklyn and is bordered by Prospect Heights to the north, Prospect Park to the east, Windsor Terrace and Greenwood to the south and Gowanus to the west. Park Slope is approximately 30 minutes from Manhattan via the Brooklyn Queens Expressway, which is accessed via the Prospect Expressway located to the south of the subject property. The area is approximately 40 minutes from Midtown Manhattan via public transportation.

The neighborhood is part of Community District 6, which includes the neighborhoods of Park Slope, Carroll Gardens, Cobble Hill, Gowanus, Red Hook and South Slope. The community district contains a total land area of 3.1 square miles.




*Source: New York City Planning Department*

## Land Use

Community District 6 is a mixed use district, with a variety of land uses compromising the district; however, residential use is the largest land use component within the district. The land use summary is shown below as extracted from the New York City Department of City Planning and is the most recent compilation of data by the City.

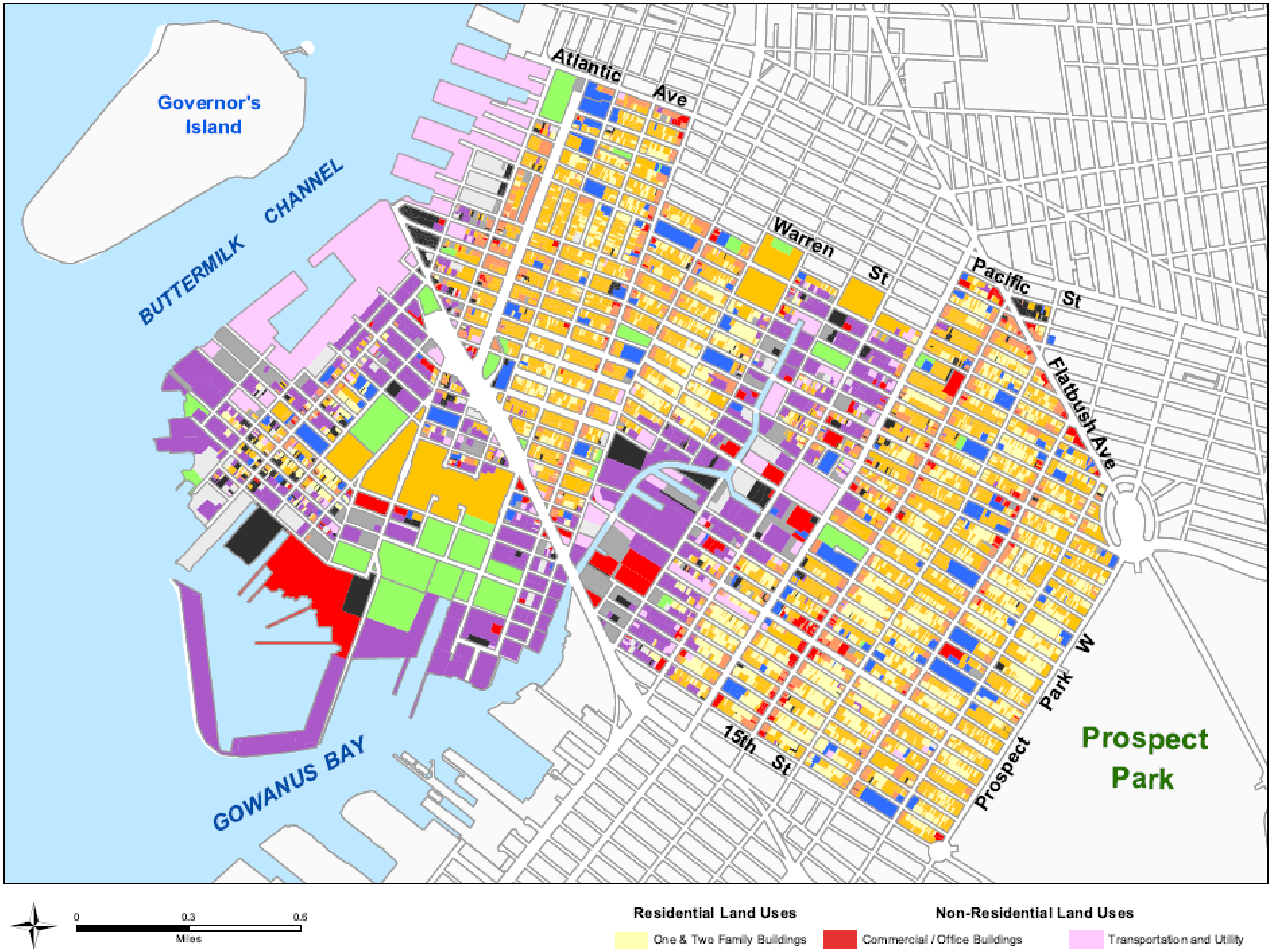
### LAND USE, 2012

| | | Lot Area | |
|---|---|---|---|
| | Lots | Sq. Ft.(000) | % |
| 1- 2 Family Residential | 4,365 | 7,800.7 | 12.5 |
| Multi-Family Residential | 5,802 | 16,439.1 | 26.4 |
| Mixed Resid. / Commercial | 1,602 | 3,872.0 | 6.2 |
| Commercial / Office | 262 | 4,047.5 | 6.5 |
| Industrial | 588 | 11,960.1 | 19.2 |
| Transportation / Utility | 165 | 4,157.8 | 6.7 |
| Institutions | 211 | 3,142.0 | 5.0 |
| Open Space / Recreation | 45 | 3,773.3 | 6.1 |
| Parking Facilities | 263 | 2,322.6 | 3.7 |
| Vacant Land | 481 | 2,579.4 | 4.1 |
| Miscellaneous | 123 | 2,195.9 | 3.5 |
| **Total** | **13,907** | **62,290.6** | **100.0** |

*Source: New York City Planning Department*

Multi-family residential use comprises the largest percentage of total land use in the district. Residential uses, including mixed residential and commercial uses, comprise 45.1 percent of total land use within the district. Because of the district's proximity to the Upper New York Bay and East River and its related shipping industry, the area is also influenced by industrial uses. The map on the following page, from the New York City Planning Department, illustrates land use throughout the district.

Brooklyn Community District 6






Source: MapPLUTO™ Release 11v1

Park Slope is predominately a residential neighborhood. This residential community is comprised primarily of three and four-family dwellings dominated by three and four story attached and semi attached brownstone apartment buildings that range from average to excellent condition. In the past decade, this area has undergone a major revitalization.

Main commercial arteries in the area include 4th Avenue, 5th Avenue, 6th Avenue, and 7th Avenue. The most desirable location for retail and commercial uses are along 5th and 7th Avenues, where there is a variety of local retail uses, as well as a variety of restaurants and nightlife venues that cater to the surrounding community. The areas to the west of Park Slope are predominately industrial areas. As the revitalization of the more traditional areas of Park Slope caused property values to increase, demand spread to the west and to the south.

## Access

Overall, access to the area is considered good. Highways and surface streets adequately serve the subject's area. The Prospect Expressway is located to the south and provides direct access to the Brooklyn Queens Expressway and the Brooklyn Battery Tunnel, which are only minutes from the subject property. The Gowanus Expressway is located also located to the south of the subject property and provides access to the Belt Parkway and southern areas of Brooklyn, as well as the Verrazano-Narrows Bridge. Local access is also considered good. The avenues, particularly 4th Avenue, provide north/south access, while Prospect Avenue and 9th Street are the major east/west access road.

The New York City Transit and other public bus systems provide service between the subject neighborhood and Manhattan, as well as the other New York City boroughs. The Long Island Rail Road has a station located at Atlantic Avenue, which is approximately 1.30 miles north of the subject. From this point, local residents are afforded access to the Long Island region and to Pennsylvania Station in Manhattan. The area is well served by the New York City subway, with the F train having a stop at the intersection of 4th Avenue and 9th Street and the M and R trains having a stop at the intersection of Prospect and 4th Avenues. Ground transportation is provided through the New York City Transit bus service. There are numerous bus routes in the subject neighborhood, which have routes that mostly run along the avenues.

## Conclusion

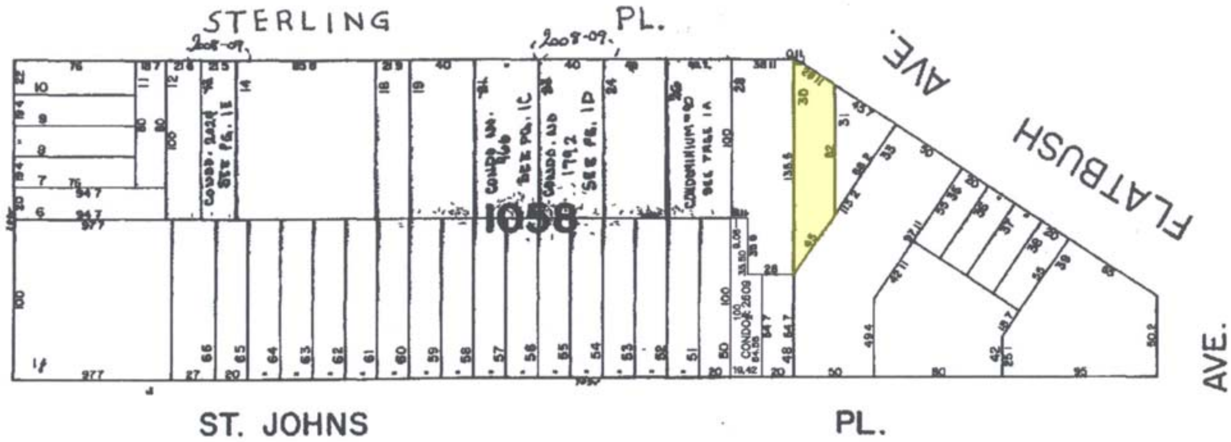
The subject property is located in an established and desirable neighborhood in Brooklyn. Park Slope is considered to be one of the premiere neighborhoods in the borough as it commands premiums of pricing and rental rates compared to other areas. The area is considered to be adequately served by public transportation and major thoroughfares that provides access to employment centers of Manhattan and Downtown Brooklyn. The subject neighborhood is highly sought after by residential tenants and the overall long-term outlook for this area is positive.

# Property Analysis

## SITE DESCRIPTION

| | |
|---|---|
| Location: | 336 Flatbush Avenue<br>Brooklyn, Kings County, New York 11238<br>The subject is located on the south side of Sterling Place between Seventh and Eighth Avenues. |
| Shape: | Irregularly shaped |
| Topography: | Level at street grade |
| Land Area: | 0.06 acres / 2,700 square feet |
| Frontage: | The subject site has average frontage. The frontage dimensions are listed below:<br>Flatbush Avenue: 28.92 feet |
| Access: | The subject site has average access. |
| Visibility: | The subject site has good visibility. |
| Soil Conditions: | We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support the existing and any proposed structures. We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate. |
| Utilities: | All municipal/public utilities are provided and available to the site. |
| Site Improvements: | None. The site is improved with a five story building with a total of 13,108 square feet of gross building area. The building improvements are in fair condition. |
| Land Use Restrictions: | We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. We recommend a title search to determine whether any adverse conditions exist. |
| Flood Zone Description: | The subject property is located in flood zone X (Areas determined to be outside the 500 year flood plain) as indicated by FEMA Map 360497-0203F, dated September 5, 2007. |
| Hazardous Substances: | We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field. |
| Overall Site Utility: | The subject site is functional for its current use and could accommodate a number of proposed uses. |
| Location Rating: | Good |

## TAX MAP



# REAL PROPERTY TAXES AND ASSESSMENTS

## CURRENT PROPERTY TAXES

The subject property is located in the taxing jurisdiction of the City of New York. The assessor's parcel identification number is Block 1058, Lot 30.

## PROPERTY CLASSIFICATION

Real property within the five boroughs of New York City is given a tax class designation by the Department of Finance in conformance with the New York State Real Property Tax Law. Each tax classification has a specific tax rate, which is established annually. The tax classes are as follows:

> Class 1 - Includes all primarily residential one, two and three family homes; residential condominiums of three dwelling units or less; residential condominiums of three stories or less that were originally built as condominiums; and certain vacant land zoned for residential use or adjoining improved Class 1 property.
>
> Class 2 - Includes all other primarily residential properties that are not in Class 1, including cooperatives and all other residential condominiums. This classification does not include hotels, motels or other similar property.
>
> Class 3 - Includes all utility corporations and special franchise properties, excluding land and certain buildings.
>
> Class 4 - Includes all other properties, such as stores, warehouses, hotels and vacant land not classified as class 1.

The current assessments for the subject property are detailed below.

| NEW YORK CITY ASSESSMENT AND TAX ANALYSIS | | |
|---|---|---|
| Assessor's Parcel Number: | | Block 1058, Lot 30 |
| Assessing Authority: | | City of New York |
| Current Tax Year: | | 2013/2014 |
| **ASSESSMENT INFORMATION** | | |
| Assessed Value: | **Actual** | **Transitional** |
| Land: | $8,912 | $8,912 |
| Improvements: | 327,305 | 327,305 |
| Taxable Assessment: | $336,217 | $336,217 |
| **TAX LIABILITY (CLASS 2B)** | | |
| Taxable Assessment | | $336,217 |
| 2012/2013 Tax Rate | | 13.181% |
| Total Property Taxes | | $44,317 |
| *Compiled by Cushman & Wakefield, Inc.* | | |

Taxes are estimated based on applying the Class 2B tax rate to the lower of the transitional or actual assessment. The 2012/2013 tax rate for a Class 2 property is 13.181 per $100 of assessed value. The 2013/2014 tax rates have yet to be established. We applied the 2012/2013 tax rate to the 2013/2014 transitional assessment. The total real estate tax obligation for the subject property, prior to exemption, equates to $44,317. The subject is currently exempt from all real estate taxes due to the Board of Higher Education Exemption.

# ZONING

## GENERAL INFORMATION

The property is zoned R7A and R7B with a C2-2 overlay district by the City of New York. A summary of the subject's zoning is provided below:

| ZONING | |
|---|---|
| **Municipality Governing Zoning:** | City of New York |
| **Current Zoning:** | R7A and R7B with a C2-2 overlay |
| **Is current use permitted:** | Yes |
| **Permitted Uses:** | The contextual Quality Housing regulations, which are mandatory in **R7A districts**, typically produce high lot coverage, seven- and eight-story apartment buildings, blending with existing buildings in many established neighborhoods. R7A districts are mapped along Prospect Park South and Ocean Parkway in Brooklyn, Jackson Heights in Queens, and in Harlem and along the avenues in the East Village in Manhattan. The floor area ratio (FAR) in R7A districts is 4.0. Above a base height of 40 to 65 feet, the building must set back to a depth of 10 feet on a wide street and 15 feet on a narrow street before rising to a maximum height of 80 feet. In order to preserve the traditional streetscape, the street wall of a new building can be no closer to the street line, than any building within 150 feet on the same block, but need not be farther than 15 feet. Buildings must have interior amenities for the residents pursuant to the Quality Housing Program. Off-street parking is not allowed in front of a building. Parking is required for 50% of all dwelling units.<br><br>In contextual **R7B districts**, the mandatory Quality Housing regulations are similar to those of R6B districts but the higher floor area ratio (FAR) and height limit generally produce six- to seven-story apartment buildings rather than the rowhouses typical of R6B districts. There are R7B districts in Brooklyn and throughout Queens, including portions of Rego Park. Parts of the East Village in Manhattan are also mapped R7B. The FAR is 3.0; the base height of a new building before setback must be between 40 and 60 feet before rising to a maximum building height of 75 feet. To maintain the traditional streetscape, curb cuts are prohibited on zoning lot frontages less than 40 feet. The front wall of a new building, on any lot up to 50 feet wide, must be as deep as one adjacent front wall but no deeper than the other. On lots 50 feet wide or more, the front wall must be no closer to the street line than the front wall of an adjacent building. Front walls need not be set back beyond 15 feet. Buildings must have interior amenities for residents pursuant to the Quality Housing Program. Off-street parking is not allowed in front of a building. Parking is required for 50% of dwelling units.<br><br>**C1-1 through C1-5 and C2-1 through C2-5 districts** are commercial overlays mapped within residence districts. Mapped along streets that serve local retail needs, they are found extensively throughout the city's lower- and medium-density areas and occasionally in higher-density districts. Typical retail uses include neighborhood grocery stores, restaurants and beauty parlors. C2 districts permit a slightly wider range of uses, such as funeral homes and repair services. In mixed buildings, commercial uses are limited to one or two floors and must always be located below the residential use. When commercial overlays are mapped in R1 through R5 districts, the maximum commercial floor area ratio (FAR) is 1.0; when mapped in R6 through R10 districts, the maximum commercial FAR is 2.0. Commercial buildings are subject to commercial bulk rules. Overlay districts differ from other commercial districts in that residential bulk is governed by the residence district within which the overlay is mapped. All other commercial districts that permit residential use are assigned a specific residential district equivalent. Unless otherwise indicated on the zoning maps, the depth of overlay districts ranges from 100 to 200 feet. Generally, the lower the numerical suffix, the more off-street parking is required. For example, in C1-1 districts, typically mapped in outlying areas of the city, a large food store would require one parking space for every 100 square feet of floor area, whereas no parking is required in C1-5 districts, which are well served by mass transit. |

| ZONING REQUIREMENTS | MAXIMUM FAR |
|---|---|
| R7A with Commercial Overlay | |
| Residential: | 4.00 times lot area |
| Commercial: | 2.00 times lot area |
| Community Facility: | 4.00 times lot area |
| R7B with Commercial Overlay | |
| Residential: | 3.00 times lot area |
| Commercial: | 2.00 times lot area |
| Community Facility: | 3.00 times lot area |

*Compiled by Cushman & Wakefield, Inc.*

### SUBJECT PROPERTY CONFORMANCE

The R7A zoning district permits a maximum FAR of 4.0 times the lot area for residential and community uses and 2.0 times the lot size for commercial use. The subject property is also partially located in the R7B zoning district. A portion of the rear of the subject property is located in the R7B zoning district, which has a lower FAR as compared to the R7A zoning district. Based on the 25 Foot Rule, a zoning lot that is split between two zoning districts, where the bulk is within one zoning district with “the width of one zoning district measuring 25 feet or less at every point, the use and bulk regulations of the larger district can be applied to the entire site.” We modeled for the zoning floor area based on residential use in the R7A zoning district.

In the Site Description section of the report, we indicated that the subject site contains 2,700 square feet based on our review of public records. Applying the maximum residential FAR of 4.0 times the lot indicates an as-of-right yield of 10,800 square feet. The current improvements have a total above grade gross building area of 13,108 square feet. The current improvements exceed the maximum bulk zoning regulations and represent a legal, pre-existing, non-conforming use.

### OTHER RESTRICTIONS

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or title company can usually uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

### ZONING CONCLUSIONS

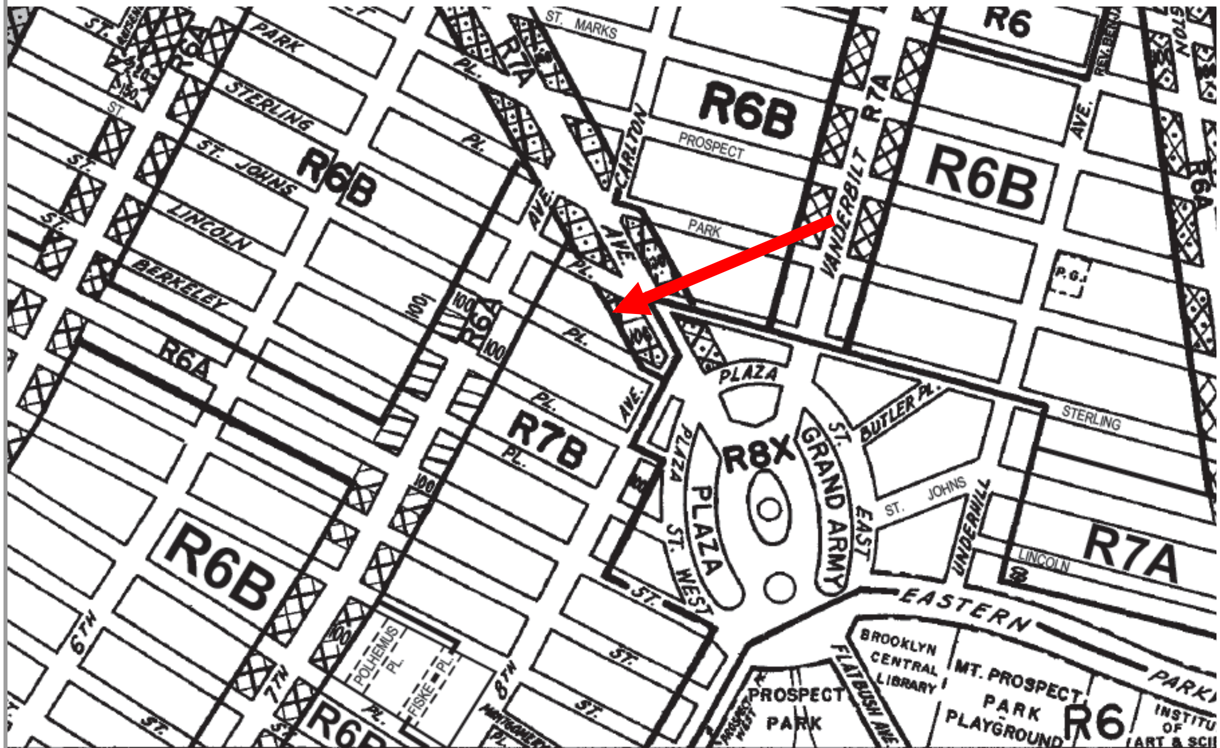
We analyzed the zoning requirements in relation to the subject property, and considered the compliance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information and the provided documentation, the current use is a legal, pre-existing, non-conforming use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

The following is a detailed zoning map for the subject property.

## ZONING MAP


R6
R6B
R7A
R6B
R6B
R7B
R8X
R6A
R7A
R6B
R6
PARK
STERLING
ST. JOHNS
LINCOLN
BERKELEY
ST. MARKS
PROSPECT
PARK
CARLTON
VANDERBILT
PLAZA
GRAND ARMY
PLAZA
ST. WEST
BUTLER PL.
STERLING
ST. JOHNS
UNDERHILL
LINCOLN
EASTERN
PARKW
BROOKLYN CENTRAL LIBRARY
MT. PROSPECT PARK PLAYGROUND
PROSPECT PARK
FLATBUSH AVE.
POLHEMUS PL.
FISKE PL.
6TH
7TH
8TH
100
P.G.

# Valuation

## HIGHEST AND BEST USE

### HIGHEST AND BEST USE DEFINITION

*The Dictionary of Real Estate Appraisal*, Fifth Edition (2010), a publication of the Appraisal Institute, defines the highest and best use as:

> The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

To determine the highest and best use we typically evaluate the subject site under two scenarios: as though vacant land and as presently improved. In both cases, the property's highest and best use must meet the four criteria described above.

### HIGHEST AND BEST USE OF PROPERTY AS THOUGH VACANT

#### Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned R7A and R7B with a C2-2 overlay district by the City of New York. Residential, community facility and commercial uses are permissible in this zoning district. We are not aware of any further legal restrictions that limit the potential uses of the subject. In addition, rezoning of the site is not likely due to the character of the area and the fact that it is located in a special purpose district.

#### Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 2,700 square feet. The site is irregularly shaped and level at street grade. It has average frontage, average access, and good visibility. The overall utility of the site is considered to be average. All public utilities are available to the site including public water and sewer, gas, electric and telephone. Overall, the site is considered adequate to accommodate most small permitted development possibilities.

#### Financially Feasible and Maximally Productive

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the cost of acquiring the site, and constructing the improvements. Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use.

### CONCLUSION

We considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible, and considered the financial feasibility of these uses to determine the use that is maximally productive.

Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as though vacant is the a residential apartment building built to its maximum feasible building area

## HIGHEST AND BEST USE OF PROPERTY AS IMPROVED

*The Dictionary of Real Estate Appraisal* defines highest and best use of the property as improved as:

> The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

In analyzing the Highest and Best Use of a property as improved, it is recognized that the improvements should continue to be used until it is financially advantageous to alter physical elements of the structure or to demolish it and build a new one.

### Legally Permissible

As described in the Zoning Analysis section of this report, the site is zoned R7A and R7B with a C2-2 overlay district. The site is improved with a building containing 13,108 square feet of gross building area. In the Zoning section of this appraisal, we determined that the existing improvements represent a legal, pre-existing, non-conforming use. We also determined that the existing use is a permitted use in this zone.

### Physically Possible

The subject improvements were constructed in 1920. We know of no current or pending municipal actions or covenants that would require a change to the current improvements. However, the improvements are slightly over-built, but are in fair condition.

### Financially Feasible and Maximally Productive

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the cost of acquiring the site, and constructing the improvements. Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use.

In determining the highest and best use, we considered the following:

- The subject property is slightly overbuilt. The gross building area is 13,108 square feet. Assuming a five percent mechanical deduction, the existing building is supported by 12,484 square feet of zoning floor area, which is above the base FAR level. New construction would be limited to 10,800 square feet of zoning floor area, yielding a gross building area of 11,340 square feet, again using a five percent mechanical bonus.

- The existing improvements are of fair quality and condition. The existing improvements are not ideal for residential conversion.

- A gut renovation would not yield the most efficient design with appropriate setbacks and creation of outdoor space.

- Given the aesthetics and design features that area residents are most attracted to, we believe that demolition of the existing improvements is the highest and best use. Despite the loss of some gross building area, the higher rents obtainable with a modern building design outweighs the loss of 1,768 square feet.

- Rents for new residential construction range from $50 to $55 per square foot in this area subject to location, interior finishes and unit sizes. Market rents for community facility or office, including medical office, are in the range of $25 to $35 per square foot.
- Residential occupancy rates are 95 to 100 percent in the area, with strong demand.
- The underlying site has good utility to support new residential construction.
- Overall capitalization rates for market rate buildings are in the range of 4.5 to 5.5 percent.
- The for-sale residential market is strengthening and there is a good demand for new housing units.

## CONCLUSION

Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as though vacant is the demolition of the existing improvements and construction of a residential building built to its maximum permitted density

# VALUATION PROCESS

## METHODOLOGY

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. We considered each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

We considered each approach in developing our opinion of the market value of the subject property. We discuss each approach below and conclude with a summary of their applicability to the subject property.

### Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

### Sales Comparison Approach

In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. A unit of comparison such as price per square foot of building area or effective gross income multiplier is typically used to value the property. When developing an opinion of land value the analysis is based on recent sales of sites of comparable zoning and utility, and the typical units of comparison are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. In both cases, adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.

### Income Capitalization Approach

In the Income Capitalization Approach the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

## SUMMARY

This appraisal employs the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that only this approach would be considered meaningful and applicable in developing a credible value conclusion. As part of the agreed to Scope of Work for this report, the appraisers analyzed the subject property as a standalone asset without consideration to the other assets comprising the Long Island College Hospital campus.

# SALES COMPARISON APPROACH

## METHODOLOGY

Using the Sales Comparison Approach, we developed an opinion of value by comparing this portion of the subject property to similar, recently sold properties in the surrounding or competing area. This approach relies on the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

By analyzing sales that qualify as arm's-length transactions between willing and knowledgeable buyers and sellers, we can identify value and price trends. The basic steps of this approach are:

- Research recent, relevant property sales and current offerings in the competitive area;
- Select and analyze properties that are similar to the subject property, analyzing changes in economic conditions that may have occurred between the sale date and the date of value, and other physical, functional, or locational factors;
- Identify sales that include favorable financing and calculate the cash equivalent price;
- Reduce the sale prices to a common unit of comparison such as price per unit or effective gross income multiplier;
- Make appropriate comparative adjustments to the prices of the comparable properties to relate them to the subject property; and
- Interpret the adjusted sales data and draw a logical value conclusion.

We used the Sales Comparison Approach to develop an opinion of land value. In this method, we analyzed prices buyers recently paid for similar sites in the market, as well as examined current offerings. In making comparisons, we adjusted the sale prices for differences between this site and the comparable sites. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made. We present on the following pages a summary of pertinent details of sites recently sold that we compared to the subject site.

In the valuation of the subject site's fee simple interest, the Sales Comparison Approach has been used to establish prices being paid for comparably zoned land. The most widely used and market oriented unit of comparison for properties with characteristics similar to those of the subject is the sale price per square foot of zoning floor area (ZFA). All transactions used in this analysis are analyzed on this basis.

The major elements of comparison used to value the subject site include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its utility and the physical characteristics of the property.

The charts on the following pages detail the land transactions used in our analysis.  This is followed by our adjustments and conclusions.

## SUMMARY OF LAND SALES

| PROPERTY INFORMATION | | | | | | | TRANSACTION INFORMATION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. | Location | Size (sf) | Size (Acres) | Max FAR | Zoning Floor Area | Zoning | Grantor | Grantee | Sale Date | Sale Price | $/ZFA | COMMENTS |
| 1 | 275 4th Avenue Brooklyn, NY | 10,000 | 0.23 | 6.02 | 60,200 | R8A with a C2-4 Overlay in Special Enhanced Commercial District 1 | Heron Real Estate Corp c/o Robert A. Korren | 275 4th Avenue Investors, LLC | 7/12/2013 | $14,830,000 | $246 | This is the sale of a development site located on the northwest corner of 4th Avenue and 1st Street. The property is located in the Special Enhanced Commercial District 1. This enhanced district does not modify the underlying zoning regulations; however, there are mandatory commercial requirements. Specifically, any new development would be required to have commercial uses on the ground floor equivalent to the aggregate width of at least 50 percent of the street wall and to a depth of at least 30 feet. The site is currently improved with a fast food establishment containing 1,500 square feet. We estimated demolition costs of $30,000 ($20 per square foot) and reflected this in the acquisition price. The grantee intends to demolish the existing structure and construct a 75 unit mixed-use apartment building with ground floor retail uses. |
| 2 | 173-185 Front Street/200 Water Street Brooklyn, NY | 30,506 | 0.70 | 3.95 | 120,537 | M1-4/(R8A & R7A)/MX-2 within Dumbo Historic District | Watchtower Bible and Tract Society of New York, Inc. | Dumbo Assemblage, LLC | 3/18/2013 | $25,858,500 | $215 | This is the sale of a development site located in the Dumbo section of Brooklyn. The throughblock site is improved with a 47,415 square foot mill-style shell building that cannot be demolished because of its location in the Dumbo Historic District. We allocated an amount of $100 per square foot to the shell building, which will be used in the prospective development. This amounts to $4,741,500, which was deducted from the acquisition price of $30,600,000. The grantee intends to construct a mixed-use residential development on the site. |
| 3 | 319-321 Schermerhorn Street Brooklyn, NY | 5,250 | 0.12 | 10.00 | 63,345 | C6-4 within Special Downtown Brooklyn District | Nevins Group LLC | SC Nevins LLC | 1/25/2013 | $10,765,364 | $170 | This is the sale of a development site located in Downtown Brooklyn. The site consists of three adjacent parcels located on the northeast corner of Schermerhorn and Nevins Streets. The 5,250 square foot site is part of a larger zoning lot involving an adjacent parcel. The zoning lot merger was created by the grantor in 2010. The total zoning floor area massed on the site is estimated to be 63,345 square feet. The grantee intends to construct a 20-story condominium building containing 69 apartments. |
| 4 | 251-255 North 7th Street &246-248 North 8th Street Brooklyn, NY | 32,567 | 0.75 | 2.70 | 87,931 | M1-2/R6A within Special Mixed Use (MX8) District | North 7/8 JV LLC c/o Rieder Holdings | North 7-8 Investors LLC c/o Silverstone Property Group, LLC | 9/28/2012 | $21,600,000 | $246 | This is the sale of a throughblock development site that is 32,567 square feet. The site was vacant at the time of sale. The grantee intends to develop the site with two separate residential buildings. |
| 5 | 71 Smith Street Brooklyn, NY | 27,582 | 0.63 | 3.44 | 311,801 | C6-1 within Special Downtown Brooklyn District | HS Development Partners II LLC c/o Time Equities, Inc. | 71 Smith Street Property Owner, LLC | 11/29/2012 | $38,500,000 | $123 | This is the sale of an L-shaped development site located on the entire eastern blockfront of Smith Street between Schermerhorn and State Streets. The site is currently used for surface parking. The site is part of a larger zoning lot that includes an existing building containing 95,000 square feet of zoning floor area. The total zoning floor area that can be massed on the subject site is 311,801 square feet. The grantee intends to construct a mixed-use residential development. |

## SUMMARY OF LAND SALES

| No. | Location | Size (sf) | Size (Acres) | Max FAR | Zoning Floor Area | Zoning | Grantor | Grantee | Sale Date | Sale Price | $/ZFA | COMMENTS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | PROPERTY INFORMATION | | | | | | TRANSACTION INFORMATION | | | | | |
| 6 | 101-105 West Street<br>Brooklyn, NY | 12,473 | 0.29 | 3.00 | 37,419 | R6 w/ C2-4 Overlay | 93 Waterfront LLC | 101 West Street LLC c/o The Davis Companies | 9/20/2012 | $5,207,000 | $139 | This is the sale of a flag-shaped development site located on the entire western blockfront of West Street between Kent Street and Greenpoint Avenue. The site consists of three adjacent tax parcels that were vacant at the time of sale. The grantee intends to construct a mixed-use development on the site. |
| 7 | 30 Henry Street<br>Brooklyn, NY | 4,800 | 0.11 | 3.44 | 16,512 | R7-1/C1-5 | Cele Realty LLC | Fortis Manor LLC c/o Fortis Property Group LLC | 4/30/2012 | $3,640,000 | $220 | This is the sale of a development site that was improved by the former Brooklyn Daily Eagle building. The buyer proposes to demolish the existing improvements and construct a 5-story luxury condominium building. The proposed development received approvals from the Landmarks Preservation Commission. The purchase price was $3,500,000. The developer estimated demolition costs of $140,000, which equates to $22.22 per square foot per square foot of the existing improvements. This is within the range of typical demolition costs in the City. We added this amount to the acquisition price. |
| | STATISTICS | | | | | | | | | | | |
| | Low | 4,800 | 0.11 | 2.70 | 16,512 | | | | 4/30/2012 | $3,640,000 | $123 | |
| | High | 32,567 | 0.75 | 10.00 | 311,801 | | | | 7/12/2013 | $38,500,000 | $246 | |
| | Average | 17,597 | 0.40 | 4.65 | 99,678 | | | | 12/5/2012 | $17,200,123 | $194 | |

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## LAND SALE ADJUSTMENT GRID

| No. | Price/ZFA & Date | Property Rights Conveyed | Conditions of Sale | Financing | Market[1] Conditions | PSF/ZFA Subtotal | Location | Size | Zoning | Utility[2] | Configuration | Other | Adj. Price/ZFA |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Economic Adjustments (Cumulative) | | | | | Property Characteristic Adjustments (Additive) | | | | | | |
| 1 | **$246** | Fee Simple | Arm's-Length | None | Inferior | **$252** | Similar | Larger | Similar | Superior | Superior | Similar | **$214** |
| | 7/13 | 0.0% | 0.0% | 0.0% | 2.1% | 2.1% | 0.0% | 15.0% | 0.0% | -15.0% | -15.0% | 0.0% | -15.0% |
| 2 | **$215** | Fee Simple | Arm's-Length | None | Inferior | **$226** | Superior | Larger | Similar | Superior | Superior | Similar | **$215** |
| | 3/13 | 0.0% | 0.0% | 0.0% | 5.3% | 5.3% | -15.0% | 30.0% | 0.0% | -5.0% | -15.0% | 0.0% | -5.0% |
| 3 | **$170** | Fee Simple | Arm's-Length | None | Inferior | **$181** | Inferior | Larger | Superior | Superior | Superior | Similar | **$163** |
| | 1/13 | 0.0% | 0.0% | 0.0% | 6.7% | 6.7% | 5.0% | 15.0% | -10.0% | -5.0% | -15.0% | 0.0% | -10.0% |
| 4 | **$246** | Fee Simple | Arm's-Length | None | Inferior | **$270** | Similar | Larger | Similar | Superior | Superior | Similar | **$216** |
| | 9/12 | 0.0% | 0.0% | 0.0% | 10.1% | 10.1% | 0.0% | 20.0% | 0.0% | -25.0% | -15.0% | 0.0% | -20.0% |
| 5 | **$123** | Fee Simple | Arm's-Length | None | Inferior | **$134** | Superior | Larger | Similar | Superior | Superior | Similar | **$134** |
| | 11/12 | 0.0% | 0.0% | 0.0% | 8.3% | 8.3% | -10.0% | 35.0% | 0.0% | -10.0% | -15.0% | 0.0% | 0.0% |
| 6 | **$139** | Fee Simple | Arm's-Length | None | Inferior | **$154** | Inferior | Larger | Similar | Superior | Superior | Similar | **$154** |
| | 9/12 | 0.0% | 0.0% | 0.0% | 10.3% | 10.3% | 5.0% | 10.0% | 0.0% | -10.0% | -5.0% | 0.0% | 0.0% |
| 7 | **$220** | Fee Simple | Arm's-Length | None | Inferior | **$252** | Superior | Larger | Similar | Superior | Superior | Similar | **$114** |
| | 4/12 | 0.0% | 0.0% | 0.0% | 14.5% | 14.5% | -20.0% | 5.0% | 0.0% | -25.0% | -15.0% | 0.0% | -55.0% |
| **STATISTICS** | | | | | | | | | | | | | |
| | **$123** | **- Low** | | | | | | | | | | **Low -** | **$114** |
| | **$246** | **- High** | | | | | | | | | | **High -** | **$216** |
| | **$194** | **- Average** | | | | | | | | | | **Average -** | **$173** |

*Compiled by Cushman & Wakefield, Inc.*

**(1) Market Conditions Adjustment Footnote**

See Variable Growth Rate Assumptions Table
Date of Value (for adjustment calculations): 10/1/13

**(2) Utility Footnote**

Utility includes access, frontage, and visibility.

## Discussion of Adjustments

### Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the sale price of a property. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by all of one of the comparables, an adjustment for property rights is not required.

### Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

### Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

### Market Conditions

The breadth and speed of the virtual collapse of the American financial system in 2008 has had major reverberations in worldwide capital and credit markets. These events caused significant declines in the real estate market and led to a near cessation of transactions. However, markets have stabilized in the past 18 months as is evident in the transactional activity in 2010 and 2011. In the later portion of 2010, there was renewed investment activity particularly in the residential market, with a number of assets offered that generated significant interest from investors. Core U.S. markets including northern Virginia, Washington D.C., Boston, Dallas, and San Francisco witnessed a number of sales. As investors determined the markets were stabilized and with some financing available, developers were more willing to acquire development sites for potential development. Locally, this is evident by the number of transactions that occurred in the latter part of 2010 and early 2011. Beginning in September 2010, we have made a positive adjustment for market conditions at a rate of 10.0 percent per annum.

We discussed the investment sales market with Helen Hwang, Executive Vice President and head of Cushman & Wakefield’s Capital Markets team in New York City. Investment grade assets and development sites remain in strong demand by investors/developers. Cushman & Wakefield’s New York City Investment Sales team has sold several development sites in 2011 and 2012 and demand was very strong and prices have increased through 2012 and into the third quarter of 2013.

### Location

Location adjustments were intended to reflect differences with regard to the character of the avenue or street, proximity to transportation, desirability with regard to location (reputation of the surrounding buildings), and trends in future growth or decline. We made a negative adjustment to those comparables considered superior in location versus the subject. Conversely, a positive adjustment was made to those comparables considered inferior.

### Size (Zoning Floor Area)

The adjustment for size generally reflects the inverse relationship between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. This adjustment is based on the zoning floor area and not the physical site size. This comparison is common given the vertical nature and density of the City.

Positive adjustments are made to sites that yield a larger zoning floor area, and downward adjustments are made to sites that yield a smaller amount of zoning floor area.

### Zoning

Many factors of zoning dictate the resultant use, density and design of a development. Density regulations are determined not only by floor area ratios, but by height limitations, mandatory street wall setbacks, rear yard setbacks and requirements for retail continuity or pedestrian access. Wide streets in the Manhattan core, as well as corner locations, tend to improve utility for developers. The presence of subway stations, while very beneficial for locational attributes, also result in developers needing to be cognizant of subway tunnels that traverse across or along a site, as the protection of tunnels is an added cost of development. The zoning adjustment also considers features, such as setback regulations, height restrictions, open space requirements, lot coverage requirements, and the potential use groups available for a particular site. For example, C1-9 zoning may require 60 percent of the zoning floor area to be massed in the base of the building prior to any setback. It typically results in buildings less than 30 stories in height. Furthermore, zoning regulations dictate the permissible use groups and can limit development options. Additional zoning considerations include a site's location in a special purpose district. For example, the certain special purpose districts allow for greater height and density. The zoning features of each of the comparables have been considered and each has been adjusted accordingly.

### Utility

The adjustment for utility is intended to reflect differences with regard to plots in regard to access, zoning, frontage, and visibility. Mid-block sites and sites within areas with height limitations have inferior utility. Utility adjustments consider soil/sub-soil conditions to the extent known. The utility of the comparables has been considered and each has been adjusted accordingly.

### Configuration

An adjustment for configuration was intended to reflect differences with regard to plots, which were more irregular in shape versus plots which were more square or rectangular. It also considers frontage to depth ratios and perimeter areas. Configuration affects the shape of the prospective building's floor plate and is an important factor for developers and investors. Each comparable was adjusted accordingly.

### Other

This category accounts for any other adjustments not previously discussed. Examples include soil or slope conditions, restrictive zoning, easements, wetlands or external influences. No other adjustments have been made.

## CONCLUSION OF SITE VALUE

The land value for the subject property is based upon the 10,800 square feet of permitted zoning floor area as described in the Zoning section of the report.

The zoning floor area of 10,800 square feet constitutes the zoning floor area before mechanical bonuses and increases based upon a particular design. Architects typically devise programming schedules, which increase the gross building area somewhat. The comparables have been analyzed based upon the use of a maximum zoning floor area before adjustments for a particular design.

After adjustments, the comparable land sales reflect unit prices ranging from $114 to $216 per square foot and an average of $173 per square foot. After considering all of the available market data, it is our opinion that the appropriate unit value to apply to the subject is $150 per square foot of zoning floor area. Applying this unit value price to the subject parcels' zoning floor area indicates the following:

| MARKET VALUE CONCLUSION | Price PSF of ZFA |
|---|---|
| Indicated Value | $150 |
| SQFT Measure (ZFA) | x 10,800 |
| Indicated Value | $1,620,000 |
| Less: Demolition | $327,700 |
| | $1,292,300 |
| Rounded to nearest $100,000 | $1,300,000 |
| $/SF of ZFA Basis | 120.37 |
| **LAND VALUE CONCLUSION** | **$1,300,000** |
| $/SF of ZFA Basis | $120.37 |

*Compiled by Cushman & Wakefield, Inc.*

The subject site is currently improved with a five-story building containing a total of 13,108 square feet according to public records. In order to determine the market value of the subject site in its as is condition, we considered the costs associated with demolishing the existing improvements, which contain 13,108 square feet. We estimated these costs at $25 per square foot or $327,700.

Deducting the demolition costs from the land value conclusion detailed on the previous page, results in an as is market value of the subject site of $1,292,300. Therefore, we determined the as is market value of the subject property is **$1,300,000**.

# RECONCILIATION AND FINAL VALUE OPINION

## VALUATION METHODOLOGY REVIEW AND RECONCILIATION

This appraisal employs the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that only this approach would be considered meaningful and applicable in developing a credible value conclusion. As part of the agreed to Scope of Work for this report, the appraisers analyzed the subject property as a standalone asset without consideration to the other assets comprising the Long Island College Hospital campus.

The approaches indicated the following:

| FINAL VALUE RECONCILIATION | |
|---|---|
| | **As Is Value** |
| **Date of Value** | **October 1, 2013** |
| **Cost Approach** | |
| Indicated Value | NA |
| **Sales Comparison Approach** | |
| Indicated Value | $1,300,000 |
| **Income Capitalization Approach** | |
| Indicated Value | NA |
| **Final Value Conclusion** | **$1,300,000** |

*Compiled by Cushman & Wakefield, Inc.*

The Sales Comparison Approach consists of the collection and analysis of data relevant to actual sales of properties deemed comparable to the subject property. Properties that have been sold are compared to the property under appraisal and adjustments to the sale prices are made based on differences between the subject property and the comparable sales. Adjustments are typically made for location, date of sale, building size, quality of construction and other relevant characteristics. This approach has been used as the sole determinant to estimate the market value of the subject property in its as is condition.

# MARKET VALUE AS IS

Based on our Appraisal as defined by the *Uniform Standards of Professional Appraisal Practice*, we have developed an opinion that the Market Value of the Fee Simple Interest of the subject property, subject to the assumptions and limiting conditions, certification, extraordinary assumptions and hypothetical conditions, if any, and definitions, "As-Is" on October 1, 2013, was:

**ONE MILLION THREE HUNDRED THOUSAND DOLLARS**

**$1,300,000**

## EXPOSURE TIME AND MARKETING TIME

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately six to nine (6-9) months. This assumes an active and professional marketing plan would have been employed by the current owner.

We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within six to nine (6-9) months.

# ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.
- Any estimate of insurable value, if included within the agreed upon scope of work and presented within this Report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, C&W strongly recommends that the Intended Users obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, C&W makes no warranties regarding the accuracy of this estimate.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- We did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.

- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

# CERTIFICATION OF APPRAISAL

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Sandy Chansamone made an exterior inspection of the property that is the subject of this report. Robert S. Nardella, MAI, MRICS and John T. Feeney did not make a personal inspection of the property that is the subject of this report.
- The signatories of the report have performed a previous appraisal of the subject property within the three years prior to this assignment.
- No one provided significant real property appraisal assistance to the persons signing this report.

- As of the date of this report, Robert S. Nardella, MAI, MRICS has completed the continuing education program of the Appraisal Institute.
- As of the date of this report, Sandy Chansamone and John T. Feeney, have completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.

| | |
|---|---|
| Sandy Chansamone<br>Director<br>NY State Real Estate Appraiser Assistant<br>License No. 48000048041 | John T. Feeney<br>Executive Director<br>NY Certified General Appraiser<br>License No. 46000028659 |

Robert S. Nardella, MAI, MRICS
Senior Managing Director
NY Certified General Appraiser
License No. 46000004620

# ADDENDA CONTENTS

# ADDENDUM A: GLOSSARY OF TERMS & DEFINITIONS

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Fifth Edition (2010), published by the Appraisal Institute, Chicago, IL, as well as other sources.

## AS IS MARKET VALUE

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%)

## CASH EQUIVALENCY

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

## DEPRECIATION

1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

## EXPOSURE TIME

1. The time a property remains on the market. 2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See also marketing time.

## FEE SIMPLE ESTATE

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

## HYPOTHETICAL CONDITIONS

A hypothetical condition is “that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”

## LEASED FEE INTEREST

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

## MARKET VALUE

As defined in the Agencies’ appraisal regulations, the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions

granted by anyone associated with the sale.1

## MARKETING TIME

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) See also exposure time.

## SPECIAL, UNUSUAL, OR EXTRAORDINARY ASSUMPTIONS

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

[1] "Interagency Appraisal and Evaluation Guidelines." Federal Register 75:237 (December 10, 2010) p. 77472.

# ADDENDUM B: QUALIFICATIONS AND LICENSES OF THE APPRAISERS

# PROFESSIONAL QUALIFICATIONS

## Sandy Chansamone
Director
Valuation & Advisory

### Background
Before joining Cushman & Wakefield's Valuation & Advisory group in midtown Manhattan, Sandy Chansamone worked as a business analyst in Cushman and Wakefield's Learning & Organizational Development group, analyzing project requirements, researching best practices and collaborating with senior learning managers on designing, developing and implementing learning solutions using a wide range of delivery methods (e.g., distance learning, classroom training).

### Appraisal Experience
Ms. Chansamone has been an appraiser since 2007. She works on the multifamily team at Cushman & Wakefield, Inc. under the supervision of John T. Feeney, who has over 25 years of experience. Her experience ranges from appraising land, proposed developments, shell buildings, residential apartment buildings, mixed-use residential buildings, student housing, affordable housing, cooperative buildings, and condominium developments.

### Education
University of California, Riverside, California
College of Humanities, Arts, and Social Sciences
Bachelor of Arts, Graduated Magna Cum Laude, May 2004
    Major - Psychology

New York University, New York City, New York
Graduate School of Arts and Social Sciences, 2004 - 2007
    Major – Industrial/Organizational Psychology

### Appraisal Education
Successfully completed all New York State appraisal courses required for licensing.

### Memberships, Licenses and Professional Affiliations
- New York State Licensed Real Estate Appraiser Assistant No. 48000048041
- Candidate for Designation, Appraisal Institute – Metropolitan New York Chapter

### Awards
- Cushman & Wakefield Rising Star Award – 2012

UNIQUE ID NUMBER
48000048041

State of New York
Department of State
DIVISION OF LICENSING SERVICES

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KNOW ALL MEN BY THESE PRESENTS THAT PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO REAL ESTATE APPRAISERS.

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| EFFECTIVE DATE | 07 | 09 | 13 |
| EXPIRATION DATE | 07 | 08 | 15 |

CHANSAMONE SANDY
C/O CUSHMAN & WAKEFIELD INC
1290 AVENUE OF THE AMERICAS
9TH FL
NEW YORK, NY 10104-6178

HAS BEEN DULY LICENSED AS A
REAL ESTATE APPRAISER ASSISTANT

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.

CESAR A. PERALES
SECRETARY OF STATE

DOS-1098 (Rev. 3/01)

# PROFESSIONAL QUALIFICATIONS

## John T. Feeney, Jr.
Executive Director
Valuation & Advisory

### Background
Mr. Feeney is a graduate of Manhattan College School of Business, Class of 1987, with a Bachelor of Science Degree in Finance. He entered the real estate business in 1985 with Cushman & Wakefield, Inc. Since that time, Mr. Feeney was promoted to Associate Director in October 1993 by the Executive Board of Cushman & Wakefield, Inc. He was subsequently promoted to Director in July 1996, to Senior Director in 2006 and to his current title of Executive Director in 2010.

### Appraisal Experience
Since joining Cushman & Wakefield's Valuation & Advisory group, Mr. Feeney has worked on assignments including vacant land, air rights, office buildings, corporate headquarter facilities (both existing and proposed), shopping centers, industrial complexes, commercial properties, residential properties, hotels and investment properties throughout the United States.

Mr. Feeney is qualified as an expert witness in U.S. Bankruptcy Court, Southern and Eastern Districts of New York, and in the Supreme Court of the State of New York, County of New York, County of Queens and County of Nassau. Mr. Feeney has also been a guest speaker at Columbia University's School of Business Real Estate Club, the Appraisal Institute Metropolitan District Chapter Number 4, the Real Estate Board of New York, and New York University's Masters in Real Estate Program.

Since 1997, Mr. Feeney has headed the multifamily valuation team for New York's Valuation Services. During this time, Mr. Feeney has prepared appraisals and consulted on hundreds of multifamily assets including premier developments such as the Residences at the Time Warner Center, Trump World Tower, the Residences at 50 Central Park South, and One Beacon Court. Appraisal and consultation services have been provided to Con Edison on its transaction for its sites along First Avenue, proposed to be developed with over 5,000,000 square feet of mixed use buildings. Mr. Feeney's team was responsible for the appraisal of the first downtown residential buildings to be granted Liberty Bond Financing. Assignments have included properties in each borough of New York City, and include cooperatives, existing and proposed condominium developments, proposed and existing rental developments, 80/20 mixed use developments, Section 8 and Section 236 housing developments, Mitchell Lama developments, development sites, air rights, Low Income Housing Tax Credits, Inclusionary Housing, and benefits related to sub-market financing.

### Education
Manhattan College
Riverdale, New York
Degree: B.S. Finance (1987)

### Appraisal Education
Mr. Feeney has successfully completed all required real estate courses required for the MAI designation offered by either the American Institute of Real Estate Appraisers or the Appraisal Institute.

### Memberships, Licenses and Professional Affiliations
Candidate for Designation, Appraisal Institute
New York State Certified General Real Estate Appraiser No. 46000028659

UNIQUE ID NUMBER
46000028659

*State of New York*
*Department of State*
DIVISION OF LICENSING SERVICES

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EFFECTIVE DATE

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PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.

EXPIRATION DATE

| MO. | DAY | YR. |
|---|---|---|
| 06 | 29 | 15 |

FEENEY JOHN T JR
C/O CUSHMAN & WAKEFIELD
1290 AVENUE OF THE AMERICAS
9TH FL
NEW YORK, NY 10104-6178

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.

CESAR A. PERALES
SECRETARY OF STATE

DOS-1098 (Rev. 3/01)

## PROFESSIONAL QUALIFICATIONS

**Robert S. Nardella, MAI, MRICS**
Senior Managing Director
Valuation & Advisory

### Background

Robert S. Nardella is a Senior Managing Director of Cushman & Wakefield, Inc., working within the Valuation & Advisory Group. Mr. Nardella joined Cushman & Wakefield, Inc. in February 1987 while still attending college. He graduated from Pace University's Lubin School of Business, Class of 1987, with a Bachelor of Business Administration in Finance, and earned a Masters in Real Estate from New York University in 1997.

In March of 1993, Mr. Nardella was named Associate Director of Cushman & Wakefield, Inc. He was further promoted to Director in December 1994 and to Senior Director in September 2006. Mr. Nardella has received the Excellence in Quality Service Award for the Valuation Advisory division in the New York region, and was named Quality Control Manager for the New York region in 2004. Other appointments include National Account Manager of several key Cushman & Wakefield relationships, as well as service on the Career Development Committee. In January 2007, Mr. Nardella was appointed Operations Manager of the New York office within Valuation & Advisory, and was named Managing Director in June 2008. In January 2010, Mr. Nardella was named Senior Managing Director and Regional Manager for New York and New Jersey V&A operations.

### Real Estate Experience

Since joining Cushman & Wakefield, Inc., Mr. Nardella has performed appraisal, feasibility and consulting assignments involving vacant land, developable air rights, office buildings, proposed and existing regional malls, shopping centers, industrial and residential complexes, condominiums, and investment properties throughout 25 states.

### Education

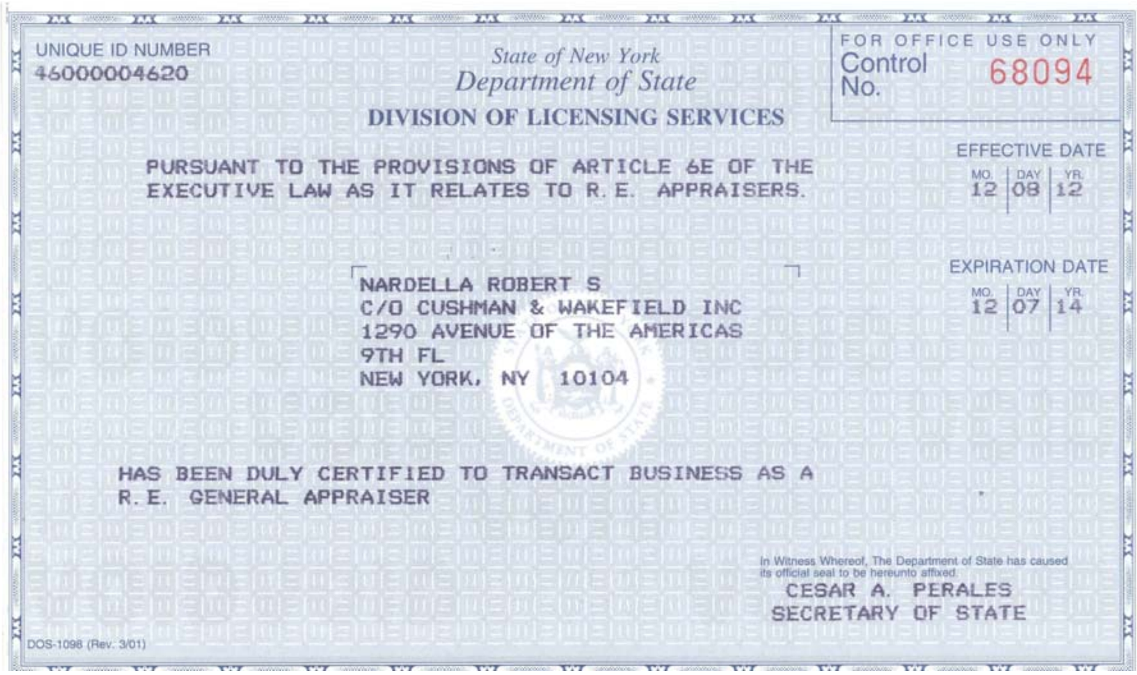
Pace University - Bachelor of Science, Finance – June 1987
New York University – Masters in Real Estate – January 1997

### Appraisal Education

Mr. Nardella has successfully completed all courses and requirements to qualify for the MAI designation, and has currently completed the requirements under the continuing education program of the Appraisal Institute.

### Memberships, Licenses and Professional Affiliations

- Designated Member, Appraisal Institute (MAI designation achieved 1997)
- Member, Royal Institution of Chartered Surveyors (MRICS)
- State of New York Certified General Real Estate Appraiser, License No. 46000004620
- State of New Jersey Certified General Real Estate Appraiser, License No. 42RG00230800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State of New York
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PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE
EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS.

EFFECTIVE DATE
MO. 12 DAY 08 YR. 12

EXPIRATION DATE
MO. 12 DAY 07 YR. 14

NARDELLA ROBERT S
C/O CUSHMAN & WAKEFIELD INC
1290 AVENUE OF THE AMERICAS
9TH FL
NEW YORK, NY 10104

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A
R.E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.
CESAR A. PERALES
SECRETARY OF STATE

DOS-1098 (Rev. 3/01)

CA-20

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**State Of New Jersey**
**New Jersey Office of the Attorney General**
**Division of Consumer Affairs**

THIS IS TO CERTIFY THAT THE
Real Estate Appraisers Board

**HAS CERTIFIED**

Robert S. Nardella
2 Private Lovett Court
Blauvelt NY 10913

**FOR PRACTICE IN NEW JERSEY AS A(N): Certified General Appraiser**

**10/31/2011 TO 12/31/2013**
VALID

**42RG00230800**
LICENSE/REGISTRATION/CERTIFICATION #

Signature of Licensee/Registrant/Certificate Holder

DIRECTOR

New Jersey Office of the Attorney General
Division of Consumer Affairs
THIS IS TO CERTIFY THAT THE
Real Estate Appraisers Board
HAS CERTIFIED
Robert S. Nardella
Certified General Appraiser
10/31/2011 TO 12/31/2013
VALID
SIGNATURE
42RG00230800
License/Registration/Certificate #
DIRECTOR

PLEASE DETACH HERE

**IF YOUR LICENSE/REGISTRATION/ CERTIFICATE ID CARD IS LOST PLEASE NOTIFY:**
Real Estate Appraisers Board
P.O. Box 45032
Newark, NJ 07101

PLEASE DETACH HERE