East Midtown Rezoning
District Improvement Bonus (DIB) Contribution Rate Market Study

FOR:
New York City Economic Development Corporation
110 William Street
New York, NY 10038

BY:
Landauer Valuation & Advisory
A division of Newmark Grubb Knight Frank
125 Park Avenue, 6th floor
New York, New York 10017
February 28, 2013

New York City Economic Development Corporation  
110 William Street  
New York, NY 10038

Attn: Ms. Lisa Z. Kirsch  
Vice President, Real Estate Transaction Services

Re: East Midtown Rezoning, Manhattan, New York, NY  
District Improvement Bonus (DIB) Contribution Rate Market Study

Dear Ms. Kirsch:

In accordance with your request, we have prepared a market study and consulting appraisal report to determine an approximate expected average value of the District Improvement Bonuses (DIBs) to be sold by the City to commercial office use developers within the East Midtown Rezoning Study Area.

The proposed East Midtown Rezoning will affect a 70 block area within the East Midtown neighborhood of Manhattan Community Districts 5 and 6. The affected area is generally bounded by East 39th Street to the south, East 57th Street to the north, Second and Third Avenues to the east and Fifth Avenue to the west (see map of the proposed East Midtown Subdistrict in the attached report).

The East Midtown office district is one of the largest job centers in New York City and, arguably, the best business address in the world. It contains more than 70 million square feet of office space, more than 250,000 jobs and numerous Fortune 500 Companies. However, the long-term competitiveness of this office district is threatened by:

- An aging office building stock  
- Limited recent office development  
- Pedestrian Network Challenges  
- Challenges of current zoning

To ensure that that the area continues to be a strong and dynamic commercial district, the City has proposed a zoning amendment to establish an East Midtown Subdistrict (the “Subdistrict”) within the Special Midtown District. The proposed new Subdistrict focuses new commercial development with the greatest as-of-right densities on large sites with full block frontage on avenues around Grand Central Terminal, with slightly lower densities allowed along the Park Avenue corridor and elsewhere. It is intended to encourage limited and targeted as-of-right commercial development in appropriate locations. The amendment also seeks to streamline the system for landmark transfers within Grand Central and generate funding for area-wide pedestrian network improvements.
The proposed zoning amendment introduces two as-of-right zoning mechanisms to permit increases above the base FAR for Qualifying Sites sites within the Subdistrict with full avenue frontage, a minimum site size of 25,000 square feet, and that provide all their floor area as commercial use. The two zoning mechanisms are:

1) **District Improvement Bonus (DIB):** Increases in FAR above the as-of-right maximum through contribution to a fund for the enhancement of area-wide pedestrian network improvements. The additional floor area would be granted by chair certification similar to the existing Hudson Yards District Improvement Bonus.

2) **Landmark Transfer:** Increases in FAR above the as-of-right maximum in the Grand Central area through floor area transfers from landmark buildings. The additional floor area would also be granted by chair certification.

Through the purchase of DIBs and the new Landmark Transfer mechanisms, developers could increase the FAR of qualifying sites within the Grand Central Core up to 24.0 FAR from the existing base maximum FAR of 15.0 FAR. For Qualifying Sites or portions thereof within the Park Avenue Subarea, floor area increases would be permitted up to 21.6 FAR from the existing base maximum FAR of 15.0 FAR. For qualifying Sites or portions thereof within the remaining areas of the East Midtown Subdistrict, floor area increases would be permitted up to 20 percent higher than the existing maximum base FAR of 15.0 or 12.0 FAR (to 18.0 FAR and 14.4 FAR, respectively).

In addition to the two as-of-right zoning mechanisms to permit increases above the base FAR for Qualifying Sites, the proposed zoning amendment would also create a special permit to allow an increase in the maximum FAR above that permitted as-of-right in the Grand Central Core (24.0 FAR) up to 30.0 FAR, and an increase in the maximum FAR above that permitted as-of-right along the Park Avenue frontage (21.6) up to 24.0 FAR. Additionally, the special permit would allow for the modification of bulk and urban design regulations.

The New York City Planning Commission’s (CPC) East Midtown Rezoning and Related Actions Draft Scope of Work for an Environmental Impact Statement dated August 27, 2012 indicates total development expected to occur on 20 projected development sites with rezoning would approximate 10.0 million gross square feet of office space in a reasonable worst case development scenario, a net addition of approximately 3.9 million gross square feet.

In accordance with the scope of the request for this market study, this report lists all relevant sales of transferable development rights (TDRs) and fee land acquired for commercial office use development within or proximate to the East Midtown Rezoning Subdistrict Study Area occurring over the last 15 years and adjusts those sales for changes in market conditions (time) to December 31, 2012.

Based on this report’s findings for TDR sales, fee land sales and TDR-to-land value ratios, the average value of the District Improvement Bonuses (DIBs) to be sold by the City for commercial office use...
development within the East Midtown Rezoning Study Area could be expected to approximate $250 per square foot of FAR as of year-end 2012.

This report is subject to certain basic underlying assumptions and limiting conditions which are detailed in the Addenda of this report.

This report is prepared as a real property appraisal consulting assignment and conforms with and is subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice set forth by the Appraisal Institute. As a real property consulting report, this report complies with the reporting requirements set forth under the Standards Rule 5-2 of the Uniform Standards of Professional Appraisal Practice (USPAP). The report presents summary discussions of the data, reasoning and analyses that were used in the consulting process to develop the conclusions rendered, however, discussions of the area economy and real estate market have been omitted. Supporting documentation regarding the data, reasoning and analyses is retained on file. The depth of discussion contained in this report is specific to your needs and intended use stated in the report. We are not responsible for unauthorized use of this report.

Respectfully submitted
Landauer Valuation & Advisory,

Robert Von Ancken, MAI, CRE, FRICS
Chairman
NYS Certification #4600001797

William Picoli, MAI, CRE
Senior Managing Director
NYS Certification # 4600005694
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SUBJECT OF THE CONSULTING APPRAISAL
The subject of this consulting appraisal assignment is the proposed East Midtown Subdistrict generally bounded by East 39th Street to the south, East 57th Street to the north, Second and Third Avenues to the east and Fifth Avenue to the west.

PURPOSE AND INTENDED USE OF THE CONSULTING APPRAISAL
Preparation of a market study and consulting appraisal report to determine an approximate expected average value of the District Improvement Bonuses (DIBs) to be sold by the City to commercial office use developers within the East Midtown Rezoning Study Area. The preparation of this report is for internal planning purposes of the NYC Economic Development Corporation, acting on behalf of the Department of City Planning.

CLIENT AND INTENDED USER OF THE CONSULTING APPRAISAL
New York City Economic Development Corporation.

EFFECTIVE DATE OF MARKET STUDY AND APPRAISAL
The expected average value of the District Improvement Bonuses (DIBs) determined in this report is based on market conditions existing as of December 31, 2012.

DATE OF INSPECTION
The subject East Midtown Subdistrict Rezoning Study Area was inspected by William Picoli on December 19, 2012 and by Robert Von Ancken on previous multiple occasions.

SCOPE OF WORK
In the preparation of this consulting appraisal assignment the Scope of Work included:

- Visually inspecting the blocks within the study area;
- Reviewing available documents from the New York City Department of Planning for the proposed re-zoning of the study area;
- Collecting and analyzing 15 years of land sales data for commercial office development from within and surrounding the study area;
- Collecting and analyzing 15 years of sales of TDRs for commercial office use from within and surrounding the study area;
- Verifying market data directly with buyers, sellers, brokers, and other sources (ACRIS, CoStar and others) regarded as reliable;
- Selecting and analyzing those sales deemed most comparable;
- Evaluating the quality and quantity of data available and analyzed within the approaches, methods, and procedures used;
- Analyzing ratios of TDR value-to-land value of comparable sales;
- Analyzing the comparable transactions to extract an approximate indication of the expected average value of the District Improvement Bonuses (DIBs) to be sold.
Other steps taken to complete this assignment are described in individual sections of the report. This report has been presented in the form of a real property consulting report intended to comply with the summary reporting requirements set forth under Standards Rule 5-2 of the USPAP.

**EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS**

An extraordinary assumption is an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information 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. No extraordinary assumptions were employed in this consulting appraisal.

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. No hypothetical conditions were employed in this consulting appraisal.

**DEFINITION OF MARKET VALUE**

Market value is defined as: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self interest, and assuming the neither is under undue duress.¹

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OVERVIEW OF THE PROPOSED EAST MIDTOWN REZONING SUBDISTRICT

The proposed East Midtown Rezoning Subdistrict is a 70 block area within the East Midtown neighborhood of Manhattan Community Districts 5 and 6. The Subdistrict is primarily characterized by commercial office uses and generally bounded by East 39th Street to the south, East 57th Street to the north, Second and Third Avenues to the east and Fifth Avenue to the west (see map that follows).

Source: Department of City Planning City of New York
Proposed East Midtown Subdistrict

The East Midtown Subdistrict is one of the largest job centers in New York City and, arguably, the best business address in the world. It contains more than 70 million square feet of office space, more than 200,000 jobs and numerous Fortune 500 Companies. However, the long-term competitiveness of this office district is threatened by:

- An aging office building stock
- Limited recent office development
- Pedestrian Network Challenges
- Challenges of current zoning
- Competitor cities doing more to modernize their office cores

The proposed East Midtown Rezoning Subdistrict is centered on Grand Central Terminal, one of the City’s major transportation hubs and famous civic spaces. Located around the Terminal and to the north, are some of the city’s most iconic office buildings, such as Lever House and the Chrysler Building lining the major avenues - Park, Madison and Lexington – along with a mix of other landmarks, civic structures, office buildings and hotels.

The area’s transportation network is currently being expanded through two major public infrastructure projects: East Side Access and the Second Avenue subway. East Side Access will enable Long Island commuters one-seat access to East Midtown through the construction of a new below-grade station adjacent to Grand Central (expected completion in 2019). Additionally, the Second Avenue subway - whose first phase (from 63rd to 96th streets) is currently under construction - is expected to alleviate congestion on the Lexington Avenue subway line when construction is completed in 2016.

The East Midtown rezoning area contains approximately 400 buildings, of which more than 300 are over 50 years old. With much of the area’s existing office stock aging, the area has also seen little recent development of new office stock which could act as a replacement. Since 2001, only two office buildings have been constructed in the area, a significant drop from preceding decades. Whereas the area had an overall annual space growth rate of 1% between 1982 and 1991, the area’s growth rate continually fallen, with the time between 2002 and 2011 seeing an annual growth rate of only 0.06%. In this time, the area’s average age of buildings increased from 52 years in 1982 to 73 years today.

Given the age of the office stock, many buildings have outdated features, such as low floor-to-ceiling heights and interior columns, that cannot be corrected through renovation. Increasing unable to meet modern tenant needs through renovation for up-to-date technology infrastructure and other amenities, these older buildings are becoming increasingly unattractive to the highest rent-paying tenants and therefore susceptible to conversion to hotel and residential uses that is reducing the Class A office stock. Examples of the area’s outdated office buildings that have converted to other uses include the Library Hotel at 299 Madison Avenue and the Marriott Courtyard at 866 Third Avenue (hotels), as well as the 5 condo at 5 East 44th Street (residential).
Given the area’s concentration of existing regional rail infrastructure and the current expansion of this network already underway, a pronounced trend in this direction would not be desirable from the City’s economic development perspective.

With quite a few buildings in East Midtown built before 1961 (when floor area ratios were first instituted), the area contains approximately 2.3 million square feet more than what is permitted under today’s zoning. While many of the older buildings contain outdated features, the lower amount of square footage that could be constructed in a new building on the site creates a large disincentive to new construction.

The area also contains few remaining development sites where built FAR is less than half permitted base FAR. Of the possible development sites that do exist, few would accommodate a major new office building. Current plans for development in the area bear this out. Of the sites currently cleared for new development, none are planned for office construction, as the sites are considered too small to hold a new office building. One assembled site for a new Class A office building has been reported in the media (the site controlled by SL Green at 317 Madison Avenue) but this site has not yet been cleared. Another announced development site, at 425 Park Avenue, would retain 25 percent of the existing floor area and rebuild the remainder, in order to retain its current density.

While boasting some of the City’s most iconic public and civic spaces, the area faces a number of challenges to creating an above- and below-grade pedestrian network fully matching the area’s role as one of the premier office districts in the world.

The Grand Central subway station - one of the busiest in the entire subway system, has numerous pedestrian circulation issues and, due to platform crowding, long dwell times for the Lexington line which make the station one of the bottlenecks of the subway system. Additional issues affecting transfers and platform access exist in the subway stations to the north.

Above-grade, the sidewalks of Madison and Lexington avenues are quite narrow (12-13 feet wide) given the scale of pedestrian use they handle.

The area has a limited selection of publicly-accessible open spaces. Further, while the area contains a number of privately-owned public spaces, it contains no significant publicly-controlled open spaces unlike other commercial areas of the City.

Additionally, Vanderbilt Avenue, once the major taxi access point to Grand Central Terminal has seen its use drop as taxis have been moved away from the building due to security concerns. The street does not match its iconic location next to the Terminal in terms of public amenity and prestige.

The City is concerned that existing zoning regulations are not appropriate for the area’s current needs and may impede the area’s continued status as a premier office district.
In 1982, the City concluded that development in Midtown should be encouraged to the west beyond Sixth Avenue and around Times Square, and created the Special Midtown District. As part of this project, East Midtown was proposed as an area for ‘Stabilization’ while the area west of Sixth Avenue was marked for ‘Growth’. To accomplish this many of the midblock areas of the East Midtown area were downzoned from 15.0 to 12.0 FAR. Additionally, the area around Lexington Avenue in the mid-50s was rezoned to a mix of 10.0 and 12.0 FAR.

The creation of the Grand Central Subdistrict of the Special Midtown District in 1992 was intended to encourage the transfer of development rights from Grand Central and other area landmarks to surrounding development sites and the creation of an improved pedestrian realm in the area. The maximum permitted FAR by using the transfer is 21.6 FAR but requires a zoning special permit from the City Planning Commission that finds that a significant pedestrian improvement is being provided as part of the project. Only one building (383 Madison Avenue) has taken advantage of this provision since its adoption, and more than 1.2 million square feet of development rights remains unused on the Grand Central lot. (Additionally, 1.0 FAR transfers are permitted through a certification process in the Core and a larger area. The provision has been used three times but because of the small size of the transfer, has not significantly diminished the supply of unused Grand Central development rights.) Of concern is the complexity of the process required to achieve the full 21.6 maximum FAR, which includes lengthy case-by-case negotiation with the MTA over the scope of the pedestrian network improvements. Additionally, the limited size of the subdistrict’s core affords limited transfer opportunities to possible development sites.

Three other methods exist to obtain higher floor area ratios. First, subway station improvement bonuses are permitted for sites directly adjacent to subway entrances (up to 20% more than the permitted base FAR) through the provision of an improvement to the subway network. Existing City landmarks can transfer their remaining development rights to sites that are adjacent or across streets, with no limit to the FAR permitted on the receiving site. Both of these bonuses are only permitted through special permits granted by the City Planning Commission. Finally, in the portions of the area not within the Grand Central Subdistrict, small bonuses of 1.0 FAR are permitted through the provision of public plazas.

At present, the City believes these bonus mechanisms do not provide enough incentive to replace existing outdated buildings with new construction. Most of the existing mechanisms require complex review procedures and negotiations which limit the desire of property owners to undertake them. The problem is exacerbated for those buildings built before 1961 which do not comply with today’s current permitted FAR, since they cannot reconstruct and maintain their existing floor area, except by retaining 25 percent of the existing structure, a result which does not allow for optimal new construction.

In comparison to the office cores of London, Tokyo and Chicago, East Midtown is not performing well in regard to the provision of up-to-date office space. Because many of these competitor cities has made it a major policy focus to encourage replace outdated office space
with new office construction in their traditional office cores the office buildings in these competitor cities are significantly less old on average than in East Midtown.

In comparison to these places, where the replaced outdated office buildings are typically less than 10 to 15 stories, East Midtown’s existing high density makes replacement especially challenging.
PROPOSED EAST MIDTOWN SUBDISTRICT REZONING AMENDMENT

To ensure that the East Midtown area continues to be a strong and dynamic commercial district, the City has proposed a zoning amendment to establish an East Midtown Subdistrict (the “Subdistrict”) within the Special Midtown District. The Subdistrict is divided into three Subareas: Grand Central Park Avenue and other areas (see East Midtown Subdistrict Subareas Map that follows).

![East Midtown Subdistrict Subareas Map](image)

Source: Department of City Planning City of New York

The proposed new Subdistrict focuses new commercial development with the greatest as-of-right densities on large sites with full block frontage on avenues around Grand Central Terminal, with slightly lower densities allowed along the Park Avenue corridor and other areas. It is intended to encourage limited and targeted as-of-right commercial development in appropriate locations. The proposed new Subdistrict would include a zoning map amendment – replacing existing C5-2 and C6-4 designations in portions of the midblock areas between East 42nd and East 46th streets, and Second and Third avenues with C5-3, C5-2.5, C5-2 and C1-9 districts. The C5-3 and C5-2.5 districts will be mapped within the Special Midtown District. The
amendment also seeks to streamline the system for landmark transfers within Grand Central and generate funding for area-wide pedestrian network improvements.

The proposed zoning amendment introduces two as-of-right zoning mechanisms to permit increases above the base FAR for Qualifying Sites within the Subdistrict with full avenue frontage, a minimum site size of 25,000 square feet, and that provide all their floor area as commercial use. The two zoning mechanisms are:

1. **District Improvement Bonus (DIB):** Increases in FAR above the as-of-right maximum through contribution to a fund for the enhancement of area-wide pedestrian network improvements. The additional floor area would be granted by chair certification similar to the existing Hudson Yards District Improvement Bonus.

2. **Landmark Transfer:** Increases in FAR above the as-of-right maximum in the Grand Central area through floor area transfers from landmark buildings. The additional floor area would also be granted by chair certification.

The following map represents the total combined increases to base FAR potentially available to Qualifying Sites in the Subdistrict Subareas from both DIBs and Landmark transfers.

**Total Combined Increases To Base FAR Potentially Available To Qualifying Sites**
Through the purchase of DIBs and the new Landmark Transfer mechanisms, developers could increase the FAR of qualifying sites within the Grand Central Core up to 24.0 FAR from the existing base maximum FAR of 15.0 FAR. For Qualifying Sites or portions thereof within the Park Avenue Subarea, floor area increases would be permitted up to 21.6 FAR from the existing base maximum FAR of 15.0 FAR. For qualifying Sites or portions thereof within the remaining areas of the East Midtown Subdistrict, floor area increases would be permitted up to 20 percent higher than the existing maximum base FAR of 15.0 or 12.0 FAR (to 18.0 FAR and 14.4 FAR, respectively). The following tables illustrate the incremental increases to base FAR available to Qualifying Sites in the Subdistrict Subareas from DIBs and Landmark transfers.
Incremental Increases To Base FAR Available To Qualifying Sites

Source: Department of City Planning City of New York
In addition to the two as-of-right zoning mechanisms to permit increases above the base FAR for Qualifying Sites, the proposed zoning amendment would also create a special permit to allow an increase in the maximum FAR above that permitted as-of-right in the Grand Central Core (24.0 FAR) up to 30.0 FAR, and an increase in the maximum FAR above that permitted as-of-right along the Park Avenue frontage (21.6) up to 24.0 FAR. Additionally, the special permit would allow for the modification of bulk and urban design regulations.

Based on CPC’s East Midtown Rezoning and Related Actions Draft Scope of Work for an Environmental Impact Statement dated August 27, 2012, the total development expected to occur on 20 projected development sites with rezoning would approximate 10.0 million gross square feet of office space in a reasonable worst case development scenario, a net addition of approximately 3.9 million gross square feet (see table that follows).
Figure 5 - Projected and Potential Development Sites

Source: Department of City Planning City of New York
## RWCDs and Population Summary for Projected Development Sites

<table>
<thead>
<tr>
<th>USE</th>
<th>Existing Conditions (GSF)</th>
<th>Future No-Action Condition (GSF)</th>
<th>Future with Action Condition (GSF)</th>
<th>No-Action to With-Action Increment (GSF)</th>
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<tbody>
<tr>
<td>Office</td>
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<td>6,154,164</td>
<td>10,031,278</td>
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<tr>
<td>Retail</td>
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<td>553,133</td>
<td>661,542</td>
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<td>Hotel</td>
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<td>2,515,315</td>
<td>504,368</td>
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<td>Hotel Rooms</td>
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<tr>
<td>Residential</td>
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<td>1,122,155</td>
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<td>(915,525)</td>
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<tr>
<td>Residential Units</td>
<td>22</td>
<td>1,126</td>
<td>208</td>
<td>(918)</td>
</tr>
<tr>
<td>Parking</td>
<td>179,060</td>
<td>43,400</td>
<td>140,200</td>
<td>96,800</td>
</tr>
<tr>
<td>Parking Spaces</td>
<td>895</td>
<td>217</td>
<td>701</td>
<td>484</td>
</tr>
</tbody>
</table>

### POPULATION/EMPLOYMENT (1)

<table>
<thead>
<tr>
<th>USE</th>
<th>Existing Conditions (GSF)</th>
<th>Future No-Action Condition (GSF)</th>
<th>Future with Action Condition (GSF)</th>
<th>No-Action to With-Action Increment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents</td>
<td>35</td>
<td>1,790</td>
<td>331</td>
<td>(1,459)</td>
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<tr>
<td>Workers</td>
<td>28,158</td>
<td>27,435</td>
<td>43,559</td>
<td>16,124</td>
</tr>
</tbody>
</table>

(1) Assumes 1.59 persons per DU (based on 2010 census data for rezoning area), 200 SF per parking space, 650 SF per hotel room, 1 employee per 250 SF of office, 3 employees per 1000 SF of retail, 1 employee per 2.67 hotel rooms, 1 employee per 25 DUs, and 1 employee per 10,000 SF of parking floor area.

Source: Department of City Planning City of New York
VALUATION METHODOLOGY

As agreed with EDC, this market study and consulting appraisal report is undertaken to determine an approximate expected average value of the District Improvement Bonuses (DIBs) on a per square foot of FAR basis to be sold by the City to commercial office use developers within the East Midtown Rezoning Study Area. In accordance with the requested scope of services this report:

1. Lists all sales of transferable development rights (TDRs) and fee land acquired for commercial office use development within or proximate to the East Midtown Rezoning Subdistrict Study Area occurring over the last 15 years with adjustment of those sales for changes in market conditions (time) to December 31, 2012.

2. Determines an approximate expected average value of the District Improvement Bonuses (DIBs) to be sold by the City to commercial office use developers within the East Midtown Subdistrict based directly on the time adjusted values indicated by the TDR sales.

Transferable Development Rights (TDRs)

Excess development rights (aka air rights) are floor area permitted by zoning regulations for a property that is in excess of the floor area used by existing improvements. When excess development rights are available to be transferred to another property, they are known as transferable development rights, or TDRs. The value of the of the excess development rights is based on either the TDRs’ being utilized to redevelop the existing property or being transferred to another property.

Transfer by Zoning Lot Merger

In New York City under its Zoning Resolution, TDRs are usually transferred by merging zoning lots that have at least ten linear feet in common. The market for TDRs using this method of merging zoning lots is fairly limited from both the owner of the granting site’s point of view and from the owner of the receiving site’s point of view. The only possible receiving sites for the excess development rights of a property are contiguous lots, and the only possible granting sites for a development site are also only contiguous lots that have excess development rights available. (Landmarked sites are exceptions to this rule, since their excess development rights may be transferred to a property across a street by special permit.)

Transfer from a Listed Theater

In 1998, the Department of City Planning created the Theater Subdistrict zoning regulations, which were intended to preserve the city’s theater industry by expanding the location of possible receiving sites for TDRs owned by certain “listed” theaters to anywhere between West 40th and West 57th Streets and between Sixth and Eighth Avenues. Before the enactment of the Theater Subdistrict zoning regulations, theaters, which are typically housed in low-rise buildings, were not able to benefit from the high value of their air rights unless a receiving site were located on an adjacent lot. These regulations expanded the market for TDRs in the
Theater Subdistrict for both the granting theaters and receiving sites. The regulations require that the building on the granting site continue to operate as a “legitimate” theater.

Transfer from the High Line Transfer Corridor
Similarly, under the recent rezoning of West Chelsea approved in 2005, TDRs from the High Line Transfer Corridor (a 100-foot-wide corridor running above and along the west side of the High Line between West 19th Street and West 30th Street) may be transferred to properties within most of the Special West Chelsea zoning district (specifically, between West 16th Street and West 18th Street, from approximately halfway between Ninth and Tenth Avenues to Tenth Avenue and from West 18th Street to West 30th Street, from Tenth Avenue to Eleventh Avenue, except for a 100-foot-wide corridor on the west side of Tenth Avenue, between West 19th Street and West 23rd Street).

Hudson Yards
The Hudson Yards zoning regulations have similarly expanded the market for TDRs for certain designated sites within the Hudson Yards District. A large source of TDRs (a minimum of 4,560,000 square feet) originate in the Eastern Rail Yard and a large number of receiving areas totaling 4,845,529 square feet in the area between Tenth and Eleventh Avenues and between 33rd and 41st Streets have been created.

Compared to the traditional zoning lot merger method of transferring excess development rights, the creation of the Theater Subdistrict, High Line Transfer Corridor, and the Hudson Yards District have greatly facilitated the transfer of excess TDRs for both granting and receiving sites.

The value of TDRs is related to the fee value of the underlying land of the receiving lot. Fee land and TDRs are similar in that they both represent development rights. The only difference between them is that TDRs have no ready market (they require a legal receiving site), and they do not include ground-level and below-ground development rights. The two differences suggest that TDRs are worth less than fee land (the sales data bears this out), but this lower value is tempered by the fact that TDRs typically permit a receiving site to be developed with a taller building. Higher floors of a building typically are worth more than lower floors because of superior views, light and air. Therefore, it is most common that TDRs trade at a discount to fee land development right, yet there are situations where the reverse is the case.

TDR and fee land values change as the real estate market changes, but the ratios of the value of TDR zoning floor area (ZFA) to the value of fee land ZFA generally remain relatively constant.

Sales Of Transferable Development Rights (TDRs) Acquired For Commercial Office Use Development Within and Outside The East Midtown Rezoning Subdistrict
Analysis of the Midtown market from 1997 through year-end 2012 produced five transfers of TDRs acquired as part of site assemblages for commercial office development. Three of these
Proposed East Midtown Subdistrict sales are located within the proposed East Midtown Subdistrict. Two are located in competitive office districts west of the East Midtown Subdistrict.

TDR Sales Within the East Midtown Subdistrict

Within the East Midtown Subdistrict, the three TDR sales ranged from $92.06 to $223.75 and averaged $175.86 per square foot of FAR after adjustment for the difference in market conditions between the acquisition dates and year-end 2012. The purchase for 285,860 square feet of TDRs acquired for the development of the Bear Stearns building at 383 Madison Avenue was unusually low. This TDR transfer was acquired from American Premier Underwriters (the holder of the excess development rights to Grand Central Terminal) and is among the oldest in the data set, dating from 1997.

The other two TDR transfers within the East Midtown Subdistrict were acquisitions by Harry Macklowe to be utilized in the development of the Drake Hotel site at 434-442 Park Avenue (2006) and the luxury boutique office building at 510 Madison Avenue (2008). The time adjusted sale price of the 30,667 square feet of TDRs purchased for 510 Madison Avenue equates to $211.76 per square foot of FAR as of year-end 2012. The time adjusted purchase price of the 90,737 square feet of TDRs purchased for 434-442 Park Avenue equates to $223.75 per square foot of FAR as of year-end 2012.

Compared to the time adjusted purchase prices of the TDRs acquired for 434-442 Park Avenue and 510 Madison Avenue, the 383 Madison Avenue TDR purchase is clearly an outlier. The indications provided by the time adjusted purchase price of the TDRs acquired for 434-442 Park Avenue and 510 Madison Avenue range from $211.76 to $223.75 and average $217.75 per square foot of FAR.

TDR Sales Outside the East Midtown Subdistrict

Outside of the Subdistrict there have been two acquisitions of TDRs for commercial office development considered relevant. They were purchased for development of 505 Fifth Avenue and 920 Eighth Avenue. After adjustment for the difference in market conditions between the acquisition dates and year-end 2012, the two TDR sales ranged from $171.25 to $177.48 and averaged $174.36 per square foot of FAR.

The 505 Fifth Avenue development site is located at the northeast corner of East 42nd Street, just outside of and adjacent to the westerly boundary of the proposed East Midtown Subdistrict. The developer, Axel Stawski, purchased 21,240 square feet of TDRs in 2002. The time adjusted purchase price equates to $171.25 per square foot of FAR as of year-end 2012.

The 920 Eighth Avenue development site is located in Midtown West, at the southeast corner of West 55th Street, outside of the proposed East Midtown Subdistrict. Under provisions of the special Theater Subdistrict the developer, Madison Equities, LLC, purchased 143,200 square feet of TDRs from area theaters in 2007. The time adjusted purchase price of these TDRs equates to $177.48 per square foot of FAR as of year-end 2012.
Upon considering the superior location qualities of the East Midtown Subdistrict, the time adjusted prices of these two TDR purchases outside of the proposed East Midtown Subdistrict appear to generally support the time adjusted prices of the TDRs acquired for 434-442 Park Avenue and 510 Madison Avenue.

Sales Of Fee Land Acquired For Commercial Office Use Development Within and Outside The East Midtown Rezoning Subdistrict

Analysis of the Midtown market from 1997 through year-end 2012 produced eight transfers of land sites acquired for commercial office development. Five of these are located within the proposed East Midtown Subdistrict. Three are located in competitive office districts west of the East Midtown Subdistrict.

Fee Land Sales Within the East Midtown Subdistrict
Within the East Midtown Subdistrict, the five fee land sales ranged from $289.44 to $1,086.43 and averaged $504.00 per square foot of FAR after adjustment for the difference in market conditions between the acquisition dates and year-end 2012. The time adjusted purchase price of the fee land component of the assemblage for 434-442 Park Avenue was extraordinarily high at $1,086.43 per square foot of FAR as of year-end 2012. The site was acquired by Harry Macklowe at a time when he was extremely bullish on Trophy office properties. He subsequently was forced to sell all but a small interest in the property to CIM Group in 2010. CIM has resumed construction on the site and is now developing a super luxury condominium project last reported at 95 stories in height.

The other four fee land purchases within the East Midtown Subdistrict were acquisitions of 383 Madison Avenue by Bear Stearns & Company (1997), 300-310 Madison Avenue by Brookfield Properties (2000), 510 Madison Avenue by Harry Macklowe (2006), and 317-331 Madison Avenue by SL Green Realty (latest piece acquired 2011). The time adjusted fee land sale price of these four sites ranges from $289.44 to $450.87 and averages $358.39 per square foot of FAR.

Fee Land Sales Outside the East Midtown Subdistrict
Outside of the Subdistrict there have been three acquisitions of fee land sites for commercial office development that considered relevant. They include 503-507 Fifth Avenue by Axel Stawski (2002), 640-658 Eighth Avenue by SJP Properties (2006), and 920-928 Eighth Avenue by Madison Equities, LLC (2007). After adjustment for the difference in market conditions between the acquisition dates and year-end 2012, these three fee sales ranged from $300.84 to $397.27 and averaged $351.25 per square foot of FAR.

The 505 Fifth Avenue development site is located at the northeast corner of East 42nd Street, just outside of and adjacent to the westerly boundary of the proposed East Midtown Subdistrict. The fee land component of this assemblage has a time adjusted purchase price that equates to $300.84 per square foot of FAR as of year-end 2012.
Upon considering the superior location qualities of the East Midtown Subdistrict, the time adjusted prices of the three fee land purchases outside of the proposed East Midtown Subdistrict appear to generally support the time adjusted prices of the fee land purchases within the proposed East Midtown Subdistrict, with the exception of 434-442 Park Avenue. However, we would consider the location of 434-442 Park Avenue to be a 100% location within the proposed East Midtown Subdistrict.

**Expected Average Value of District Improvement Bonuses (DIBs) To Be Sold For Commercial Office Use Development Within the Proposed East Midtown Subdistrict**

The analysis of transfers of TDRs acquired as part of site assemblages for commercial office development in the Midtown market from 1997 through year-end 2012 produced five comparable sales. The lowest price per square foot of FAR of these sales was from 1997, and was acquired for 383 Madison Avenue from American Premier Underwriters (the holder of the excess development rights to Grand Central Terminal). Based on the time adjusted purchase prices of the two remaining TRD sales within the proposed East Midtown Subdistrict and the two TDR sales outside of the proposed East Midtown Subdistrict, a value range of $171.25 to $223.75 per square foot of FAR is indicated.

Research of fee land and TDR sales as part of site assemblages outside of this market study show a strong tendency for TDR sales to be within 10 percentage points of 60% of the value of the receiving site fee land. If the time adjusted average fee land sales within the East Midtown area of $504.00 per square foot of FAR is multiplied by the 60% ratio, it indicates a TDR value of $302.40 per square foot of FAR. If the time adjusted average fee land sales outside of the East Midtown area of $351.25 per square foot of FAR is multiplied by the 60% ratio, a TDR value of $210.75 per square foot of FAR is indicated.

Given the limited number of transfers of TDRs and fee land sites for commercial office development within the proposed East Midtown Subdistrict, any conclusions regarding an expected average value of district improvement bonuses (DIBs) to be sold for commercial office use development within the proposed East Midtown Subdistrict needs to consider transfers outside of the proposed East Midtown Subdistrict. On a time adjusted basis the two relevant TDR sales averaged $217.75 per square foot of FAR within the proposed East Midtown Subdistrict and $174.36 per square foot of FAR outside of the proposed East Midtown Subdistrict. When the typical market wide TDR-to-land value ratio of 60% is applied to the time adjusted fee land sale prices, the average TDR value is $302.40 per square foot of FAR within the proposed East Midtown Subdistrict and $210.75 per square foot of FAR outside of the proposed East Midtown Subdistrict. Based on the scope and relevant findings of this report, and with a stronger weighting to the indications within the more established area of the proposed East Midtown Subdistrict as compared to the findings outside of that subdistrict, the average value of the District Improvement Bonuses (DIBs) to be sold by the City for commercial office use development within the East Midtown Rezoning Study Area could be expected to approximate $250 per square foot of FAR as of year-end 2012.
### TDR Sales Within and Outside of the East Midtown Subdistrict

<table>
<thead>
<tr>
<th>Address</th>
<th>Bldg Number</th>
<th>Street Name</th>
<th>Str., Ave, etc.</th>
<th>Block/Lots</th>
<th>Use</th>
<th>Date of TDR Sale</th>
<th>Zone</th>
<th>Amt of TDRs (SF)</th>
<th>Time Adj Sale Price</th>
<th>Sale Price</th>
<th>Price SF of TDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Within the East Midtown Subdistrict</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>383 Madison Avenue</td>
<td>1282/21</td>
<td>Office</td>
<td>12/23/1997</td>
<td>C5-3</td>
<td>285,860</td>
<td>$26,316,034</td>
<td>$14,952,292</td>
<td>$92.06</td>
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<tr>
<td>434-442 Park Avenue</td>
<td>1292/23,44,45</td>
<td>Office</td>
<td>9/13/2006-12/4/2006</td>
<td>C5-3 &amp; C5-2.5</td>
<td>90,737</td>
<td>$20,302,404</td>
<td>$22,684,250</td>
<td>$223.75</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>510 Madison Avenue</td>
<td>1288/56,57,62</td>
<td>Office</td>
<td>2/11/2008</td>
<td>C5-2.5</td>
<td>26,067</td>
<td>$6,494,000</td>
<td>$7,640,000</td>
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<td>$53,112,438</td>
<td></td>
<td>$130.41</td>
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</tbody>
</table>

**Time Adjusted TDR Values/SF of FAR**
- Average (all three TDR sales): $175.86
- Average (without 383 Madison Avenue *): $217.75
- Maximum: $223.75
- Minimum: $92.06

* The TDR purchase for 383 Madison Avenue is clearly an outlier when compare to the other 2 sales.

<table>
<thead>
<tr>
<th>Sales Outside the East Midtown Subdistrict</th>
<th>Bldg Number</th>
<th>Street Name</th>
<th>Str., Ave, etc.</th>
<th>Block/Lots</th>
<th>Use</th>
<th>Date of TDR Sale</th>
<th>Zone</th>
<th>Amt of TDRs (SF)</th>
<th>Time Adj Sale Price</th>
<th>Sale Price</th>
<th>Price SF of TDR</th>
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<tbody>
<tr>
<td>503-507 Fifth Avenue</td>
<td>1272/1,2,4,6</td>
<td>Office</td>
<td>12/18/2002</td>
<td>C5-3</td>
<td>21,240</td>
<td>$3,637,350</td>
<td>$2,655,000</td>
<td>$171.25</td>
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<tr>
<td>920 Eighth Avenue</td>
<td>1026/1,3,4,8,55,59-61,64/101-103 (Theater)</td>
<td>Office</td>
<td>2007</td>
<td>C6-4 &amp; C6-5</td>
<td>143,200</td>
<td>$25,415,000</td>
<td>$29,900,000</td>
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<td>164,440</td>
<td>$29,052,350</td>
<td></td>
<td>$176.67</td>
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</table>

**Time Adjusted TDR Values/SF of FAR**
- Average: $174.36
- Maximum: $177.48
- Minimum: $171.25

* The combined sale price of each TDR sale comparable has been adjusted from the latest acquisition date to 12/31/12 using the following observed market time adjustments:

| Time Adjustments | 6/97-7/98: 1% per mo. | 8/98-1/99: 0% per mo. | 2/99-2/00: 1% per mo. | 2/00-2/01: 0.5% per mo. | 3/01-2/01: 1% per mo. | 3/01-9/01: 1% per mo. | 10/01-12/02: 0% per mo. | 1/03-12/04: 1% per mo. | 1/05-6/05: 2% per mo. | 7/05-12/05: 1% per mo. | 1/06-8/07: 0.5% per mo. | 9/07-8/08: 0% per mo. | 10/08-6/10: 0% per mo. | 7/10-12/12: 0.5% per mo. |
|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|

**Proposed East Midtown Subdistrict**
### Fee Land Sales Within and Outside of the East Midtown Subdistrict

<table>
<thead>
<tr>
<th>Address</th>
<th>Lot Number</th>
<th>Date of Land Sale</th>
<th>Land Sale Price*</th>
<th>Sale Price</th>
<th>Price/SF (FAR)</th>
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<tbody>
<tr>
<td><strong>Sales Within the East Midtown Subdistrict</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>317-331 Madison Avenue</td>
<td>1277/20,27,46,52</td>
<td>11/30/2011</td>
<td>$292,599,378</td>
<td>$274,741,200</td>
<td>$450.37</td>
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<tr>
<td>434-442 Park Avenue</td>
<td>1292/33,41,44,46,145</td>
<td>3/6/2007</td>
<td>$466,081,127</td>
<td>$529,637,644</td>
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<td>510 Madison Avenue</td>
<td>1288/56,57,62</td>
<td>2/7/2006</td>
<td>$50,519,487</td>
<td>$53,459,775</td>
<td>$384.13</td>
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<tr>
<td>300 - 310 Madison Avenue</td>
<td>1276/58,62,63,64</td>
<td>6/30/2000</td>
<td>$246,240,000</td>
<td>$162,000,000</td>
<td>$289.44</td>
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<tr>
<td>383 Madison Avenue</td>
<td>1282/21</td>
<td>8/26/1997</td>
<td>$201,150,000</td>
<td>$111,750,000</td>
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<td><strong>Totals</strong></td>
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<td>2,710,647</td>
<td>$1,256,589,992</td>
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<td><strong>Time Adjusted Land Values/SF of FAR</strong></td>
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</tr>
<tr>
<td>Average</td>
<td>$504.00</td>
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<tr>
<td>Maximum</td>
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<tr>
<td>Minimum</td>
<td>$289.44</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Address</th>
<th>Lot Number</th>
<th>Date of Land Sale</th>
<th>Land Sale Price*</th>
<th>Sale Price</th>
<th>Price/SF (FAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales Outside the East Midtown Subdistrict</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>920-928 Eighth Avenue</td>
<td>1026/1,3,4,8,55,59-61,64,101-103</td>
<td>2/1/2007</td>
<td>$205,522,714</td>
<td>$232,229,055</td>
<td>$397.27</td>
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<tr>
<td>640-658 Eighth Avenue</td>
<td>1013/1,2,59,61,6</td>
<td>7/5/2006</td>
<td>$302,636,193</td>
<td>$328,952,384</td>
<td>$355.62</td>
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<td>503 - 507 Fifth Avenue</td>
<td>1277/1, 2, 4</td>
<td>7/25/2002</td>
<td>$60,225,200</td>
<td>$43,960,000</td>
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<td>1,568,526</td>
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<td>Average</td>
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<td>$300.64</td>
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</tbody>
</table>

* The combined assembled sale price of each comparable has been adjusted from the latest parcel's acquisition date to 12/31/12 using the following observed market time adjustments:

<table>
<thead>
<tr>
<th>Time Adjustments:</th>
<th>6/97-7/98:</th>
<th>1% per mo.</th>
<th>1/05-6/05</th>
<th>2% per mo.</th>
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<tbody>
<tr>
<td>8/98-1/99:</td>
<td>0% per mo.</td>
<td>7/05-12/05</td>
<td>1% per mo.</td>
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</tr>
<tr>
<td>2/99-2/00:</td>
<td>1% per mo.</td>
<td>1/06-8/07</td>
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<tr>
<td>3/00-2/01:</td>
<td>1% per mo.</td>
<td>9/07-8/08</td>
<td>0% per mo.</td>
<td></td>
</tr>
<tr>
<td>3/01-9/01:</td>
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<td>9/08</td>
<td>-30%</td>
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<tr>
<td>10/01-12/02:</td>
<td>0% per mo.</td>
<td>10/08-6/10</td>
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</tr>
<tr>
<td>1/03-12/04:</td>
<td>1% per mo.</td>
<td>7/10-12/12</td>
<td>0.5% per mo.</td>
<td></td>
</tr>
</tbody>
</table>
ADDENDA
**Land Sale**

**Location:** 317-325 Madison Ave. (Lot 20), 327-331 Madison Ave. aka 32-42 E. 43rd St. (Lot 52), 48-50 E. 43rd St. (Lot 46) and 51 E. 42nd St. (Lot 27) (Completion of an entire block bounded by Madison Avenue, East 42nd Street, Vanderbilt Avenue and East 43rd Street)

**Block/Lots:** 1277 / 20, 27, 46 and 52

**Grantor:** Richfield Investment Company (Lot 20)
Reamer Corporation and Oceanway Shipping Co. Limited (Lot 27)
331 Madison Avenue Associates, L.P. (Lot 52),
48 East 43rd Street Associates LLC (Lot 46)

**Grantee:** Green 317 Madison LLC (Lot 20)
SL Green Realty Corp. (Lot 27)
SLG 331 Madison LLC (Lot 52)
SLG 48E43 LLC (Lot 46)
All in Care Of S.L. Green

**Contract Dates:** No Contract Dates filed for Lots 20 & 27
February 15, 2007 – Lots 46 and 52

**Sale Dates:**
June 7, 2001 (Lot 20)
November 30, 2011 (Lot 27)
April 12, 2007 (Lots 46 and 52)

**Land Area:** 43,312 sq. ft. (calculated by affiliates of the law firm Fried Frank for a Grubb assignment prepared by R. Mayer)

**Zoning:** C5-3 in Special Midtown District; Grand Central Subdistrict Core. The Planning Commission may allow the transfer of unused development rights from a landmark granting site to this site, provided the FAR does not exceed 21.6 or 935,545.7 sq. ft.

**Maximum FAR:** 15.0

**Maximum Development Bulk:** 649,684 sq. ft. (as-of-right)
(See comments for possible TDR’s that would increase the developable bulk)
Proposed East Midtown Subdistrict

Improvements: Lot 20 is a 417,679 sq. ft., 22-story office building built in 1920 and renovated in 1987; Lot 27 is a 160,482 sq. ft., 17-story office building built in 1913; Lot 52 is an 87,845 sq. ft., 14-story office building built in 1923 and renovated in 1987; Lot 46 is a 22,502 sq. ft., seven-story office building, built in 1923 and renovated in 1986. Total GBA is 688,508 sq. ft.

Sales Analysis

Sale Price: $105,570,000 (Lot 20)
$ 75,198,500 (Lot 27 – 95% interest)
$  3,760,000 (Lot 27 – 5% interest)
$ 60,000,000 (Lot 52)
$ 13,000,000 (Lot 46)

Estimated Demolition Costs: $ 17,212,700 (@ $25 per sq. ft. of GBA)
$274,741,200

Price Per Sq. Ft. of FAR for the entire assemblage (unadjusted): $422.88

Price Per Sq. Ft. of FAR (2011 transactions only): $515.19

Price Per Sq. Ft. of FAR (2007 transactions only): $496.91

Price Per Sq. Ft. of FAR (2001 transaction only): $335.90

None of the $/psf figures are adjusted for buyouts, market conditions, etc.

Comments:

SL Green may have approximately 112,000 sq. ft. of air rights available for this site due to a sales transaction that took place in 2007 between them and Gotham 42nd Street, LLC. Gotham purchased 110 East 42nd Street from SL Green but SL Green retained the excess air rights on the property. Retaining the air rights allows SL Green the ability to transfer those “retained” air rights to any property located off-site and within the Special Midtown District, Grand Central Subdistrict, such as SL Green’s properties on Block 1277. Although, it is highly likely that air rights would be transferred onto the development sites located on Block 1277, we cannot affirm. Therefore, we have analyzed this sales write up without the additional air rights. Documents on file do not reveal a price for the retained air rights from 110 East 42nd Street, only the price of the building less the excess air rights which is reported in the deed. Also, as mentioned before it is highly likely that the development rights retained from 110 East 42nd Street would go to any
development on block 1277, there are other areas within the Grand Central Subdistrict to which these development rights can be applied.

There are several articles published that report S.L. Green’s plans to develop an office tower with retail fronting every side on Block 1277. Costar also reports “the purchaser intends to enact a zoning lot merger…once demolition on the existing buildings is complete, they will have one acre of land to use for their tower footprint….It’s ultimate function has not been decided. The end product will be a determination of market demand and what is best suited to leverage the prime location to achieve maximum value.”

The acquired property improvements and their commercial office and retail uses remain in place.
Comparable Land Sale
Photograph & Site Location Map

Aerial View of Site Looking North
Land Sale

Location: 510 Madison a.k.a. 14, 20-22 East 53rd Street  
SWC of Madison Avenue and East 53rd Street  
New York, NY

Block/Lot: 1288/56, 57 and 62 (Fee)  
1288/63 (TDR)

Property Rights: Fee Simple

Grantor: Madison Ave. 53rd Street Corp (William Colavito) Lot 56  
20 East 53rd Street Associates (Jacob Holzer) Lot 57  
M&V’s Kinder Inc (Fred Hill) Lot 62  
The Laboratory Institute of Merchandising, Inc (Lot 63 – TDR)

Grantee: 53rd Street & Madison Tower Development  
(Harry Macklowe)

Contract Date: September 8, 2005 Lot 56 (Fee)  
July 11, 2005 Lot 57 (Fee)  
April 28, 2005 Lot 62 (Fee)

Sale Date: February 7, 2006 Lot 56 (Fee)  
January 18, 2006 Lot 57 (Fee)  
January 12, 2006 Lot 62 (Fee)  
November 15, 2006 (TDR)  
February 11, 2008 (TDR)

Land Area: Lot 56: 100’ x 28’ (rectangular) = 2,800.00 square feet  
Lot 57: 39.5’ x 100.4167’ = 3,959.42 square feet  
Lot 62: 25 x 100.4167’ = 2,510.42 square feet  
Total: 9,269.80 square feet

Zoning: Lots 56 and 57: C5-3 MiD (Special Midtown District)  
Lot62: C5-2.5 MiD (Special Midtown District) beyond 125 feet of Madison Avenue.

Maximum FAR: Lots 56 and 57 have a 15 FAR for commercial and a 10  
FAR for Residential. Lot 62 has a 12 FAR for commercial  
and a 10 FAR for residential that can be increased to 12.
| **Maximum Development Bulk:** | 131,516 square feet (Fee) |
|                             | 30,667 square feet (TDR) |
|                             | 162,183                   |

| **Improvements:**           | One six-story apartment building and two seven-story office buildings with a combined gross building area of 51,671 square feet (NYC records). |
|                            | |

| **Purchase Price:**         | $27,500,000  Lot 56 (Fee) |
|                            | $13,500,000  Lot 57 (Fee) |
|                            | $11,168,000  Lot 62 (Fee) |
|                            | $ 7,640,000  (Total TDR sales) |
| **Estimated Demolition Cost** | $775,065 (@ $15 per sq. ft. of GBA) |
|                             | $60,583,065 |

| **Price Per Sq.Ft. of FAR:** | $373.55 |

| **Comments:**               | Initial reports indicated that the buyer had planned to develop a high-rise mixed-use hotel and condominium building on the site. However, market factors ultimately resulted in development of a 30-story, 350,000 sq.ft. office building on the site in 2009. |
|                            | Although the property contained tenants at the time of the sale, we are not aware of any buyouts that were required in accordance with the buyer’s development plans. Demolition costs have been added to the purchase price based on ±$15.00 per sq.ft. of building area. |
|                            | At the time of the sale, the grantee had already owned lots 61 and 59. The grantee purchased 30,666.51 sq. ft. of air rights from The Laboratory Institute of Merchandising, Inc. (Lot 63) for a total of $7,640,000. The transactions occurred in two separate Zoning Lot Development and Easement Agreements (ZLDA). The initial ZLDA was dated November 15, 2006 for $6,440,000 and the “Amendment to ZLDA” was dated February 11, 2008 for $1,200,000. |
Comparable Land Sale
Photograph & Site Location Map

Photograph of the demolished site prior to construction

Proposed East Midtown Subdistrict
Land Sale

Location: 503-507 Fifth Avenue
(Nec E. 42nd St.)
New York, NY

Block/Lots: 1277/1, 2, 4

Grantor: Lots 1, 2, 4: 505 Owners LLC

Grantee: Fifth At 42 LLC (Axel Stawski)

Sale Date: July 25, 2002

Land Area: 100.42' x 133' (rectangular) = 13,346 sq.ft.

Zoning: C5-3 restricted central commercial district within the Special Midtown District

Maximum FAR: 15.0 x commercial & community facility

Maximum Development Bulk: 200,190 sq.ft. as of right based on the reported office use

Improvements: Lots 1, 2 & 4 are improved with a 12- and 18-story office bldg. and a 1-story retail bldg. with a combined gross building area of 120,297 sq.ft.

Sale Analysis:

- Purchase Price: $43,000,000
  - Lots 1, 2 & 4: $43,000,000
- Demolition:
  - Lots 1, 2 & 4: 960,000 (@ $8 per sq.ft. of GBA)
- Total Site Value: $43,960,000

Price Per Sq. Ft. of Land: $3,293.87

Price Per Sq. Ft. of FAR: $219.59

Comments: This is the development site for the 30-story CIT office building completed in 2006. Demolition costs have been added to the purchase price based on ±$8.00 per sq.ft. of building area for lots 1, 2 & 4. An urban plaza bonus is not permitted by zoning for this comparable.
Comparable Land Sale
Photograph & Site Location Map

Improvements at time of sale
Land Sale

Location: 300-314 Madison Avenue
(west block-front between E. 41st & E. 42nd Streets)
New York, NY

Block/Lot: 1276/58, 62, 63 & 64

Grantor: Madison Plaza Associates LP (Harry Macklowe)

Grantee: Brookfield Properties/CIBC Oppenheimer

Sale Date: June 30, 2000

Land Area: 197.5' x 254' = 45,820 sq.ft.

Zoning: C5-3 and C5-2.5 partially within the Grand Central and
Fifth Avenue subdistricts of the Special Midtown District

Maximum FAR: For C5-3: 15.0 x commercial & community facility; 10.0 x
residential. For C5-2.5: 12.0 x commercial & community
facility; 10.0 x residential zoning bulk, 1.0 x urban plaza
bonus available

Maximum Development Bulk: 850,750 sq.ft. based on commercial office use (includes
201,659 sq.ft. of acquired air rights).

Improvements: Various 3- to 21-story retail and office buildings with a
combined gross building area of ±566,000 sq.ft.

Sale Analysis:

Purchase Price: $150,000,000
Asbestos & Demolition: $12,000,000
Total Site Value $162,000,000

Price Per Sq. Ft. of FAR: $190.42

Comments: This is Brookfield Properties Company’s purchase of an
office development site (fee land and air rights) assembled
by Madison Plaza Associates LP (Harry Macklowe). Brookfield built a 35-story office tower with
PricewaterhouseCoopers ultimately as the main tenant. The
sale price covers 649,091 sq.ft. of as-of-right development
bulk from the fee land acquired (lots 58 & 62-64), 201,659
sq.ft. of air rights from lots 1, 65 & 66, and 67,679 sq.ft. of
air rights from Grand Central Terminal. The site was
assembled by the seller. The total site value includes
$12,000,000 reported for the grantee’s demolition and asbestos removal contracts. This sale has been verified by viewing the contract of sale. The buyer elected not to utilize an urban plaza bonus.

Comparable Land Sale
Photograph & Site Location Map

Photograph during early construction

Proposed East Midtown Subdistrict 33
Land Sale

Location: 383 Madison Avenue  
(Block bounded by Madison to Vanderbilt Aves. 
and E. 46th to 47th Sts.)  
New York, NY

Block/Lots: 1282/21

Grantor: 383 Madison LLC (Abdul Albabtain)

Grantee: Bear Stearns & Company

Sale Date: August 26, 1997

Land Area: 200.83' x 215.67' (rectangular) = 43,313 sq.ft.

Zoning: C5-3 restricted central commercial district within the Grand Central Core area of the Special Midtown District

Maximum FAR: 15.0 x commercial & community facility; 10.0 x residential

Maximum Development Bulk: 935,555 sq.ft. based on the intended office use after acquiring 285,860 sq.ft. of air rights.

Improvements: 12-story office bldg. with a gross building area of 519,756 sq.ft.

Sale Analysis:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in $)</th>
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<tr>
<td>P.V. Lease Payments</td>
<td>107,600,000</td>
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<tr>
<td>Air Rights</td>
<td>14,952,292</td>
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<tr>
<td>Demolition</td>
<td>4,150,000</td>
</tr>
<tr>
<td>Total Site Value</td>
<td>126,702,292</td>
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</tbody>
</table>

Price Per Sq. Ft. of FAR: $135.43 (including air rights)  
$172.00 (excluding air rights)

Comments: This parcel was ground leased to Bear Stearns & Company for a 99-year term. The present value of the lease payments at an internal rate of return of 9% equals $107,600,000 and is considered equivalent to a land purchase price. In addition to the lease, Bear Stearns purchased 285,860 SF of air rights from American Premier Underwriters (a successor to the Penn Central Corporation). The purchase price of the air rights was $14,952,292 or $52.30 per FAR. Demolition costs are added to the purchase price based on ±$8.00 per sq.ft. of building area. The 45-story office building tower on the site was built in 2001 and is currently occupied by JP Morgan Chase.
Comparable Land Sale
Photograph (and Site Location Map

Site as improved at time of sale
Land Sale

Location: 920-928 Eighth Avenue aka 250 West 55th Street SEC of 55th Street, New York, NY

Block/Lots: 1026/1, 3, 4, 8, 55, 59-61, 64, 101-103 (FEE SALES)

Grantor: Carlton Consulting Corp. (Lots 1, 3, 4 & 103); 247-59 West, LLC (Lot 8); and Hearst Communications, Inc. (Lots 55, 59, 60-61, 64, 101-103)

Grantee: Gladden Properties c/o Madison Equities, LLC

Contract Dates: June 30, 2006 (Lots 1, 3, 4, & 103) & (Lot 8) December 22, 2005 (Lots 55, 59, 60-61, 64, 101-103)

Sale Dates: February 1, 2007 (Lots 1, 3, 4 & 103) January 9, 2007 (Lot 8) January 24, 2007 (Lots 55, 59, 60-61, 64, 101-103)

Land Area: 46,483 sq. ft. (200.83’ x 250.17’ irregular) – FEE

Zoning: All lots in Special Midtown District, Theater Sub-district C6-4 (Eighth Avenue Corridor), and C6-5

Maximum FAR: 10 (C6-4 and C6-5)

Maximum Development Bulk: 464,830 sq. ft. (as-of-right of all fee purchases)

84,011 sq. ft. (as agreed to in 1999 ZLDA of lots 8 and 9)

548,841 sq. ft.

- 31,505 sq. ft. (less air rights – see comments)

517,336 sq. ft.

Plus 143,200 sq. ft. / TDR’s (acquired from theaters)

Total Development Bulk: 660,536 sq. ft.

Improvements: Eight parcels containing 231,937 sq. ft. of gross building area (GBA) and four vacant parcels
Sales Analysis

Sale Price:  
$160,000,000 (Lots 55, 59, 60-61, 64, 101-102)
$ 38,750,000 (Lot 8)
$ 30,000,000 (Lots 1, 3, 4, & 103)

Transferable Development Rights:  
$ 29,900,000 (From Theaters)

Estimated Demolition Costs:  
$ 3,479,055 (@ $15 per sq. ft. of GBA)
$262,129,055

Price Per Sq. Ft. of Fee FAR
Excluding the most recent TDR transaction:  
$448.90 ($232,229,055 / 517,336)

Price Per Sq. Ft. of FAR
Inclusive of all transactions:  
$396.84

Comments:  
84,011 sq. ft. of TDR’s above Lots 8 and 9 were acquired under a zoning lot and development agreement (ZLDA) dated October 21, 1999 between preceding owners that are entirely unrelated to either parties in the 2005-2007 sales transaction (The TDR’s of Lot 8 and 9 is additional square feet to the as-of-right developable bulk of the fee lots that were purchased by the grantor - Hearst). Since the grantee (Gladden) purchased the fee of Lot 8 subsequently, we have deducted the additional square footage (air rights) above Lot 8 to the developable bulk as follows:

Lot 8
12,205 sq. ft. of land area x 10 FAR totals 122,050 sq. ft. of developable bulk allowed. The gross building area of Lot 8 at the time of these fee sales was 90,545 sq. ft. leaving 31,505 sq. ft. of unused air rights.

In October 2007 the NYSDOL had vacated the premises (Lot 8) and relocated to downtown Manhattan,

The TDR’s acquired from the theaters were verified with participants of the deal. It was confirmed that $29.9M or $208.80 per sq. ft. was paid for 143,200 sq. ft of air rights from three theaters. There is a possibility that other TDR’s may be available from other “listed theaters”. Also, the site was eligible to receive other incentive bonuses.

Permits were issued for demolition between June 2007 and November 2007. We are not aware of any tenant buyouts at the time of sale.
After stalling in 2009, the 39-story office tower planned by Boston Properties for the site is again under construction with completion expected in 2015.

Comparable Land Sale
Photograph & Site Location Map

Photograph of site around time of sale
Land Sale

Location: 640-658 Eighth Avenue (east side btw W. 41st & W. 42nd Sts) New York, NY

Block/Lot: 1013/1, 2, 59, 61, and a portion of Lot 6

Grantor: Milstein Brothers 42nd Street LLC

Grantee: SJP Properties

Contract Date: June 5, 2006

Sale Date: July 5, 2006

Land Area: 197.5’ x 250’ (irregular) = 37,891 square feet

Zoning: C6-7 & C6-6.5 (Special Theater Subdistrict of the Special Midtown District)

Maximum FAR: C6-7 (15.0 x commercial) and C6-6.5 (12.0 x commercial), part of Times Square Redevelopment Project plan.

Maximum Development Bulk: Standard methodology for development bulk does not apply in this instance. The bulk was negotiated as part of the Times Square Development Plan

Milstein (grantor) was granted 553,495 sq. ft. development bulk plus an additional 166,505 sq. ft. as part of a subway bonus.

The grantee (SJP) purchased the 720,000 sq. ft. of development bulk from Milstein for $305,952,384 or $424.93 per sq. ft. It was reported that the grantee paid a “developers fee” of $23,200,000 or $177.10 per sq. ft. to the ESDC (Empire State Development Corporation) for an additional 131,000 sq. ft. to increase the zoning floor area to 851,000 sq. ft.

Improvements: None (parking lot)
**Land Sale (640 8th Ave.)**

Sales Analysis

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Sale Price:</td>
<td>$305,952,384</td>
</tr>
<tr>
<td>Developers Fee:</td>
<td>$23,200,000</td>
</tr>
<tr>
<td>Total Price</td>
<td>$329,152,384</td>
</tr>
</tbody>
</table>

Price Per Sq.Ft. of FAR: $386.78

Comments: The subject site is part of the 42nd Street Development Project and is known as 11 Times Square. As part of the Times Square Redevelopment Project, the site’s development bulk is controlled by the Empire State Development Corporation (ESDC), not NYC Zoning and any additional bonuses allowed would have to receive approval by the ESDC.

At the Metro New York Chapter of the Appraisal Institute’s luncheon program “Jersey Boy Hits Broadway” held on May 15, 2008, David Welch, CFO of SJP Properties, indicated that SJP paid $300 per sq. ft. of FAR inclusive of the Transferable Development Rights (TDR’s) from the State of New York (ESDC). Mr. Welch also indicated that the projects construction costs are $700 per sq. ft. (all in).

SJP completed its 40-story office building development of the property in 2010 and Proskauer Rose is the anchor tenant.
Comparable Land Sale
Photograph & Site Location Map

Photograph of site around time of sale
Land Sale –

Location: 434-442 Park Avenue, 38, 40, 44 and 50 East 57th Street 59-65 East 56th Street (NWC of 56th Street) New York, NY

Block/Lots: 1292/33, 41 and 44 1292/46 and 145 Lots 42, 44* and 45 (air rights)

Grantor: BRE/Swiss LLC / Andrew Lewis (Lots 33, 41 and 45) 44 East 57th Street Realty, The Dalva Brothers (Lot 44) 38-40 Realty Associates. (Lots 46 and 145) Angel Enterprises (Lot 42 – Air Rights) East-Man Trading Company, Inc. (Lot 45 – Air Rights)

Grantee: - 440 Park Avenue Owner Associates LLC (Fee of Lots 33, 41 and TDR’s from Lot 44) - 53 East 77th LLC (Lot 44 Fee) - Dakotah Travel Co LLC (Lots 46 and 145) Harry Macklowe (Owner of all lots)

Contract Date: January 24, 2006 (Lots 33, 41 and 44) See comments for contract dates of air rights

Sale Date: March 31, 2006 (Lots 33 and 41) March 6, 2007 (Lot 44 - Fee only) September 13, 2006 (Lot 44 - Air rights*) December 4, 2006 (Lot 42 – Air rights) September 14, 2006 (Lot 45 – Air rights)

Land Area: 33,093 square feet (for all lots)

Zoning: 18,028 sq. ft in C5-3 (Midtown Special Purpose District) on Park Avenue to a depth of 125 feet and on East 57th Street; and 15,063 sq. ft. in C5-2.5 MiD on East 56th Street beyond 125 feet of Park Avenue.
Proposed East Midtown Subdistrict

Maximum FAR: C5-3 - 15.0 Commercial
10.0 Residential (12.0 under Section 81-241 which requires only that the developer provide specified recreational space for tenants)

C5-2.5 - 12.0 Residential (12.0 FAR under Section 81-241)

Maximum Development Bulk: 270,420 sq. ft. in C5-3 (fee rights)
180,756 sq. ft. in C5-2.5 (fee rights)
26,251 sq. ft. (Lot 42 - air rights)
23,189 sq. ft. (Lot 45 - air rights)
19,123 sq. ft. (Lot 43 - air rights @$250 per sq. ft.)**
519,739 sq. ft.

Improvements: 20-story hotel building, a 13-story office building, a seven-story and two (2) five-story retail buildings, containing a gross building area (GBA) of 405,657 sq. ft. (as per NYC records)

Sale Price: $418,352,789 (Lot 33 - fee)
$ 20,000,000 (Lot 41 - fee)
$ 21,200,000 (Lot 44 - fee) *
$ 60,000,000 (Lots 46 and 145)
$ 5,543,000 (Lot 44 - air rights-$250.00/SF)*
$ 6,563,000 (Lot 42 - air rights-$250.00/SF)
$ 5,797,500 (Lot 45 - air rights-$250.00/SF)

Option Price For TDR $ 4,780,750 (Lot 43 - not yet recorded-$250.00 SF)**

Tenant Buyouts $ 4,000,000

Estimated Demolition Cost: $ 6,084,855 (@ $15 per sq. ft. of GBA)
$552,321,894

Price Per Sq.Ft. of FAR: $1,062.69

Comments: The site was acquired by Harry Macklowe at a time when he was extremely bullish on Trophy office properties. He subsequently was forced to sell all but a small interest in the property to CIM Group in 2010. CIM has resumed construction on the site and is now developing a super luxury condominium project last reported at 95 stories in height.

Fauchon, the Parisian chocolatier, was reportedly paid $4,000,000 to shorten its lease for a 3,000 square foot shop in the Drake Hotel, remaining on site until April 2007. Reports in the press suggested that there were ongoing legal issues involving this tenancy.

Permits were issued to demolish the sites on October 26, 2007. Demolition costs have been estimated at $15 per square foot, multiplied by the 405,657 square feet of gross building area on the site at the time of the land sale.

An option for 90,737 sq.ft. of transferable development rights from Lots 42 through 45 were part of the
assembled “package” conveyed in this deal. The option price is reported to be $22,684,250 ($250 per sq.ft. of FAR). Memorandums of Contract dated September 2, 2005 and November 21, 2005 were recorded for Lots 42 and 44, respectively, citing the square footage conveyed to the development site seller, BRE/Swiss, LLC. ** Lot 43 had not been recorded as of April 30, 2007.

*Macklowe subsequently purchased the building improvement on lot 44 for $21,200,000 or $2,676.77 per sq. ft. The prior purchase of the air rights from lot 44 for $5,543,000 combined with the $21,200,000 for the subsequent building sale totals $26,743,000 or $844.96 sq. ft. combined.

Photograph and Site Location Map

Aerial view of Park Avenue and E. 56th Street at time of sale with the Drake Hotel improvement on the site
CERTIFICATE OF CONSULTING APPRAISAL

Subject of Consulting Appraisal: Proposed East Midtown Subdistrict - District Improvement Bonus Contribution Rate Market Study

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only to the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.

I have no present or prospective interest in property that may be impacted by this report, and I have no personal interest with respect to potentially involved parties.

I have no bias with respect to property or parties that may be impacted by this report or assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My 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 consulting assignment.

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.

I have made a personal inspection of the area that is the subject of this report.

In the preparation of this consulting appraisal report others assisted in the gathering of information, comparable sales, inspection of the property, etc. However, no one other than William Picoli and the undersigned prepared the analyses, conclusions and opinions concerning the value of the real estate set forth in this consulting appraisal report.

As of the date of this report, I Robert Von Ancken, have completed the continuing education program of the Appraisal Institute.

Date: February 28, 2013

______________________________
Robert Von Ancken, MAI, CRE, FRICS
Executive Managing Director
NYS Certification #4600001797

Proposed East Midtown Subdistrict
CERTIFICATE OF CONSULTING APPRAISAL

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As of the date of this report, I William Picoli, have completed the continuing education program of the Appraisal Institute.

Date: February 28, 2013

William Picoli, MAI, CRE
Senior Managing Director
NYS Certification #4600005694
STATEMENT OF BASIC ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal consulting assignment is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice.

The following Limiting Conditions are submitted with this report:

1. All of the facts, conclusions and observations contained herein are consistent with information available as of the date of the report. The value of real estate is affected by many related and unrelated economic conditions, local and national. We, therefore, assume no liability for any unforeseen changes in the economy.

2. The appraiser consultant(s) will not be required to give testimony or appear in court because of having made this consulting appraisal, with reference to the property in question, unless arrangements have been previously made therefore.

3. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser consultant(s), and in any event, only with proper written qualification and only in its entirety.

4. The appraiser consultant(s) have no present or contemplated interest in the property appraised.

5. Employment in this consulting appraisal and compensation for the report is in no way contingent on the matter involved.

6. This report has been made in conformity to the Standards of Practice of the Appraisal Institute, and represents the best judgment of the appraiser consultant(s).

7. No responsibility is taken for changes in market conditions after the date of valuation or for the inability of the property owner to find a purchaser at the appraised value.
QUALIFICATIONS OF
ROBERT VON ANCKEN, MAI, CRE, FRICS
Executive Managing Director

EDUCATIONAL BACKGROUND

- City College School of Business & Public Administration
  Bachelor of Business Administration

- Graduate Division of City College Business School,
  Specialization in real estate.

- The Appraisal Institute of Real Estate Appraisers
  (formerly American Institute of Real Estate Appraisers),
  Courses I, II, IV, and VI on appraisal problems, condemnation and capitalization.

PROFESSIONAL TEACHING EXPERIENCE

- Lectures sponsored by the Appraisal Institute, The Society of Real Estate Appraisers,
  The American Society of Appraisers.

  Seminars for New York County Bar Association.

  New York State Judicial Seminar: Expert Testimony

  The American Bankers Association:
  Appraisals for the Resolution Trust Corporation

  The EMF Regulation and Litigation Institute (1995):
  Perspectives of the Plaintiff's Bar

  National Realty Committee - Roundtable (1996):
  Environmental Laws and Property Valuation

- Assistant Professor, Graduate Program of Valuation, New York University.

PUBLICATIONS

How to Appraise Office Buildings
COURT APPEARANCES

Testified as expert witness in the Supreme Court of the State of New York in New York City and Nassau County, the Court of Claims for the State of New York, Federal Tax Courts (Southern Section), The Orphan Court-Commonwealth of Pennsylvania, Superior Court in New Jersey and Connecticut, courts in Virginia plus other courts, commissions and hearings.

PROFESSIONAL AFFILIATIONS

• The Real Estate Board of New York, Former Member of the Board of Governors; currently Chairman of Appraisal Committee

• The Appraisal Institute - MAI (1972), President (1987) New York Metropolitan District Chapter #4

• American Society of Real Estate Counselors - CRE (1981)

• Society of Real Estate Appraisers - SREA (1969) (Senior Real Estate Analyst)

• American Arbitration Association.

• American Right of Way Association (Senior Member).

• National Association of Realtors, (Appraiser Member).

• New York State Society of Real Estate Appraisers

• International Real Estate Federation

• Urban Land Institute

OVERALL EXPERIENCE

Appraiser, consultant, expert witness, licensed real estate broker. Manager and owner of commercial and residential property.

Prepared appraisal and market studies for mortgage, income tax, estate, acquisition, sales, urban renewal and corporate purposes.
Clients include:

Banco Popular; Bank Leumi; Bank of Boston; Bank of Tokai; Bowery Savings Bank; Bronx Savings Bank; CBS/Westinghouse; Capital Cities/ABC, Inc., Chase Manhattan Bank, N.A.; Chemical Bank & Trust Company; Citibank; Citicorp Real Estate; Community Savings Bank; Dai-Ichi Kangyo Bank; The Disney Company; Dollar Dry Dock Commercial; East New York Savings Bank; East River Savings Bank; Eastern Savings Bank - New York Urban League; Eastern National Bank; Empire of America; Federal Savings Bank; European American Bank; Federal Deposit Insurance Corporation; Fiduciary Trust Company; FinansSkandic; First Bank of Chicago; First Federal Savings & Loan Association; Flushing Savings Bank; Franklin Society Savings & Loan; Greater New York Savings Bank; Hong Kong & Shanghai Banking Corporation; Irving Trust Company; ITT: New York City Employees Retirement; Manufacturers Hanover Trust Company; Marine Midland; Mortgage Trust of America; National Bank of North America; New York State Employees Retirement Fund; New York State Teachers' Insurance Annuity Association; New York Bank of Savings; North Side Savings Bank; Orange Savings Bank of New Jersey; Queens County Savings Bank; Savings Bank of Rockland County; Sumitomo Realty & Development; Swiss Kreditbank; The Bank of East Asia, Ltd.; The Troy Savings Bank; The Bank of New York; UnionAmerica Mortgage & Equity Trust.

U. S. Trust; Bradford Trust Co.; The Gulf Oil Co.; RKO Stanley Warner Theatre Corp.; National Academy of the Arts; Federal Department Stores, Inc.; The New York Times; Texaco; Exxon; American Refining Corp.; Dairylea Cooperative Inc.; Fortunoff's; Hooker Chemical & Plastics; The Trump Organization; Sheltering Arms Children's Services; The Hertz Corporation; McDonald's; Pace University; Columbia University; Ogden Development Corp.; Glen Alden Corp.; International Terminal Operating Co., Inc.; Anheuser Busch Brewery; Rockrose Associates; Chicago Pneumatic Tool Company, New York University; Calhoun School; Arlen Realty & Development Corp.; Sylvan Lawrence, Inc.; Cohen Brothers Co.; Teco Properties; Silverstein & Partners; Muss Tankoos Corp.; Tishman Realty Construction Corp.; Peat, Marwick, Mitchell & Co.; The Rockefeller Foundation; UNICEF; Home Equity Inc.; T.I. Home Transfer Service; Relocation Associates; Bide-A-Wee Association; The Allen Group; Howard Johnson's; Gimbel's; Saks Fifth Avenue; The Trump Organization; Nissho Iwai; American Corp.; and U. S. Postal Services. Rothschild Reserve International Inc.; Securities Group; Broadway Management; Board of Church & Society; United Methodist Church; Harley Davidson, McCrory Corp.; N.A. Phillips Corp.; New Jersey Natural Gas; Columbus Lines, Inc.; EMES Management Corp.; Harper & Row Publishers; Farberware; ASEA, Inc.; Tribune Co.; and U. S. Railway Association.

The City of New York Arterial Highways; The Board of Education of the City of New York; The Housing Authority of the City of New York; The Housing & Urban Development Association of the City of New York; New York City's Landmark Preservation Commission; The New York State Department of Transportation; The Urban Development Corporation of the State of New York; National Urban League; The Metropolitan Transportation Authority; New York State General Services Administration; New York State Department of Parks; New York State Department of Environmental Conservation; New York State Institutional Facilities Corp.; Village of Freeport, L.I.; City of Glen Cove; villages of Huntington Station and others.

Prepared over 1,600 appraisals for the New York State Department of Transportation and the Attorney General's Office for such projects as the Newbridge Road widening from Broadway to Hempstead Turnpike, L.I.; Wantagh-Seafood Grade Crossing Elimination; Wantagh-Oyster
Bay Expressway Extension in Seaford, N.Y.; Jericho-Oyster Bay Road, Muttontown, N.Y.; The Harlem State Office Building from West 125th Street through West 126th Street, Manhattan; Nesconset Highway-Middle County Road Interchange, Smithtown, N.Y.; Jericho Turnpike Route 110 Interchange, Huntington, N.Y.; Widening of Route 110 at Huntington; State Office Building in Hauppauge; Realignment of Route 111, Hauppauge; Widening of Sunrise Highway in Patchogue; Route 684 in Lewisboro, Goldensbridge and Somers, Westchester County; Harlem River State Park; Nepperhan Avenue in Yonkers, N.Y.; Thruway and Route 59 Interchange, Coram, N.Y.; Republic Airport Extension, L.I.; Macombs Dam Bridge Interchange at Yankee Stadium, Bronx, WESTWAY from Moore Street to 36th Street, New York and others.

Appraised all properties within the following projects for the City of New York; P.S. 2 Extension, East New York Model Cities (120 parcels); P.S. 153, Manhattan (25 parcels); Harlem Triangle (80 parcels); I.S. 158, Bronx (35 parcels); LaGuardia Housing (10 parcels); Fresh Creek, Brooklyn, I.S. 195, Manhattan (36 parcels).

Bruckner Expressway Interchange Parts I and II, Bronx (48 parcels); 14th Street Avenue B Housing (78 parcels); 2 Fire Engine Company sites; P.S. 74 Bronx (16 parcels); 14th Street, Third Avenue Garage (4 parcels); Grand Central Parkway widening in Queens (25 parcels); Public Garage at West 68th Street and Amsterdam Avenue, two office buildings at 1 Liberty Street and 80 William Street, New York City, several re-use appraisals in the South Bronx and others.

**Attorney Clients**

Arnold & Porter  Kozlov, Seaton & Romanini, P.C.
Bachner, Tally, Polevoy, Misher  Kurzman Karelsen & Frank
Baer Marks & Upham  Lampf, Lipkind, Prupis, Petigrow & LaBue
Benedict Ginsberg, Sommerfield & Weiss  Lepis, Lepis & Curley
Breed, Abbott & Morgan  Linden & DeutschMichael Rikon, P.C.
Cadwalader, Wickersham & Taft  Manley, Burke & Fischer
Carro, Spanbock, Caster & Cuiffo  Parker, Chapin, Flattau & Kimpl
Chernofsky & deNoyelles  Patterson, Belknap, Webb & Tyler
Cladbourne & Parke  Paul, Weiss, Rifkind, Wharton & Garrison
Colton, Hartnick, Yamin & Sheresky  Pavia & Harcourt
Cravath, Swaine & Moore  Peter H. & Hubert J. Brandt
Davis, Polk & Wardwell  Pinney, Payne, Van Lenton, Burrell, Wolfe & Dilman, P.C.
Debevois & Plimpton  Pryor, Cashman, Sherman & Flynn
Dreyer & Traub  Reavis & McGrath
Dunnington, Bartholow & Miller  Robinson Silverman Pearce
Foley, Hickey, Gilbert & O’Reilly  Aronsohn & Berman
Fried, Frank, Harris, Shriver & Jacobson  Rubin, Baum, Levin, Constant & Friedman
Galef & Jacobs  Schwartz, Weiss, Steckler & Hoffman
Gaston & Snow  Shea & Gould
Graubard Mollen Horowitz  Sperry, Weinberg & Waldman
Pomeranz & Shapiro  Stroock & Stroock & Lavan
Greco & Gottlieb  Teitelbaum, Hiller, Rodman, Paden & Hibsher, P.C.
Harper & Matthews  Tenzer, Greenblatt, Fallon & Kaplan
Hill, Betts & Nash
Hoffinger Friedland Dobrish Bernfeld & Hasen
Prepared appraisals on over 6,500 varying property types, such as office and apartment buildings, loft buildings, factories, commercial taxpayers, rooming houses, catering halls, gas stations, parking garages, residential homes, walk-up apartments, regional and super regional malls and community shopping centers, hotels, hospitals, cooperative apartments, drive-ins, theaters, schools, farms, Grand Central Terminal, subdivisions and vacant land of all types.

Consulted on valuation matters over 125 times and prepared land use, feasibility and marketability studies.

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAIs and RMIs who meet the minimum standards of this program are awarded periodic education certification. Certification under these auspices is continually renewed.

Certified as General Real Estate Appraiser by the Department of State, State of New York, ID #46000001797.

Certified as General Real Estate Appraiser by the Department of State, State of New Jersey, ID #RG01577.

Certified as General Real Estate Appraiser by the Department of State, State of Connecticut, ID #0000671.
QUALIFICATIONS OF WILLIAM PICOLI, MAI, CRE
Senior Managing Director

PROFESSIONAL EXPERIENCE

As Senior Managing Director with the New York Metro Consulting Group, Mr. Picoli’s responsibilities include project management, junior staff supervision, client relations, and new business development. Over the past 28 years, he has provided consulting and valuation assignments for a broad spectrum of property types and clients nationwide with focus on the New York Metropolitan area. Those assignments have involved over 1,500 properties in 15 States. A significant portion of that work has been for litigation support purposes, market analysis, highest and best use, and development analysis involving land.

Mr. Picoli is experienced with office, mixed use, shopping center, apartment, and industrial buildings, as well as, co-op and condo conversions, vacant land, and special use properties. Among the services provided clients, he has consulted in acquisitions/dispositions, financial feasibility, site development deals, variance appeals, bankruptcy, arbitration, tax certiorari, IRS taxes, and a variety of complex real estate interests and issues and arbitration and court litigation.

Mr. Picoli had been with Grubb & Ellis as an appraiser and consultant since 1985. At Grubb & Ellis, he worked on a wide variety of complex assignments as well as prepared and testified as an expert witness. The following describes examples of his experience:

SELECT ASSIGNMENTS:

- Consulting to Avalon Bay Communities for its leased development site at Saint John the Divine
- Consulting and appraisal work of Queens and Brooklyn hospital land sites owned by Health and Hospital Corp. of the City of New York.
- Advise a City educational institution on rental value of land for development in Downtown Brooklyn.
- Valuation of 10 acres and additional 8 acres of land at Jacobi Medical Center, Bronx
- Appraisal and consulting services to Jersey City Medical Center for a sale to redevelop this 1.2 million sq.ft. landmarked property to residential use.
- Consulting and appraisal work for NYC Dept. of Education of three Manhattan high school sites for mixed-use redevelopment to include new school facilities and luxury residential uses.
- Valuation of 15 acres of land in Hyde Park, NY
- Appraisal of 155 apartment and commercial buildings held by Columbia University, New York.
- Land Values for the 451 Madison Avenue (Palace Hotel), 650 Fifth Avenue, 600 Madison Avenue, 1185 Avenue of the Americas, 405 Lexington Avenue (Chrysler Building).
- Appraisal of 7 acres of land owned by ExxonMobil, Greenpoint, Brooklyn. Condemnation.
- Queens West. Value of eight parcels for property owners. Condemnation.
- Appraise a 70-acre Maryland office park for damages resulting from a taking of land for a highway interchange and loss of local through fare access.
- Valuation of the 70,000 sq.ft. New York Coliseum land site for a re-negotiation of a purchase price between the Metropolitan Transportation Authority and the developer, Mortimer Zuckerman. A complex valuation that considered multiple development densities up to 1.3 million sq.ft. while
providing for extraordinary mandated development costs, preferential equity returns, and MTA participation in the project’s operation and terminal sale.

EDUCATIONAL BACKGROUND

- Bachelor of Arts (June, 1978)
  Lake Forest College, Lake Forest, Illinois
  Major: Economics

- Appraisal Institute: MAI designated
  Completed all educational and experience requirements

PROFESSIONAL LICENSES & AFFILIATIONS

- Appraisal Institute - MAI member
- New York State Certified General Real Estate Appraiser, ID #4600005694
- Member of The Counselors of Real Estate
- New York State Certified Real Estate Salesman - since 1985

Consulting And Valuation Engagements For Following Representative Properties:

Commercial Office:
645 Fifth Avenue, New York, NY; New York Coliseum, New York, NY; 10 East 50th Street, New York, NY; 1501 Broadway, New York, NY; 1457 Broadway, New York, NY; 650 Fifth Avenue, New York, NY; D&D Building, 979 Third Avenue, New York, NY; 555 W. 57th Street, New York, NY; 132 W. 31st Street, New York, NY; 145 East 32nd Street, New York, NY; 2 Penn Plaza, New York, NY; 45 W. 18th Street, New York, NY; 59 Maiden Lane, New York, NY; 5-7 Dey Street, New York, NY; 19 Rector Street, New York, NY; 123 Williams Street, New York, NY; 71 Fifth Avenue, New York, NY; 440 Park Avenue S., New York, NY; 16-26 Cooper Sq., New York, NY; Puck Building, 295 Lafayette Street, New York, NY; Mack One, Carle Pl., NY; 275 Broad Hollow Rd., Melville, NY; Triad I, New Hyde Park, NY; Sutton Park, Valhalla, NY; 277 Summer Street, Stamford, CT; Founders Plaza, E. Hartford, CT; Sommerset Executive I & II, Franklin, NJ; Mack Willowbrook Center, Wayne, NJ; Mack Center II, Paramus NJ; Nishemany Interplex, Trevose, PA; Parkway Center II, Hanover, MD; Dorsey Business Center, Dorsey, MD; Northcreek Office Park, Atlanta, GA; Oak Brook I & II, Oak Brook, IL; Carborundum Center, Niagara, NY; Exchange Place, 53 State Street, Boston, MA.

Residential (apartment, condos, co-ops, townhouses):
838 Fifth Avenue, New York, NY; 455 Central Park West, New York, NY; 52 East End Avenue, New York, NY; 16 E. 76th Street, New York, NY; 21 W. 11th Street, New York, NY; 301 E. 38th Street, New York, NY; 130 E. 63rd Street, New York, NY; 340 E. 74th Street, New York, NY; 333 E. 75th Street, New York, NY; 162 W. 54th Street, New York, NY; 133-147 W. 71st Street, New York, NY; 15 Claremont Avenue, New York, NY; 601 W. 115th Street, New York, NY; 435 W. 119th Street, New York, NY; 88 Morningside Drive, New York, NY; 420 Riverside Dr., New York, NY; 435 Riverside Drive, New York, NY; 266 Washington Avenue, Brooklyn, NY; 3080-90 Voorhies Avenue, Brooklyn, NY; 470 N. Broadway, Yonkers, NY; 25 & 35 Parkview Avenue, Yonkers, NY; 30 Stoner Avenue, Great Neck, NY.
Retail:
Bloomingdale's 1000 Third Avenue, New York, NY; Cartier 2-4 E. 52nd Street, New York, NY; Ritz Tower Commercial Condominium, 101-113 E. 57th Street, New York, NY; 35 E. 72nd Street, New York, NY; 25 E. 78th Street, New York, NY; 620 Avenue of the Americas, New York, NY; 117 Seventh Avenue S., New York, NY; 2700 Broadway, New York, NY; 2824 Broadway, New York, NY; 2828 Broadway, New York, NY; 2825 Broadway, New York, NY; 2833 Broadway, New York, NY; 4862 Broadway, New York, NY; 206 W. 42nd Street, New York, NY; 38-25 Main Street, Flushing, NY; 169-01 Hillside Avenue, Queens, NY; 58 East Fordham Road, Bronx, NY; 166 Mamaroneck Avenue, White Plains, NY; Playhouse Square, Hyde Park, NY; Saratoga Village Center, Malta, NY; Fay's Plaza, Middletown, NY; Menlo Park Mall, Menlo Park, NJ; McHenry Commons, McHenry, IL; Mallard Creek, Round Lake Beach, IL.

Industrial:
181 Eleventh Avenue, New York, NY; 32 Tenth Avenue, New York, NY; 617 W. 23rd Street, New York, NY; 434 E. 91st Street, New York, NY; 1411 Third Avenue, New York, NY; 28 Second Avenue, New York, NY; 126-02 N. Blvd., Willets Point, NY; 127-36 N. Blvd., Willets Point, NY; 129-02 N. Blvd., Willets Point, NY; 30-15 48th Avenue, L.I.C., NY; 32-36 47th Street, L.I.C., NY; 53-01 11th Street, L.I.C., NY; 3200 Skillman Ave., L.I.C., New York; 171 West Street, Greenpoint, NY; 120 Provost Street, Brooklyn, NY; 999 Stewart Avenue, Garden City, NY; 885 Centennial Ave., Piscataway, NJ; Sutton Kilmer Industrial Park I & II, Edison, NJ; 53-59 School Ground Rd., Branford, CT; 1400 Willow Avenue, Melrose Park, PA; 11480 Commercial Pkwy., Castroville, CA; 4410 & 4425 Hunt Avenue, Street Louis, MO.

Special Use:
Jersey City Medical Center, Jersey City, NJ; Queens Hospital Center, Jamaica, NY; 45-69 University Pl., Brooklyn, NY; 53-73 De Kalb Avenue, Brooklyn, NY; 85-93 De Kalb Avenue, Brooklyn, NY; Johnson & Jay Street, Brooklyn, NY; 560 Seventh Avenue, New York, NY; 63-67 Fifth Avenue, New York, NY; 64-70 Fifth Avenue, New York, NY.

Representative Client List:
Citibank; Chase Manhattan Bank; UBS AG; European American Bank; National Westminster Bank; Marine Midland Bank; Skandinaviska Enskilda Banken; Empire of America; American Savings Bank; Queens County Savings Bank; Greater New York Savings Bank; CorEast Savings Bank; MetLife; U.S. Life; Capital Trust; Greenwich Capital Markets; Shea & Gould, Attorneys; Kaye, Scholer, Fierman, Hays & Handler, Attorneys; Dreyer & Traub, Attorneys; Stroock & Stroock & Lavan, Attorneys; Patterson, Belknap, Webb & Tyler, Attorneys; Townsend, Rabinowitz, Pantaleoni & Valente, Attorneys; Goldstein, Goldstein & Rikon, P.C.; Proskauer, Rose, Goetz & Mendelsohn, Attorneys; New York City Public Development Corporation; Urban Development Corporation; New York City Economic Development Corporation; New York City Board of Education; New York City School Construction Authority; Jersey City Redevelopment Agency; Resolution Trust Corporation; Federal Deposit Insurance Corporation; Harry Macklowe Real Estate Co., Inc.; Takashimaya, Inc.; Chase Investors Management Corporation; Mount Sinai Hospital/ NYU Medical Center; Columbia University; New York University; Long Island University; Housing Futures, Inc.; Federated Department Stores; Chock Full O Nuts Corporation; Landis Gyr Corporation; Carnaud Metalbox; Sanyo Shinpan Finance Co., Ltd.; Exxon Company, U.S.A.; Calvin Klein.