**APPRAISAL OF:**

East Midtown Rezoning
District Improvement Bonus (DIB) for Residential Use

**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
New York, NY 10017

September 23, 2013

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

Attn: Mr. Zachary Schwanbeck
Senior Project Manager, Real Estate Transaction Services

**Re: East Midtown Rezoning, Manhattan, New York, NY**
**District Improvement Bonus (DIB) Residential Use Valuation**

Dear Mr. Schwanbeck:

In accordance with your request, we have prepared a consulting appraisal report to determine an approximate expected average value of the residential District Improvement Bonuses (DIBs) to be sold by the City to 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 within the Subdistrict with full avenue frontage, a minimum site size of 40,000 square feet in the Grand Central Core and 25,000 square feet elsewhere, 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 transit and 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 a FAR above the as-of-right maximum in the Grand Central Subarea through floor area transfers from landmark buildings only after purchasing the requisite amount of DIBs. 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 response to specific concerns expressed by local stakeholders during the public review process the Department of City Planning proposed additional changes as of July 17, 2013 to its East Midtown rezoning proposal entitled "A" text amendment. Subject to the latest changes, the amended proposal would restrict non-office uses to 20% of any new development, facilitating a better mix of uses, while requiring 80% of a new development to be dedicated to office use. The proposal contemplates that the 20% non-office uses could be residential and/or hotel uses. This mixed-use approach that has been a goal of community leaders.

If a developer elects to include residential use, the modifications permit new office developments to include residential use as-of-right of 20%. The residential use could be increased up to 40% through a Special Permit process (full ULURP). In order to take advantage of zoning incentives developers must make contributions to the District Improvement Fund through the purchase of the DIB TDRs. The rate for DIB contributions for residential floor area are to be priced separately from the rate for commercial uses, and the total contribution rate for a development to be based on its ratio of residential and commercial use.

The July 17, 2013 modifications also reduces the amount of as-of-right hotel use permitted on individual qualifying sites to 20% of the new development in order to reflect that the primary goal of the rezoning is to encourage office development. The remainder of the new building could be developed as hotel only through a Special Permit process (full ULURP) that determined such a use did not conflict with the goals of a predominantly office district. The modified proposal would allow development on sites that now include a hotel use to have the opportunity to fully rebuild their hotel space on site. These sites would be exempt from the 20% limitation mentioned above.

Under existing zoning regulations, city landmarks may only transfer unused floor area to 'adjacent' lots, defined as lots which either adjoin or are across the street or catty-corner from the landmark. As a result, the July 17, 2013 modification proposes to create a new Northern Subarea similar in nature to the Grand Central Subarea in recognition of major landmarks such as St. Patrick's Cathedral, St. Bartholomew's Church, Central Synagogue, and Lever House that exist in that area. The northern section of the subdistrict would allow all landmarked properties north of the Grand Central Subarea greater opportunities and flexibility for transfer of unused development rights to a broader area beyond 'adjacent' sites located. The Northern Subarea would stretch from 48th and 49th streets in the south to 57th Street in the north, from Third Avenue in the east to the East Midtown subdistrict's western boundary east of Fifth Avenue.

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 residential development within or proximate to the East Midtown Rezoning Subdistrict Study Area occurring and adjusts those sales for changes in market conditions (time) to September 1, 2013.

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 residential development use within the East Midtown Rezoning Study Area could be expected to approximate $360 per square foot of FAR as of September 1, 2013.

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 #46000001797

William Picoli, MAI, CRE
Senior Managing Director
NYS Certification # 46000005694

# TABLE OF CONTENTS

Subject Of The Consulting Appraisal ........ 1
Purpose And Intended Use Of The Consulting Appraisal ........ 1
Client And Intended User Of The Consulting Appraisal ........ 1
Effective Date Of Market Study ........ 1
Date Of Inspection ........ 1
Scope Of Work ........ 1
Extraordinary Assumptions And Hypothetical Conditions ........ 2
Definition Of Market Value ........ 2
Overview Of The Proposed East Midtown Rezoning Subdistrict ........ 3
East Midtown Subdistrict Rezoning Amendment Proposal – April 22, 2013 ........ 7
Proposed Modification Amendments As Of July 17, 2013 – "A" Text Amendment ........ 16
Allowed Uses On Sites Utilizing Zoning Incentives ........ 16
Northern Subarea For TDR Transfer ........ 16
Qualifying Site Requirements Through Discretionary Review ........ 18
Other Modifications ........ 19
Valuation Methodology ........ 20
Transferable Development Rights (TDRS) ........ 20
Sales Of Transferable Development Rights (TDRS) Acquired For Residential Use Development ........ 21
Sales Of Fee Land Acquired For Residential Use Development ........ 23
Expected Average Value Of District Improvement Bonuses (DIBS) To Be Sold For Residential Use Development Within The Proposed East Midtown Subdistrict ........ 24
Summary Table of TDR Sales Within And Outside Of The East Midtown Subdistrict ........ 26
Summary Table of Fee Land Sales Within And Outside Of The East Midtown Subdistrict ........ 24
Summary Table of Ratios of TDR Prices to Fee Land Prices ........ 25

Addenda ........ 29
Fee Land Sale Comparables ........ 30
Certificate Of Consulting Appraisal – Robert Von Ancken ........ 83
Certificate Of Consulting Appraisal – William Picoli ........ 84
Statement Of Basic Assumptions And Limiting Conditions ........ 85
Qualifications Of Robert Von Ancken, MAI, CRE, FRICS ........ 88
Qualifications Of William Picoli, MAI, CRE, FRICS ........ 89

## 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 residential 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 September 1, 2013.

## 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 land sales data for residential development from within and surrounding the study area;
- Collecting and analyzing sales of TDRs for residential 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]

[1] "The Appraisal of Real Estate – Thirteenth Edition." The Appraisal Institute: Chicago, IL, 2008; p. 23.

**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 latest map that follows).

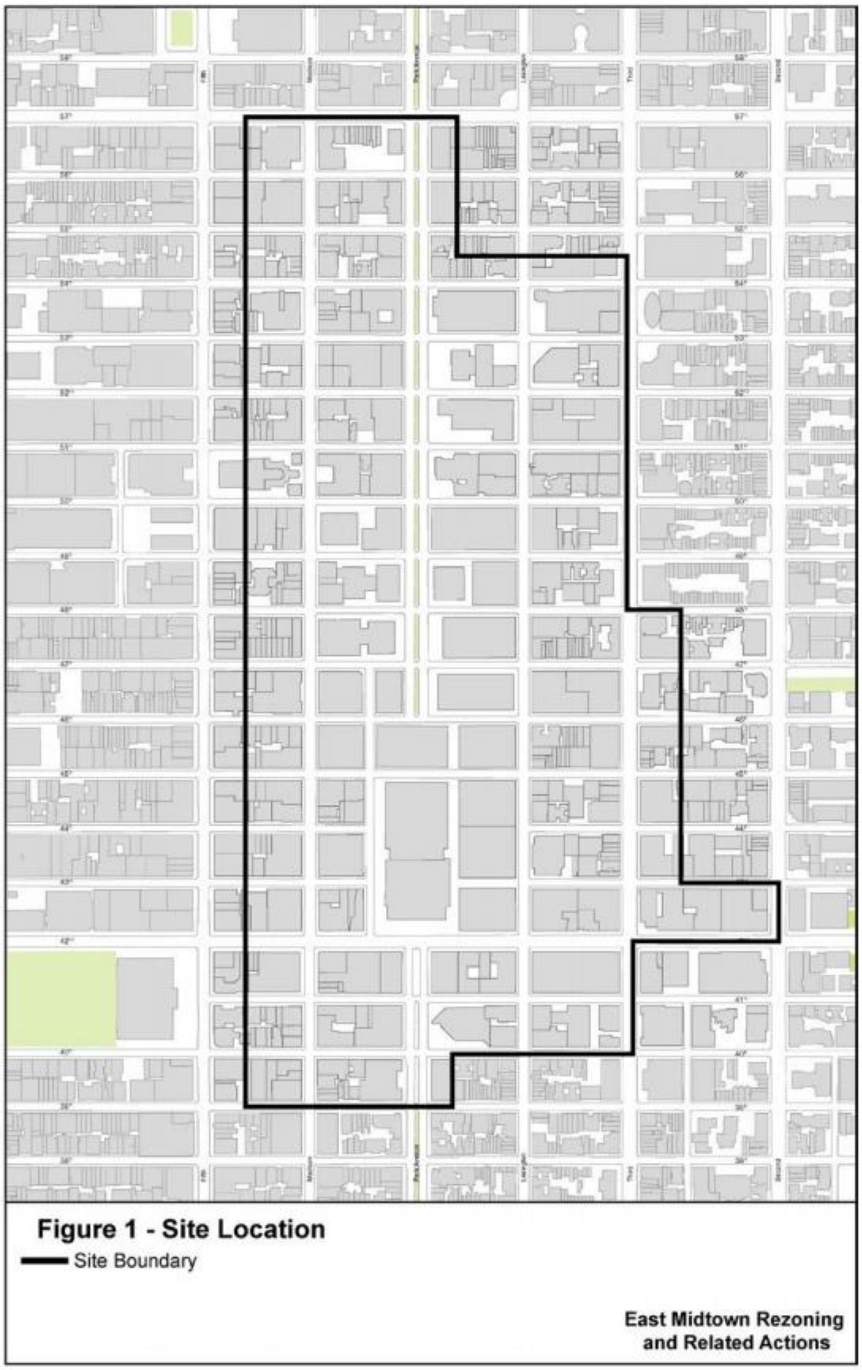



**Figure 1 - Site Location**

Source: Department of City Planning City of New York

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 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 down-zoned 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.

## EAST MIDTOWN SUBDISTRICT REZONING AMENDMENT PROPOSAL – APRIL 22, 2013

To ensure that 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).

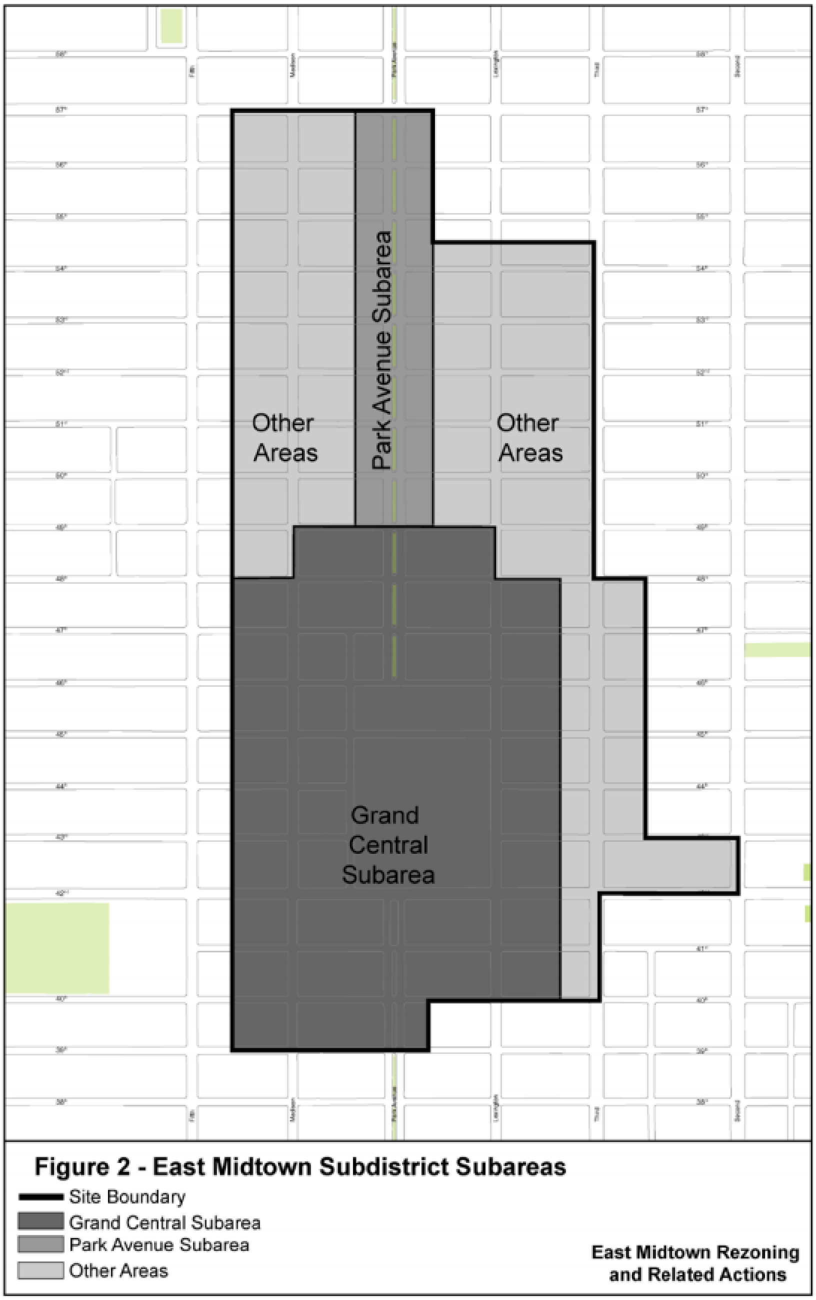



**Figure 2 - East Midtown Subdistrict Subareas**

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 most 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 transit and pedestrian network improvements.

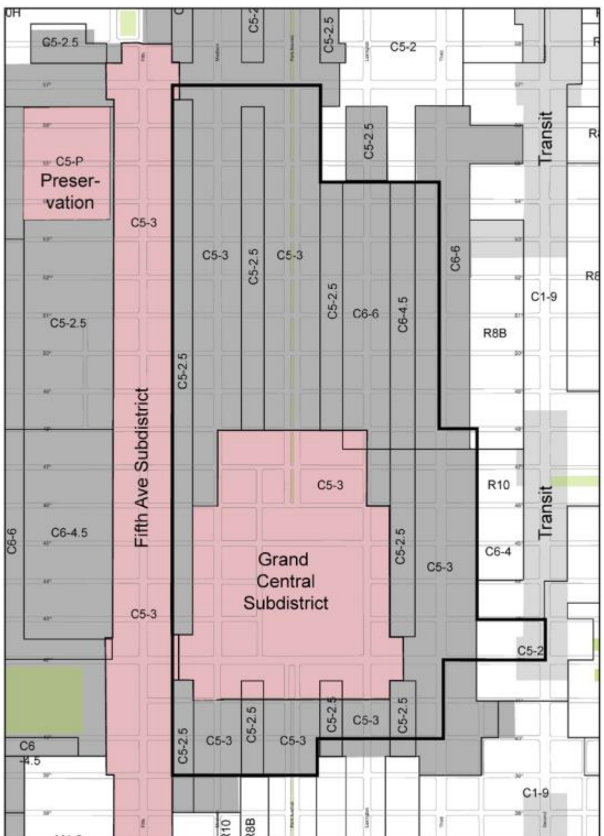



Figure 3 - Existing Zoning
Site Boundary
Special Midtown District
Subdistrict of Special Midtown District
Other Special District

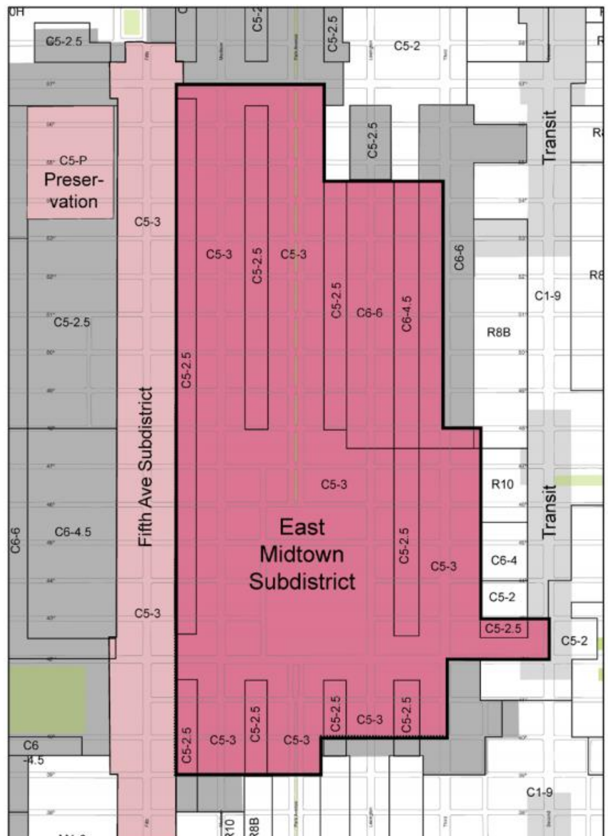



Figure 4 - Proposed Zoning
Site Boundary
Special Midtown District
Other Subdistrict of Midtown District
Other Special District
East Midtown Subdistrict

Source: Department of City Planning City of New York

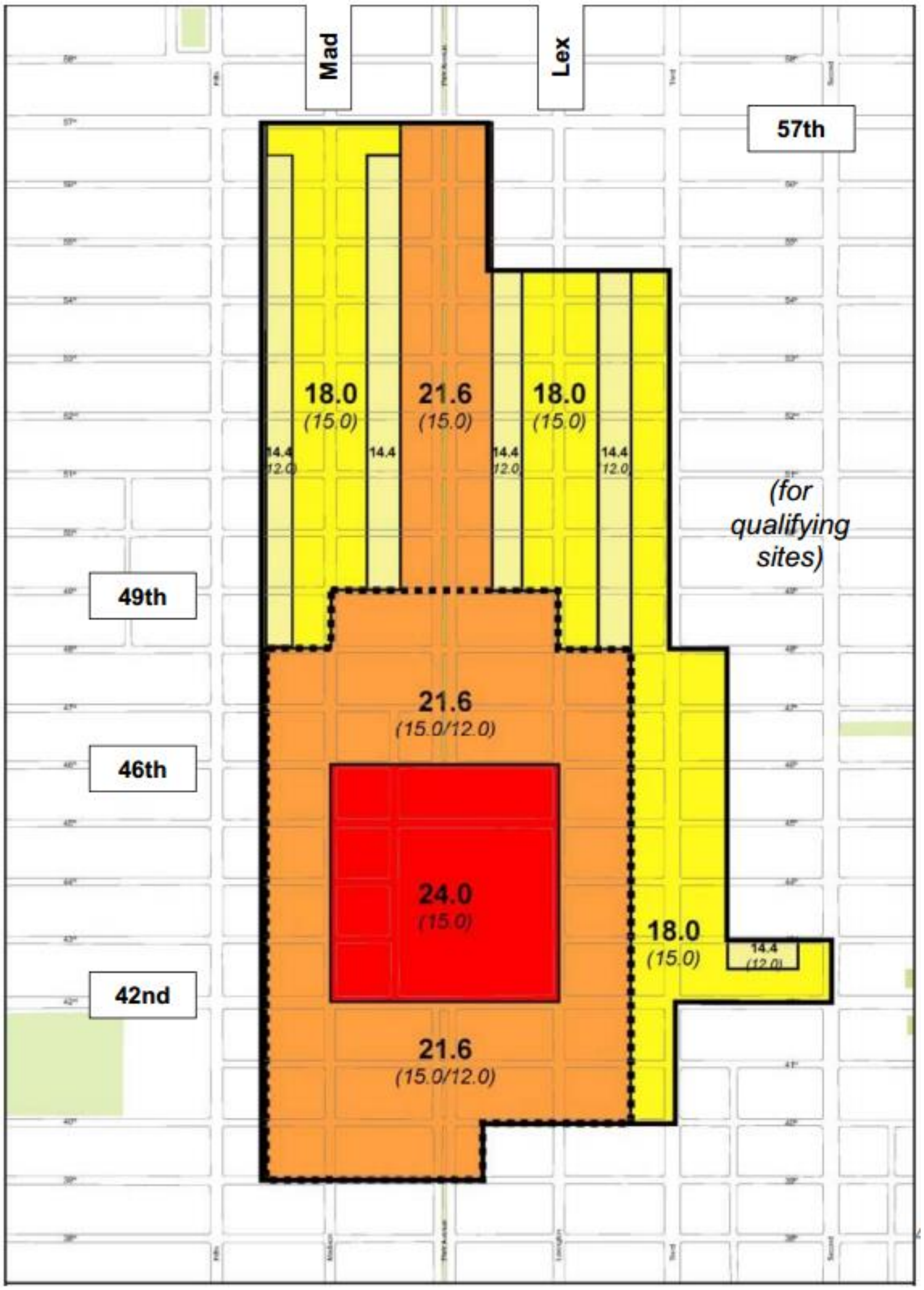
The proposed zoning amendment introduces two as-of-right zoning mechanisms to permit increases above the base FAR for Qualifying Sites within the Subdistrict with full avenue frontage, a minimum site size of 40,000 square feet in the Grand Central Core and 25,000 square feet elsewhere, and that provide substantially all their floor area for commercial use. The two zoning mechanisms are:

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

4. Landmark Transfer: Increases in a FAR above the as-of-right maximum in the Grand Central Subarea through floor area transfers from landmark buildings only after purchasing the requisite amount of DIBs. 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

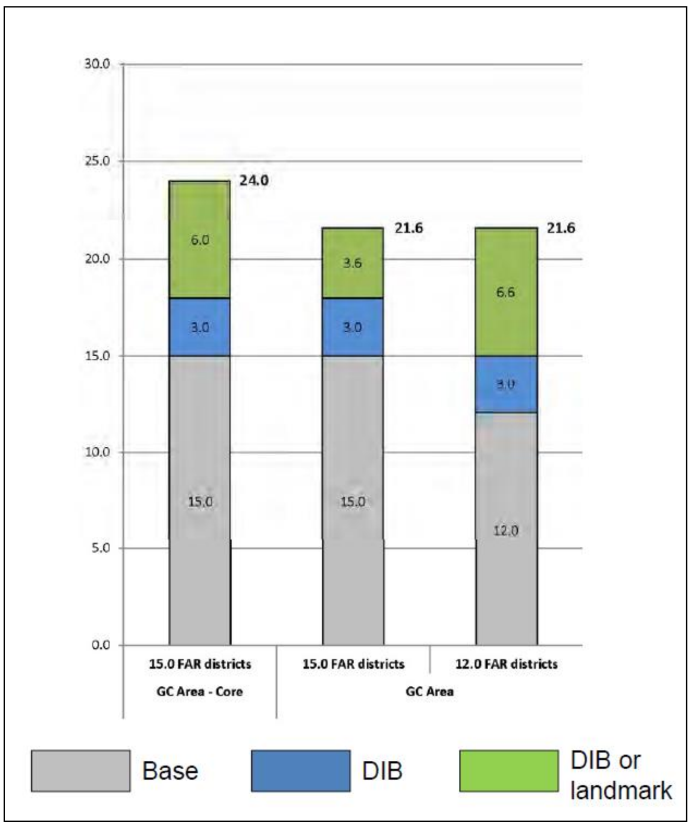



Source: Department of City Planning City of New York

For Qualifying Sites within the Grand Central Core, floor area increases would be permitted up to 24.0 FAR from the existing base maximum FAR of 15.0. Use of the District Improvement Bonus would be required in order to increase FAR from 15.0 to 18.0; contributions to the District Improvement Fund (DIF) would be used to ensure that development in the area is accompanied by pedestrian network improvements. Above 18.0 FAR, Qualifying Sites could reach the maximum 24.0 FAR through utilization of either or both of the DIB and the new Landmark Transfer mechanism.

For Qualifying Sites within the remainder of the Grand Central Subarea, floor area increases would be permitted up to 21.6 FAR from the existing base maximum FAR of 15.0/12.0. To achieve this maximum FAR would require utilization of the District Improvement Bonus for the first 3.0 FAR (from 15.0 to 18.0 FAR from 12.0 to 15.0 FAR respectively). Above the first 3.0 FAR, Qualifying Sites could reach the maximum 21.6 FAR through additional utilization of either or both of the DIB and the new Landmark Transfer mechanism.

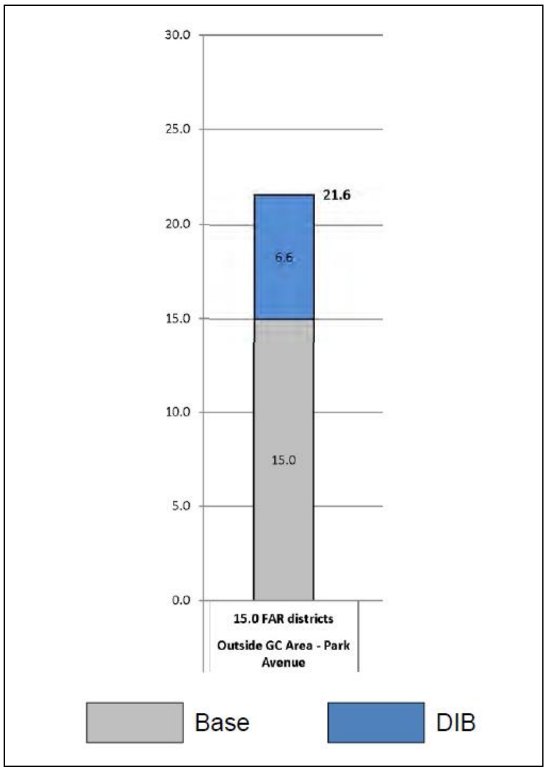
<u>Incremental Increases To Base FAR Available To Qualifying Sites in the Grand Central Core and Remainder Area</u>

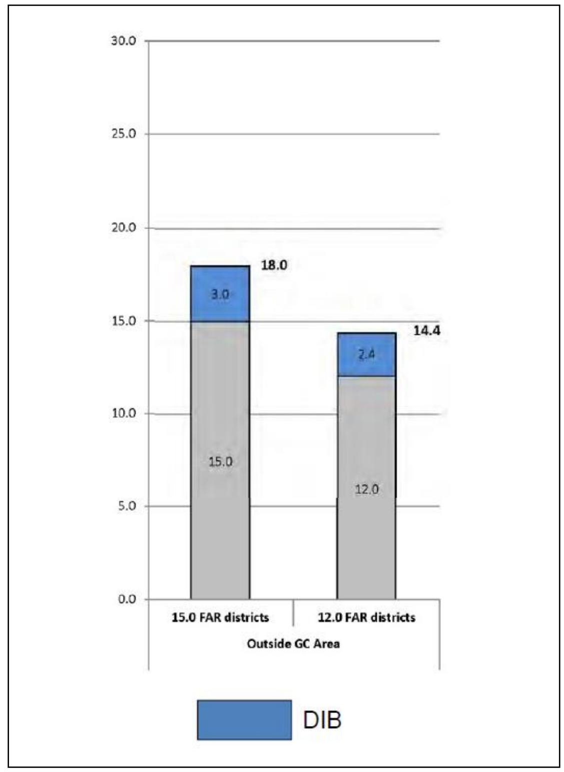



Source: Department of City Planning City of New York

For Qualifying Sites or portions thereof within the Park Avenue Subarea, which includes the frontage along Park Avenue between East 46th and East 57th Streets, floor area increases would be permitted up to 21.6 FAR from the existing base maximum FAR of 15.0. 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 (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
in the Park Avenue Subarea and Remainder Areas

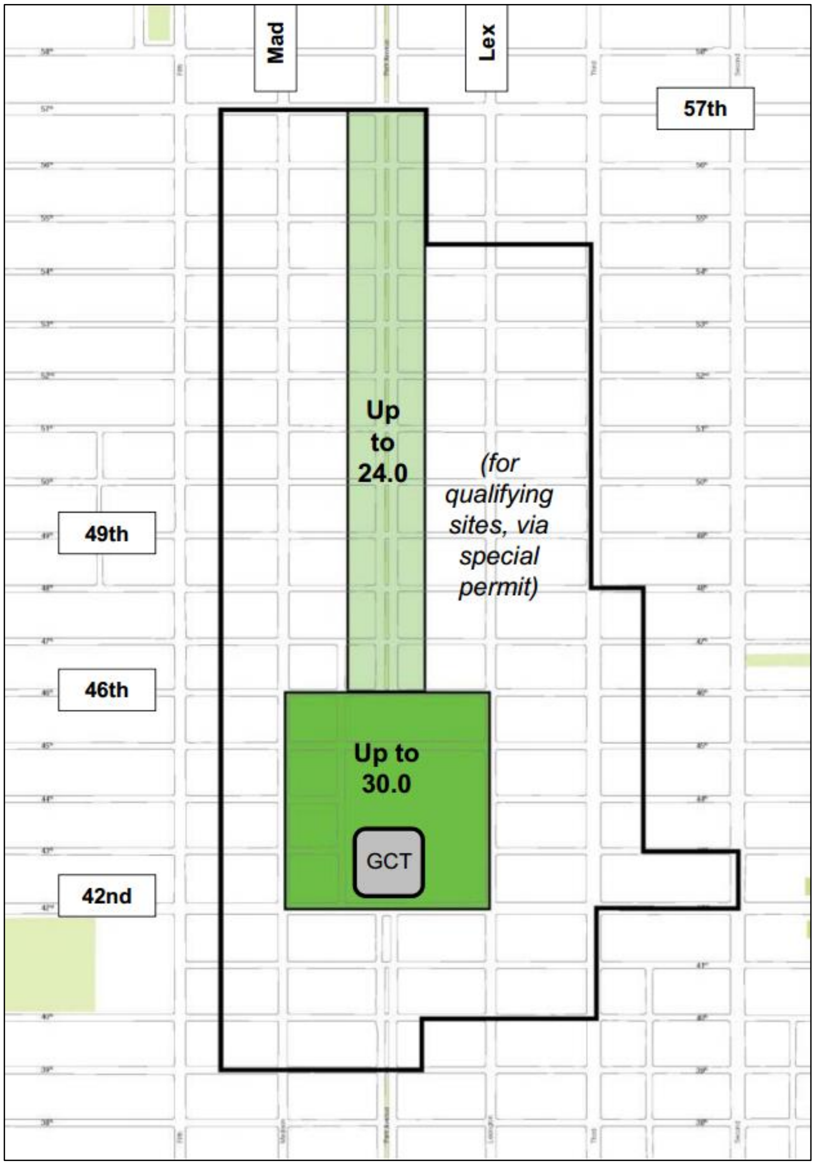



Source: Department of City Planning City of New York

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.

Special Permit to Allow Superior Development




Source: Department of City Planning City of New York

Based on CPC's East Midtown Rezoning and Related Actions Draft Scope of Work for an Environmental Impact Statement dated April 17, 2013, a Reasonable Worst-Case Development Scenario (RWCDS) identifies 39 development sites, 19 projected sites likely to be developed by 2033, the analysis year for the proposed action, and 20 potential development sites which are considered less likely to be developed. The figure below shows the boundaries of the proposed rezoning area and the locations of projected and potential development sites.

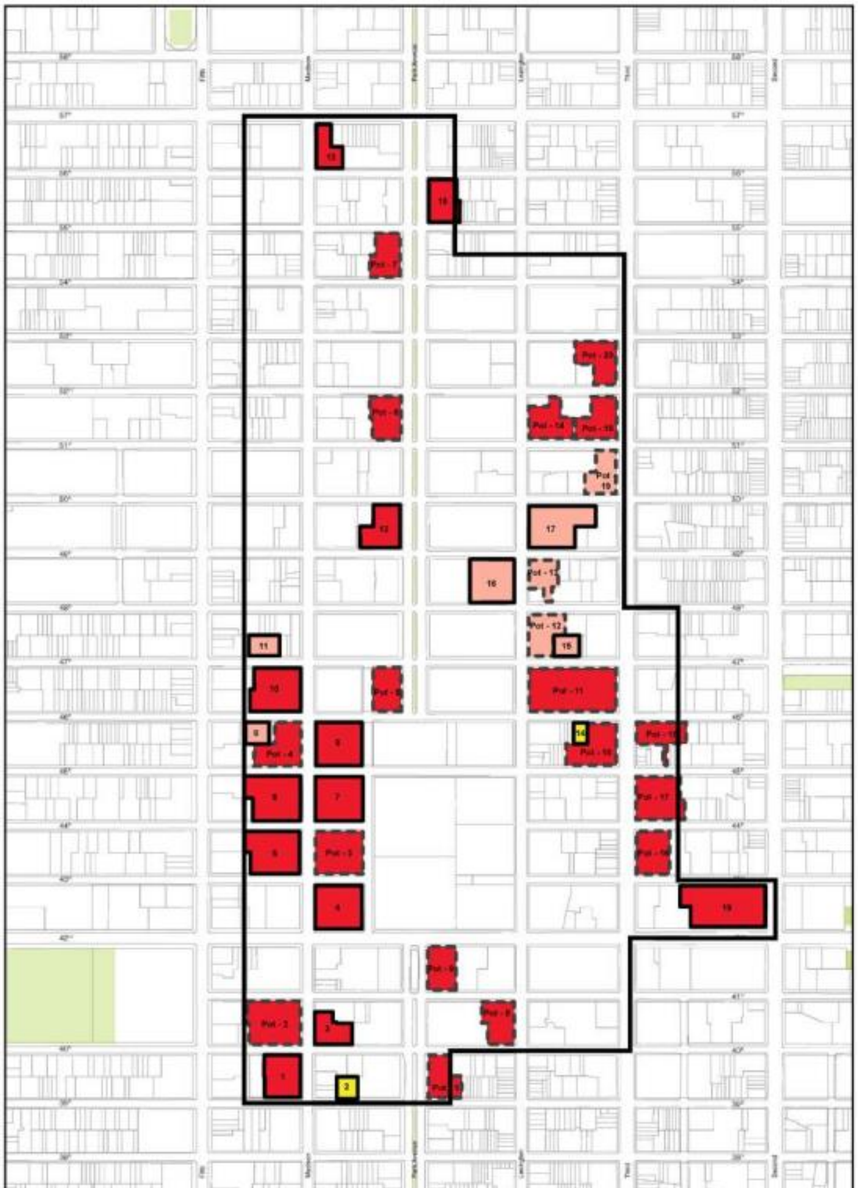


**Figure 5 - Projected and Potential Development Sites**

Projected Site
Potential Site
Office Construction
Hotel Construction
Residential Construction

East Midtown Rezoning and Related Actions

Source: Department of City Planning City of New York

The proposed rezoning action would result in a change in permitted development floor areas for commercial uses. If approved, the rezoning could result in a net increase of approximately 3.5 million gross square feet (gsf) of new development on projected sites. Although there would be a net increase of approximately 3.8 million gsf of office space, there would also be a net decrease of approximately 566,000 gsf of residential space between the Future With the Proposed Action and the Future Without the Proposed Action scenarios, mostly representing a conversion of existing office space to residential space that would not be expected to occur if the rezoning is approved. The table below summarizes the RWCDS and population changes.

RWCDS and Population Summary for Projected Development Sites

| **Use** | **Existing Conditions (GSF)** | **Future No-Action Condition (GSF)** | **Future with Action Condition (GSF)** | **No-Action to With-Action Increment (GSF)** |
|---|---|---|---|---|
| Office | 6,617,617 | 6,519,633 | 10,340,972 | 3,821,339 |
| Retail | 469,964 | 529,328 | 648,990 | 119,662 |
| Hotel | 1,750,258 | 2,010,947 | 2,134,234 | 123,286 |
| *Hotel Rooms* | *2,693* | *3,094* | *3,285* | *190* |
| Residential | 10,725 | 772,705 | 207,029 | (565,675) |
| *Residential Units* | *22* | *776* | *208* | *(568)* |
| Parking | 113,940 | 29,400 | 140,200 | 110,800 |
| *Parking Spaces* | *570* | *147* | *701* | *554* |
| **POPULATION/EMPLOYMENT (1)** | **Existing Conditions (GSF)** | **Future No-Action Condition (GSF)** | **Future with Action Condition (GSF)** | **No-Action to With-Action Increment** |
| Residents | 35 | 1,234 | 331 | (903) |
| Workers | 28,901 | 28,860 | 44,563 | 15,703 |

*(1) Assumes 1.59 persons per residential unit (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 residential unit, and 1 employee per 10,000 SF of parking floor area.*

Source: Department of City Planning City of New York

## Proposed Modification Amendments as of July 17, 2013 – "A" Text Amendment

In response to specific concerns expressed by local stakeholders during the public review process the Department of City Planning has proposed changes to its East Midtown rezoning proposal as of July 17, 2013 entitled "A" text amendment. The changes to the plan in the "A" text are in line with the principle of providing zoning incentives to promote the development of state-of-the-art, sustainable commercial buildings over coming decades so that East Midtown's office stock remains attractive to a broad range of businesses, including major corporate tenants. The mix of uses are anticipated to further enhance the attractiveness of the area, expand the City's tax base, add thousands of permanent jobs in East Midtown and fund improvements to the subway and pedestrian network in the area.

### Allowed Uses on Sites Utilizing Zoning Incentives

The amended proposal would restrict non-office uses to 20% of any new development, facilitating a better mix of uses, while requiring 80% of a new development to be dedicated to office use. The proposal contemplates that the 20% non-office uses could be residential and/or hotel uses. This mixed-use approach that has been a goal of community leaders.

The changes will be applied to sites that are eligible for redevelopment under the rezoning. Under the existing proposal, only fully commercial (office, hotel and retail) buildings qualify for zoning incentives, provided the site meets certain "Qualifying Site" criteria of a minimum site size of 25,000 square feet and 200 feet of frontage on a wide street.

If a developer elects to include residential use, the July 17, 2013 proposed modifications permit new office developments to include residential use as-of-right of 20%. The residential use could be increased to 40% through a Special Permit process (full ULURP). In order to take advantage of zoning incentives developers must make contributions to the District Improvement Fund through the purchase of the DIB TDRs. The rate for DIB contributions for residential floor area is to be priced separately from the rate for commercial uses, and the total contribution rate for a development to be based on its ratio of residential and commercial use.

The July 17, 2013 modifications reduce the amount of as-of-right hotel use permitted on individual qualifying sites to 20% of the new development in order to reflect that the primary goal of the rezoning is to encourage office development. The remainder of the new building could be developed as hotel only through a Special Permit process (full ULURP) that determined such a use did not conflict with the goals of a predominantly office district. The modified proposal would allow development on sites that now include a hotel use to have the opportunity to fully rebuild their hotel space on site. These sites would be exempt from the 20% limitation mentioned above.

### Northern Subarea for TDR Transfer

Under existing zoning regulations, city landmarks may only transfer unused floor area to 'adjacent' lots, defined as lots which either adjoin or are across the street or catty-corner from the landmark. As a result, the Department is proposing to create a new Northern Subarea similar in nature to the Grand Central Subarea in recognition of the unique ensemble of iconic landmarks that exist and contribute to the character of the area to the north of the Grand Central Subarea. The northern section of the subdistrict would allow all landmarked properties north of the Grand

Central Subarea greater opportunities and flexibility for transfer of unused development rights to a broader area beyond ‘adjacent’ sites.

The Northern Subarea would stretch from 48th and 49th streets in the south to 57th Street in the north, from Third Avenue in the east to the East Midtown subdistrict’s western boundary east of Fifth Avenue, and encompass major landmarks such as St. Patrick’s cathedral, St. Bartholomew’s Church, Central Synagogue, and Lever House.

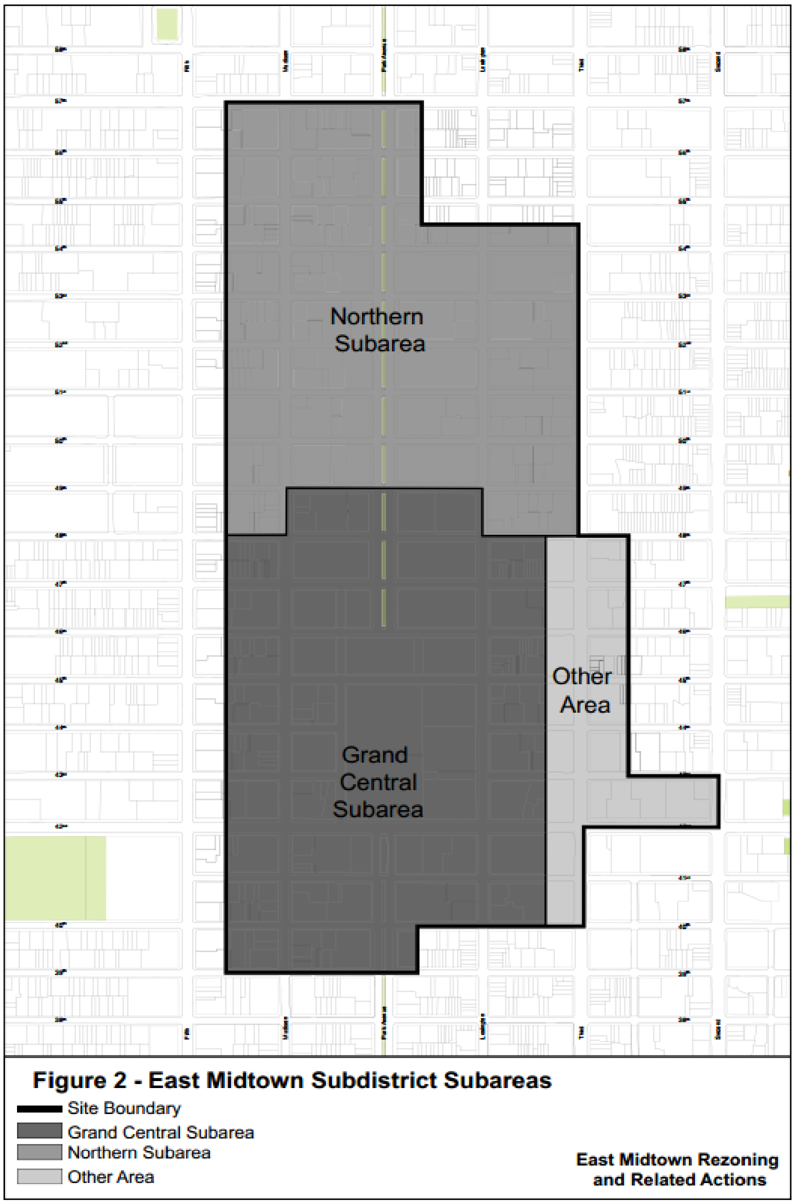
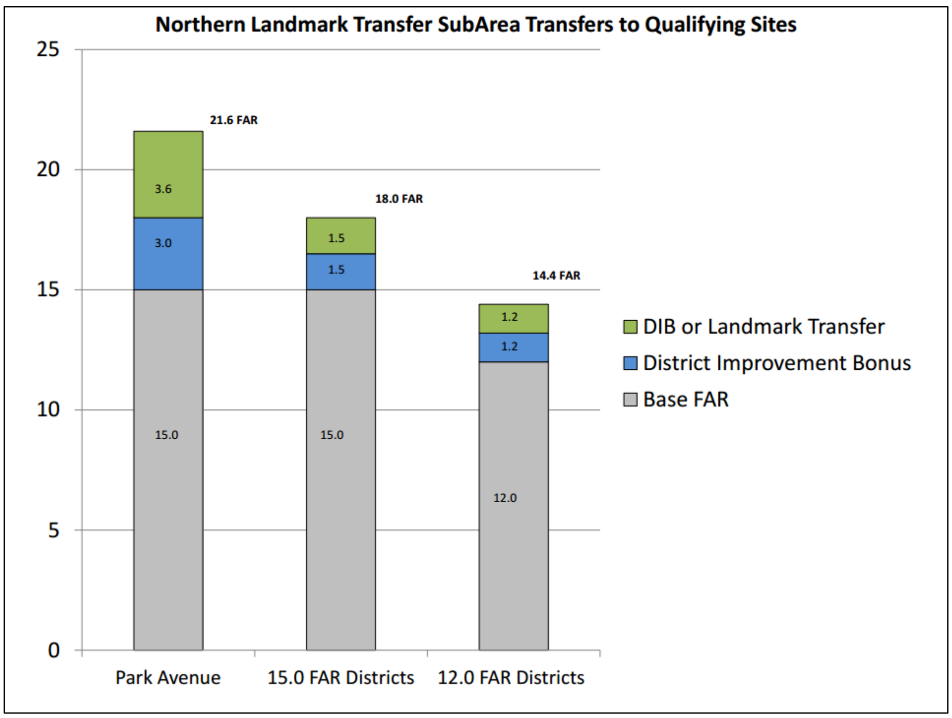



**Figure 2 - East Midtown Subdistrict Subareas**

Source: Department of City Planning City of New York

The modifications are designed to assist landmarked properties with the sale of excess TDRs that will facilitate the continued maintenance of those properties, as well as ensuring that the District Improvement Fund will be funded to make area-wide subway and pedestrian network improvements. As is the case in the Grand Central Subarea, a minimum contribution to the District Improvement Fund would be required before a landmark transfer could be made, this contribution requirement would apply to the first 3 FAR for sites on Park Avenue, and half of the FAR increase in other areas.

Starting in 2019, these landmarks would be allowed to transfer unused development rights to Qualifying Sites as-of-right up to their maximum permitted FARs (21.6 FAR on Park Avenue and 18 FAR and 14.4 FAR in Other areas).




Source: Department of City Planning City of New York

**Qualifying Site Requirements Through Discretionary Review**

The amended proposal creates greater flexibility by allowing a site that meets the 25,000sf site size requirement and at least 75% of the frontage requirement to apply for a waiver to use the zoning incentives. It will replace the original East Midtown proposal which limited zoning incentives to "Qualifying Sites" - sites with a minimum of 200 feet of frontage along a wide street and a minimum size of 25,000 square feet.

To receive a waiver through discretionary review, the applicant must demonstrate that the site can still accommodate a viable office development on the site utilizing the existing height and setback controls. The waiver would be granted through an authorization process that includes referral to the local community board.

**Other Modifications**

Rooftop uses: In response to community concerns, the modified proposal would facilitate the activation of top floors of mixed-use buildings with uses like observatories and restaurants, by modifying “stacking rules” which prohibit non-residential uses above residences.

Qualifying Site clarifications: The proposal clarifies that existing buildings are permitted to remain on a Qualifying Site, as long as the minimum cleared site requirements are achieved. It also clarifies that Qualifying Sites can maintain the bonus floor area from existing bonus plazas without proportional contribution into the DIB as long as such spaces are maintained as part of a new development.

Damage and Destruction: The modified proposal clarifies that the underlying Damage or Destruction provisions of Zoning Section 54-40 continue to apply in the Subdistrict.

53rd Street /51st Street Stations: The “A” text revisions to the proposal would maintain the same overall amount of development anticipated under the original proposal, but would alter the mix of uses. As a result, further study of the Lexington Avenue/53rd Street and 51st Street station complex would need to be undertaken once East Side Access is operational to determine if improvements to this station warrant priority as a DIF project as development occurs over the long term.

Park Avenue Height and Setback Controls: The modified proposal adjusts height and setback controls along Park Avenue to better relate to the street’s overall width. Today, building rules are calculated based on a 100 foot wide street width, despite Park Avenue being 140 wide. The proposal will adjust to allow buildings to account for the 140 foot width.

Boundaries clarification: The modified proposal provides further clarification as to the applicability of the regulations for sites located on or divided by the Subdistrict’s boundaries, as well as its Subareas.

## VALUATION METHODOLOGY

As agreed with EDC, this 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 for residential use within a mixed-use development of any qualifying commercial site of up to 20% within the East Midtown Rezoning Study Area. In accordance with the requested scope of services this report:

1. Lists relevant sales of transferable development rights (TDRs) and fee land acquired for residential use development within or proximate to the East Midtown Rezoning Subdistrict Study Area with adjustment of those sales for changes in market conditions (time) to September 1, 2013.

2. Determines an approximate expected average value of the District Improvement Bonuses (DIBs) to be sold by the City for residential use within a mixed-use development of any qualifying commercial site of up to 20% 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 developable 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 Residential Use Development Within and Outside The East Midtown Rezoning Subdistrict

Analysis of the Midtown market from 2006 through September 1, 2013 produced twelve transfers of TDRs acquired as part of site assemblages for residential development. Three of these sales are located within the proposed East Midtown Subdistrict. Nine are located in the more immediate surrounding districts outside of the East Midtown Subdistrict.

TDR Sales Within the East Midtown Subdistrict

Within the East Midtown Subdistrict, the three TDR sales ranged from $253.76 to $257.51 and averaged $256.09 per square foot of FAR after adjustment for the difference in market conditions between the acquisition dates and September 1, 2013. The acquisitions of TDRs at 42, 44 and 48 East 57th Streets were by Harry Macklowe to be utilized in the development of the Drake Hotel site at 434-442 Park Avenue. The site was originally acquired with the intent for retail/office/hotel/super luxury condominium and is now being developed with a super luxury condominium last reported to be 95 stories in height. The time adjusted purchase price of the 74,674 square feet of TDRs purchased for 434-442 Park Avenue equates to $256.09 per square foot of FAR as of September 1, 2013.

TDR Sales Outside the East Midtown Subdistrict

Outside of the Subdistrict there have been nine acquisitions of TDRs for residential development considered relevant. The 152 West 58th Street TDRs were purchased for development of 157 West 57th Street; the 132 East 65th Street TDRs were purchased for development of 859-863 Lexington Avenue; 21 West 52nd Street TDRs were purchased for development of 18-30 West 53rd Street; the 520 Park Avenue TDRs were purchased for development of 41-45 East 60th Street; and the aggregate sale TDRs of 25, 27, 33 and 45 East 22nd Street and 40 East 23rd Street were purchased for development of 41-43 East 22nd Street. After adjustment for the difference in market conditions between the acquisition dates and September 1, 2013, the TDR sales ranged from $179.60 to $592.44 and averaged $395.09 per square foot of FAR.

The 157 West 57th Street development site is located in Midtown, between Sixth and Seventh Avenues, just west of the proposed East Midtown Subdistrict. The developers Imico West 57th Street LLC, purchased 43,503 square feet of TDRs from the sellers in 2006. The time adjusted purchase price of these TDRs equates to $179.60 per square foot of FAR as of September 1, 2013 for the development of a super luxury residential condominium/hotel project.

The 859-863 Lexington Avenue development site is located at the southeast corner of East 65th Street, just north of the easterly boundary of the proposed East Midtown Subdistrict. The developer, Lex 65 LLC, purchased 12,371 square feet of TDRs from the sellers in 2008. The time adjusted purchase price equates to $317.78 per square foot of FAR as of September 1, 2013 for the development of a residential project.

The 18-30 West 53rd Street development site is located in Midtown West, between Fifth and Sixth Avenues, just west of the proposed East Midtown Subdistrict. Under provisions of the Special Midtown District the developer, VIII-Hotel II TB Investors, LLC, purchased 49,750 square feet of TDRs from the 21 Club in 2011. The time adjusted purchase price of these TDRs equates to $393.67 per square foot of FAR as of September 1, 2013 for the development of a super luxury residential condominium/hotel project.

The 41-45 East 60th Street development site is located in the Upper East Side, between Madison and Park Avenues, just north of the proposed East Midtown Subdistrict. The developers (Zeckendorf) purchased 70,659 square feet of TDRs from the sellers in 2013. The time adjusted purchase price of these TDRs equates to $468.70 per square foot of FAR as of September 1, 2013 for the development of a luxury residential condominium project.

The 41-43 East 22nd Street development site is located in the Flatiron District between Broadway and Park Avenue South, south of the proposed East Midtown Subdistrict. The developer purchased 114,969 square feet of TDRs from the seller in 2013. The time adjusted purchase price of these TDRs equates to $439.21 per square foot of FAR as of September 1, 2013 for the development of a luxury residential condominium project.

The search of TDR sales for residential development within the East Midtown Subdistrict boundaries produced three transfers that occurred in 2006. An extension of the search to residential developments outside of the East Midtown Subdistrict produced nine additional TDR transfers with the bulk of them occurring between 2011 and 2013. However, the time adjusted purchase prices of the TDRs acquired for 157 West 57th ($179.60 per square foot of FAR ) are clearly an outlier of the nine TDR sales when compared to the time adjusted purchase prices of the other eight sales that range from $277.87 - $592.44 per square foot of FAR. While location characteristics vary between the TDR sales outside of the Subdistrict and within the Subdistrict, they are judged sufficiently comparable to provide a basis for offering a value indication for DIB TDR pricing within the East Midtown Subdistrict.

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

Analysis of the Midtown market from 2006 through September 1, 2013 produced twenty transfers of land sites acquired for residential development. Three of these are located within the proposed East Midtown Subdistrict. Seventeen are located in the more immediate surrounding districts competitive with East Midtown Subdistrict.

### Fee Land Sales Within the East Midtown Subdistrict

Within the East Midtown Subdistrict, the three fee land sales ranged from $384.72 to $843.70 and averaged $552.38 per square foot of FAR after adjustment for the difference in market conditions between the acquisition dates and September 1, 2013. The time adjusted purchase price of the fee land sale for 510 Madison Avenue was at $428.73 per square foot of FAR as of September 1, 2013. This fee transfer was acquired by Harry Macklowe in early 2006. It had been reported during the time of sale that the buyer had plans to develop a high-rise mixed-use luxury residential condominium and hotel and building. Macklowe ultimately developed the site with a boutique high-end office tower.

The time adjusted purchase price as of September 1, 2013 for the assembled fee land for 434-442 Park Avenue in 2010 by CIM Group was $843.70 per square foot of FAR. CIM resumed construction started by Harry Macklowe on the site and is now developing a super luxury condominium project last reported at 95 stories in height.

The time adjusted purchase price of the fee land for 145-147 East 47th Street was at $384.72 per square foot of FAR as of September 1, 2013. The owner’s plan to develop a 22-story, 72-unit apartment building with 40,130 sq. ft. of zoning floor area was approved by the Department of Buildings on June 27, 2011.

Fee Land Sales Outside the East Midtown Subdistrict

Expanding the search to residential developments outside of the East Midtown Subdistrict produced seventeen additional fee land transfers since 2006, ten of which occurred between 2011 and 2013. Given that the sales are from surrounding districts, they are considered sufficiently comparable to provide an extended basis for an overall value indication of residential fee land within the East Midtown Subdistrict.

After adjustment for the difference in market conditions between the acquisition dates and September 1, 2013, the seventeen fee land sales ranged from $310.97 to $749.90 and averaged $492.66 per square foot of FAR. The development size of the fee land site ranged from 31,304 to 523,930 and averaged 148,925 square feet of FAR.

Upon considering the location qualities of the East Midtown Subdistrict, the time adjusted prices of the seventeen fee land purchases outside of the proposed East Midtown Subdistrict appear to generally bracket and support the time adjusted prices of the fee land purchases within the proposed East Midtown Subdistrict. In the case of 434-442 Park Avenue, it is considered to be a 100% location within the proposed East Midtown Subdistrict.

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

The analysis of transfers of TDRs acquired as part of site assemblages for residential development in the Midtown market from 2006 through September 1, 2013 produced twelve comparable TDR sales. The lowest price per square foot of FAR of these sales was from 2006 acquired for the 157 West 57th Street development site with a time adjusted purchase price of $179.60 per square foot of FAR. The next lowest prices for TDRs were the three TDR sales purchased for 434-442 Park Avenue which also occurred in 2006 and had an average time adjusted price of $256.09 per square foot of FAR. Other than these four comparables, the time adjusted prices for the remaining eight TDR sales ranged from $277.87 to $592.44 per square foot of FAR. With greater consideration given to the more current dates of transfer of the eight TDR transactions from outside of the proposed East Midtown Subdistrict, an average value approximating $350 to $400 per square foot of FAR is generally indicated.

Research of 28 paired fee land and TDR sales as part of site assemblages from 2005 to September 1, 2013 show sales per square foot of FAR for TDRs as a percentage of fee land purchases to be increasing from 52.5% in 2005 to 58.8% in 2006 to 84.2% in 2007. After declining to only one paired transfer in 2008 and 2009 at 30.6% in the depths of the financial crisis, the averages increased to 71.1% for the 2010 to 2013 years. Based on the available data, a reasonable ratio of prices on a per square foot of FAR basis for TDRs as a percentage of fee land that adopts a longer term perspective appears to be within 10 percentage points of 70% of the value of the receiving site fee land. If the time adjusted average fee land sales within the East Midtown area of $552.38 per square foot of FAR is multiplied by the 70% ratio, it indicates a TDR value of $386.67 per square foot of FAR. If the time adjusted average fee land sales outside of the East Midtown area of $492.66 per square foot of FAR is multiplied by the 70% ratio, a TDR value of $344.86 per square foot of FAR is indicated.

Given the limited number of transfers of TDRs and fee land sites for residential development within the proposed East Midtown Subdistrict, any conclusions regarding an expected average value of district improvement bonuses (DIBs) to be sold for residential 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 three relevant TDR sales averaged $256.09 per square foot of FAR within the proposed East Midtown Subdistrict and $395.09 per square foot of FAR outside of the proposed East Midtown Subdistrict. When the typical market wide TDR-to-land value ratio of 70% is applied to the time adjusted fee land sale prices, the average TDR value is $386.67 per square foot of FAR within the proposed East Midtown Subdistrict and $344.86 per square foot of FAR outside of the proposed East Midtown Subdistrict. Based on the scope and relevant findings of this report, the average value of the District Improvement Bonuses (DIBs) to be sold by the City for residential use development within the East Midtown Rezoning Study Area could be expected to approximate $360 per square foot of FAR as of September 1, 2013.

The following pages present the results of our analysis, TDR sales, fee land sales and ratio of TDR prices to fee land prices data.

## TDR Sales Within and Outside of the East Midtown Subdistrict

| Granting Site | | | | | TDR Sale | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Address Number | Street Name | Str., Ave, etc. | Block/Lots | Use | Date of TDR Sale | Zone | Amt of TDRs (SF) | Time Adj Sale Price* | Sale Price | Price SF of TDR |
| **Sales Within the East Midtown Subdistrict** | | | | | | | | | | |
| 42 | East 57th | Street | 1292/45 | Residential | 9/4/2006 | C5-3 | 26,251 | $6,759,890 | $6,563,000 | $257.51 |
| 44 | East 57th | Street | 1292/44 | Residential | 9/13/2006 | C5-3 | 22,172 | $5,698,204 | $5,543,000 | $257.00 |
| 48 | East 57th | Street | 1294/42 | Residential | 12/4/2006 | C5-3 | 26,251 | $6,661,445 | $6,563,000 | $253.76 |
| | | | Totals | | | | 74,674 | $19,119,539 | | $256.09 |
| | | | | | | Time Adjusted TDR Values/SF of FAR | | | | |
| | | | | | | | Average | | | $256.09 |
| | | | | | | | Maximum | | | $257.51 |
| | | | | | | | Minimum | | | $253.76 |
| **Sales Outside the East Midtown Subdistrict** | | | | | | | | | | |
| 152 | West 58th | Street | 1010/53,55,61 | Residential | 6/8/2006 | C5-1 | 43,503 | $7,813,300 | $7,813,300 | $179.60 |
| 132 | East 65th | Street | 1399/150 | Residential | 9/16/2008 | C1-8X | 12,371 | $3,931,285 | $3,095,500 | $317.78 |
| 21 | West 52nd | Street | 1268/23 | Residential/Hotel | 12/20/2011 | C5-2.5 (MID) | 49,750 | $19,585,050 | $16,597,500 | $393.67 |
| 520 | Park | Avenue | 1375/36 | Residential | 2/27/2013 | R10 | 70,659 | $33,118,015 | $30,383,500 | $468.70 |
| 25 | East 22nd | Street | 851/22 | Residential | 6/7/2013 | C6-4M | 16,656 | $5,309,123 | $5,080,500 | $318.75 |
| 27 | East 22nd | Street | 851/1501-1511 | Residential | 6/7/2013 | C6-4M | 3,616 | $2,142,250 | $2,050,000 | $592.44 |
| 40 | East 23rd | Street | 851/49 | Residential | 6/7/2013 | C6-4M | 13,697 | $5,812,290 | $5,562,000 | $424.35 |
| 33 | East 22nd | Street | 851/28 | Residential | 6/7/2013 | C6-4M | 64,140 | $17,822,475 | $17,055,000 | $277.87 |
| 45 | East 22nd | Street | 851/34 | Residential | 6/7/2013 | C6-4M | 16,860 | $9,823,000 | $9,400,000 | $582.62 |
| | | | Totals | | | | 291,252 | $105,356,788 | | $395.09 |
| | | | | | | Time Adjusted TDR Values/SF of FAR | | | | |
| | | | | | | | Average | | | $395.09 |
| | | | | | | | Maximum | | | $592.44 |
| | | | | | | | Minimum | | | $179.60 |

* The combined sale price of each TDR sale comparable has been adjusted from the latest acquisition date to 8/31/13 using the following observed market time adjustments:

Time Adjustments:

| | | | |
|---|---|---|---|
| 10/01-12/02 | 0% per mo. | 9/07-8/08 | 0% per mo. |
| 1/03-12/04 | 1% per mo. | 9/08 | -30% |
| 1/05-6/05 | 2% per mo. | 10/08-6/10 | 0% per mo. |
| 7/05-12/05 | 1% per mo. | 7/10-12/12 | 0.5% per mo. |
| 1/06-8/07 | 0.5% per mo. | 1/13-8/13 | 1.5% per mo. |

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

| Address | | | | | Lot | Land Sale | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Bldg Number | Street Name | Str., Ave, etc. | Block/Lots | Use | Area (SF) | Date of Land Sale | Land Sale FAR | Time Adj Sale Price* | Sale Price | Price/SF FAR |
| **Sales Within the East Midtown Subdistrict** | | | | | | | | | | |
| 510 | Madison | Avenue | 1288/56,57,62 | Residential | 9,270 | 2/7/2006 | 131,516 | $56,384,364 | $52,943,065 | $428.73 |
| 434-442 | Park | Avenue | 1292/33,41,44, 46, 145 | Residential/Hotel | 28,899 | 1/20/2010 | 525,084 | $443,015,611 | $348,831,190 | $843.70 |
| 145-147 | East 47th | Street | 1302/30129 | Residential | 3,348 | 5/20/2011 | 40,176 | $15,456,319 | $12,721,250 | $384.72 |
| | | | Totals | | | | 696,776 | $514,856,294 | | $552.38 |
| | | | | | | | | Time Adjusted Land Values/SF of FAR | | |
| | | | | | | | | Average | | $552.38 |
| | | | | | | | | Maximum | | $843.70 |
| | | | | | | | | Minimum | | $384.72 |
| **Sales Outside the East Midtown Subdistrict** | | | | | | | | | | |
| 31-37 | West 56th | Street | 1272/15-18 | Residential | 10,042 | 5/24/2006 | 80,336 | $42,736,712 | $40,896,375 | $531.97 |
| 157 | West 57th | Street | 1010/57 | Residential/Hotel | 6,276 | 7/11/2006 | 94,140 | $42,973,200 | $41,400,000 | $456.48 |
| 148-150 | East 24th | Street | 879/52 | Res. Condos | 5,135 | 3/9/2007 | 38,615 | $12,008,100 | $12,008,100 | $310.97 |
| 823 | First | Avenue | 1339/19 | Res. Condos | 20,200 | 6/25/2007 | 202,000 | $151,479,678 | $154,571,100 | $749.90 |
| 57-59 | Irving | Place | 873/18 | Res. Condos | 5,200 | 10/24/2007 | 31,304 | $13,380,064 | $13,793,880 | $427.42 |
| 678-684 | Lexington | Avenue | 1311/14,15,16,112,113,114,115 | Residential/Hotel | 7,281 | 3/1/2010 | 87,372 | $43,643,572 | $34,365,017 | $499.51 |
| 859-863 | Lexington | Avenue | 1399/50 & 151 | Residential | 4,074 | 10/11/2010 | 49,869 | $24,433,500 | $19,500,000 | $489.95 |
| 18-30 | West 53rd | Street | 1268/50 | Residential/Hotel | 17,572 | 7/6/2011 | 210,864 | $84,592,340 | $69,911,025 | $401.17 |
| 944-952 | Second | Avenue | 1343/1,4 102,103 | Residential | 8,837 | 11/9/2011 | 98,340 | $46,112,500 | $38,750,000 | $468.91 |
| 414-422 | Park Avenue | South | 828/41-43, 45-48 | Residential | 14,353 | 5/15/2007 | 143,534 | $53,197,961 | $53,844,090 | $370.63 |
| 390-402 | Park Avenue | South | 857/40,46 | Residential | 19,276 | 12/1/2011 | 417,000 | $158,790,000 | $134,000,000 | $380.79 |
| 105-107 | West 57th | Street | 1010/27 | Residential | 4,318 | 4/20/2012 | 87,495 | $46,400,000 | $40,000,000 | $530.32 |
| 1059-1063 | Third | Avenue | 1417/47 | Res. Condos | 5,250 | 8/20/2012 | 52,500 | $36,679,500 | $32,175,000 | $698.66 |
| 158-168 | Madison | Avenue | 862/19,20,55,56,57, 58,59,60,62 | Res. Condos | 21,494 | 11/15/2012 | 214,940 | $102,065,219 | $90,483,350 | $474.85 |
| 953-961 | First | Avenue | 1345/26,27,28,29 | Residential | 8,814 | 12/28/2012 | 150,114 | $71,680,000 | $64,000,000 | $477.50 |
| 616 | First | Avenue | 967/1 | Residential | 46,016 | 2/4/2013 | 523,930 | $190,198,125 | $172,125,000 | $363.02 |
| 41-43 | East 22nd | Street | 851/32 | Res. Condos | 4,938 | 6/7/2013 | 49,380 | $36,836,250 | $35,250,000 | $745.98 |
| | | | Totals | | | | 2,531,733 | $1,157,206,720 | | $492.83 |
| | | | | | | | | Time Adjusted Land Values/SF of FAR | | |
| | | | | | | | 148,925 | Average | | $492.83 |
| | | | | | | | 523,930 | Maximum | | $749.90 |
| | | | | | | | 31,304 | Minimum | | $310.97 |

* The combined assembled sale price of each comparable has been adjusted from the latest parcel's acquisition date to 8/31/13 using the following observed market time adjustments:

Time Adjustments:

| | | | |
|---|---|---|---|
| 1/05-6/05 | 2% per mo. | 9/08 | -30% |
| 7/05-12/05 | 1% per mo. | 10/08-6/10 | 0% per mo. |
| 1/06-8/07 | 0.5% per mo. | 7/10-12/12 | 0.5% per mo. |
| 9/07-8/08 | 0% per mo. | 1/13-8/13 | 1.5% per mo. |

## Ratio of TDR Prices to Fee Land Prices

| Receiving Site Address | | | | | TDR Sale | | | | | Land Sale | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bldg Number | Street Name | Street/ Avenue etc. | Receiving Site Block/Lot | Use | Date of TDR Sale | Zone | Amt of TDRs (SF) | Sale Price | Price Per SF of TDR | Date of Land Sale | Land Sale FAR | Adj Sale Price* | Sale Price | Price/SF FAR | Ratio of TDR-Land Prices/SF |
| | | | | | 2005 | | | | | 2005 | | | | | |
| 302-316 | Third | Avenue | 879/36,37,38,39,40,43 | Residential | 2/10/2005 | C2-8A | 12,444 | $1,800,500 | $144.69 | 4/15/2005 | 145,240 | $83,904,327 | $83,904,327 | $577.69 | 25.0% |
| 302-316 | Third | Avenue | 879/36,37,38,39,40,43 | Residential | 1/11/2005 | C2-8A | 28,522 | $2,867,000 | $100.52 | 4/15/2005 | 145,240 | $83,904,327 | $83,904,327 | $577.69 | 17.4% |
| 815 | Sixth | Avenue | 804/34 | Residential | 12/22/2005 | C6-4X | 11,509 | $3,457,500 | $300.42 | 8/9/2005 | 46,030 | $19,800,000 | $19,800,000 | $430.15 | 69.8% |
| 100 | Eleventh | Avenue | 691/11 (High Line) | Residential | 12/21/2005 | C6-3 | 34,520 | $3,555,500 | $103.00 | 12/21/2005 | 93,938 | 29,000,000 | 29,000,000 | $308.71 | 33.4% |
| 100 | Eleventh | Avenue | 691/11 (High Line) | Residential | 12/21/2005 | C6-3 | 32,624 | 11,750,000 | $360.16 | 12/21/2005 | 93,938 | 29,000,000 | 29,000,000 | $308.71 | 116.7% |
| | | | | | | | 119,619 | $23,430,500 | $201.76 | | 524,386 | $245,608,654 | $245,608,654 | $440.59 | 52.5% |
| | | | | | 2006 | | | | | 2006 | | | | | |
| 1232-1240 | First | Avenue | 1461/45 | Residential | 8/24/2006 | C1-9,R8 | 91,489 | $23,970,000 | $262.00 | 5/24/2005* | 113,470 | $57,505,000 | $51,343,750 | $506.79 | 51.7% |
| 20-22 | East 23rd | Street | 851/58,59 | Residential | 3/21/2006 | C6-4M | 18,607 | $5,750,000 | $309.02 | 3/20/2006 | 50,040 | $36,562,735 | $36,562,735 | $730.67 | 42.3% |
| 750 | Eighth | Avenue | 1018/1, 3, 57 (Theater) | Residential | 10/6/2006 | C6-4 & C6-5 | 28,901 | $3,757,500 | $130.01 | 12/9/2004* | 145,500 | $37,593,400 | $30,440,000 | $258.37 | 50.3% |
| 516-522 | West 19th | Street | 690/42 (High Line) | Residential | 5/25/2006 | C6-2 | 13,720 | 2,915,500 | $212.50 | 7/14/2005* | 55,384 | $14,505,365 | 13,369,000 | $261.91 | 81.1% |
| 516-522 | West 19th | Street | 690/42 (High Line) | Residential | 1/6/2006 | C6-2 | 5,000 | 1,105,000 | $221.00 | 7/14/2005* | 55,384 | $14,171,140 | 13,369,000 | $255.87 | 86.4% |
| 157 | West 57th | Street | 1010/57 | Residential | 6/8/2006 | C5-1 | 43,503 | $7,813,300 | $179.60 | 7/11/2006 | 94,140 | $41,400,000 | $41,400,000 | $439.77 | 40.8% |
| | | | | | | | 201,220 | $45,311,300 | $219.02 | | 513,918 | $201,737,640 | $186,484,485 | $408.90 | 58.8% |
| | | | | | 2007 | | | | | 2007 | | | | | |
| 1480 | Second | Avenue | 1452/1,2 | Residential | 1/24/2007 | C1-9,R8B | 14,427 | $2,975,000 | $206.21 | 1/24/2007 | 32,378 | $15,239,015 | $15,239,015 | $470.67 | 43.8% |
| 1480 | Second | Avenue | 1452/1,2 | Residential | 1/24/2007 | C1-9 | 10,986 | $3,021,500 | $275.03 | 1/24/2007 | 32,378 | $15,239,015 | $15,239,015 | $470.67 | 58.4% |
| 1644-46 | Second | Avenue | 1548/2,3,4 | Residential | 1/11/2007 | C1-8X | 15,315 | $1,947,500 | $127.16 | 6/6/2005 | 62,920 | $17,109,288 | $15,276,150 | $271.92 | 46.8% |
| 1644-46 | Second | Avenue | 1548/2,3,4 | Residential | 1/11/2007 | C1-8X | 16,633 | $5,000,000 | $300.61 | 6/6/2005 | 62,920 | $17,109,288 | $15,276,150 | $271.92 | 110.5% |
| 968-76 | Second | Avenue | 1344/3,4, 5,52 | Residential | 4/28 & 10/4/06 & 5/4/07 | C1-9 | 47,912 | $12,911,081 | $269.47 | 4/27 & 5/21/07 | 59,156 | $26,841,685 | $26,841,685 | $453.74 | 59.4% |
| 750 | Eighth | Avenue | 1018/1, 3, 57 (Theater) | Residential | 5/17/2007 | C6-4 & C6-5 | 82,292 | $8,243,000 | $100.17 | 12/9/2004* | 145,500 | $38,658,800 | $30,440,000 | $265.70 | 37.7% |
| 131-139 | West 45th | Street | 998/15, 16, 17, 116 (Theater) | Resid/Hotel | 5/17/2007 | C6-4.5 | 8,483 | $1,485,000 | $175.06 | 5/1/03-3/3/06* | 89,878 | $12,328,724 | $11,468,580 | $137.17 | 127.6% |
| 131-139 | West 45th | Street | 998/15, 16, 17, 116 (Theater) | Resid/Hotel | 5/17/2007 | C6-4.5 | 9,489 | $1,661,000 | $175.04 | 5/1/03-3/3/06* | 89,878 | $12,328,724 | $11,468,580 | $137.17 | 127.6% |
| 131-139 | West 45th | Street | 998/15, 16, 17, 116 (Theater) | Resid/Hotel | 6/21/2007 | C6-4.5 | 54,820 | $10,964,000 | $200.00 | 5/1/03-3/3/06* | 89,878 | $12,328,724 | $11,468,580 | $137.17 | 145.8% |
| | | | | | | | 260,357 | $48,208,081 | $203.20 | | 664,885 | $167,183,262 | $152,717,755 | $290.68 | 84.2% |
| | | | | | 2008 and 2009 | | | | | 2008 and 2009 | | | | | |
| 859-863 | Lexington | Avenue | 1399/50,151 | Residential | 9/16/2008 | C1-8X | 12,371 | $3,095,000 | $250.18 | 6/23/2008 | 36,666 | $29,970,660 | $29,750,000 | $817.40 | 30.6% |
| | | | | | 2010 and After | | | | | 2010 and After | | | | | |
| 18-30 | West 53rd | Street | 1268/50 | Resid/Hotel | 12/20/2011 | C5-2.5 (Mid) | 49,750 | $16,597,500 | $333.62 | 7/6/2011 | 260,614 | $69,911,025 | $69,911,025 | $268.26 | 124.4% |
| 1681-1685, 1691 & 1693 | Third | Avenue | 1540/2,3,4,46,47 | Residential | 12/27/2012 | C2-8 | 52,240 | $9,726,500 | $186.19 | 2/1/2013 | 125,800 | $28,228,450 | $28,228,450 | $224.39 | 83.0% |
| 41-43 | East 22nd | Street | 851/32 | Residential | 6/7/2013 | C6-4M | 16,860 | $9,400,000 | $557.53 | 6/7/2013 | 49,380 | $35,762,500 | $35,762,500 | $724.23 | 77.0% |
| 41-43 | East 22nd | Street | 851/32 | Residential | 6/7/2013 | C6-4M | 64,140 | $17,055,000 | $265.90 | 6/7/2013 | 49,380 | $35,762,500 | $35,762,500 | $724.23 | 36.7% |
| 41-43 | East 22nd | Street | 851/32 | Residential | 6/7/2013 | C6-4M | 13,697 | $5,562,000 | $406.07 | 6/7/2013 | 49,380 | $35,762,500 | $35,762,500 | $724.23 | 56.1% |
| 41-43 | East 22nd | Street | 851/32 | Residential | 6/7/2013 | C6-4M | 3,616 | $2,050,000 | $566.92 | 6/7/2013 | 49,380 | $35,762,500 | $35,762,500 | $724.23 | 78.3% |
| 41-43 | East 22nd | Street | 851/32 | Residential | 6/7/2013 | C6-4M | 16,656 | $5,080,500 | $305.03 | 6/7/2013 | 49,380 | $35,762,500 | $35,762,500 | $724.23 | 42.1% |
| | | | | | | | 216,959 | $65,471,500 | $374.47 | | 633,314 | $276,951,975 | $276,951,975 | $587.69 | 71.1% |
| | | | Total of all Years | | | | 943,673 | $197,163,381 | | | 2,526,383 | $938,572,191 | $891,512,869 | | |
| | | | Average of all Years | | | | | | $250.83 | | | | | $435.85 | 67.9% |

* Where there is more than 6 months elapsed time between the sale dates of the acquired fee land and the TDRs, we adjusted the sale price of the fee land price upward.

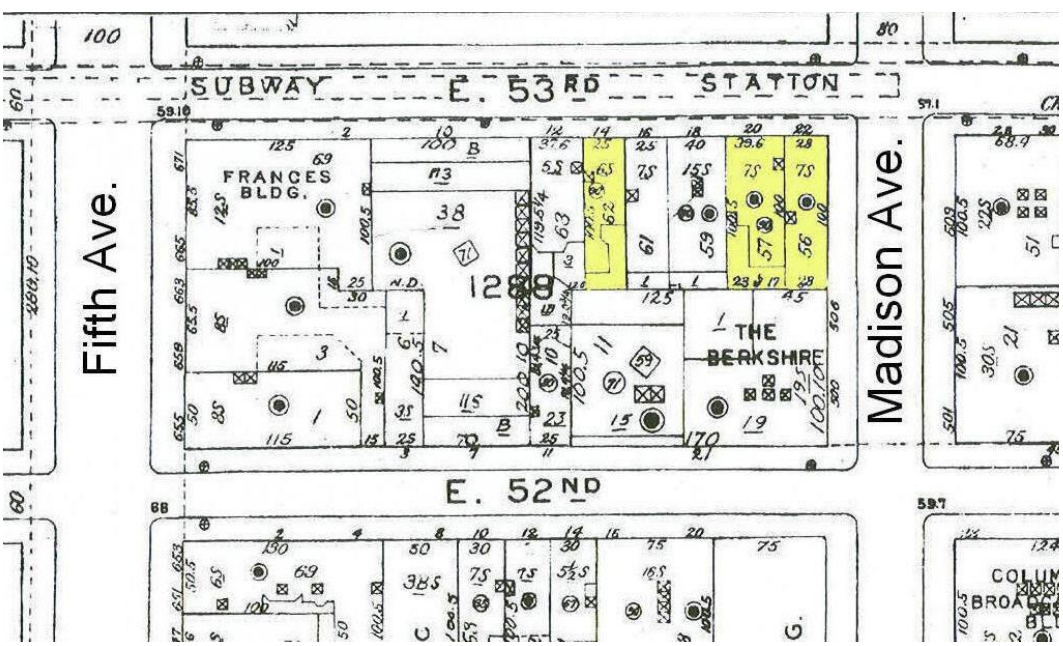
# ADDENDA

**Land Sale**

| | |
|---|---|
| Location: | 510 Madison a.k.a. 14, 20-22 East 53rd Street<br>(SWC of Madison Avenue and East 53rd Street)<br>New York, NY |
| Block/Lots | 1288/56, 57 and 62 |
| Grantors: | Madison Ave. 53rd Street Corp (William Colavito - Lot 56)<br>20 East 53rd Street Associates (Jacob Holzer - Lot 57)<br>M&V's Kinder Inc (Fred Hill - Lot 62) |
| Grantee: | 53rd Street & Madison Tower Development<br>(Harry Macklowe) |
| Contract Dates: | September 8, 2005 (Lot 56)<br>July 11, 2005 (Lot 57)<br>April 28, 2005 (Lot 62) |
| Sale Dates: | February 7, 2006 (Lot 56)<br>January 18, 2006 (Lot 57)<br>January 12, 2006 (Lot 62) |
| Land Area: | 2,800.00 sq. ft. (Lot 56: 100' x 28')<br>3,959.42 sq. ft. (Lot 57: 39.5' x 100.4167')<br>2,510.42 sq. ft. (Lot 62: 25 x 100.4167')<br>9,269.84 sq. ft. |
| Zoning: | C5-3 (Lots 56 and 57)<br>C5-2.5 (Lot 62)<br>All lots are located within the Special Midtown District |
| Maximum FAR: | 15 FAR as-of-right for Lots 56 and 57 (commercial)<br>12 FAR as-of-right for Lot 62 (commercial) |
| Maximum Development Bulk: | 131,516 square feet |
| 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<br>\$13,500,000 Lot 57<br>\$11,168,000 Lot 62 |
| Estimated Demolition Cost | \$ 775,065 @ \$15 per sq. ft. of GBA<br>\$52,943,065 |
| Price Per Sq.Ft. of FAR: | \$402.56 |
| Comments: | It had been reported during the time of sale that the buyer had plans to develop a high-rise mixed-use luxury residential condominium and hotel building. Due to rapidly improving market conditions, the buyer ultimately elected to develop an office building. |

**Comparable Land Sale**
**<u>Photograph & Site Location Map</u>**



**Land Sale**

| | |
|---|---|
| Location: | 434-442 Park Avenue, 38 - 50 East 57th Street and<br>59-85 East 56th Street (Some properties involve air rights)<br>(NWC of 56th Street)<br>New York, NY |
| Block/Lots: | 1292/33 (merged with lot 44), 43, 46 and 145<br>1292/45 (See comments regarding acquisition of Lot 45 through exchange with Lot 41)<br>1292/ 41 and 42 (Air rights) |
| Grantors: | 440 Park Avenue Owner Associates LLC/Macklowe (All fee lots except 43 and TDR's)<br><br>David Molho (Lot 43 – 18.82267%)<br>Judith Waldman (Lot 43 – 29.07507%)<br>Judith Waldman/Trust and Paul Schwartzberg as Trustees (Lot 43 – 4.25826%)<br>Deborah R. Molho (Lot 43 – 13.52433%)<br>Emanuel Molho and David Molho as Trustees (Lot 43 - 0.98633%)<br>46 East 57th Street, LLC (Lot 43 – 33.33334%) |
| Grantee: | CIM/56th Street (NY), LLC / CIM Group, Inc. |
| Contract Dates: | January 20, 2010<br>December 13, 2010 (Lot 43) |
| Sale Dates: | January 20, 2010<br>December 13, 2010 (Lot 43) |
| Land Areas: | 26,388.57 (Lot 33 merged with lot fka 44)<br>1,782.46 (Lot 43)<br>2,108.82 (Lot 45)<br>1,782.46 (Lot 145)<br>2,410.08 (Lot 46)<br>34,472.38 square feet<br>(See Comments section for the dimensions) |
| Zoning: | 19,409.38 sq. ft. of land area 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. of land area in C5-2.5 MiD on East 56th Street beyond 125 feet of Park |

| | |
|---|---|
| | Avenue. |
| Maximum FAR: | C5-3 - 15.0 Commercial<br>C5-2.5 - 12.0 Residential |
| Maximum Development Bulk: | 525,084 sq. ft. |
| Improvements: | The properties that require development are vacant lots? |
| Sales Analysis | |
| Purchase Price: | $305,410,069 (based on RETR signed by owner & seller)<br>$ 7,994,004 (Lot 43 David Molho interest)<br>$ 12,348,207 (Lot 43 Judith Waldman interest)<br>$ 1,808,486 (Lot 43 Judith/Schwartzberg interest)<br>$ 5,743,795 (Lot 43 Deborah/Emanuel Molho interest)<br>$ 417,056 (Lot 43 Emanuel/David Molho interest)<br>$ 14,156,698 (Lot 43 46 East 57th Street, LLC interest)<br>$347,878,315<br>$ 952,875 (Lot 41 and 45 Exchange balance)<br>$348,831,190 |
| Price Per Sq. Ft. of FAR: | $664.33 (Does not include demolition) |

Comments:

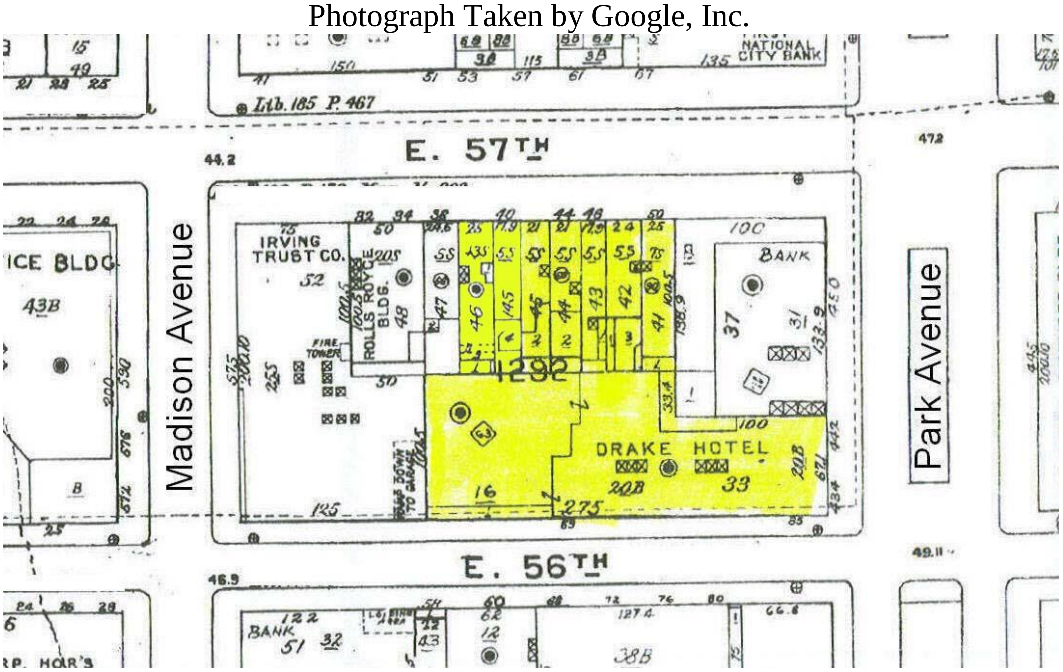
The developer, Harry Macklowe, was forced to sell this property in 2010 as part of the foreclosure settlements related to defaulted loans on several multi-billion dollar trophy office buildings that had been purchased from Equity Office Properties just before the financial crisis. This transfer should be considered as a distressed sale.

The $952,875 in the Sales Analysis above reflects the balance of the sales prices paid in the (exchange) deeds between Lots 41 and 45. The fee interest of Lot 41 was purchased by T&A Holdings for $31,500,000 and they subsequently sold the fee interest of Lot 45 to the "grantee" for $32,452,875. We have not substantiated whether the balance reflects the total value of the parcels in comparison, the difference in the air rights, handling fee, etc.

It has been reported in several news articles that the developer intends to build a 95-story super luxury residential and retail condominium project on this site. There have been reports of several other proposed uses for the development site.

## Comparable Land Sale
## <u>Photograph and Site Location Map</u>

Photograph Taken by Google, Inc.




All Fee and TDR's involved in this transaction

**Land Sale**

| | |
|---|---|
| Location: | 145-147 East 47th Street<br>(bet. Lexington & Park Avenues)<br>New York, NY |
| Block/Lots: | 1302/129 & 30 |
| Grantor: | Lexington E. 47 LLC |
| Grantee: | 145 East 47th Street LLC |
| Contract Date: | April 20, 2011 |
| Deed Date: | May 20. 2011 |
| Land Area: | 1,674 sq. ft. (Lot 30 – 147 E. 47th St.)<br>1,674 sq. ft. (Lot 129 – 145 E. 47th St.)<br>3,348 sq. ft. |
| Zoning: | C5-2.5 |
| Maximum FAR: | 12.0 |
| Maximum Development Bulk: | 40,176 sq. ft. |
| Improvements: | Lot 129 is a four-story retail building with a gross building area (GBA) of 4,415 sq. ft. and Lot 30 is a four-story retail building with a GBA of 4,435 sq. ft. Total GBA is 8,850 sq. ft. |
| Sales Analysis | |
| Purchase Price: | $12,500,000 |
| Estimated Demolition Costs: | $ 221,250 (@$25 per sq. ft. of GBA) |
| | $12,721,250 |
| Price Per Sq. Ft: | $316.64 |
| Comments: | Shortly after the owner acquired the property, plans were filed and approved by the Department of Buildings to develop a 22-story, 72-unit apartment building with 40,130 sq. ft. of zoning floor area. The owner appears to have changed course, as those plans have since been withdrawn. The property is now approved to be developed for an 88-room hotel. |

**Comparable Land Sale**
**Photograph & Site Location Map**


Photograph taken by Google, Inc. (June 2011)

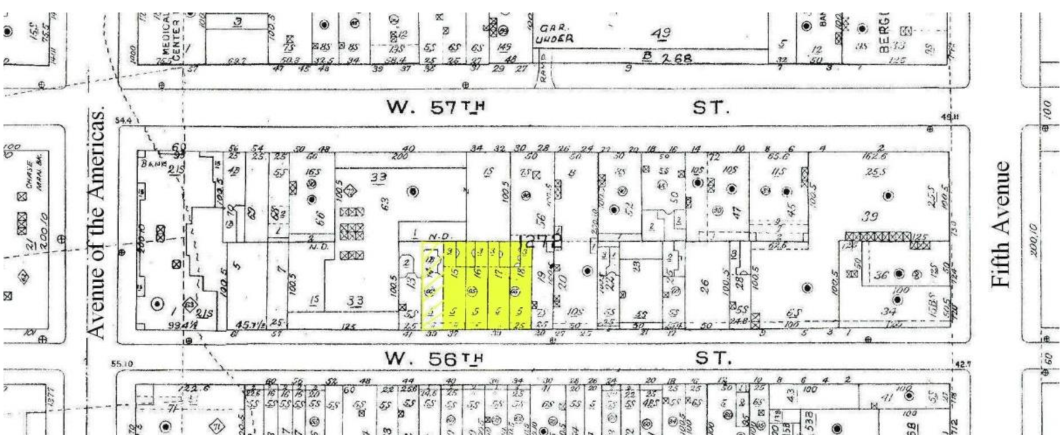
**Land Sale**

| | |
|---|---|
| Location: | 31-37 West 56th Street<br>(between Fifth and Sixth Avenues)<br>New York, NY |
| Block/Lots: | 1272/15-18 (Fee)<br>1272/14 (Air rights) |
| Grantor: | Sanvito Realty Holding Corp. (Antonio Disaverio, Lot 15)<br>31, 33 & 35 West 56th Street Property (Roy Stillman, Lots 16-18)<br>West Properties, Inc. (Lot 14 – Air rights) |
| Grantee: | MCP SO Strategic 56, LP (Thomas Hecht) |
| Contract Dates: | October 20, 2005 (Lot 15)<br>May 24, 2006 (Lots 16-18)<br>N/A (Lot 14) |
| Deed Dates: | January 20, 2006 (Lot 15)<br>May 24, 2006 (Lots 16-18) |
| Agreement Date: | May 24, 2006 (Lot 14 – Air rights) |
| Land Area: | 10,042 sq. ft. |
| Zoning: | C5-P in Special Midtown District, Preservation Sub-district |
| Maximum FAR: | 8.0 |
| Maximum Development Bulk:<br>Air Rights from Lot 14: | 80,336 sq. ft. (as-of-right)<br>7,011 sq. ft. (as per agreement)<br>87,347 sq. ft. |
| Improvements: | Three 5-story office buildings and one 5-story retail/apartment building containing a combined gross building area (GBA) of 46,425 sq. ft. |

Sale Analysis:

| | |
|---|---|
| Purchase Price: | $10,200,000 (Lot 15)<br>$10,000,000 (Lot 16)<br>$10,000,000 (Lot 17)<br>$10,000,000 (Lot 18) |
| Estimated Demolition Cost: | $ 696,375 (@ $15 per sq. ft. of GBA)<br>$40,896,375 |
| Air Rights: | $ 1,580,500 (Lot 14 – Air Rights)<br>$42,476,875 |
| Price Per Sq. Ft. of FAR (excluding air rights): | $509.07 ($40,896,375 / 80,336 sq.ft.) |
| Price Per Sq. Ft. of FAR (including air rights): | $486.30 ($42,476,875 / 87,347 sq.ft.) |
| Price Per Sq. Ft. of FAR (air rights): | $225.43 ($1,580,500 / 7,011 sq.ft.) |
| Comments: | According to the New York City Department of Buildings, on June 2, 2006 the owner filed a request to erect a 16-story, 47-unit apartment building. This request has been withdrawn.<br><br>We were not aware of any tenant buyouts. |

**Comparable Land Sale**
**Photograph and Site Location Map**

**Land Sale**

| | |
|---|---|
| Location: | 157 West $57^{th}$ Street, 151 West $57^{th}$ Street, 166 West $58^{th}$ Street and 147 West $57^{th}$ Street (Fee)<br>plus the air rights above the properties located at 152 West $58^{th}$ Street, 158 West $58^{th}$ Street and 911 Seventh Avenue<br><br>Purchases of any portions of the properties listed above have all transacted after January 1, 2005.<br>New York, NY |
| Block/Lots: | 1010/ 8, 11, 57, and 111 (Fee)<br>1010/ 53, 55 and 61 (Air Rights) |
| Grantors: | Fee Purchases<br>Lot 8 – Forrell & Thomas L.P.<br>Lot 11 – Albrm Realty Corp.<br>Lot 57 – W. $58^{th}$ St. Land LLC<br>Lot 111 – T.L.S. NYC Real Estate, LLC<br><br>Air Rights Purchases<br>Lot 53 – 152 West $58^{th}$ St. Owners Corp.<br>Lot 55 – Murmac Management Company LLC<br>Lot 61 – 911 Alwyn Owners Corp. |
| Grantee: | Although some of the company names differ from each other the owners are the same for all of the sites.<br><br>Fee Purchases<br>Lot 8 and 57 – Extell West $57^{th}$ Street LLC<br>Lot 11 and 111 – Imico West $57^{th}$ Street LLC<br><br>Air Rights Purchases<br>Imico West $57^{th}$ Street LLC (All lots) |
| Contract Dates<br>For Fee Purchases Only: | <br>July 11, 2006 (Lot 8)<br>September 30, 2005 (Lot 11)<br>November 16, 2005 (Lot 57)<br>August 23, 2005 (Lot 111) |
| Sale Dates: | Fee Purchases<br>July 11, 2006 (Lot 8)<br>January 10, 2006 (Lot 11) |

| | |
|---|---|
| | June 8, 2006 (Lot 57)<br>October 31, 2005 (Lot 111) |
| Air Rights Transfer/Agreement Dates: | January 30, 2006 (Lot 53)<br>March 10, 2005 (Lot 55)<br>June 8, 2006 (Lot 61) |
| Land Area: | 6,276 sq. ft. (Lot 8)<br>2,008 sq. ft. (Lot 11)<br>7,839 sq. ft. (Lot 57)<br>3,715 sq. ft. (Lot 111)<br>19,838 sq. ft. **TOTAL LAND AREA** |
| Zoning: | C5-1<br>Lot 57 (Fee)<br>Lots 53, 55 and 61 (Air rights)<br><br>C5-3<br>Lots 8, 11, and 111 (Fee) |
| Maximum FAR: | C5-1 (10.0 FAR) and C5-3 (15.0 FAR) |
| Maximum Development Bulk: | 94,140 sq. ft. (Lot 8)<br>30,120 sq. ft. (Lot 11)<br>78,390 sq. ft. (Lot 57)<br>55,725 sq. ft. (Lot 111)<br>**258,375 sq. ft. AS-OF-RIGHT** |
| Air Rights purchased After January 1, 2005: | 21,372 sq. ft. (Above Lot 53)<br>17,619 sq. ft. (Above Lot 55)<br>4,512 sq. ft. (Above Lot 61)<br>**43,503 sq. ft. AIR RIGHTS**<br><br>The calculations for the square footage of Air Rights used in the transactions after January 1, 2005 are based on the Zoning Lot Development Agreements (ZLDA) that stipulates that the “developer is entitled to utilize the unused development rights…” Other than the excerpt from the above mentioned ZLDA, there was no exact number of square footage stated that had to be utilized. Therefore, we calculated the maximum number of square feet of air rights |

that could be utilized from the granting site based on the as-of-right FAR, minus the gross building area of the at the time of sale. (The GBA is provided by Genesis Computer Consultants, Inc. who gets their data from the Finance Department of the City of New York).

**258,375 sq. ft. + 43,503 sq. ft. = 301,878 sq. ft.**

Improvements
At time of sale:

Lot 8 was improved with a 13-story office building containing 56,679 sq. ft. of gross building area.

Lot 11 was improved with a five-story apartment building with retail containing 30,120 sq. ft. of gross building area.

Lot 57 was improved with a 6-story garage building containing 78,390 sq. ft. of gross building area.

Lot 111 was improved with a 5-story apartment building containing 55,725 sq. ft. of gross building area.

The total gross building area (GBA) for all improvements totals **115,086 sq. ft.** When viewed on August 15, 2007 these properties were demolished.

Sales Analysis

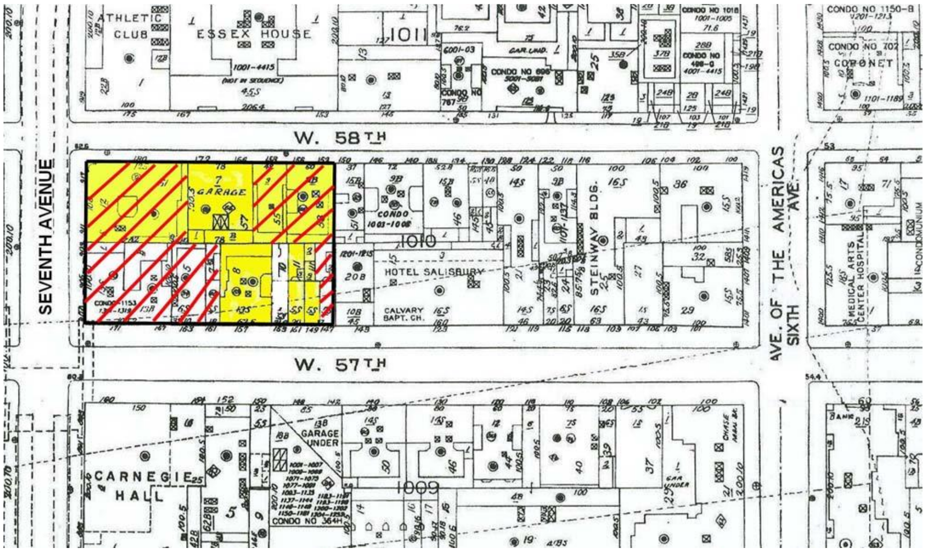
| | |
|---|---|
| Fee Purchases: | $10,508,550 (Lot 8)<br>$ 7,500,000 (Lot 11)<br>$41,400,000 (Lot 57)<br>$20,000,000 (Lot 111)<br>$**79,408,550 Fee** |
| Air rights transactions: | $ 4,100,000 (Above Lot 53)<br>$ 1,713,300 (Above Lot 55)<br>$ 2,000,000 (Above Lot 61)<br>$ **7,813,300 Air rights** |
| Estimated Demolition Cost: | **$ 1,726,290** as of $15 per sq. ft. of GBA |
| TOTAL price paid for the fee sales for lots 8, 11, 57 & 111 plus the estimated cost to demolish the buildings : | $**81,134,840** |

| | |
|---|---|
| Price Per Sq. Ft. of FAR for the fee sales for lots 8, 11, 57 & 111 plus the estimated cost to demolish the buildings: | **$314.02/SF FAR** |
| Comments: | The buyer purchased several lots prior to these sales. The total developable area for the entire is shown below as calculated with the Department of Buildings in 2009: |

| Proposed Use | Zoning Area (sf) | District – Zone | FAR |
|---|---|---|---|
| Commercial | 56,911 | C5-1 | .51 |
| Commercial | 335,540 | C5-3 | 3.02 |
| Commercial | 557,801 | C6-6 | 5.02 |
| Residential | 370,709 | C5-1 | 3.34 |
| Residential | 29,713 | C5-3 | .26 |
| Residential | 276,266 | C6-6 | 2.48 |
| **Total** | **1,626,940** | | **14.63** |

The construction of the exterior is almost complete as of September 17, 2013.

**Comparable Land Sale**
**<u>Photograph & Site Location Map</u>**

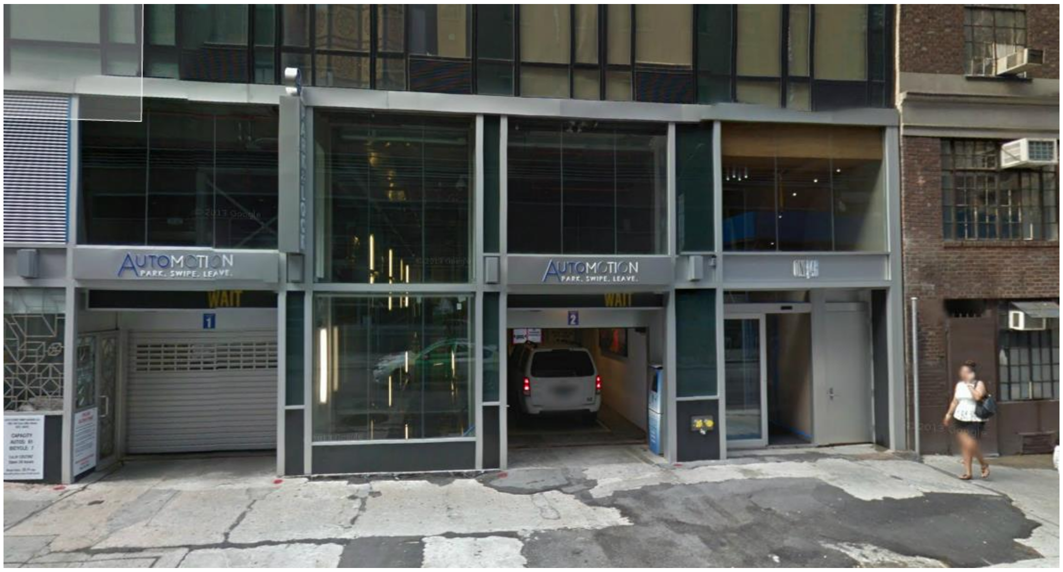



- The yellow area indicates fee sales and air rights transactions after January 1, 2005
- The un-shaded area indicates a fee and air rights sales prior to January 1, 2005
- The red line represents air rights transactions only

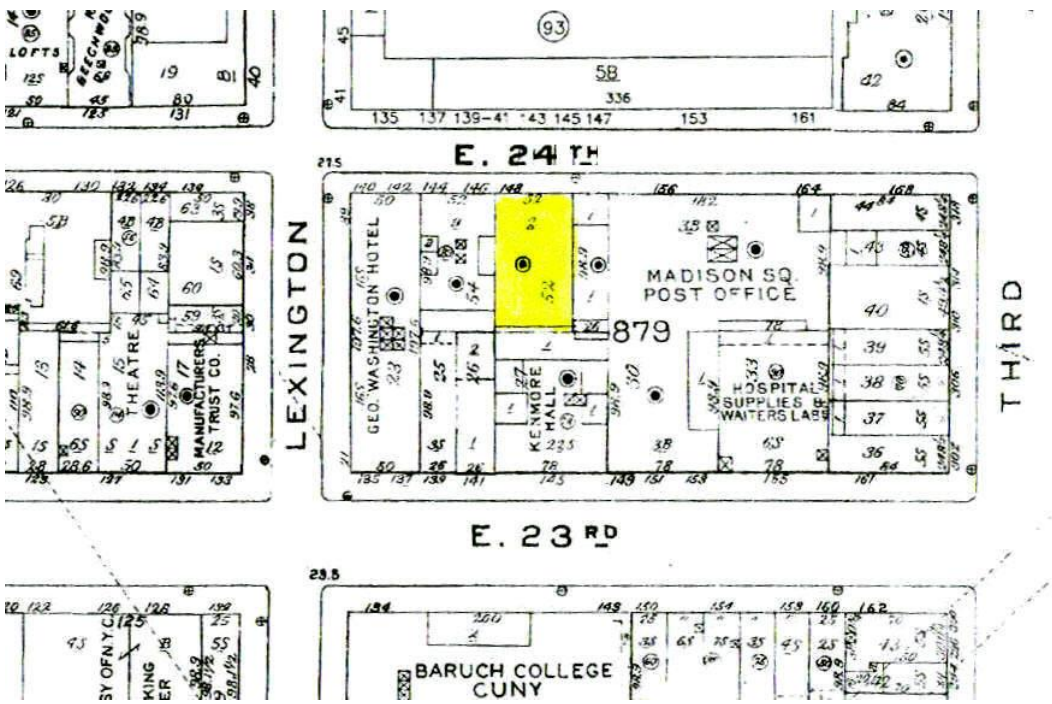
**Land Sale**

| | |
|---|---|
| Location: | 148-150 East 24th Street<br>(Between Third and Lexington Avenues)<br>New York, NY |
| Block/Lots: | 879 / 52 |
| Grantor: | Donald Karp, Abram Joseph, Brudge Joseph, and Honey Joseph |
| Grantee: | East 24 Street Development L.P.<br>Langsam Property Services Corp. |
| Contract Date: | March 9, 2007 |
| Deed Date: | March 9, 2007 |
| Land Area: | 5,135 sq. ft. |
| Zoning: | C6-3A |
| Maximum FAR: | 7.52 for residential |
| Maximum Development Bulk: | 38,615.20 sq. ft. |
| Improvements: | The site consist of a two-story garage building with 20,540 sq. ft. of gross building area (GBA) |
| Purchase Price: | $11,700,000 |
| Estimated Demolition Costs: | $ 308,100 |
| Total | $12,008,100 |
| Price Per Sq. Ft. of Land: | $2,338.48 |
| Price Per Sq. Ft. of FAR: | $310.97 |
| Comments: | New York City's Department of Buildings indicates that plans to build a 14-story, 55-unit [condominium] apartment building were approved. |

**Comparable Land Sale**
**Photograph and Site Location Map**




Photograph Taken by Google Inc. July 2012 as developed



**Land Sale**

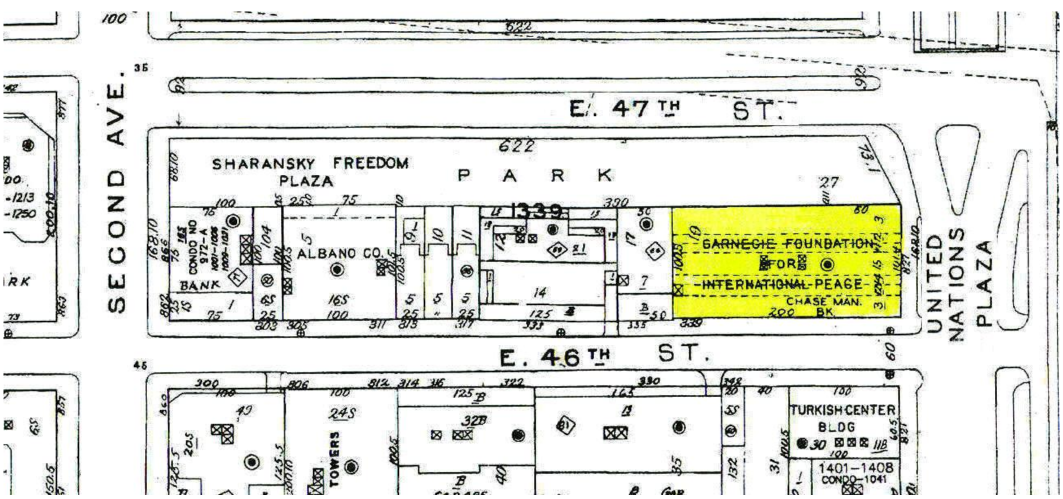
| | |
|---|---|
| Location: | 823 First Avenue / 10 U.N. Plaza / 345 East 46th Street<br>NWC of 46th Street and First Avenue<br>New York, NY |
| Block/Lots: | 1339/19 |
| Grantor: | 823 United Nations Development LLC<br>Macklowe Properties |
| Grantee: | G-Z/10 UNP Realty, LLC<br>Eastgate Realty / Zeckendorf |
| Contract Date: | May 24, 2007 |
| Sale Date: | June 25, 2007 |
| Land Area: | 20,200 sq. ft. |
| Zoning: | The site is located in a split zone with 10,100 sq. ft. along the eastern half of the site is zoned C1-9; and 10,100 sq. ft. along the western half of the site is zoned C5-2 |
| Maximum FAR: | 10.0 for all zones |
| Maximum Development Bulk: | 202,000 sq. ft. |
| Improvements: | The site was improved with an 11-story office building containing 175,420 sq. ft. of gross building area (GBA). All the tenants have vacated the premises by the date of sale. |

Sales Analysis

| | |
|---|---|
| Purchase Price: | $151,939,800 |
| Estimated Demolition Cost: | $ 2,631,300 @ $15 per sq. ft. of GBA |
| | $154,571,100 |
| Price Per Sq. Ft. of FAR: | $765.20 |
| Comments: | A 41-story rental apartment building was developed. |

**Comparable Land Sale**
**<u>Photograph & Site Location Map</u>**

Photograph was taken on August 2, 2007

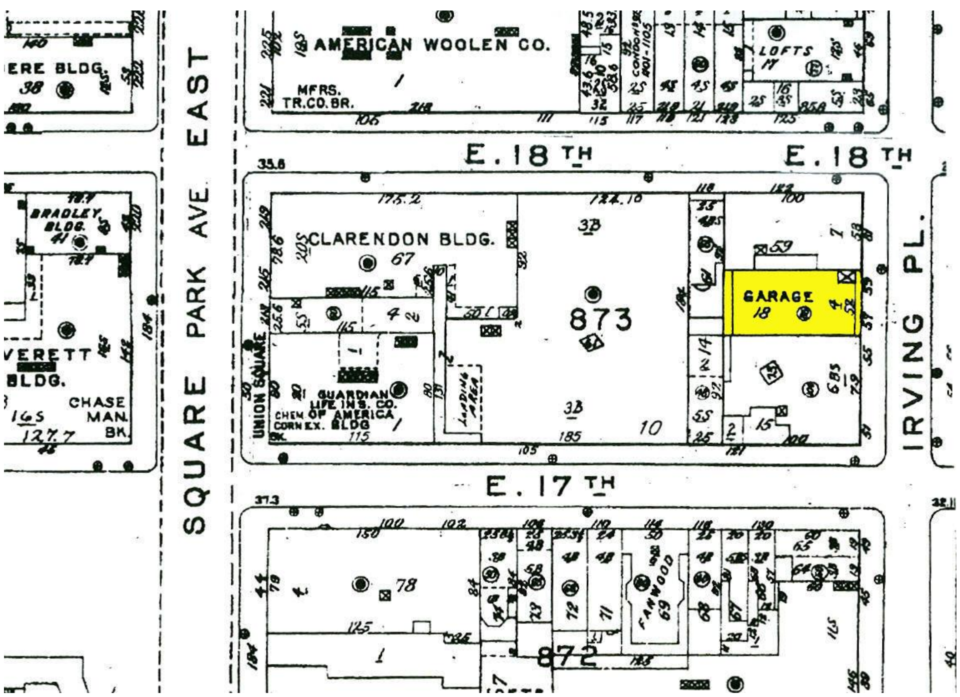


**Land Sale**

| | |
|---|---|
| Location: | 57-59 Irving Place<br>(between 17th St and 18th St)<br>New York, NY |
| Block/Lots: | 873/18 |
| Grantor: | Fazkap Associates, c/o Randy C. McCarthy |
| Grantee: | 57-59 Irving Place LP<br>Madison Equities / Robert Gladstone |
| Contract Date: | March 1, 2005 |
| Sale Date: | October 24, 2007 |
| Land Area: | 5,200 sq. ft. (52’ x 100’) |
| Zoning: | R8A<br>The “quality housing” program is mandatory and included in the development of the site and increases the FAR from 6.02 to 7.2 |
| Maximum FAR: | 7.2 (Residential) |
| Maximum Development Bulk: | 37,440 sq. ft. |
| Improvements: | Four-story garage building containing 19,592 sq. ft. of gross building area (GBA). |
| Purchase Price:<br>Estimated Demolition Cost: | $13,500,000<br>$ 293,880 @ $15 per sq. ft. of GBA<br>$13,793,880 |
| Price Per Sq. Ft. of FAR: | $368.43 |
| Comments: | A residential condominium was built. |

**Comparable Land Sale**
**<u>Photograph & Site Location Map</u>**

Photograph was taken by Newmark Grubb Knight Frank on March 12, 2008



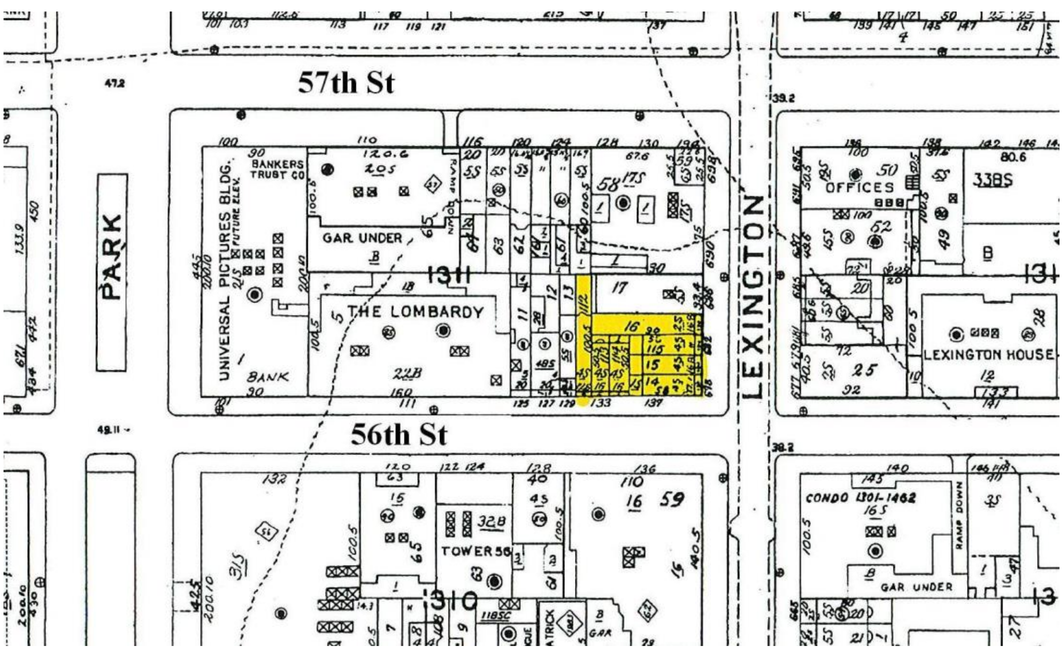
**Land Sale**

| | |
|---|---|
| Location: | 678-684 Lexington Avenue<br>aka 131-137 East 56th Street<br>(NWC of 56th Street)<br>New York, NY |
| Block/Lots: | 1311/14, 15, 16, 112, 113, 114, and 115 |
| Grantor: | CLPF – Lexington Avenue, L.P.<br>c/o ING Clarion Partners, LLC |
| Grantee: | KDI Lexington Inc.<br>Kiska Developers, Inc. (Mr. Alp) |
| Contract Date: | December 11, 2009 |
| Sale Date: | March 1, 2010 |
| Land Area: | 7,289 square feet - 66 feet 10 and ½ inches on Lexington Avenue by 102 feet 5 inches on East 56th Street, slightly irregular “L”-shape, containing |
| Zoning: | C5-2.5 within the Midtown Special Purpose District |
| FAR: | 12.0.<br>2.5 feet falls within the abutting C5-2 zone (10 FAR) and will benefit from the 12 FAR of the C5-2.5 zone. |
| Maximum Developable Bulk: | 87,468 sq. ft. |
| Improvements: | Seven, three and four-story store buildings with a combined gross building area of 19,934 square feet (as per New York City Department of Finance) |

| | |
|---|---|
| Site Acquisition Analysis: | |
| Price Paid: | $33,866,667 |
| Estimated Demolition Cost: | $498,350 (19,934 sq.ft. x $25/sq.ft.) |
| Total: | $34,365,017 |

| | |
|---|---|
| Price Per Sq. Ft. of FAR: | $392.89 |
| Comments: | The tenants in possession reportedly all had demolition clauses in their leases. We have, accordingly, added no possession costs to the noted base land cost.<br><br>Demolition costs have been estimated at $25 per square foot, multiplied by 19,934 square feet of gross building area on the site at the time of the land sale.<br><br>No New Building application has been filed with the Department of Buildings for this assemblage as of September 16, 2013. However, the seller has stated that the intentions were to develop 22- to 25-story "corporate apartment hotel" on the site with a retail component (ground floor, lower level and sub-basement) totaling 15,000 square feet. |

**Comparable Land Sale**
**<u>Photograph and Site Location Map</u>**

**Land Sale**

| | |
|---|---|
| Location: | 859-863 Lexington Avenue<br>(SEC of East 65th Street)<br>New York, NY |
| Block/Lots: | 1399/50 and 151 (Fee)<br>1399/150 (TDR and Easement) |
| Grantor: | Lex 65 LLC, c/o Davis Development LLC |
| Grantee: | Toll Lexington, LLC (Toll Brothers) |
| Contract Date: | October 11, 2010 |
| Deed Date: | October 11, 2010 |
| Land Area: | 2,754 sq. ft. (Fee – Lot 50)<br>1,320 sq. ft. (Fee – Lot 151)<br>4,074 sq. ft. |
| Zoning: | C1-8X, maximum building height 170 feet |
| Maximum FAR: | 9.0 (Residential) |
| Maximum Development Bulk: | 24,786 sq. ft. (Fee – Lot 50)<br>11,880 sq. ft (Fee – Lot 151) |
| Transferable Development Rights: | 12,371 sq. ft. (acquired with site)<br>49,037 sq. ft. |

The zoning floor area proposed according to the Dept. of Buildings is 49,869 sq. ft.

| | |
|---|---|
| Improvements: | Vacant lot |

Site Acquisition Analysis

| | |
|---|---|
| Purchase Price: | $21,300,000 (Fee) |
| Deducting: | -$ 1,800,000 (Trevor Davis received from Toll)<br>$19,500,000 |
| Price Per Sq. Ft. of FAR: | $397.66 (based $19.5M)<br>$501.32 (based on deed & deduction shown above) |

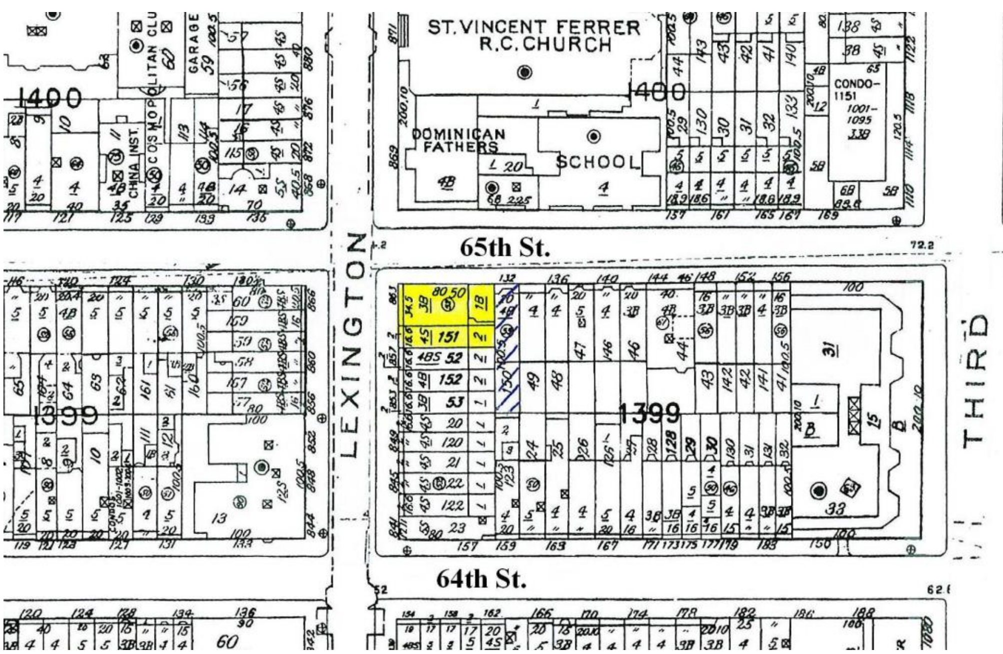
Comments:

The sales price of $26,383,293 reported on the deed is not accurate, according to Vincent Carrega of Grubb & Ellis, a major player in this sales transaction. Mr. Carrega has reviewed and verified the information on November 18, 2010. Mr. Carrega says that the $1,800,000 deducted from the fee sales price is for the retail portion of the development that is reserved for Trevor Davis. Mr. Davis will occupy three levels of retail space below grade containing approximately 15,000 sf., making the value of the below grade "undeveloped" retail space, on a per sq. ft. basis, approximately $120.00 per sq. ft., at the time of the transfer.

The "grantor" submitted a request to develop a 15-story, 25-unit residential (condo) building on June 25, 2008. The application was approved on February 12, 2009, and a permit was issued on January 14, 2010. Those plans have since been withdrawn from the Department of Buildings. There were no new building plans on record when the DOB's website was viewed on September 16, 2013.

**Comparable Land Sale**
**<u>Photograph and Site Location Map</u>**

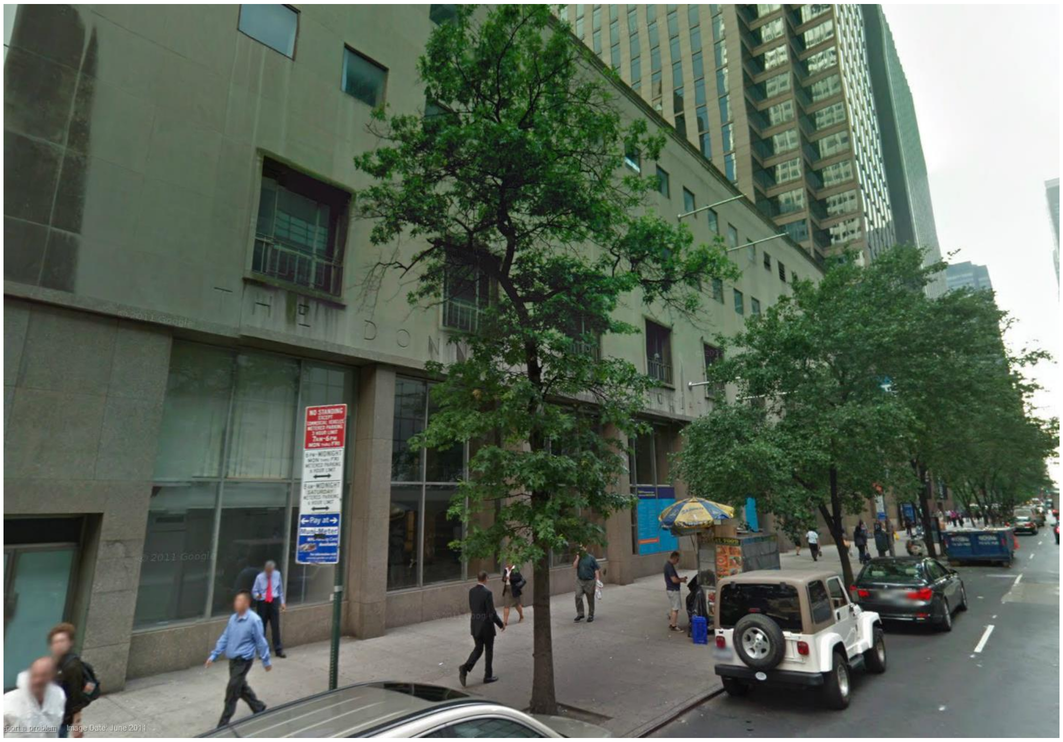

Photograph Taken on October 30, 2008



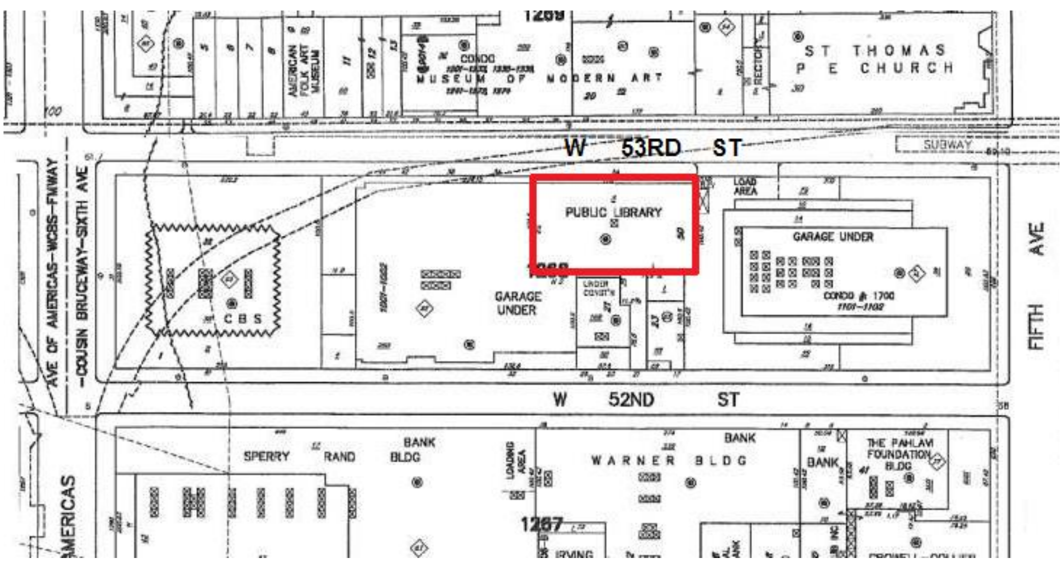
**Land Sale**

| | |
|---|---|
| Location: | 18-30 West 53rd Street<br>(Located between Fifth and Sixth Avenues)<br>New York, NY |
| Block/Lot: | 1268/50 (Fee) and 1268/23 (TDR) |
| Grantor: | The New York Public Library, Astor, Lenox and Tild (Fee)<br><br>'21' Club, Inc. (TDR) |
| Grantee: | VIII-Hotel II TB Investors, LLC |
| Contract Date: | July 6th, 2011 |
| Deed Date: | July 6th, 2011 (Fee)<br>December 20, 2011 (TDR) |
| Land Area: | 17,572 sq. ft. |
| Zoning: | C5-2.5 (Located in the Special Midtown District) |
| Maximum FAR: | 12.0 |
| Maximum Development Bulk: | 210,864 sq. ft. (as-of-right)<br>49,750 sq. ft. (TDR)<br>260,614 sq. ft. |
| Improvements: | Five-story, 100,441 sq. ft. library building |
| Sales Analysis | |
| Purchase Price: | $67,400,000 |
| Estimated Demolition Costs: | $ 2,511,025 |
| Total Fee Price: | $69,911,025 |
| TDR Purchase Price: | $16,597,500 ($333.62/SF) |
| Price Per Sq. Ft of FAR from Fee: | $331.54 |
| Price Per Sq. Ft. of FAR incl. TDR Sale: | $331.94 |
| Comments: | The Baccarat Hotel and Residences, A 50-story super luxury residential condominium and hotel building is under construction for completion in 2014. |

**Comparable Land Sale**
**<u>Photograph and Site Location Map</u>**



Photograph Taken by Google, Inc.



**Land Sale**

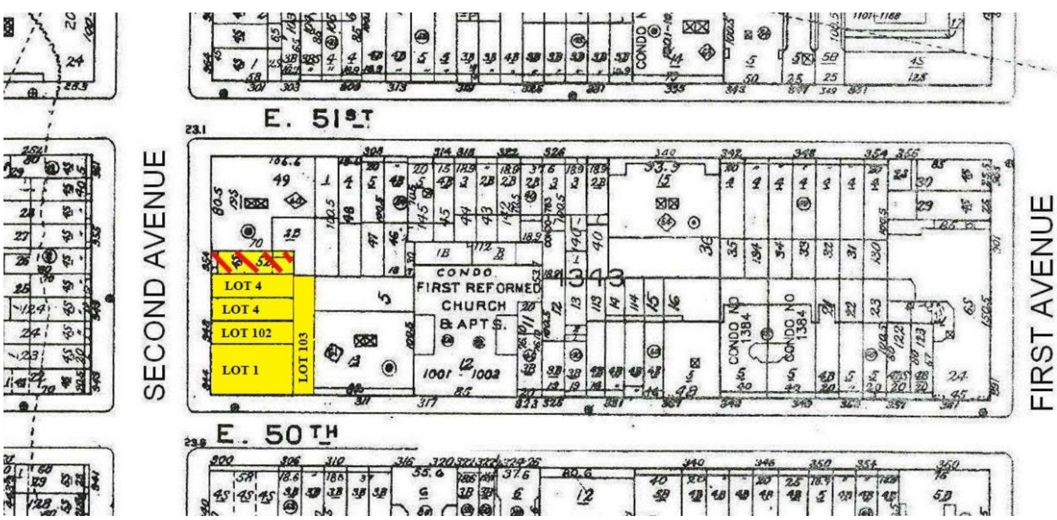
| | |
|---|---|
| Location: | 944-946 Second Avenue aka 301 East 50th St. and 948-952 Second Avenue (Located on the NEC of 50th Street)<br>New York, NY |
| Block/Lots: | 1343 / 1, 4, 102 and 103<br>The development rights above Block 1343 Lot 52 are part of the developable bulk's square footage. |
| Grantor: | Ascot Properties, LLC, c/o Issembert Companies (Lot 1)<br><br>Mus 1, LLC (Lots 4 and 102)<br><br>Jean M. Squeri (Lot 103) |
| Grantee: | Second and 50 LLC, c/o Fishman Holdings N.A. |
| Contract Date: | May 26, 2011 (Lot 1)<br>May 12, 2011 (Lots 4 and 102)<br>September 29, 2011 (Lot 103) |
| Sale Date: | November 9, 2011 (Lot 1)<br>July 13, 2011 (Lots 4 and 102)<br>October 13, 2011 (Lot 103) |
| Land Area: | 2,829 sq. ft. (Lot 1)<br>1,400 sq. ft. (Lot 4)<br>2,800 sq. ft. (Lot 102)<br>1,808 sq. ft. (Lot 103)<br>8,837 sq. ft. |
| Zoning: | C1-9 |
| Maximum FAR: | 10.0 FAR |
| Maximum Development Bulk: | 88,370 sq. ft. (Fee)<br>9,970 sq. ft. (TDR's from Lot 52)<br>98,340 sq. ft. |
| Improvements: | Vacant lot when viewed on November 29, 2011. |

Sales Analysis

| | |
|---|---|
| Sales Price | $12,000,000 (Lot 1 – Fee)<br>$25,100,000 (Lots 4 and 102 – Fee)<br>$ 1,650,000 (Lot 103 – Fee)<br>$38,750,000 |
| Price Per Sq. Ft. of FAR: | $394.04 |
| Comments: | Plans to develop a 29-story, 57-unit apartment building with 6,200 SF of retail space was approved. |

**Comparable Land Sale**
**<u>Photograph & Site Location Map</u>**

Photograph taken on November 29, 2011

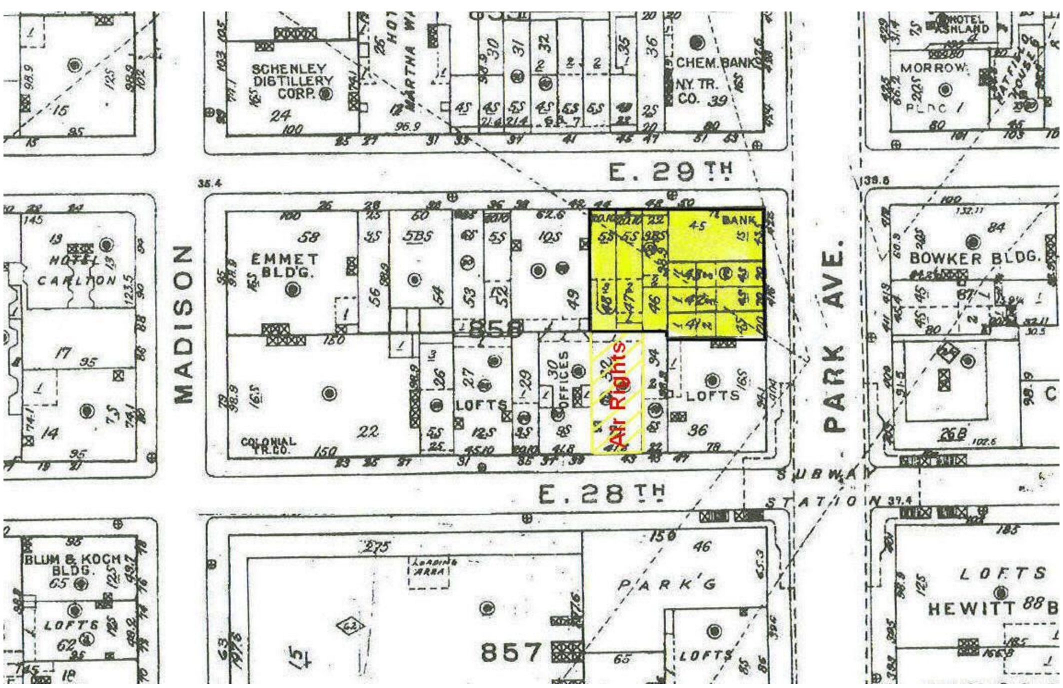


**Land Sale**

| | |
|---|---|
| Location: | 414-422 Park Avenue South and 44-48 East 29th St.<br>SWC of 29th Street and Park Avenue South<br>New York, NY |
| Block/Lots: | 858/41, 42, 43, 45, 46, 47 and 48 (Fee)<br>858/32 (Air Rights) |
| Grantors: | Lots 41-43 – South Park Avenue LLC<br>Lot 45 – Marathon National Bank of New York<br>Lot 46 – 48 East 29th Street LLC<br>Lot 47 – New York Pacific Realty, Inc<br>Lot 48 – Forty Four East 29th St. Corp.<br>Local 8A-28 Welfare Fund<br>Lot 32 – 41 East 28th St. Apartment Corp.<br>(Air Rights) |
| Grantee: | Although the company names differ from each other the owners are the same for all the sites.<br>Lots 41-43 – RST Park Avenue South LLC<br>Lot 45 – 420 PAS, LLC<br>Lot 46 – 48 East 29th Street Realty, LLC<br>Lot 47 – 46 East 29th Street LLC<br>Lot 48 – TGA II, LLC<br>Lot 32 – TGA II, LLC (Air Rights) |
| Contract Dates: | June 22, 2005 (Lots 41-43)<br>November 1, 2005 (Lot 45)<br>June 30, 2006 (Lot 46)<br>July 5, 2006 (Lot 47)<br>May 15, 2007 (Lot 48) |
| Effective Date: | April 10, 2007 (Lot 32 – Air Rights) |
| Sale Dates: | October 7, 2005 (Lots 41-43)<br>March 9, 2006 (Lot 45)<br>September 15, 2006 (Lot 46)<br>October 31, 2006 (Lot 47)<br>May 15, 2007 (Lot 48) |
| Agreement Date: | June 1, 2007 (Lot 32 – Air Rights) |

| | |
|---|---|
| Land Area: | Lot 41 - 1,560.00 sq. ft. (20’ x 78’)<br>Lot 42 - 1,560.00 sq. ft. (20’ x 78’)<br>Lot 43 - 1,560.00 sq. ft. (20’ x 78’)<br>Lot 45 - 3,386.96 sq. ft. (78’ x 43.4225’)<br>Lot 46 - 2,172.50 sq. ft. (22’ x 98.75’)<br>Lot 47 – 2,056.96 sq. ft. (20.83’ x 98.75’)<br>Lot 47 – 2,056.96 sq. ft. (20.83’ x 98.75’)<br>14,353.38 sq. ft. **TOTAL LAND AREA** |
| Zoning: | The site is in a split. 10,239 sq. ft. is C6-4A zone and 4,115 sq. ft. is C5-2 zone. |
| Maximum FAR: | 10.0 |
| Maximum Development Bulk: | 143,533.83 sq. ft. (as-of-right)<br>14,645.90 sq. ft. (Air rights from Lot 32)<br>158,179.73 sq. ft. |
| Improvements: | The sites were improved with one through four story office buildings. Combined gross building area is 34,606 sq. ft. |
| Sales Analysis | |
| Purchase Prices: | $16,900,000 – Lots 41-43<br>$15,100,000 – Lot 45<br>$ 9,825,000 – Lot 46<br>$ 4,300,000 – Lot 47<br>$ 6,000,000 – Lot 48 |
| Estimated Demolition Cost: | $ 519,090 @ $15 per sq. ft. of GBA |
| Estimated Tenant Buyout Cost: | $ 1,200,000 (@ $100,000 per residential unit)<br>$53,844,090 |
| Air Rights Purchase: | $ 3,807,000 ($259.94 sq. ft.) |
| Price Per Sq. Ft. of Fee FAR: | $375.13 (Incl. cost for demolition and estimated tenant buyouts): |
| Price Per Sq. Ft. of FAR (All transactions included): | $364.47 |
| Comments: | In April 2007, an application to develop a 15-story, 108-unit apartment building was disapproved by the NYC Department of Buildings and subsequently withdrawn. No plans for new development were indicated on DOB’s website when viewed on September 17, 2013. In 2007, the Rent Guidelines Board indicated that 46 East 29th Street, 416 Park Avenue South contained 14 rent stabilized units. 48 East 29th Street is not rent stabilized. |

**Comparable Land Sale**
**<u>Photograph & Site Location Map</u>**

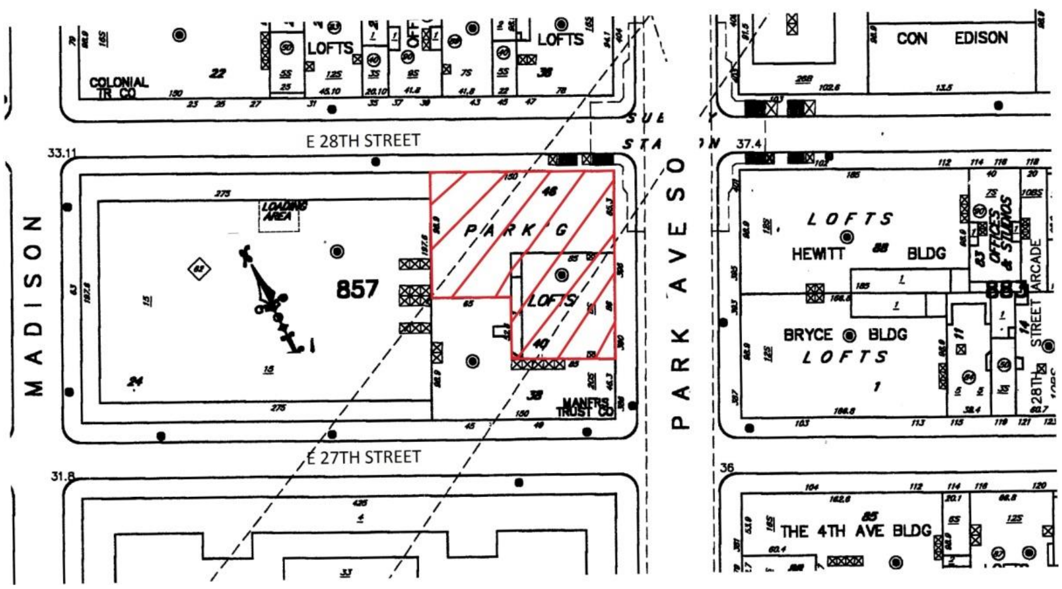


**Land Sale**

| | |
|---|---|
| Location: | 390-396 Park Avenue South<br>& 398-402 Park Avenue South<br>(Located on SWC of 28th Street)<br>New York, NY |
| Block/Lots: | 857/40 (390-396 PAS) and 46 (398-402 PAS) |
| Grantor: | 400 Park Avenue South LLC |
| Grantee: | ET 400 PAS, LLC |
| Contract Date: | September 20, 2011 |
| Sale Date: | December 7, 2011 |
| Land Area: | 19,276 sq. ft. |
| Zoning: | C5-3 |
| Maximum FAR: | 15.0 FAR |
| Maximum Development Bulk: | 417,000 sq. ft. (See comments) |
| Improvements at time of sale: | Vacant Lot |
| Sales Price | $134,000,000 |
| Price Per Sq. Ft. of FAR: | $321.34 |
| Comments: | No new buildings plans recorded on the NYC Department of buildings website when viewed September 17, 2013.<br><br>The 417,000 square feet of development bulk is based on the figure that was reported by the owner on December 8, 2011. Air rights are from a 2005 transaction from the owners of 63 Madison Avenue (Lot 24). |

**Comparable Land Sale**
**Photograph & Site Location Map**


Photograph Taken by Newmark Grubb Knight Frank on August 12, 2012

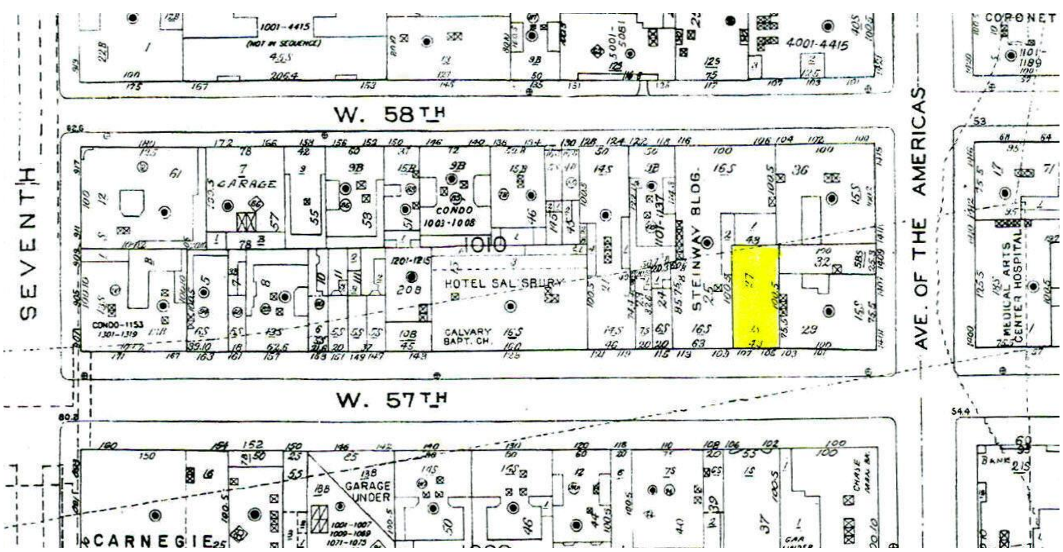


**Land Sale**

| | |
|---|---|
| Location: | 105-107 West 57th Street<br>(between Sixth and Seventh Avenues)<br>New York, NY |
| Block/Lots: | 1010/27 |
| Grantor: | 57 Street Partners, LLC<br>c/o Starwood Capital Group |
| Grantee: | 105 West 57th Street Holdings, LLC<br>JDS Development |
| Contract Date: | April 20, 2012 |
| Deed Date: | April 20, 2012 |
| Land Area: | 43’ x 100.42’ (rectangular) = 4,318 sq. ft. |
| Zoning: | C5-3 in Special Midtown District |
| Maximum FAR: | 15.0 Commercial |
| Maximum Development Bulk: | 87,494 sq. ft. of FAR<br>(Includes 22,725 sq. ft. of TDRs previously acquired from lot 32) |
| Improvements: | One-story store building containing 4,300 sq. ft. of gross building area (gba). |
| Purchase Price: | $40,000,000 |
| Price Per Sq. Ft. of FAR: | $457.17 |
| Comments: | The deed reports that this sale is between related companies or partners in business, but we have not been aware of any additional evidence of that claim.<br><br>Costar reports that the buyer’s motivation for the purchase is that this is a premium site and a premium location and it is a rare opportunity to build a 52-story mixed use (residential and retail) building. |

**Comparable Land Sale**
**<u>Photograph and Site Location Map</u>**


Photograph taken by NGKF on October 1, 2012



**Land Sale**

| | |
|---|---|
| Location: | 1059-1063 Third Avenue<br>(Btw. East 62nd and East 63rd Streets)<br>New York, NY |
| Block/Lot: | 1417/47 |
| Grantor: | 1059 Battaglia Realty LLC |
| Grantee: | 63rd & 3rd NYC LLC<br>Real Estate Inverlad Development LLC |
| Contract Date: | July 20, 2012 |
| Sale Date: | August 20, 2012 |
| Land Area: | 5,250 sq. ft. (50' x 105') |
| Zoning: | C1-9 and R8 |
| Maximum FAR as-of-right: | 10.0 (C6-4) & 6.02 (R8) |
| Maximum Development Bulk: | 52,500 sq. ft. (@ C6-4 zone - see comments*) |
| Improvements: | Five-story, 27,000 sq. ft. office building with retail. |
| Sales Analysis | |
| Sales Price | $31,500,000 |
| Estimated Demolition Costs: | $ 675,000 (@ $25 per sq. ft. of GBA) |
| | $32,175,000 |
| Price Per Sq. Ft. of FAR: | $612.86 |

Comments:

According to a press release by Marcus & Millichap Real Estate Investment Services, dated September 5, 2012, the Art & Design Building at 1059 Third Ave. sold for $31.5 million. The buyer plans to demolish the building and redevelop it into a high-end condominium project.

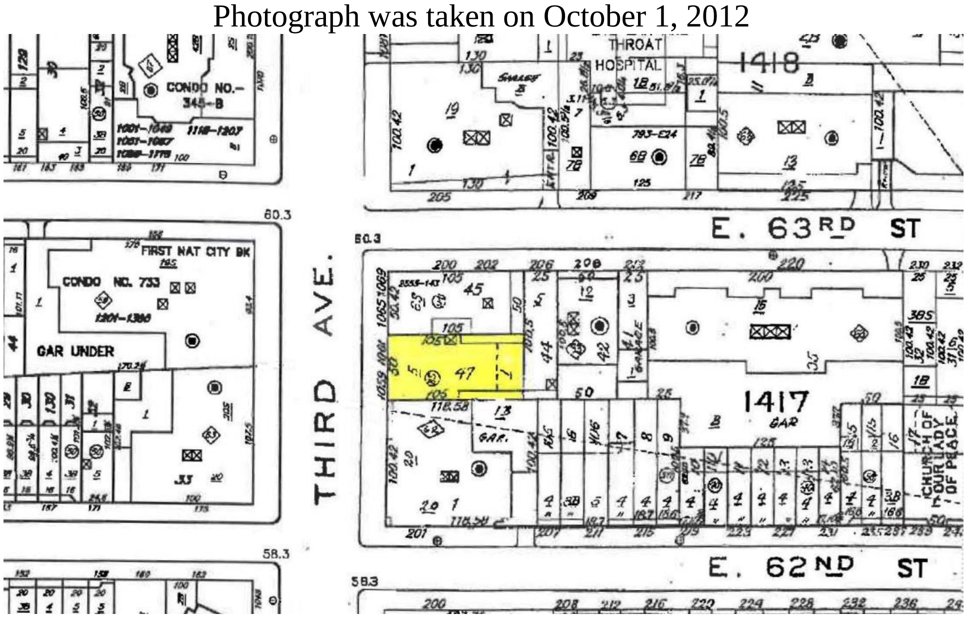
There is no specific date set for redevelopment and there is no urgency as the building is 100% occupied. The seller's motivation revolves around repositioning and the buyer's motivation is based on a possible long term hold for future redevelopment of high-end condominiums. The income can carry the property for the duration of any redevelopment planning in the future. CoStar records also indicate that there is a lease for the retail property (Running Company) that was signed on September 2, 2008 for a 10 year term.

* The 25 foot applies to this site and is defined in the Zoning Handbook, 2011 editions as follows: The 25 foot rule applies to an existing zoning lot split between two or more zoning districts that permit different uses or have different bulk rules. When the width of one district measures 25 feet or less at every point, the use and bulk regulations of the larger district can be applied to the entire zoning lot.

Note: Real Estate Inverlad and Dart Development Group maybe inter-related parties although how they are related has not been determined. Calls have been place to both parties. Real Estate Inverlad is the C/O entity on the deed for 1059 third Ave and Dart Development Group is the C/O entity for the recorded grantee of 301 E 61st St in New York (Comp ID # 2283832).

**Comparable Land Sale**
**<u>Photograph & Site Location Map</u>**


Photograph was taken on October 1, 2012



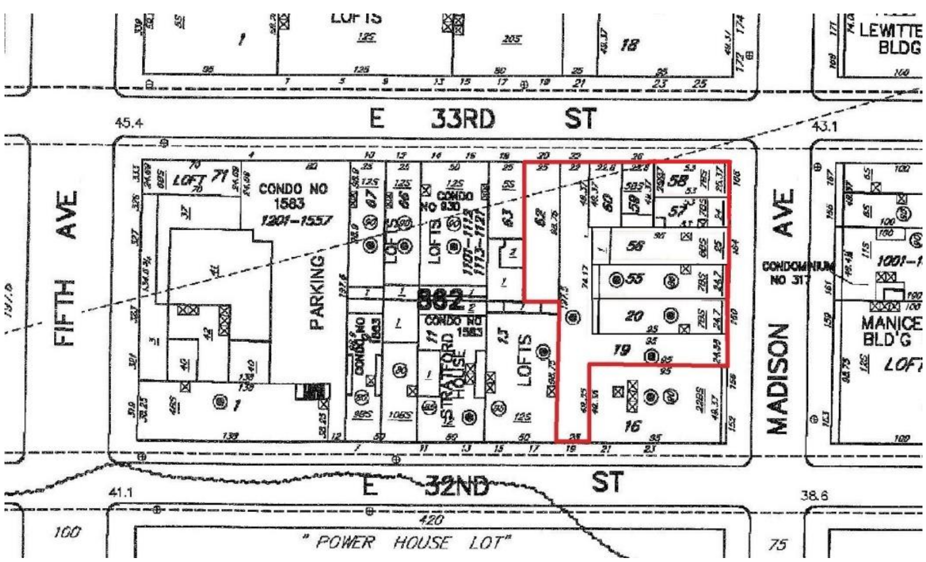
**Land Sale**

| | |
|---|---|
| Location: | 158, 160, 162, 164, 166 and 168 Madison Avenue and 20-26 East 33rd Street<br>(Properties with frontage on Madison Avenue are located between East 32nd Street and East 33rd Street; and 20-26 East 33rd Street is located between Madison & Fifth Avenues)<br>New York, NY |
| Block/Lots: | 862/19, 20, 55, 56, 57, 58, 59, 60 & 62 |
| Grantors: | 158 Madison Ave Associates LLC<br>(Lots 19, 59, 60 & 62)<br>160 Madison Avenue Owners Corporation (Lot 20)<br>Kenfa Madison LLC (Lot 55)<br>Madison Avenue Realties, LLC (Lot 56)<br>Storch-Realty LLC (Lot 57)<br>168 Madison Avenue, LLC (Lot 58) |
| Grantee: | 160 Madison Ave LLC c/o JD Carlisle LLC |
| Contract Date: | April 30, 2012 (Lot 58)<br>May 26, 2011 (Lots 19, 59, 60 & 62)<br>May 23, 2011 (Lot 20 – 160 Madison Avenue)<br>June 9, 2011 (Lot 55 – 162 Madison Avenue)<br>June 1, 2011 (Lot 56 – 164 Madison Avenue)<br>October 4, 2011 (Lot 57 – 166 Madison Avenue) |
| Deed Date: | November 15, 2012 (Lot 58)<br>February 8, 2012 (Lots 19, 59, 60 & 62)<br>June 27, 2012 (Lot 20)<br>October 1, 2012 (Lot 55)<br>November 1, 2012 (Lot 56)<br>April 26, 2012 (Lot 57) |
| Land Area: | 21,494 sq. ft. (Irregularly shaped) |
| Zoning: | C5-2 |
| Maximum FAR: | 10 (Residential, Commercial and CF Uses) |

| | |
|---|---|
| Maximum Development Bulk: | 214,940 sq. ft. |
| Improvements: | Lot 20 is a seven-story loft building containing 14,427 sq. ft. of gross building area (GBA); Lot 55 is a seven-story office building containing 14,200 sq. ft. of GBA; Lot 56 is a six-story loft building containing 12,250 sq. ft. of GBA; Lot 57 is a seven-story office building containing 7,504 sq. ft. of GBA; Lot 58 is a seven-story loft building containing 8,953 sq. ft. of GBA. The remaining lots are vacant land parcels. The aggregate gross building area is 57,334 sq. ft. |
| Sales Analysis | |
| Purchase Price: | \$36,000,000 (Lots 19, 59, 60 & 62)<br>\$11,000,000 (Lot 20)<br>\$ 9,400,000 (Lot 55)<br>\$11,500,000 (Lot 56)<br>\$ 8,250,000 (Lot 57)<br>\$12,900,000 (Lot 58) |
| Estimated Demolition Cost: | \$ 1,433,350 (@ \$25 per sq. ft. of GBA)<br>\$90,483,350 |
| Price Per Sq. Ft. of FAR: | \$420.97 |
| Comments: | June 26, 2008 an application was approved by the New York City Department of Buildings to develop a 38-story residential building with retail on grade level.<br><br>There are published reports for the development of a rental apartment building that would break ground on the site in January 2013.<br><br>An unsubstantiated report suggests that an Inclusionary Housing bonus of 2.0 FAR was included in the sale of lots 19, 59, 60 and 62. |

**Comparable Land Sale**
**<u>Photograph and Site Location Map</u>**


Photograph Taken by Newmark Grubb Knight Frank on August 12, 2012
(Top photo from E. 33rd St. side and bottom photo from Madison Ave. side)
Photographs were taken prior to all of the lots being purchased.



**Land Sale**

| | |
|---|---|
| Location: | 953-961 First Avenue<br>(Btw. 52nd Street and 53rd Street)<br>New York, NY |
| Block/Lots: | 1345/26, 27, 28 and 29 |
| Grantor: | Oliver, LLC |
| Grantee: | Toll First Avenue LLC |
| Contract Date: | December 18, 2012 |
| Deed Date: | December 28, 2012 |
| Land Area: | 8,814 sq. ft. |
| Zoning: | R-10 with C1-5 Overlay |
| Maximum FAR: | 10 (Residential) |
| Maximum Development Bulk: | 88,140 sq. ft. (as-of-right)<br>13,781 sq. ft. (TDR's from Lot 30)<br>8,092 sq. ft. (TDR's from Lots 24 & 30)<br>110,013 sq. ft. |

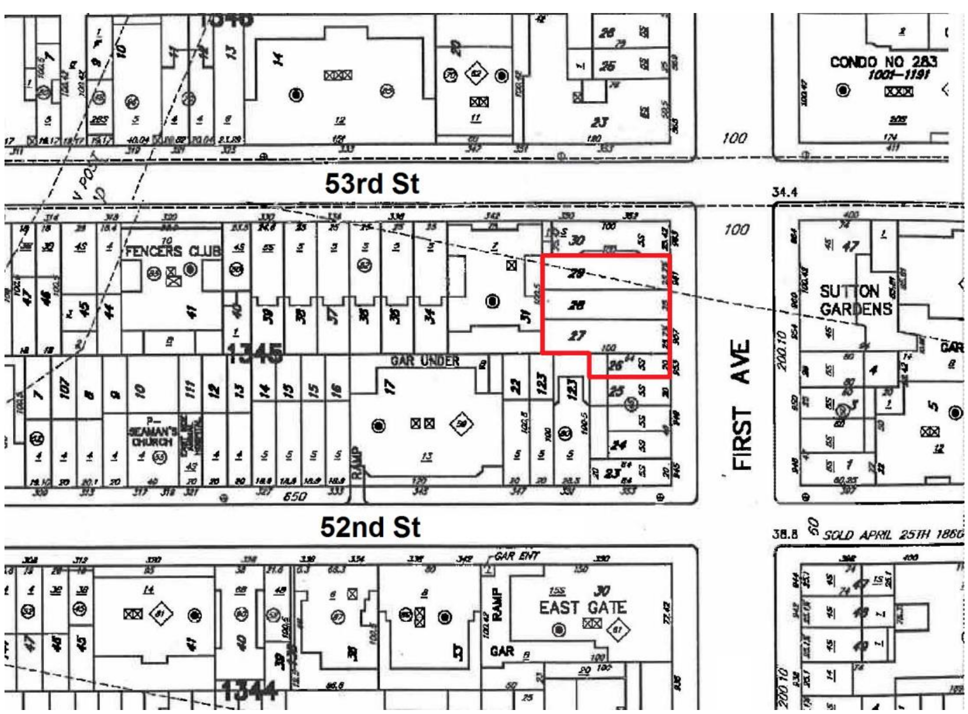
According to records from the Department of Buildings (DOB), a permit was issued on November 5, 2012 to develop a 30-story, 161-unit residential building using a zoning floor area (ZFA) of 150,114 sq. ft. This is likely the result of the above mentioned development bulk (as-of-right and TDR's) plus a bonus of square footage through the inclusionary housing program, as described in the press release, dated January 3, 2013 from Cushman & Wakefield (brokers for the seller). We will analyze this sale using the 150,114 sq. ft. of ZFA permitted by the DOB.

| | |
|---|---|
| Improvements: | According to the C&W press release, foundation for a new development was in place at the time of sale. |
| Purchase Price: | $64,000,000 |
| Price Per Sq. Ft. of FAR: | $426.34 (Based on the 150,114 sq. ft. of ZFA) |
| Comments: | According to C&W this is one of the few remaining development sites in Manhattan to qualify for the 421a tax abatement program. |

**Comparable Land Sale**

**Photograph and Site Location Map**

Photograph Taken by Newmark Grubb Knight Frank on April 24, 2013

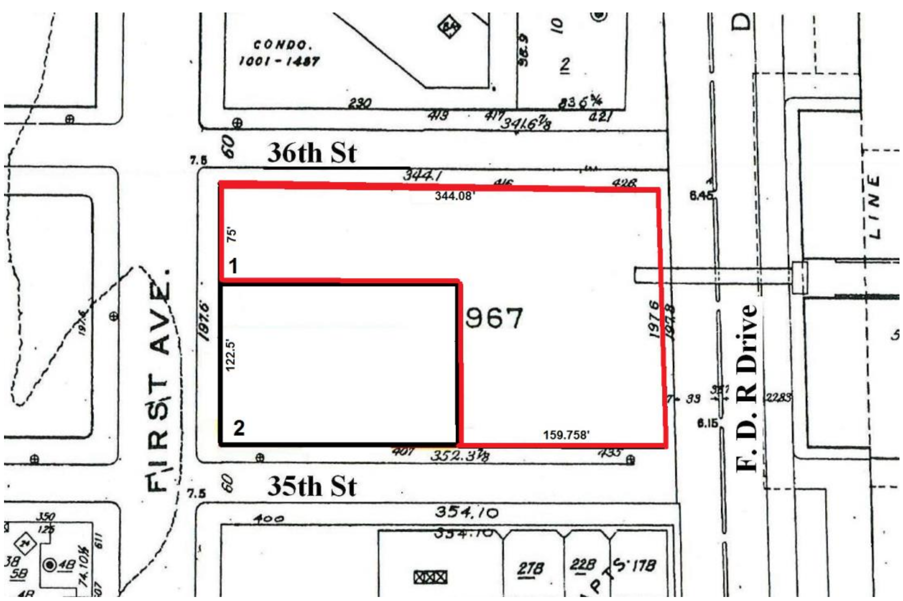


**Land Sale**

| | |
|---|---|
| Address: | First Avenue (SEC of 36th Street)<br>(35th St., 36th St., First Ave. and FDR Drive)<br>New York, NY |
| Block/Lot: | 967/1 (newly formed lot) |
| Grantor: | 616 First Realty Company, LLC<br>East River Realty Company LLC (Solow) |
| Grantee: | 616 First Avenue LLC |
| Contract Date: | January 14, 2013 |
| Deed Date: | February 4, 2013 |
| Land Area: | 46,016 sq. ft.<br>(197.67' x 159.758' and 192.5' x 75') |
| Zoning: | C4-6 |
| Maximum FAR: | 11.385 [According to the Large Scale Development Agreement, dated February 4, 2013 and recorded as Document ID: 2013020401559001 on February 6, 2013 with the New York City Department of Finance between the Grantor and multiple developers for Block 967 Lot 1, Block 945 Lot 23, Block 970 Lot 1, and Block 970 Lot 2, the Total Floor Area for this site is a Proportionate Share (523,930 sq. ft. and includes 17,802 sq. ft. of Floor Area to be used for community facility use) that the "Developer's Parcels Floor Area bears to the aggregate Floor Area permitted on the Development Property…in accordance with the terms of this agreement". We have divided the Floor Area of 523,930 sq. ft. by the estimated land area of 46,016 sq. ft. to come up with the FAR.] |
| Maximum Development Bulk: | 523,930 sq. ft. (As per agreement) |
| Improvements: | Vacant Lot |
| Purchase Price: | $172,125,000 |
| Price Per Sq. Ft. of FAR: | $328.53 |
| Comments: | Plans to develop an apartment building was disapproved. |

**Comparable Land Sale**
**<u>Photograph and Site Location Map</u>**

**Photograph Taken by Newmark Grubb Knight Frank on April 24, 2013**



**Land Sale**

| | |
|---|---|
| Address: | 41-43 East 22nd Street<br>(Btw. Broadway and Park Avenue South)<br>New York, NY |
| Block/Lot: | 851/32 |
| Grantor: | -One Hand Realty, LLC (Fee – Lot 32)<br>-45 E 22 LLC (TDR - Lot 34)<br>-33 East 22nd Street Tenants Corp (TDR – Lot 28)<br>Ceecee Associates, LLC (TDR – Lot 49 or 40 E 23rd St.)<br>-Board of Mangers of L'Elysee Condominium<br>(Lots 1501-1511 or 27 East 22nd St.)<br>-Board of Managers of the Gramercy 29 Condominium -<br>(Easement Agreement - Lots 1801-1802 or 29 East 22nd St.)<br>-Flatiron Gramercy Realty LLC (Lot 22 or 25 East 22nd St) |
| Grantee: | East 22nd St. Acquisition Holdings LLC |
| Contract Date: | August 8, 2012 |
| Deed Date: | June 7, 2013 (All sales purchases) |
| Land Area: | 4,938 sq. ft.<br>(50' x 98.75') |
| Zoning: | C6-4M |
| Maximum FAR: | 10.0 |
| Maximum Development Bulk: | 49,380 sq. ft. (as-of-right from fee)<br>16,860 sq. ft. (TDR – Lot 34)<br>64,140 sq. ft. (TDR – Lot 28)<br>13,697 sq. ft. (TDR – Lot 49)<br>3,616 sq. ft. (TDR – Lots 1501-1511)<br>16,656 sq. ft. (TDR – Lot 22)<br>62,000 sq. ft. (Bonus TDR's for Inclusionary Housing)<br>226,349 sq. ft. |
| Improvements: | Five-story, 20,500 sq. ft. walk-up apartment building. |

Sales Analysis:

| | |
|---|---|
| Purchase Price: | \$35,250,000 (Fee) |
| | \$ 9,400,000 (TDR – Lot 34) or \$557.53/SF |
| | \$17,055,000 (TDR – Lot 28) or \$265.90/SF |
| | \$ 5,562,000 (TDR – Lot 49) or \$406.07/SF |
| | \$ 2,050,000 (TDR – Lots 1501-1511) or \$566.92/SF |
| | \$ 5,080,500 (TDR – Lot 22) or \$305.03/SF |
| | \$ 1,288,000 (Easement Agreement) |
| | \$20,000,000 (Reportedly paid for Inclusionary Housing) |
| Estimated Cost for Demolition: | \$ 512,500 (@ \$25 per sq. ft. of GBA) |
| | \$93,198,000 |

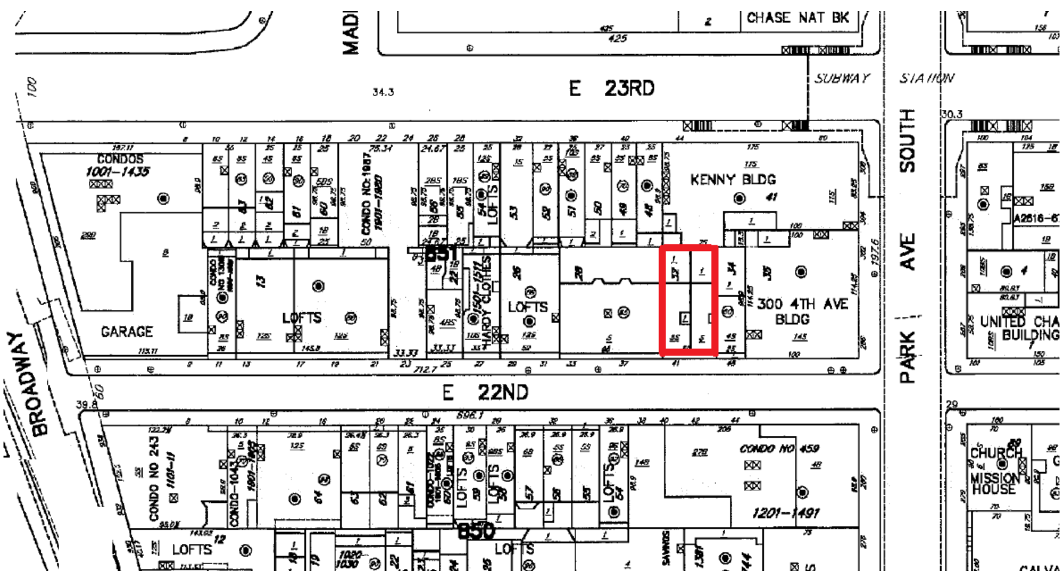
Price Per Sq. Ft. of FAR: \$411.74

Price Per Sq. Ft for Fee: \$724.23

Comments: Plans are to develop a residential condominium. The TDR's and land sales transacted on the same day.

**Comparable Land Sale**
**Photograph and Site Location Map**

Photograph Taken by Google, Inc. (June 2011)



## CERTIFICATE OF CONSULTING APPRAISAL

**Subject of Consulting Appraisal**: Proposed East Midtown Subdistrict -
District Improvement Bonus Residential Use Appraisal

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: September 23, 2013

Robert Von Ancken, MAI, CRE, FRICS
Chairman
NYS Certification #46000001797

## CERTIFICATE OF CONSULTING APPRAISAL

**Subject of Consulting Appraisal**: Proposed East Midtown Subdistrict - District Improvement Bonus Residential Use Appraisal

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 Robert Von Ancken 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 William Picoli, have completed the continuing education program of the Appraisal Institute.

Date: September 23, 2013

William Picoli, MAI, CRE
Senior Managing Director
NYS Certification #46000005694

## STATEMENT OF BASIC ASSUMPTIONS AND LIMITING CONDITIONS

The appraisers assume:

1. This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice.

2. Supporting documentation concerning some of the data, reasoning, and analyses is retained in the appraisal file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

3. The legal descriptions used in this report are assumed to be correct.

4. No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.

5. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable.

6. Information furnished by others is assumed to be true, correct and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser.

7. All mortgages, liens, encumbrances, leases and servitude have been disregarded unless so specified within the report. The property is appraised as though under responsible ownership and competent management.

8. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover such factors.

9. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless non-compliance is stated, defined and considered in the appraisal report.

10. It is assumed that all applicable zoning, use and building code regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report.

11. It is assumed that the utilization of the land and improvements is within the boundaries of property lines of the property described and there is no encroachment or trespass unless noted within the report.

12. The appraiser is not an engineer. No engineering survey of the improvements described herein has been made, or made available. Any comments by the appraiser as to the general condition of the improvements or the condition of any of the building components are opinions based on the appraiser's real estate market experience and are not intended to be relied upon in lieu of a complete engineering study.

13. We assume there is no material amount of asbestos in the building, nor does the report take into consideration the possibility of the existence of radon gas, PCP transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks containing hazardous material. The report does not consider the cost of encapsulation treatment of removal of such materials. We take no responsibility for identifying the level of contaminants such as these or any others, if any are indeed found. We are not qualified to detect toxins or estimate any cost of removal or other treatment. If the client/property owner has a concern about the existence of such hazardous conditions, the appraisers consider it imperative to retain the services of a qualified engineer or contractor to determine the existence and extent of such hazardous conditions. Such consultation should include the estimated cost associated with any required treatment or removal of hazardous material.

14. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is in non-compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible non-compliance with the requirements of the ADA has not been considered in estimating the value of the property.

15. The projections of income and expenses are not predictions of the future. Rather, they are the appraiser's best estimates of current market thinking on future income and expenses. The appraiser and Landauer Valuation & Advisory make no warranty or representation that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the appraiser's task to predict or in any way warrant the conditions of a future real estate market; the appraiser can only reflect what the investment community, as of the date of the appraisal, envisions for the future in terms of rental rates, expenses, supply and demand.

16. Our value conclusion assumes that the owner of each potential receiving site is prepared to acquire the TDRs and proceed with the redevelopment of his site on the date of valuation. In other words, we have not applied any discounts for the time it would take to sell the TDRs or the probability that each potential receiving site will utilize the TDRs.

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 will not be required to give testimony or appear in court because of having made this 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, and in any event, only with proper written

qualification and only in its entirety.

4. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

5. The value estimated herein applies only to the appraisal problem as stated, the value definition, the reported highest and best use, client and/or legal instruction, interest appraised, or other special conditions more fully described in the body of the report.

6. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media without written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organization of which the appraiser is a member be identified without consent of the appraiser.

7. The appraisers have no present or contemplated interest in the property appraised.

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

9. This appraisal has been made in conformity to the Standards of Practice of the Appraisal Institute, and represents the best judgment of the appraisers.

10. 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.

11. Further, we have not been engaged to evaluate the effectiveness of management, and we are not responsible for future marketing efforts and other management actions upon which actual results will depend.

13. Landauer Valuation & Advisory has not, as part of its valuation, performed an audit or review of any of the financial information used and, therefore, does not express an opinion or any other form of assurance with regard to same. Under the terms of this engagement, we have no obligations to revise this report or the financial result to reflect events or conditions which occur subsequent to the date of the report.

14. Acceptance and/or use of this appraisal report by the client and/or any third party constitutes acceptance of the stated limiting conditions and assumptions. The appraisers' and/or reviewers' responsibility and liability extends only to the stated client, not to subsequent parties or users, and is limited to the amount of the fee received by the appraisers in conjunction with performance of this appraisal and related consulting and/or court preparation, deposition, and testimony.

**QUALIFICATIONS OF ROBERT VON ANCKEN, MAI, CRE, FRICS**
*Chairman*, Landauer Valuation & Advisory
A Division of Newmark Grubb Knight Frank

### *Career Summary*

Robert Von Ancken is Chairman of Landauer Valuation & Advisory. He is a New York City expert, with over 40 years of experience in the real estate business as an appraiser, consultant, Expert Witness, and licensed real estate broker. Mr. Von Ancken has prepared appraisal and market studies for mortgage, income tax, estate, acquisition, sales, urban renewal and corporate purposes. Appraising unusual properties and air rights is his specialty.

Mr. Von Ancken has valued an exhaustive array of all types of property, including such New York City landmarks as Rockefeller Center, Madison Square Garden, Grand Central Terminal, Penn Station, Farley Post Office, Macy's, Bloomingdale's, The GM Building, World Trade Center complex and Battery Park City. He also valued the Sol Goldman, Jack Weiler, Mr. & Mrs. Harry Helmsley, Fred Trump, William Gottlieb and Jerome Green estates.

He has appeared as Expert Witness on more than 500 occasions for a variety of purposes, including market rent disputes involving retail and office space and land value disputes in ground leases, tax certiorari proceedings, landmark issues, bankruptcies, partnership disputes, estate tax matters and eminent domain appropriations. He has also assisted in the structuring of more than 20 long-term ground leases.

### *Education*

- Bachelor of Business Administration, City College of New York, School of Business & Public Administration
- Studied at the Graduate Division of City College Business School, Specialization in Real Estate
- Completed Courses I, II, IV, and VI on appraisal problems, condemnation and capitalization, and report writing at the Appraisal Institute.

### *Professional Activities*

- Member of the Real Estate Board of New York, former member of the Board of Governors, and former Chairman of the Appraisal Committee
- Member of the American Society of Real Estate Counselors (CRE, 1981), the Society of Real Estate Appraisers (SREA), and the Appraisal Institute (MAI, 1972), of which he also served as President in 1987 to the New York Metropolitan District Chapter #4
- Member of The Royal Institution of Chartered Surveyors (FRICS), Urban Land Institute, the American Arbitration Association, National Association of Realtors (NACORE, Appraisal Member) and the American Right-of-Way Association (Senior Member)

### *Licensing and Certification*

- Certified as a General Real Estate Appraiser by the Department of State, State of New York, Identification #46000001797
- Certified as a General Real Estate Appraiser by the Department of State, State of New Jersey, Identification #RG01577
- Certified as a General Real Estate Appraiser by the Department of State, State of Connecticut, Identification #00000671

### *Professional Teaching Experience & Public Speaking*

- Former Assistant Professor, Graduate Program of Real Estate Valuation, Real Estate Institute, New York University
- 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 (Topic - Expert Testimony)
- The American Bankers Association (Topic - Appraisals for the Resolution Trust Corporation)
- The EMF Regulation and Litigation Institute on "Perspectives of the Plaintiff's Bar," 1995
- The National Realty Committee Real Estate's Roundtable, Washington, DC, two case studies (asbestos and endangered species) "Environmental Issues and Property Values" 1996
- Lectures on Air Rights at National Real Estate Club
- Lectures on Real Estate Topics at Rutgers University and Bernard Baruch College
- The Mortgage Bankers Association of New York (Topic – Real Estate Valuation After the Fall) – 2011

### *Court Appearances*

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

### *Published Articles*

- "*How to Appraise Office Buildings*," Encyclopedia of Real Estate Appraising, 1978
- "*Downtown 2020*", The Steven L. Newman Real Estate Institute, Baruch College, City University of New York, 2008

Landauer
Valuation and Advisory

## WILLIAM PICOLI

## MAI, CRE, FRICS

**Senior Managing Director**

Landauer Valuation & Advisory
a division of Newmark Grubb
Knight Frank
125 Park Avenue, 6th Floor
New York, New York 10017
wpicoli@ngkf.com
T 212.359.8505

### Areas of Specialization

- Complex assignments involving all property types
- Market analysis
- Highest and best use
- Land development
- Litigation support
- Expert witness services

### Years of Experience

28 Years

## Professional Background

William Picoli is a senior managing director of Landauer Valuation & Advisory, a division of NGKF. Mr. Picoli provides consulting and valuation services for a broad spectrum of property types and clients nationwide with focus on the New York Metropolitan area. A significant part of that work is dedicated to litigation support/expert witness services, as well as complex assignments involving market analysis, highest and best use, and land development analysis.

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. He provides valuations for purposes of portfolio valuation reporting, joint ventures, acquisition/disposition, development, condemnation, portfolio valuation, financing, tax certiorari, bankruptcy proceedings, estate liquidation, and arbitration and court litigation. Mr. Picoli also consults on acquisitions/dispositions, financial feasibility, variance appeals, site development deals, bankruptcy, arbitration, IRS taxes and a variety of real estate interests and issues. His responsibilities include new business development, client relations and supervision of staff assignments.

## Career Summary

Mr. Picoli has over 25 years of experience in the real estate business as an appraiser, consultant and expert witness. His consulting and valuation experience involves over 1,500 properties in 15 states. That experience has given rise to his participation as a panelist in seminar discussions and serving on local real estate committees.

## Professional Designations/Affiliations

Appraisal Institute (MAI designation), member. Admissions and Sponsorship Committees member.

Certified as a General Real Estate Appraiser by the Department of State, State of New York, Identification #46000005694

The Counselors of Real Estate, member

Fellow member of the Royal Institute of Chartered Surveyors

Real Estate Board of New York, member

- Licensed salesperson in the State of New York

## Select Engagements

- Valuation of the GM Building, N.Y., NY
- Appraised the market value of the development site for a Singapore investor acquiring a partial interest in the Jean Nouvel designed Torre Verre Residences adjacent to The Museum of Modern Art
- Appraised the market ground rent and provided recommendations for the lease structure and terms for a 40,000 sq.ft. site to be leased by the Intrepid Air & Space Museum

- Provided fairness opinion for an overseas investor acquiring a partial interest in the 174-room Beekman Tower Hotel
- Consultant to NYC Economic Development Corporation for the East Midtown Rezoning proposal
- Consultant to Collegiate Church to value excess land value for 300,000 square feet of mixed-use development
- Consultant to Avalon Bay for leased development of a site at Saint John the Divine in NYC.
- Consultant to CUNY for ground lease negotiations with Forest City Ratner Corp for a mixed-use educational facility and luxury apartment development on its downtown Brooklyn campus.
- Advisor to NYC Health and Hospital Corporation to assist in structuring and negotiating a ground lease to develop a 5.6-acre site with between 500,000 - 1,250,000 square feet of zoning floor area.
- Valuation and consulting services to Queens and Brooklyn hospital land sites owned by Health and Hospital Corp. of the City of New York
- Advise City education institution on rental value of land for development in Downtown Brooklyn, NY
- Appraisal and consulting services to Jersey City Redevelopment Agency for the adaptive residential re-use and sale of the 1.2 million square feet. landmarked Jersey City Medical Center, Jersey City, NJ
- Consultant to CUNY for ground lease negotiations with Forest City Ratner Corp for a mixed-use educational facility and luxury apartment development on its downtown Brooklyn campus. Based on the analysis presented and direct participation in the negotiation sessions, the university achieved an initial rent that was nearly double the amount originally proposed by the developer
- Consulting and appraisal services to NYC Dept. of Education for three Manhattan high school sites for mixed-use redevelopment (school facilities and luxury residential units)
- Appraisal of 155 apartment and commercial buildings held by Columbia University, N.Y., NY
- Appraisal of 7 acres of land owned by ExxonMobil (condemnation), Greenpoint, Brooklyn, NY
- Queens West, NYC. Value of eight parcels for property owners (condemnation)
- Valuation of the 70,000 square feet. New York Coliseum land site for a re-negotiation of a purchase price between the Metropolitan Transportation Authority and the former developer, Mortimer Zuckerman. This complex valuation considered multiple development densities, extraordinary mandated development costs, preferential equity returns, and MTA participation in the project’s operation and terminal sale

## Education

Mr. Picoli received a B.A. in economics from Lake Forest College.