



# BBG

REAL ESTATE SERVICES

February 28, 2024

To  
Moinian Limited (the “**Company**”)  
3 Columbus Circle New York, New York 10019  
Ladies and Gentlemen,

Re: BBG Appraisals

At your request, we, the undersigned, have prepared three separate appraisals for the following properties: 535-545 Fifth Avenue, 245 Fifth Avenue and 3 Columbus Circle. all as of December 31, 2023 (collectively, the “**Properties**”) for the purpose of estimating their fair value (collectively, the “**Appraisals**”).

We consent to the incorporation, including by reference, of the Appraisals in the Company's annual report for the period ended December 31, 2023 (the "Annual Report"), to be published during February-March 2024, and in any future document, including a prospectus, a shelf prospectus, a shelf offering report or an interim or periodic report of the Company (as well as drafts of the documents) (collectively, the “**Documents**”), to be filed with the Israel Securities Authority (the "ISA") and the Tel Aviv Stock Exchange Ltd., and which may also be published to the public in Israel.

We hereby authorize the authorized electronic signatories of the Company to file this consent letter with the ISA on the Magna system as part of the Company's Annual Report for the period ended December 31, 2023 and, in any future Document, if necessary.

Sincerely,

Jon DiPietra, MAI  
Senior Managing Director



The insight you need. The independence you trust.

**Multi-Tenant Mixed-Use Office/Retail Building**

535-545 Fifth Avenue  
New York, New York 10017

BBG File #0123126213

**Prepared For**

Mr. Yaron Babila  
Moinian Group  
3 Columbus Circle 26th Floor  
New York, NY 10019

**Report Date**

January 8, 2024

**Prepared By**

BBG, Inc., New York Office  
112 Madison Avenue  
New York, NY 10016  
212-682-0400

Client Manager: Jon DiPietra, MAI  
[jdipietra@bbgres.com](mailto:jdipietra@bbgres.com)



January 8, 2024

Mr. Yaron Babila  
Moinian Group  
3 Columbus Circle 26th Floor  
New York, NY 10019

Re: Appraisal of Real Property  
535-545 Fifth Avenue  
New York, New York 10017  
**BBG File #0123126213**

Dear Mr. Babila:

In accordance with your authorization (per the engagement letter found in the *Addenda* of this report), an Appraisal Report of the above-referenced property has been prepared.

The subject property consists of two attached, 13- and 36-story, Class A office buildings containing  $496,946\pm$  square feet of gross building area above grade according to New York City records. According to owner records, the gross leasable area is  $509,153\pm$  square feet, of which  $416,686\pm$  square feet is office space,  $88,739\pm$  square feet is retail space, and  $3,728\pm$  square feet is storage/telecom space. The improvements were constructed in 1927-1930 and appear to be adequately maintained and in good condition. The property is presently 91% leased.

The subject is located on a thru-block parcel on the eastern side of 5th Avenue, between East 44th Street and East 45th Street, in the Grand Central office and retail submarkets in the Borough of Manhattan, City and State of New York. The site contains a total of  $29,100\pm$  square feet and is zoned C5-3 Commercial. The site is identified on the tax maps of New York County as Block 1279, Lots 1 & 69.

We have appraised the above referenced property, the conclusions of which are set forth in the attached appraisal report. This is an Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of USPAP and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. In addition, this appraisal has been prepared in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement). The depth of analysis discussed in this report is specific to the needs of the client and for the intended use stated in the report.

The appraisals are to be used by Moinian in preparation of IFRS financial statements in connection with a potential TASE offering.

We consent to the inclusion of the valuation in its entirety within the Moinian Limited BVI prospectus to be published in the Tel Aviv Stock Exchange. The Moinian Group is also an intended user of this report.

#### **EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)**

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions might have affected the assignment results.

**Extraordinary Assumption(s)**      This appraisal employs no extraordinary assumptions.

**Hypothetical Condition(s)**      This appraisal employs no hypothetical conditions.

Mr. Babila  
January 8, 2024  
Page 2

Based on the analysis undertaken, the following value opinion(s) have been developed.

MARKET VALUE CONCLUSION(S)					
Appraisal Premise		Interest Appraised	Date of Value	Value Conclusion	
Fair Value - As Is		Leased Fee	December 31, 2023	\$520,000,000	
HISTORICAL VALUE CONCLUSIONS					
Date of Value	Dec-23	Jun-23	Dec-22	Dec-21	Dec-20
<b>BBG Valuation</b>	\$520,000,000	\$520,000,000	\$555,000,000	\$560,000,000	\$565,000,000
<b>Terminal Cap. Rate</b>	5.25%	5.25%	5.00%	4.75%	4.75%
<b>Discount Rate</b>	6.75%	6.75%	6.50%	6.25%	5.75%
<b>% Change</b>	0.0%	-6.3%	-0.9%	-0.9%	N/A

This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinion(s) set forth above to be relied upon by the intended user(s).

BBG, Inc. appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact the Client Manager.

Sincerely,

Jon DiPietra, MAI  
NY Certified General Appraiser  
License #: 46000046386  
212-682-5360  
jdipietra@bbgres.com

Scott Silverman, MAI  
NY Certified General Appraiser  
License #: 46000052529  
212-682-7788  
ssilverman@bbgres.com

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## SUBJECT PROPERTY

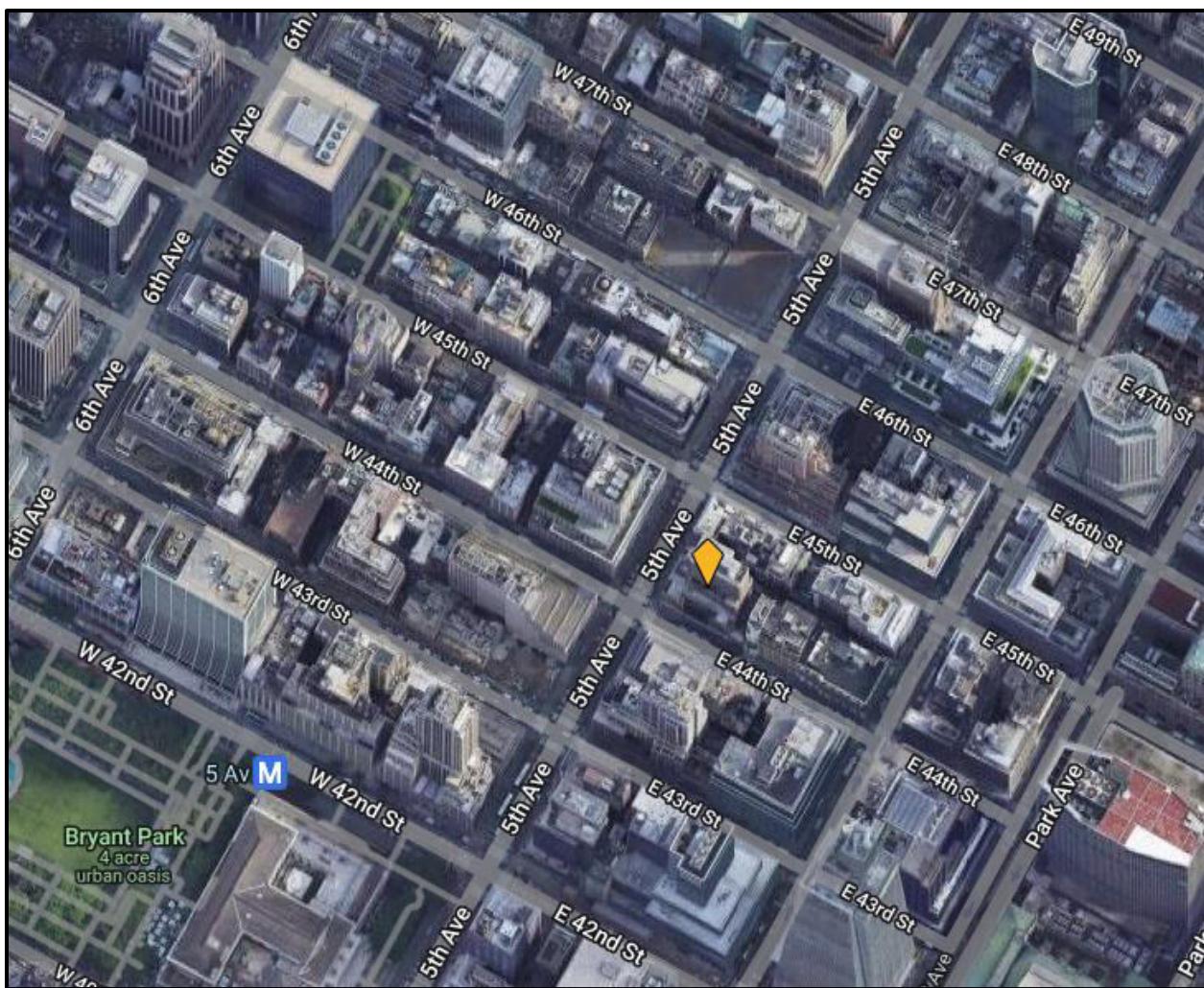


535 Fifth Avenue



545 Fifth Avenue

AERIAL PHOTOGRAPH



# SUMMARY OF SALIENT FACTS

## PROPERTY DATA

<b>Address</b>	535-545 Fifth Avenue New York, New York 10017
<b>Location</b>	The subject is a thru-block parcel on the eastern side of Fifth Avenue, between East 44th and East 45th Street, in the Grand Central district of the Borough of Manhattan.
<b>Property Description</b>	Office (Professional Office) Multi-Tenant Mixed-Use Office/Retail Building
<b>County</b>	New York
<b>Parcel Number</b>	1012790001
<b>Census Tract No.</b>	0094.00
<b>Legal Description</b>	Block 1279, Lots 1 & 69
<b>Site Area</b>	29,100 square feet (0.67 acres)
<b>Zoning</b>	C5-3/MID; Commercial/Special Midtown
<b>Flood Status</b>	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.
<b>Year Built</b>	1927
<b>Type of Construction</b>	Framed with structural steel columns and beams
<b>Number of Buildings</b>	2
<b>Gross Building Area</b>	496,946 square feet
<b>Net Rentable Area</b>	509,153 square feet
<b>Occupancy</b>	91.1%
<b>Overall Condition</b>	Good
<b>Overall Quality</b>	Good
<b>Overall Design/Functionality</b>	Good

## VALUATION SUMMARY

VALUE INDICATIONS			
As Is as of December 31, 2023			
<b>Cost Approach</b>	Not Developed		
<b>Sales Comparison Approach</b>	\$525,000,000	\$1,031	Per Square Foot (NRA)
<b>Income Capitalization Approach</b>			
<b>Direct Capitalization</b>	\$520,000,000	\$1,021	Per Square Foot (NRA)
<b>Discounted Cash Flow</b>	\$520,000,000	\$1,021	Per Square Foot (NRA)
<b>Approach Reliance</b>	<b>Income Approach</b>		
<b>Value Conclusion - As Is</b>	<b>\$520,000,000</b>	<b>\$1,021</b>	<b>Per Square Foot (NRA)</b>
<b>Exposure Time (Months)</b>	12 Months		
<b>Marketing Time (Months)</b>	12 Months		

## PROPERTY TRANSACTION HISTORY

According to public records, the subject property is owned by 535-545 Fee LLC (The Moinian Group) and has not been transferred in the previous five years. We are not aware of any current options to purchase, bids, or offerings on the subject. According to documentation provided by the property contact, the asking rent for vacant office space is \$53.00 to \$62.00 per square foot per annum on a Modified Gross basis and the asking rent for the vacant ground floor retail space is \$250.00 per square foot per annum on a Modified Gross basis.

## COMPETENCY

We have experience appraising similar properties and possess the knowledge and competency to produce a credible value opinion. Jon DiPietra, MAI, Scott Silverman, MAI, and Anthony R. Martinez have experience appraising similar properties and assignments, while possessing the knowledge and competency to produce credible value opinion. Jon DiPietra, MAI, Scott Silverman, MAI, and Anthony R. Martinez are actively engaged in appraisal work in the geographical area of the subject property, and BBG maintains a database of comparable properties for this area. Further, Jon DiPietra, MAI, Scott Silverman, MAI, and Anthony R. Martinez are versed in the analytical methods typically employed in appraising this property type. In summary, the appraisers collectively possess adequate knowledge of the property type, geographical location and analytical methods necessary to comply with the competency requirements of USPAP for this appraisal assignment.

# SCOPE OF WORK

## APPRAISAL INFORMATION

<b>Client</b>	The Moinian Group 3 Columbus Circle, 26th Floor New York, NY 10019
<b>Intended User(s)</b>	This appraisal report may only be relied upon by the client and intended user(s) named herein. The intended user of this report is The Moinian Group and its related entities, successors, and/or assigns.
<b>Intended Use</b>	The intended use of this appraisal is for asset valuation purposes.
<b>Property Rights Appraised / Premise</b>	•Fair Value of the Leased Fee interest in the subject property, As Is as of December 31, 2023
<b>Date of Inspection</b>	December 31, 2023
<b>Marketing Time</b>	12 Months
<b>Exposure Time</b>	12 Months
<b>Owner of Record</b>	535-545 FEE LLC
<b>Property Contact(s)</b>	Yaron Babila
<b>Most Probable Purchaser</b>	Investor
<b>Highest and Best Use</b>	
<b>If Vacant</b>	Hold for mixed-use development until there is more clarity in market conditions
<b>As Improved</b>	As currently developed

The scope of work best defines the needs of the client(s) and intended user(s) of the report and dictates what factors an appraiser considered during the valuation process. The scope of work summarized below has been deemed acceptable as it meets or exceeds both the expectations of parties who are regularly intended users for similar assignments and what an appraiser's peers' actions would be in performing the same or a similar assignment. As such, the scope of work summarized below is deemed appropriate for this assignment based on its parameters and will produce credible assignment results. Additional scope details are included in appropriate sections of this report.

## SCOPE OF THE INVESTIGATION

<b>General and Market Data Analyzed</b>	<ul style="list-style-type: none"> <li>▪ Regional economic data and trends</li> <li>▪ Market analysis data specific to the subject property type</li> <li>▪ Published survey data</li> <li>▪ Neighborhood demographic data</li> <li>▪ Comparable cost, sale, rental, expense, and capitalization rate data</li> <li>▪ Floodplain status</li> <li>▪ Zoning information</li> <li>▪ Assessor's information</li> <li>▪ Interviewed professionals knowledgeable about the subject's property type and market</li> </ul>
<b>Inspection Details</b>	The exterior of the subject property was inspected by Scott Silverman on December 31, 2023. According to the client, there has not been any material change to the subject since the inspection.

## PROPERTY DATA RECEIVED

<b>Property Specific Data Requested and Received</b>	Historical operating statements Current year operating statement Rent roll Leases Proforma
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DATA SOURCES	
Subject Historical Expenses	Property Contact
Rent Roll	Property Contact
Comparable Improved Sales	CoStar & Public Record
Comparable Improved Leases	CoStar, BBG Internal Data, & Brokers
Demographics Reports	Spotlight
Flood Status	FEMA
Zoning Information	Planning Dept
Tax Data	Assessor's Records
Building Size	Assessor's Records
Site Size	Assessor's Records

VALUATION METHODOLOGY	
<b>Most Probable Buyer</b>	To apply the most relevant valuation methods and data, the appraiser must first determine the most probable buyer of the subject property. Based on the analyses presented, the most probable buyer of the subject property would be a(n) Investor
<b>Valuation Methods Utilized</b>	This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value.
EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)	
The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions might have affected the assignment results.	
<b>Extraordinary Assumption(s)</b>	This appraisal employs no extraordinary assumptions.
<b>Hypothetical Condition(s)</b>	This appraisal employs no hypothetical conditions.

DEFINITIONS	
Pertinent definitions, including the definition of market value, are included in the glossary, located in the <i>Addenda</i> of this report. The following definition of fair value is used by agencies that regulate federally insured financial institutions in the United States:	
<b>Fair Value</b>	IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). That definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value. The IFRS explains that a fair value measurement requires an entity to determine the following:

- The particular asset or liability being measured;
- For a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis;
- The market in which an orderly transaction would take place for the asset or liability; and

the appropriate valuation technique(s) to use when measuring fair value.

- The appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>[1]</sup>

#### LEVEL OF REPORTING DETAIL

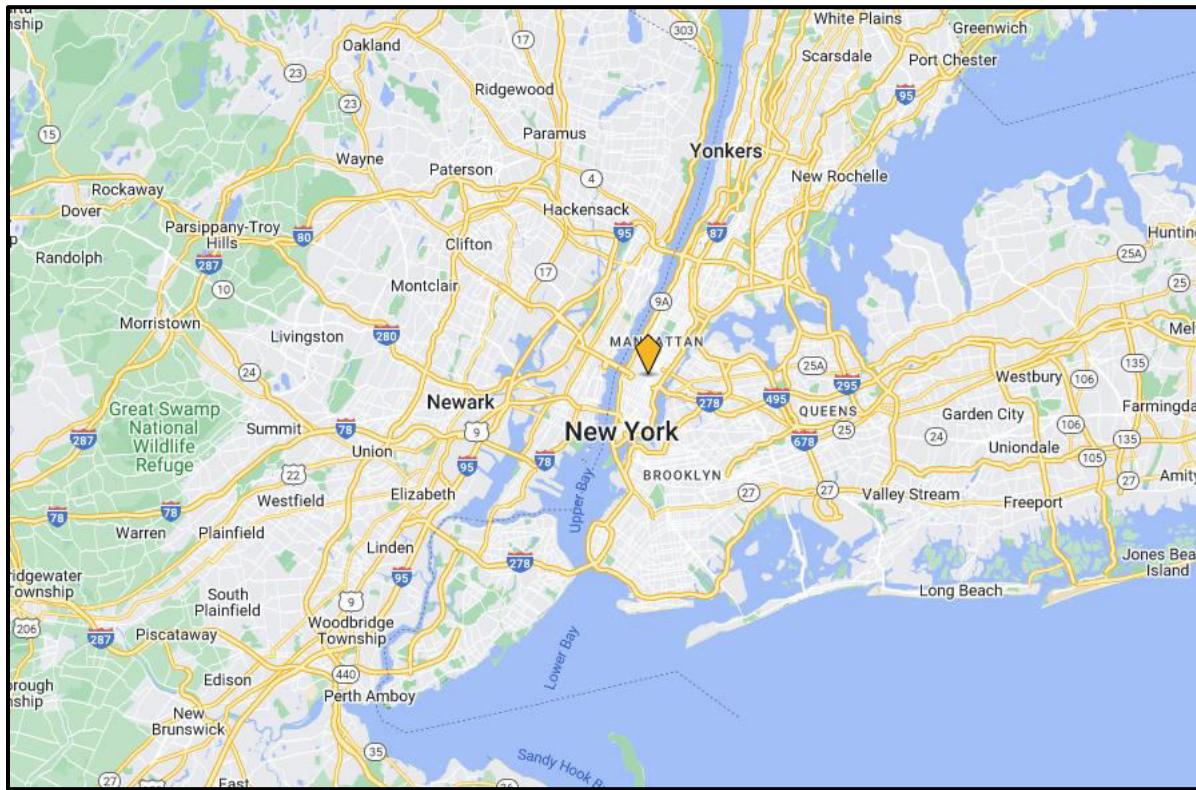
Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.

This report is prepared as an **Appraisal Report**. An Appraisal Report must at a minimum summarize the appraiser's analysis and the rationale for the conclusions.

<sup>[1]</sup> (Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

# MARKET ANALYSIS

## REGIONAL MAP



## NEW YORK OFFICE MARKET

CoStar is the source for the following data. The data reflects conditions of 2023 Q3, the most recent data available. The initial discussion provides information on the overall New York Office market, followed by the subject's submarket. The subject is located within the Grand Central submarket, which will be discussed later in this report.

CoStar has recently introduced its Houseview Base Case. This comes in addition to several algorithmic forecast scenarios that are based entirely on modeling results using CoStar's internal econometric property sector models based on inputs from Oxford Economics' macroeconomic models in its US States and Metros service published in June 2023.

The Houseview Base Case forecast scenario is based on the Algorithmic Base Case below, where additional interventions are made to the property sector forecasts to account for structural and cyclical impacts in the commercial real estate markets that are not adequately reflected in macroeconomic forecasts. For example, tighter financial conditions have resulted in higher cap rates and steeper valuation losses, while low office utilization rates caused by the adoption of hybrid work arrangements have weakened fundamentals beyond what headline job gains or losses encapsulate. These interventions result in forecasts that are better aligned with the professional views of CoStar's property sector specialists.

Algorithmic Base Case forecast is based on the Oxford Economics baseline forecast, which reflects solid economic growth in the first half of 2023 followed but slowing momentum in the economy as the cumulative impact of Federal

Reserve rate hikes and tighter credit conditions cool consumer spending and business investment and hiring. The economy is expected to enter a mild recession in the third quarter of 2023, with overall growth of 1.3% for the year.

Job gains have been solid, with almost 1.7 million added in the first half of the year. But momentum in the labor market is expected to fade and job losses are seen to begin in the third quarter, losing about 1 million positions by year end. The unemployment rate rises from its near historic low to end 2023 about 110 basis points higher, rising further in 2024 before falling gently in the following years but remaining above 4% through the end of the forecast period.

Headline and core inflation are expected to ease through the next four quarters, albeit very slowly. The PCE price index is expected to remain above the Fed's target rate until mid- to late-2024. The FOMC has signaled its intent to bring inflation under control and is expected to boost the policy rate to 5.5%-5.75% by the end of the year, holding it within this range for some time. Capital markets remain calm. Spreads briefly rise above 210 basis points in the second half of 2023, then return to less than 200 basis points through the end of the forecast period.

Costar rates office properties using a star rating, in which 1 and 2-star properties generally equate to the more traditional Class C rating; 3-star properties generally equate to Class B; and 4 and 5-star properties generally equate to Class A.

**Class A** – They are characterized by high quality construction and finishes, high occupancy levels, sophisticated amenities, and top rental rates. A+ properties would suggest "trophy" properties with the characteristics noted above.

**Class B** – These properties are regarded as modern (although not necessarily new) buildings, or old (i.e., Class C) structures recently renovated to modern standards. Good locations, reasonably high occupancy levels, and competitive rental rates characterize these buildings.

**Class C** – The lowest quality available in the market are found in Class C buildings. These buildings are generally old, but in fair condition. Rental rates are the lowest within the market and amenities are minimal.

#### KEY INDICATORS AT A GLANCE

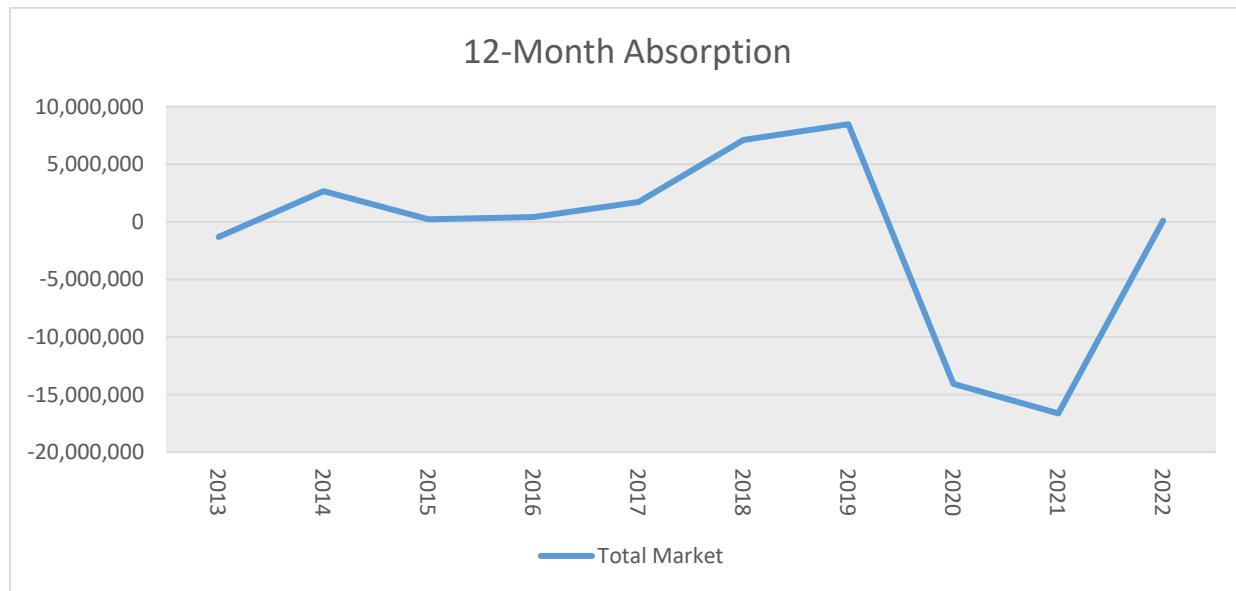
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	13.37%	13.49%	increased 12 Basis Points
Absorption (SF)	-1,078,867	-1,251,767	decreased 172,900 SF
Quoted Rental Rates (\$/SF/Year)	\$56.07	\$56.11	increased \$0.04 PSF
Inventory (SF)	978,672,283	978,610,848	decreased 61,440 SF
Net Deliveries (SF)	3,981,816	-61,435	decreased 4,043,251 SF
Under Construction (SF)	9,839,004	9,924,770	increased 85,766 SF

## NEW YORK OFFICE MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2023 Q3	978,610,848	13.49%	-1,251,767	-61,435	9,924,770	\$56.11
2023 Q2	978,672,283	13.37%	-1,078,867	3,981,816	9,839,004	\$56.07
2023 Q1	974,690,467	12.91%	-4,321,241	-188,599	13,377,122	\$55.93
2022 Q4	974,879,066	12.48%	3,629,968	5,997,983	13,243,457	\$55.90
2022	974,879,066	12.48%	101,050	7,613,032	13,243,457	\$55.90
2021	967,266,034	11.80%	-16,631,613	2,480,739	19,468,766	\$56.08
2020	964,774,721	9.85%	-14,045,840	2,797,482	17,000,260	\$57.29
2019	961,916,338	8.14%	8,475,868	9,812,462	21,544,012	\$60.07
2018	952,099,476	8.08%	7,107,690	2,577,139	26,695,882	\$58.28
2017	949,477,337	8.58%	1,732,225	810,823	22,457,536	\$57.93
2016	948,606,514	8.71%	417,953	2,162,308	17,763,504	\$56.75
2015	946,440,706	8.53%	231,117	-2,325,634	16,292,043	\$55.93
2014	948,766,340	8.78%	2,676,827	1,315,459	8,989,457	\$52.52

The New York Office market ended the third quarter with a vacancy rate of 13.49%. The vacancy rate increased over the previous quarter, with net absorption totaling -1,251,767 square feet in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$56.11. A total of -61,435 square feet was delivered to the market, with 9,924,770 square feet still under construction at the end of the quarter.

### ABSORPTION



Net absorption for the overall New York Office market was -1,251,767 square feet in the third quarter 2023. That compares to -1,078,867 square feet in the second quarter 2023, -4,321,241 square feet in the first quarter 2023, and 3,629,968 square feet in the fourth quarter 2022. Net absorption in the market over the prior 12 months totaled -3,021,907 square feet.

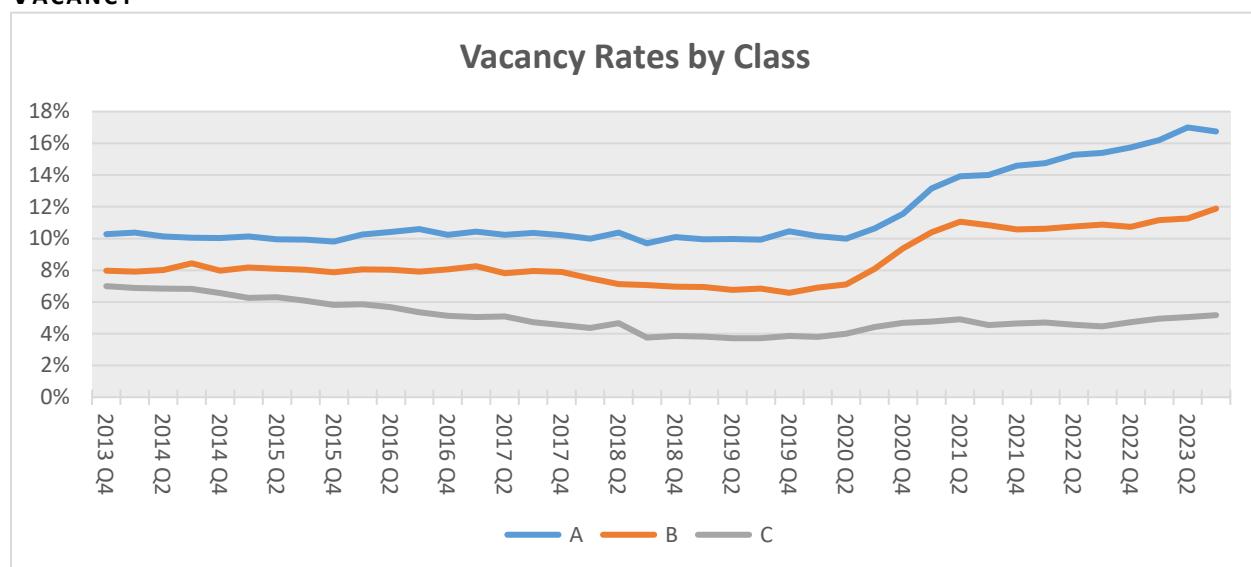
The Class A (4 & 5 Star) Office market recorded net absorption of 1,078,287 square feet in the third quarter 2023, compared to -574,704 square feet in the second quarter 2023, -2,307,895 square feet in the first quarter 2023, and 3,954,534 square feet in the fourth quarter 2022.

The Class B (3 Star) Office market recorded net absorption of -2,151,407 square feet in the third quarter 2023, compared to -378,570 square feet in the second quarter 2023, -1,760,177 square feet in the first quarter 2023, and 6,116 square feet in the fourth quarter 2022.

The Class C (1 & 2 Star) Office market recorded net absorption of -178,647 square feet in the third quarter 2023, compared to -125,593 square feet in the second quarter 2023, -253,169 square feet in the first quarter 2023, and -330,682 square feet in the fourth quarter 2022.

Net absorption for the Grand Central submarket was 329,995 square feet in the third quarter 2023. That compares to -365,743 square feet in the second quarter 2023, -241,329 square feet in the first quarter 2023, and 141,819 square feet in the fourth quarter 2022.

## VACANCY



Vacancy for the overall New York Office market increased to 13.49% in the third quarter 2023. That compares to 13.37% in the second quarter 2023, 12.91% in the first quarter 2023, and 12.48% in the fourth quarter 2022.

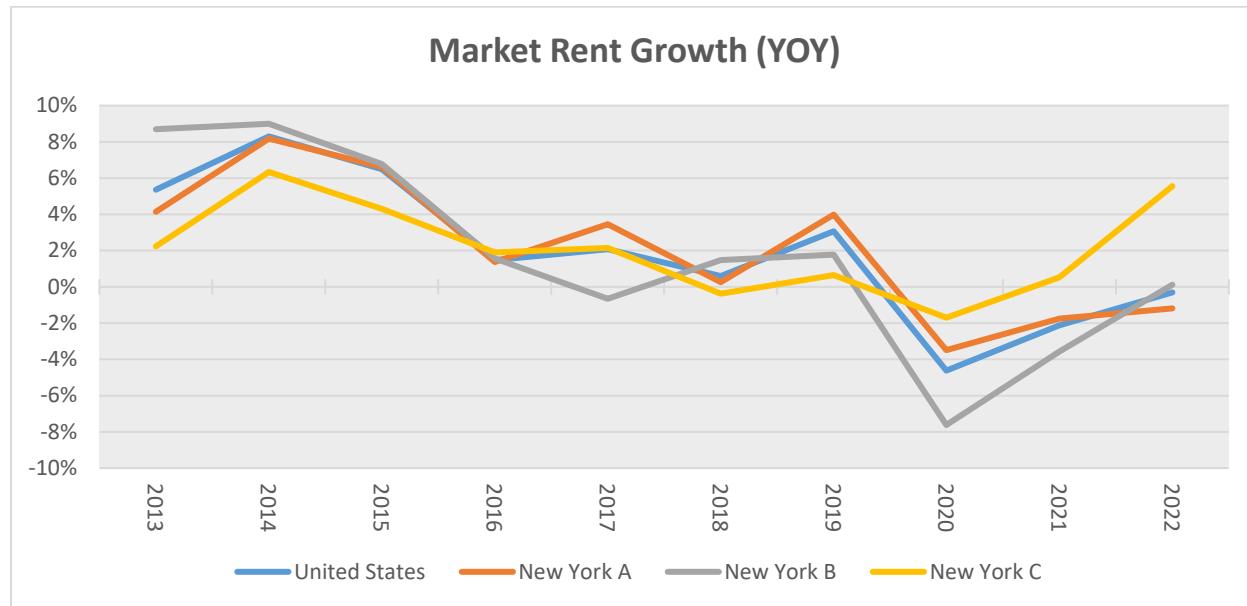
Class A (4 & 5 Star) projects reported a vacancy rate of 16.75% at the end of the third quarter 2023, 17.00% at the end of the second quarter 2023, 16.20% at the end of the first quarter 2023, and 15.73% at the end of the fourth quarter 2022.

Class B (3 Star) projects reported a vacancy rate of 11.89% at the end of the third quarter 2023, 11.27% at the end of the second quarter 2023, 11.17% at the end of the first quarter 2023, and 10.73% at the end of the fourth quarter 2022.

Class C (1 & 2 Star) projects reported a vacancy rate of 5.17% at the end of the third quarter 2023, 5.05% at the end of the second quarter 2023, 4.95% at the end of the first quarter 2023, and 4.73% at the end of the fourth quarter 2022.

The overall vacancy rate in the New York Grand Central submarket at the end of the third quarter 2023 was 15.09%. The vacancy rate was 15.66% at the end of the second quarter 2023, 15.03% at the end of the first quarter 2023 and 14.74% at the end of the fourth quarter 2022.

## RENTAL RATES



The rental rates shown below are per square foot per year on a full service gross basis.

The average asking rental rate for available Office space, all classes, was \$56.11 psf at the end of the third quarter 2023 in the New York market area. This represented a 0.1% increase in quoted rental rates from the end of the second quarter 2023, when rents were reported at \$56.07.

The average quoted rate within the Class A (4 & 5 Star) sector was \$70.05 at the end of the third quarter 2023, while Class B (3 Star) rates stood at \$44.04, and Class C (1 & 2 Star) rates at \$35.04. At the end of the second quarter 2023, Class A (4 & 5 Star) rates were \$69.99 , Class-B (3 Star) rates were \$44.00, and Class C (1 & 2 Star) rates were \$35.06.

The average quoted asking rental rate in New York's Grand Central district was \$74.11 at the end of the third quarter 2023. In the second quarter 2023, quoted rates were \$74.09.

## INVENTORY & CONSTRUCTION

During the third quarter 2023, a total of -61,435 square feet was completed in the New York market area. This compares to a total of 3,981,816 square feet completed in the second quarter 2023, a total of -188,599 square feet completed in the first quarter 2023, and 5,997,983 square feet completed in the fourth quarter 2022.

There was 9,924,770 square feet of Office space under construction at the end of the third quarter 2023.

SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
Class A (4 & 5 Star)	493,615,719	10,468,412	7,727,855
Class B (3 Star)	361,178,915	-719,598	2,180,771
Class C (1 & 2 Star)	123,816,214	-19,049	16,144
<b>Total</b>	<b>978,610,848</b>	<b>9,729,765</b>	<b>9,924,770</b>

## MARKET OUTLOOK

The New York Office market ended the third quarter 2023 with a vacancy rate of 13.49%. The vacancy rate increased over the previous quarter, with net absorption totaling -1,251,767 square feet in the third quarter 2023. Rental rates increased \$0.04 PSF over the previous quarter and ended at \$56.11. A total of -61,435 square feet was delivered in the quarter, with 9,924,770 square feet still under construction at the end of the quarter.

## NEW YORK RETAIL MARKET

Costar is the source for the following data. The data reflects conditions of 2023 Q3, the most recent data available. The initial discussion provides information on the overall New York Retail market, followed by the subject's submarket. The subject is located within the Grand Central submarket, which will be discussed later in this report.

CoStar has recently introduced its Houseview Base Case. This comes in addition to several algorithmic forecast scenarios that are based entirely on modeling results using CoStar's internal econometric property sector models based on inputs from Oxford Economics' macroeconomic models in its US States and Metros service published in June 2023.

The Houseview Base Case forecast scenario is based on the Algorithmic Base Case below, where additional interventions are made to the property sector forecasts to account for structural and cyclical impacts in the commercial real estate markets that are not adequately reflected in macroeconomic forecasts. For example, tighter financial conditions have resulted in higher cap rates and steeper valuation losses, while low office utilization rates caused by the adoption of hybrid work arrangements have weakened fundamentals beyond what headline job gains or losses encapsulate. These interventions result in forecasts that are better aligned with the professional views of CoStar's property sector specialists.

Algorithmic Base Case forecast is based on the Oxford Economics baseline forecast, which reflects solid economic growth in the first half of 2023 followed by slowing momentum in the economy as the cumulative impact of Federal Reserve rate hikes and tighter credit conditions cool consumer spending and business investment and hiring. The economy is expected to enter a mild recession in the third quarter of 2023, with overall growth of 1.3% for the year.

Job gains have been solid, with almost 1.7 million added in the first half of the year. But momentum in the labor market is expected to fade and job losses are seen to begin in the third quarter, losing about 1 million positions by year end. The unemployment rate rises from its near historic low to end 2023 about 110 basis points higher, rising further in 2024 before falling gently in the following years but remaining above 4% through the end of the forecast period.

Headline and core inflation are expected to ease through the next four quarters, albeit very slowly. The PCE price index is expected to remain above the Fed's target rate until mid- to late-2024. The FOMC has signaled its intent to bring inflation under control and is expected to boost the policy rate to 5.5%-5.75% by the end of the year, holding it within this range for some time. Capital markets remain calm. Spreads briefly rise above 210 basis points in the second half of 2023, then return to less than 200 basis points through the end of the forecast period.

Costar provides statistics related to the retail market based on the following subtypes: Mall, Neighborhood Center, Power Center, Strip Center, General Retail and Other.

### KEY INDICATORS AT A GLANCE

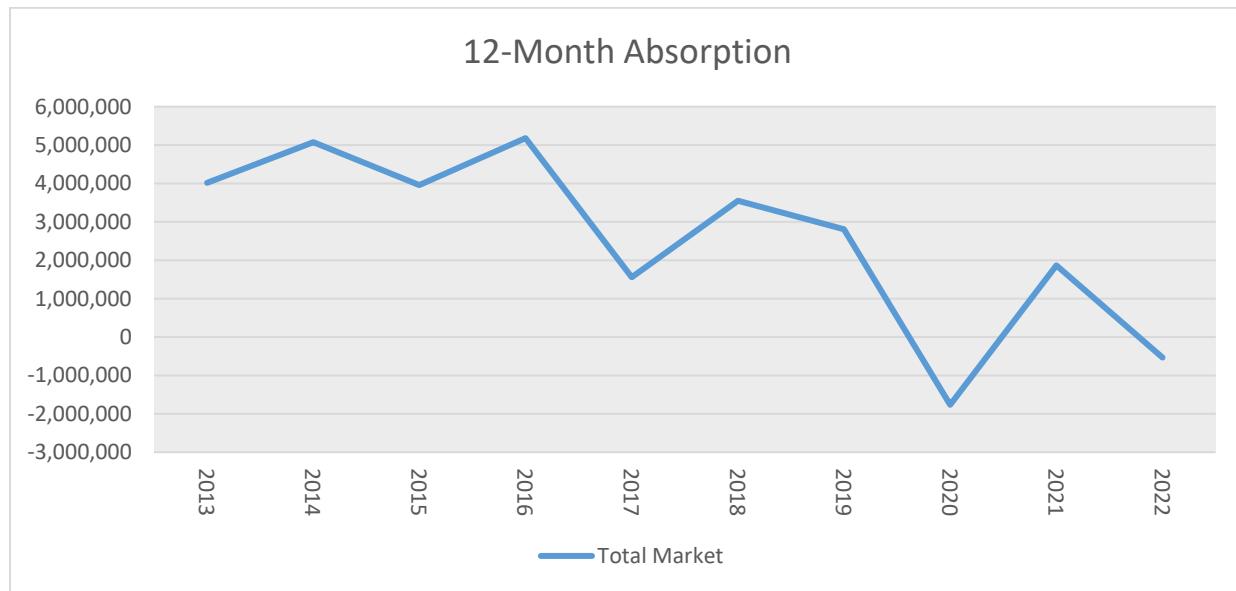
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	4.21%	4.15%	decreased 6 Basis Points
Absorption (SF)	12,065	683,996	increased 671,931 SF
Quoted Rental Rates (\$/SF/Year)	\$47.06	\$47.26	increased \$0.20 PSF
Inventory (SF)	632,463,431	632,778,347	increased 314,944 SF
Net Deliveries (SF)	265,246	314,916	increased 49,670 SF
Under Construction (SF)	3,016,693	3,040,962	increased 24,269 SF

## NEW YORK RETAIL MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2023 Q3	632,778,347	4.15%	683,996	314,916	3,040,962	\$47.26
2023 Q2	632,463,431	4.21%	12,065	265,246	3,016,693	\$47.06
2023 Q1	632,198,185	4.18%	-304,549	250,390	3,212,794	\$46.73
2022 Q4	631,947,795	4.09%	-7,469	-264,725	3,164,859	\$46.57
2022	631,947,795	4.09%	-536,845	-149,709	3,164,859	\$46.57
2021	632,091,820	4.03%	1,864,068	789,586	2,751,754	\$45.35
2020	631,290,588	4.20%	-1,764,452	2,663,144	2,887,278	\$44.31
2019	628,610,956	3.51%	2,805,592	3,857,941	4,192,273	\$44.31
2018	624,677,949	3.36%	3,551,412	1,893,575	8,044,273	\$43.57
2017	622,701,253	3.62%	1,559,609	1,855,599	6,745,314	\$42.99
2016	620,836,216	3.59%	5,179,983	2,866,583	6,483,462	\$42.09
2015	617,965,417	3.97%	3,955,303	2,045,344	6,221,824	\$41.28
2014	615,920,073	4.30%	5,073,164	2,071,476	4,725,255	\$40.06

The New York Retail market ended the third quarter with a vacancy rate of 4.15%. The vacancy rate decreased over the previous quarter, with net absorption totaling 683,996 square feet in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$47.26. A total of 314,916 square feet was delivered to the market, with 3,040,962 square feet still under construction at the end of the quarter.

### ABSORPTION



Net absorption for the overall New York Retail market was 683,996 square feet in the third quarter 2023. That compares to 12,065 square feet in the second quarter 2023, -304,549 square feet in the first quarter 2023, and -7,469 square feet in the fourth quarter 2022. Net absorption in the market over the prior 12 months totaled 384,043 square feet.

The Mall subtype recorded net absorption of 181,557 square feet in the third quarter 2023, compared to -88,534 square feet in the second quarter 2023, -755,198 square feet in the first quarter 2023, and 88,615 square feet in the fourth quarter 2022.

Neighborhood Centers recorded net absorption of 96,917 square feet in the third quarter 2023, compared to 47,521 square feet in the second quarter 2023, 259,575 square feet in the first quarter 2023, and 180,863 square feet in the fourth quarter 2022.

Power Centers recorded net absorption of -84,751 square feet in the third quarter 2023, compared to 15,560 square feet in the second quarter 2023, -4,938 square feet in the first quarter 2023, and -97,006 square feet in the fourth quarter 2022.

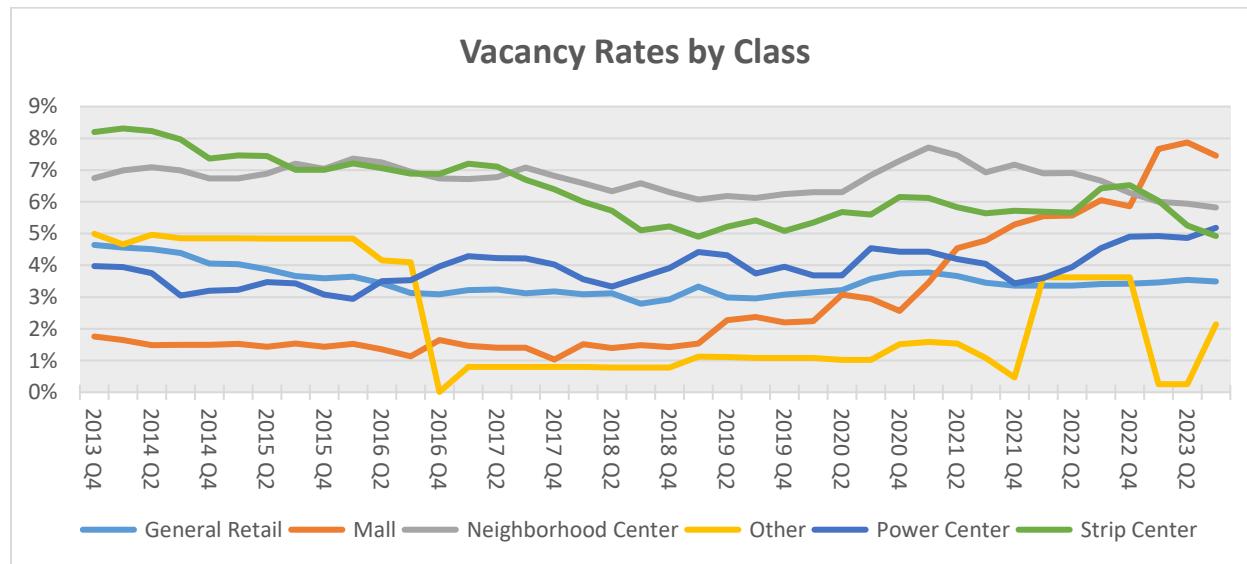
Strip Centers recorded net absorption of 57,450 square feet in the third quarter 2023, compared to 130,246 square feet in the second quarter 2023, 81,540 square feet in the first quarter 2023, and 41,358 square feet in the fourth quarter 2022.

General Retail recorded net absorption of 499,620 square feet in the third quarter 2023, compared to -93,850 square feet in the second quarter 2023, -8,298 square feet in the first quarter 2023, and -223,789 square feet in the fourth quarter 2022.

Finally, Other retail subtypes recorded net absorption of -67,919 square feet in the third quarter 2023, compared to 0 square feet in the second quarter 2023, 121,070 square feet in the first quarter 2023, and 0 square feet in the fourth quarter 2022.

Net absorption for the Grand Central submarket was -4,500 square feet in the third quarter 2023. That compares to 1,700 square feet in the second quarter 2023, -3,655 square feet in the first quarter 2023, and -7,577 square feet in the fourth quarter 2022.

## VACANCY



Vacancy for the overall New York Retail market was 4.15% in the third quarter 2023. That compares to 4.21% in the second quarter 2023, 4.18% in the first quarter 2023, and 4.09% in the fourth quarter 2022.

The Mall subtype recorded vacancy of 7.45% in the third quarter 2023, compared to 7.87% in the second quarter 2023, 7.66% in the first quarter 2023, and 5.86% in the fourth quarter 2022.

Neighborhood Centers recorded vacancy of 5.82% in the third quarter 2023, compared to 5.94% in the second quarter 2023, 6.00% in the first quarter 2023, and 6.28% in the fourth quarter 2022.

Power Centers recorded vacancy of 5.18% in the third quarter 2023, compared to 4.86% in the second quarter 2023, 4.92% in the first quarter 2023, and 4.90% in the fourth quarter 2022.

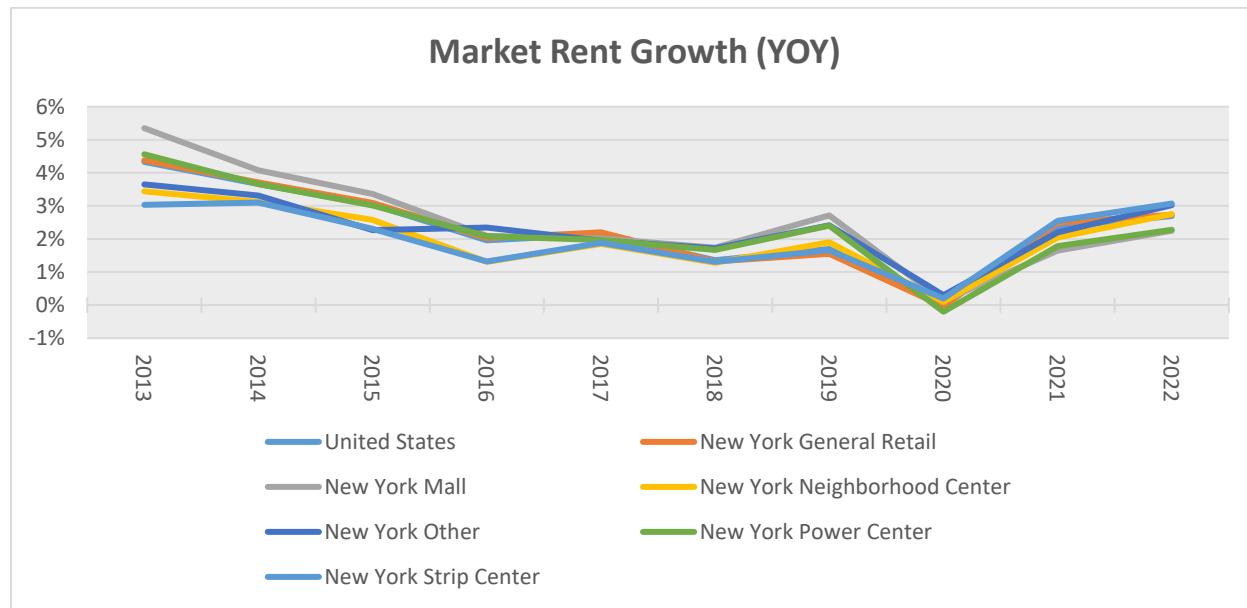
Strip Centers recorded vacancy of 4.92% in the third quarter 2023, compared to 5.25% in the second quarter 2023, 6.03% in the first quarter 2023, and 6.52% in the fourth quarter 2022.

General Retail recorded vacancy of 3.49% in the third quarter 2023, compared to 3.54% in the second quarter 2023, 3.46% in the first quarter 2023, and 3.42% in the fourth quarter 2022.

Finally, Other retail subtypes recorded vacancy of 2.14% in the third quarter 2023, compared to 0.25% in the second quarter 2023, 0.25% in the first quarter 2023, and 3.62% in the fourth quarter 2022.

Vacancy for the Grand Central submarket was 14.68% in the third quarter 2023. That compares to 13.60% in the second quarter 2023, 14.01% in the first quarter 2023, and 13.13% in the fourth quarter 2022.

## RENTAL RATES



The rental rates shown below are per square foot per year on a NNN basis.

The average asking rental rate for available Retail space, all subtypes, was \$47.26 psf at the end of the third quarter 2023 in the New York market area. Average asking rental rates reported a 0.4% increase from the end of the second quarter 2023, when rents were reported at \$47.06.

The average quoted rate within the Mall subtype was \$50.71 at the end of the third quarter 2023, while Neighborhood Center rates stood at \$38.01, Power Center rates at \$36.86, Strip Center rates at \$30.70, General Retail rates at \$49.78, and Other retail rates at \$36.99. At the end of the second quarter 2023, Mall subtype rates

were \$50.42, Neighborhood Center rates stood at \$37.65, Power Center rates at \$36.60, Strip Center rates at \$30.49, General Retail rates at \$49.63, and Other retail rates at \$36.66.

The average quoted asking rental rate in New York's Grand Central submarket was \$251.86 at the end of the third quarter 2023. In the second quarter 2023, quoted rates were \$251.17.

## INVENTORY & CONSTRUCTION

During the third quarter 2023, a total of 314,916 square feet was completed in the New York market area. This compares to a total of 265,246 square feet completed in the second quarter 2023, a total of 250,390 square feet completed in the first quarter 2023, and -264,725 square feet completed in the fourth quarter 2022.

There was 3,040,962 square feet of Retail space under construction at the end of the third quarter 2023.

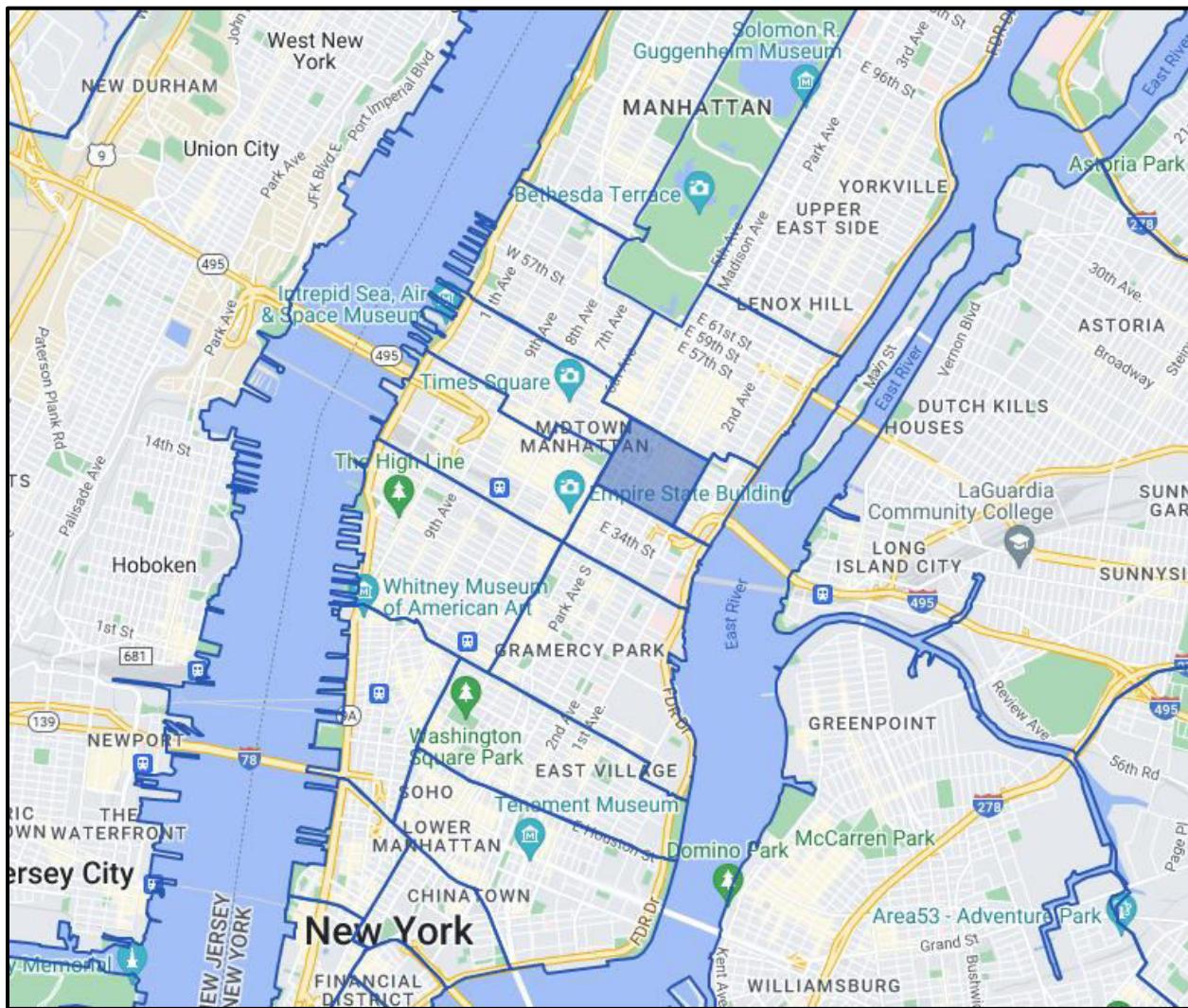
SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
Mall	42,057,911	18,300	202,847
Neighborhood Center	79,322,293	-96,903	255,110
Power Center	27,029,278	0	2,400
Strip Center	16,649,981	65,442	87,163
General Retail	463,257,119	578,988	2,441,417
Other	3,597,501	0	0
<b>Total</b>	<b>632,778,347</b>	<b>565,827</b>	<b>3,040,962</b>

## MARKET OUTLOOK

The New York Retail market ended the third quarter 2023 with a vacancy rate of 4.15%. The vacancy rate decreased over the previous quarter, with net absorption totaling 683,996 square feet in the third quarter 2023. Rental rates increased \$0.20 PSF over the previous quarter and ended at \$47.26. A total of 314,916 square feet was delivered in the quarter, with 3,040,962 square feet still under construction at the end of the quarter.

## SUBMARKET ANALYSIS

### SUBMARKET MAP



### GRAND CENTRAL OFFICE MARKET

#### KEY INDICATORS AT A GLANCE

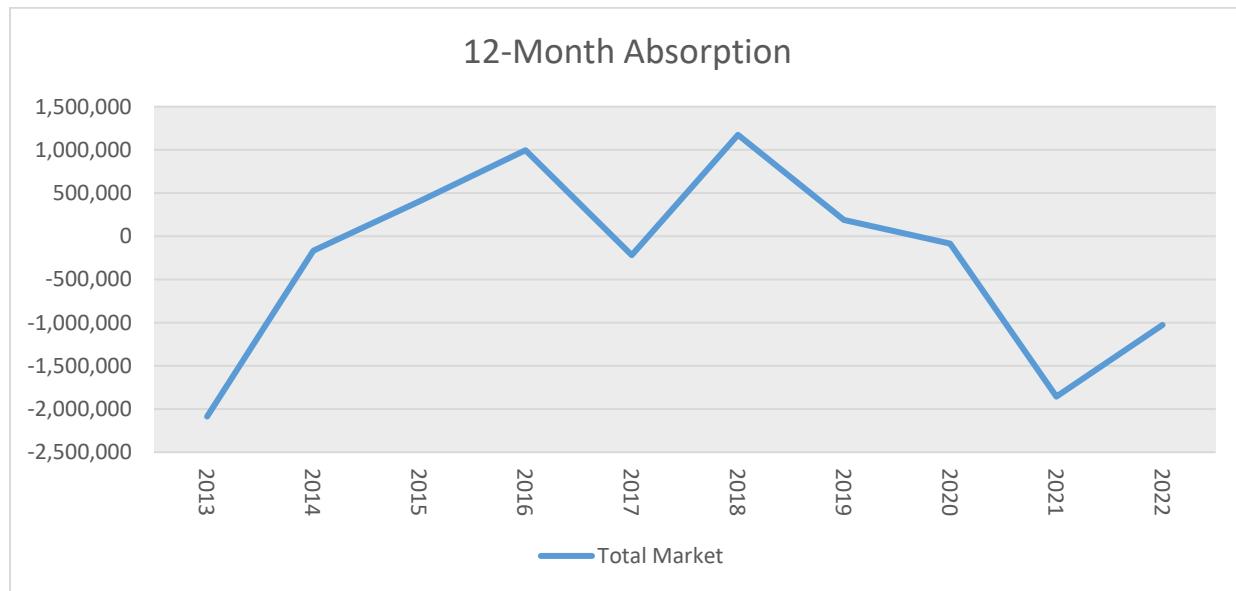
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	15.66%	15.09%	decreased 57 Basis Points
Absorption (SF)	-365,743	329,995	increased 695,738 SF
Quoted Rental Rates (\$/SF/Year)	\$74.09	\$74.11	increased \$0.02 PSF
Inventory (SF)	58,289,303	58,289,303	no change SF
Net Deliveries (SF)	0	0	no change SF
Under Construction (SF)	0	0	no change SF

## GRAND CENTRAL OFFICE MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2023 Q3	58,289,303	15.09%	329,995	0	0	\$74.11
2023 Q2	58,289,303	15.66%	-365,743	0	0	\$74.09
2023 Q1	58,289,303	15.03%	-241,329	-81,200	0	\$73.82
2022 Q4	58,370,503	14.74%	141,819	0	0	\$73.71
2022	58,370,503	14.74%	-1,025,906	0	0	\$73.71
2021	58,370,503	12.98%	-1,854,537	0	0	\$74.78
2020	58,370,503	9.80%	-86,363	1,657,000	0	\$74.73
2019	56,713,503	7.01%	190,266	-7,680	1,657,000	\$78.02
2018	56,721,183	7.35%	1,173,842	-34,358	1,657,000	\$76.08
2017	56,755,541	9.49%	-217,539	0	1,657,000	\$76.29
2016	56,755,541	9.02%	996,223	0	0	\$74.03
2015	56,755,541	10.78%	402,139	-720,405	0	\$72.76
2014	57,475,946	12.57%	-166,128	-249,646	0	\$69.36

The Grand Central Office market ended the third quarter with a vacancy rate of 15.09%. The vacancy rate decreased over the previous quarter, with net absorption totaling 329,995 square feet in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$74.11. A total of 0 square feet was delivered to the market, with 0 square feet still under construction at the end of the quarter.

### ABSORPTION



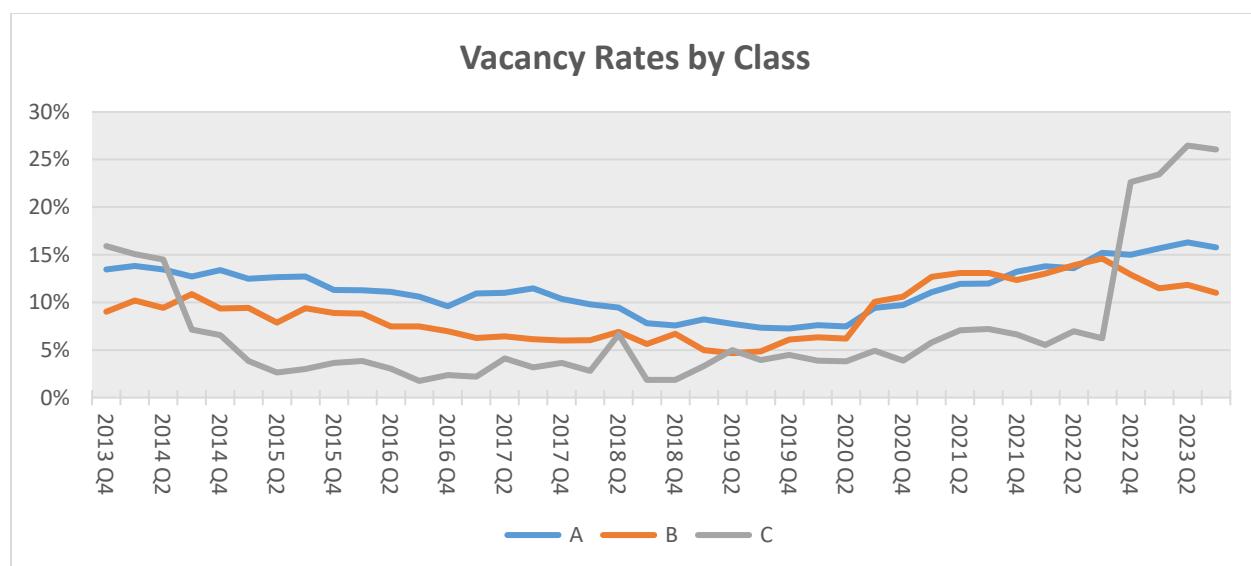
Net absorption for the overall Grand Central Office market was 329,995 square feet in the third quarter 2023. That compares to -365,743 square feet in the second quarter 2023, -241,329 square feet in the first quarter 2023, and 141,819 square feet in the fourth quarter 2022. Net absorption in the market over the prior 12 months totaled -135,258 square feet.

The Class A (4 & 5 Star) Office market recorded net absorption of 241,565 square feet in the third quarter 2023, compared to -303,360 square feet in the second quarter 2023, -312,110 square feet in the first quarter 2023, and 96,155 square feet in the fourth quarter 2022.

The Class B (3 Star) Office market recorded net absorption of 85,330 square feet in the third quarter 2023, compared to -38,853 square feet in the second quarter 2023, 76,881 square feet in the first quarter 2023, and 172,196 square feet in the fourth quarter 2022.

The Class C (1 & 2 Star) Office market recorded net absorption of 3,100 square feet in the third quarter 2023, compared to -23,530 square feet in the second quarter 2023, -6,100 square feet in the first quarter 2023, and -126,532 square feet in the fourth quarter 2022.

## VACANCY



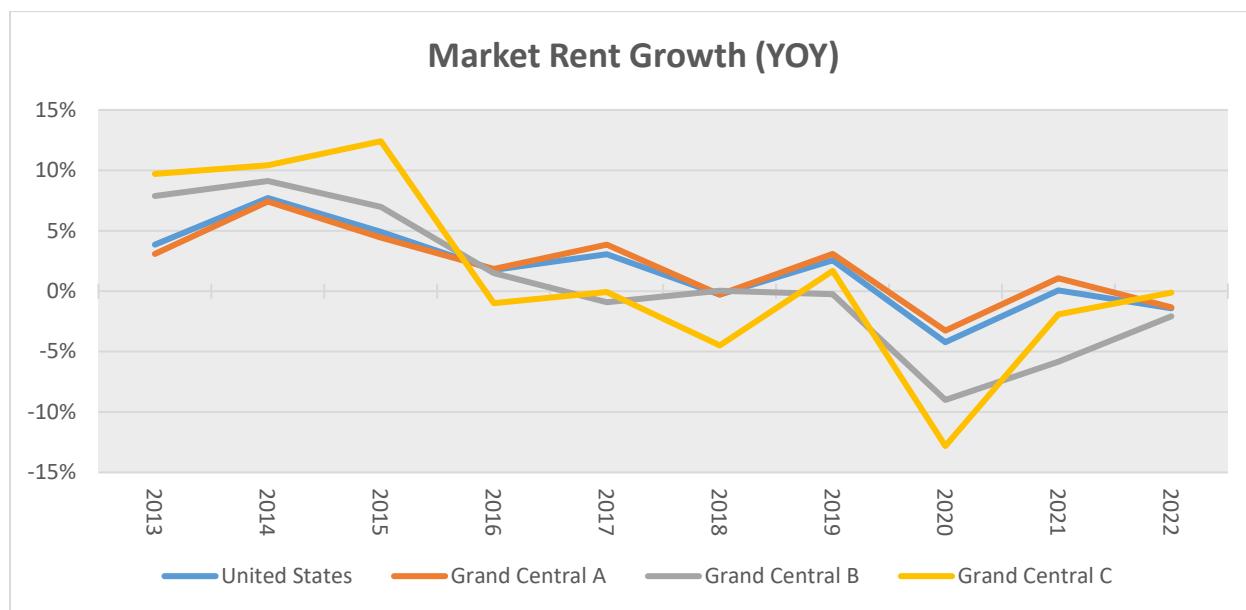
Vacancy for the overall Grand Central Office market decreased to 15.09% in the third quarter 2023. That compares to 15.66% in the second quarter 2023, 15.03% in the first quarter 2023, and 14.74% in the fourth quarter 2022.

Class A (4 & 5 Star) projects reported a vacancy rate of 15.79% at the end of the third quarter 2023, 16.30% at the end of the second quarter 2023, 15.66% at the end of the first quarter 2023, and 15.00% at the end of the fourth quarter 2022.

Class B (3 Star) projects reported a vacancy rate of 11.00% at the end of the third quarter 2023, 11.84% at the end of the second quarter 2023, 11.46% at the end of the first quarter 2023, and 12.92% at the end of the fourth quarter 2022.

Class C (1 & 2 Star) projects reported a vacancy rate of 26.06% at the end of the third quarter 2023, 26.47% at the end of the second quarter 2023, 23.42% at the end of the first quarter 2023, and 22.63% at the end of the fourth quarter 2022.

## RENTAL RATES



The rental rates shown below are per square foot per year on a full service gross basis.

The average asking rental rate for available Office space, all classes, was \$74.11 psf at the end of the third quarter 2023 in the Grand Central market area. This represented a 0.0% increase in quoted rental rates from the end of the second quarter 2023, when rents were reported at \$74.09.

The average quoted rate within the Class A (4 & 5 Star) sector was \$78.22 at the end of the third quarter 2023, while Class B (3 Star) rates stood at \$56.83, and Class C (1 & 2 Star) rates at \$47.49. At the end of the second quarter 2023, Class A (4 & 5 Star) rates were \$78.19, Class-B (3 Star) rates were \$56.92, and Class C (1 & 2 Star) rates were \$47.50.

## INVENTORY & CONSTRUCTION

During the third quarter 2023, a total of 0 square feet was completed in the Grand Central market area. This compares to a total of 0 square feet completed in the second quarter 2023, a total of -81,200 square feet completed in the first quarter 2023, and 0 square feet completed in the fourth quarter 2022.

There were 0 square feet of Office space under construction at the end of the third quarter 2023.

SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
Class A (4 & 5 Star)	47,410,402	0	0
Class B (3 Star)	10,107,514	-81,200	0
Class C (1 & 2 Star)	771,387	0	0
<b>Total</b>	<b>58,289,303</b>	<b>-81,200</b>	<b>0</b>

## GRAND CENTRAL MARKET OUTLOOK

The Grand Central Office market ended the third quarter 2023 with a vacancy rate of 15.09%. The vacancy rate decreased over the previous quarter, with net absorption totaling 329,995 square feet in the third quarter 2023. Rental rates increased \$0.02 PSF over the previous quarter and ended at \$74.11. A total of 0 square feet was delivered in the quarter, with 0 square feet still under construction at the end of the quarter.

## GRAND CENTRAL RETAIL MARKET

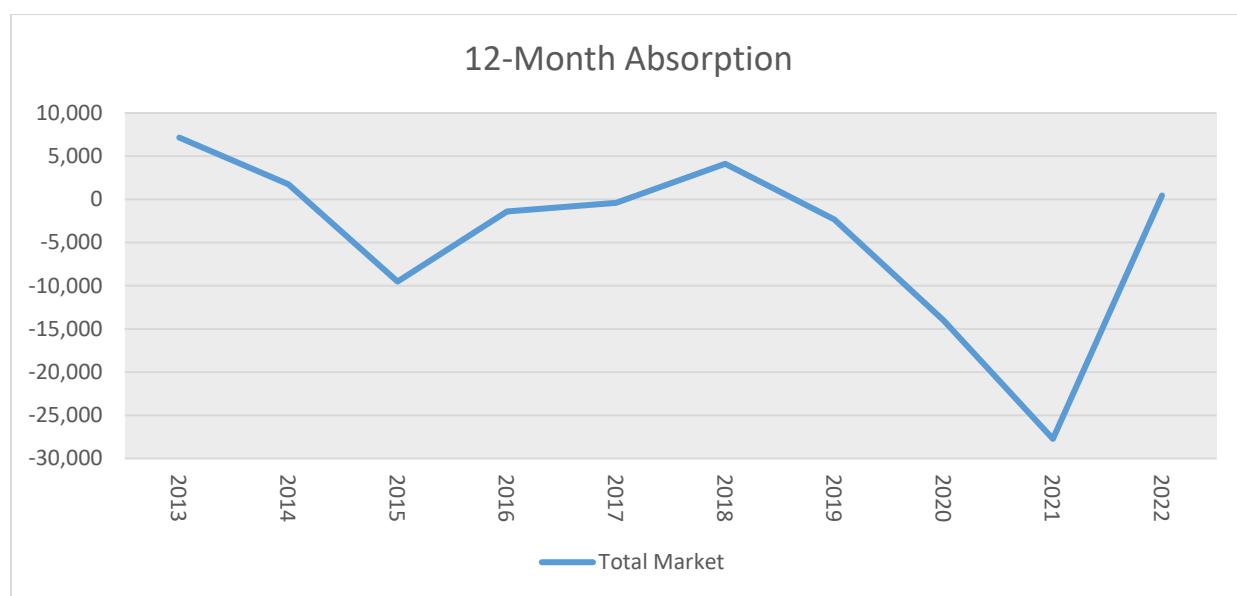
### KEY INDICATORS AT A GLANCE

	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	13.60%	14.68%	increased 108 Basis Points
Absorption (SF)	1,700	-4,500	decreased 6,200 SF
Quoted Rental Rates (\$/SF/Year)	\$251.17	\$251.86	increased \$0.69 PSF
Inventory (SF)	416,179	416,179	no change SF
Net Deliveries (SF)	0	0	no change SF
Under Construction (SF)	0	0	no change SF

### GRAND CENTRAL RETAIL MARKET STATISTICS

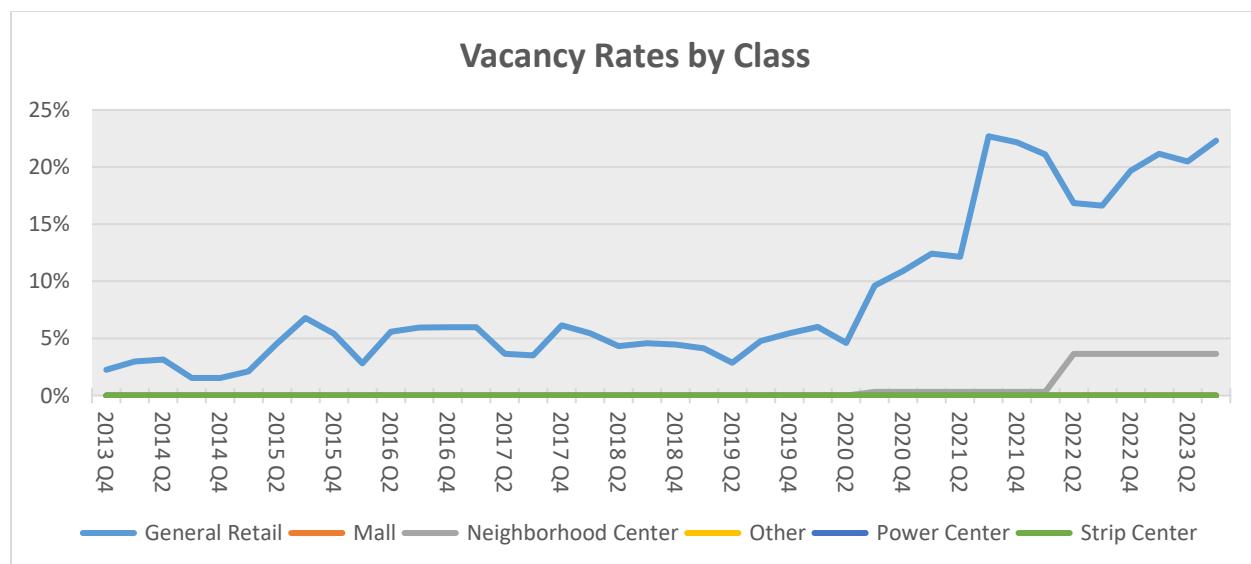
PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2023 Q3	416,179	14.68%	-4,500	0	0	\$251.86
2023 Q2	416,179	13.60%	1,700	0	0	\$251.17
2023 Q1	416,179	14.01%	-3,655	0	0	\$250.32
2022 Q4	416,179	13.13%	-7,577	0	0	\$250.25
2022	416,179	13.13%	462	0	0	\$250.25
2021	416,179	13.24%	-27,727	0	0	\$244.65
2020	416,179	6.58%	-14,010	0	0	\$239.60
2019	416,179	3.22%	-2,342	0	0	\$239.64
2018	416,179	2.65%	4,100	0	0	\$233.62
2017	416,179	3.64%	-390	0	0	\$228.55
2016	416,179	3.54%	-1,419	0	0	\$223.77
2015	416,179	3.20%	-9,531	0	0	\$218.30
2014	416,179	0.91%	1,749	0	0	\$210.02

The Grand Central Retail market ended the third quarter with a vacancy rate of 14.68%. The vacancy rate increased over the previous quarter, with net absorption totaling -4,500 square feet in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$251.86. A total of 0 square feet was delivered to the market, with 0 square feet still under construction at the end of the quarter.

**ABSORPTION**

Net absorption for the overall Grand Central Retail market was -4,500 square feet in the third quarter 2023. That compares to 1,700 square feet in the second quarter 2023, -3,655 square feet in the first quarter 2023, and -7,577 square feet in the fourth quarter 2022. Net absorption in the market over the prior 12 months totaled -14,032 square feet.

General Retail recorded net absorption of -4,500 square feet in the third quarter 2023, compared to 1,700 square feet in the second quarter 2023, -3,655 square feet in the first quarter 2023, and -7,577 square feet in the fourth quarter 2022.

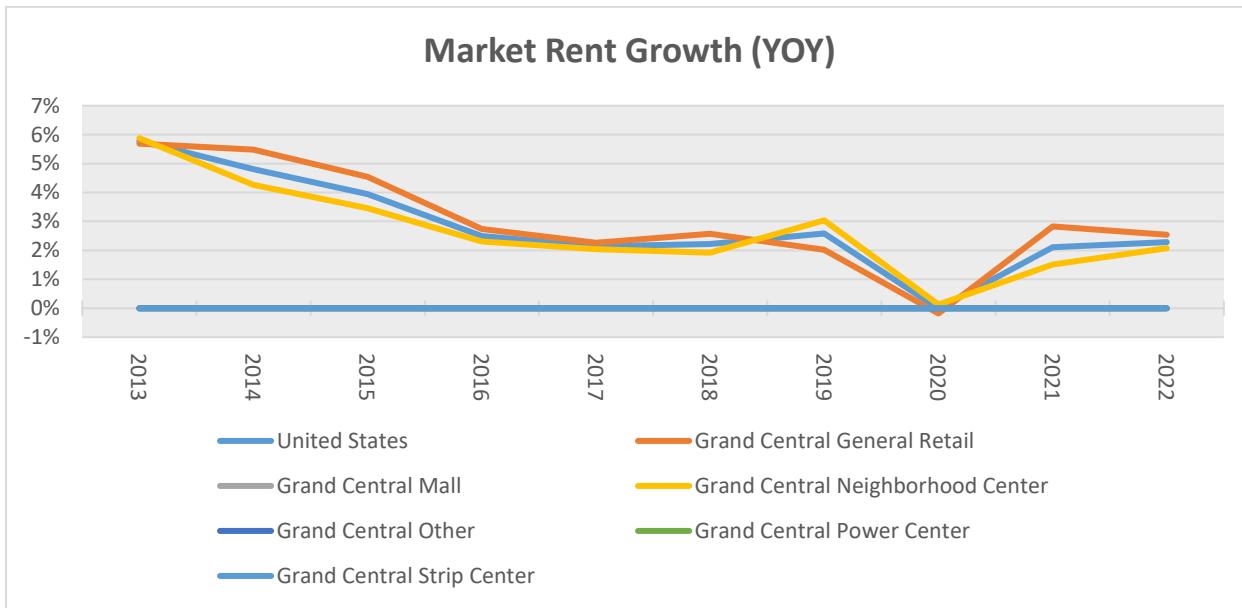
**VACANCY**

Vacancy for the overall Grand Central Retail market increased to 14.68% in the third quarter 2023. That compares to 13.60% in the second quarter 2023, 14.01% in the first quarter 2023, and 13.13% in the fourth quarter 2022.

Neighborhood Center subtype projects reported a vacancy rate of 3.65% at the end of the third quarter 2023, 3.65% at the end of the second quarter 2023, 3.65% at the end of the first quarter 2023, and 3.65% at the end of the fourth quarter 2022.

General Retail recorded vacancy of 22.31% in the third quarter 2023, compared to 20.48% in the second quarter 2023, 21.17% in the first quarter 2023, and 19.68% in the fourth quarter 2022.

## RENTAL RATES



The rental rates shown below are per square foot per year on a NNN basis.

The average asking rental rate for available Retail space, all classes, was \$251.86 psf at the end of the third quarter 2023 in the Grand Central market area. This represented a 0.3% increase in quoted rental rates from the end of the second quarter 2023, when rents were reported at \$251.17.

The average quoted rate within the Neighborhood Center subtype rates stood at \$337.73, General Retail rates at \$192.56.

## INVENTORY & CONSTRUCTION

During the third quarter 2023, a total of 0 square feet was completed in the Grand Central market area. This compares to a total of 0 square feet completed in the second quarter 2023, a total of 0 square feet completed in the first quarter 2023, and 0 square feet completed in the fourth quarter 2022.

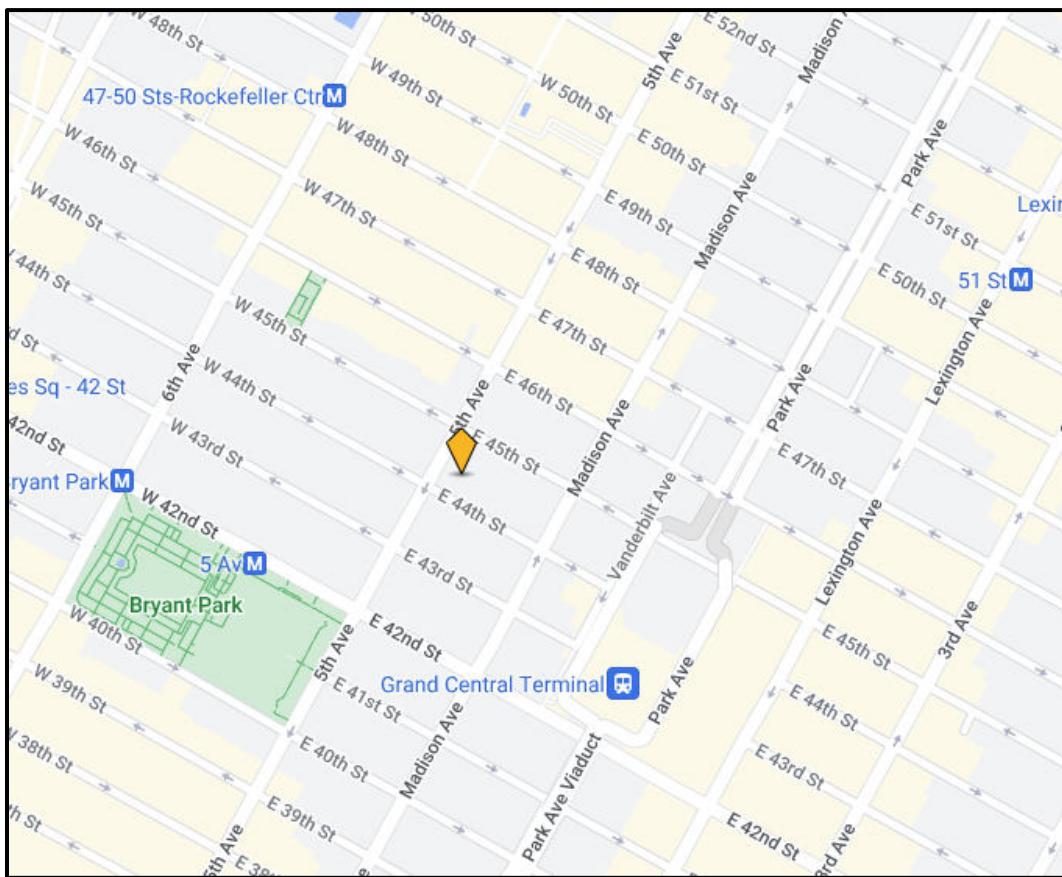
There were 0 square feet of Retail space under construction at the end of the third quarter 2023.

SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
Neighborhood Center	170,000	0	0
General Retail	246,179	0	0

## GRAND CENTRAL MARKET OUTLOOK

The Grand Central Retail market ended the third quarter 2023 with a vacancy rate of 14.68%. The vacancy rate increased over the previous quarter, with net absorption totaling -4,500 square feet in the third quarter 2023. Rental rates increased \$0.69 PSF over the previous quarter and ended at \$251.86. A total of 0 square feet was delivered in the quarter, with 0 square feet still under construction at the end of the quarter.

# NEIGHBORHOOD ANALYSIS



## NEIGHBORHOOD DESCRIPTION

The subject property is located in Midtown Manhattan. Midtown comprises the area between 34th Street to 59th Street. As New York's largest central business district, Midtown Manhattan is the busiest single commercial district in the United States. The great majority of New York City's skyscrapers, including its tallest hotels and apartment towers, lie within Midtown. More than 700,000 commuters work in its offices, hotels, and retail establishments; the area also hosts many tourists, visiting residents, and students. Some areas, especially Times Square and Fifth Avenue, have massive clusters of retail establishments. Midtown Manhattan is the economic heart of Metropolitan New York, containing major corporate headquarters, retail businesses, financial service industries, and world class hotels. Midtown Manhattan is home to the city's tallest and most famous buildings such as the Empire State Building and Chrysler Building.

Midtown Manhattan has the headquarters of several companies, including Bloomberg, Colgate-Palmolive, Deloitte, Ernst & Young, J.P. Morgan Chase & Co., KPMG, L'Oréal, Morgan Stanley & Co., Ogilvy, Pfizer, PricewaterhouseCoopers, Thomson Reuters, Time Warner, Twenty-First Century Fox, Viacom and Wells Fargo.

Central Midtown is characterized by post-war and modern hi-rise office towers with some ground floor retail uses which primarily include major banks and various retailers. The major office corridors within Central Midtown are Park, Madison, Fifth, and Sixth Avenues with prime retail space concentrated on Madison and Fifth Avenues. New York's Diamond District is situated along West 47th Street between Fifth and Sixth Avenues.

Midtown East is predominated by mid- and high-rise office and residential buildings. Within the greater Midtown East area, there are several residential enclaves such as Sutton Place, Beekman Place, Tudor City, Turtle Bay, and Murray Hill. From a residential standpoint, the attraction of this area is its great convenience to employment and retail centers as well as the United Nations. For retailers and restaurants, Midtown East is home to many of Manhattan's prestigious office buildings, numerous Fortune 500 firms, many of Manhattan's fashionable hotels and the headquarters of the United Nations.

Midtown West includes the Garment Center, Hell's Kitchen (Clinton) and Times Square. While the Garment Center district was traditionally the headquarters for the sale, manufacturing and display of the fashion and textile industry it is now home to office and showroom space. Hell's Kitchen is a mixed use neighborhood which has seen significant residential development over the last twenty years. Times Square is one of New York's most charismatic neighborhoods characterized by a wide range of uses which include retail and entertainment, office buildings, residential, hotels and theaters. It is considered a premier tourist destination, playing host to millions of visitors annually from around the world. The northern portion of Midtown West is home to The Time Warner Center, a 2,800,000 square foot office, retail, hotel, and condominium development.

Located in the southwestern portion of Midtown West, Hudson Yards is one of the largest new developments within Manhattan. Once completed, it will contain more than 18 million square feet of commercial and residential space. Twenty-eight acres in size, this was Manhattan's largest undeveloped parcel of land. More than half of the development, 14 acres, is allocated to new open space and parks. On March 15, 2019, Hudson Yards officially opened its restaurants and food halls, along with a host of high-end stores and the project's new public park. Several office and residential buildings have completed construction in the last few years with many still under construction. The Vessel, a tourist attraction located within Hudson Yards, opened in 2019, however it has since been closed as recently as July 2021 to improve safety conditions. Many of the restaurants and shops remain vacant as the recovery from the onset of the COVID-19 pandemic continues at a slow pace within New York City. Specifically, Neiman Marcus filed for bankruptcy in 2020 and was forced to close one of its largest stores that was located in Hudson Yards.

In August 2017, the City Council approved a rezoning for a section of Midtown East. The rezoned blocks run from East 39th Street to East 57th Street, from Third to Madison Avenues. The rezoning is intended to revitalize what was once the core of corporate activity in New York City. The change will also allow buildings with landmark status to transfer their unused development rights to sites anywhere in the 78-block area.

Large employers have been leaving that part of Midtown for state-of-the-art buildings at the Hudson Yards project on the Far West Side or at the new World Trade Center complex in Lower Manhattan.

Midtown contains some of Manhattan's most popular attractions. They are Radio City Music Hall, the Rockefeller Center Plaza and Promenade, which is home of the famous Christmas tree and skating rink, and St. Patrick's Cathedral. These landmark properties are all located within one or two blocks of each other.

Transportation linkage in Midtown, as one would expect in such a major commercial center, is excellent. The subject property enjoys easy access to all forms of mass transportation within Manhattan. Commuter rail stations are situated at Park Avenue and 42nd Street (Grand Central Terminal) and Seventh Avenue and West 32nd Street (Pennsylvania Station). Grand Central serves Westchester and Putnam Counties in New York as well as the southeasterly coastline of Connecticut. Penn Station serves New Jersey and Long Island and is a major stop in Amtrak's Northeast Corridor between Boston and Washington. Grand Central is also a major stop served by the IRT local and express service along the East Side of Manhattan and into Brooklyn and the Bronx. The #7 train also runs from Queens through Grand Central and to Hudson Yards. Bus service runs uptown/downtown the avenues with cross-town bus service available along 34th, 42nd and 57th Streets. Automobile river crossings in Midtown include the Queens-Midtown Tunnel, Queensboro (a/k/a 59th Street) Bridge, and the Lincoln Tunnel to New Jersey. The Staten Island Ferry, located at the southern tip of Manhattan in Battery Park, is easily accessible by subway.

### SPECIFIC SUBJECT LOCATION

The subject is located on the southeast corner of Fifth Avenue and East 44th Street. This is a desirable Midtown location within the Grand Central district. The Grand Central district is generally bordered on the south by 35th Street, on the north by 47th Street, on the west by 5th Avenue and on the east by 3rd Avenue. The Grand Central area is primarily improved with pre- and post-war office buildings, most with ground floor retail space, along with a number of hotels and residential apartment buildings.

The property is located two blocks west from Grand Central Station. Approximately 750,000 people pass through the terminal daily. In addition to being a transportation hub for multiple subway lines and Metro North, Grand Central station is home to numerous retailers and eateries including a lower level dining concourse, Cipriani Dolci, The Campbell Bar, The Oyster Bar, Grand Central Market, Apple Store, L'Occitane, MAC Cosmetics, Warby Parker and Banana Republic.

The subject is positioned two blocks away from One Vanderbilt, the recently constructed Class-A trophy asset in New York City.

The subject is situated two blocks north of Bryant Park and the main branch of the New York Public Library. Bryant Park is a well planted oasis with chairs and tables available for office workers at lunchtime or for after work activities. An outdoor bar and an indoor/outdoor restaurant separate the park from the rear of the New York Public Library. Times Square is located two avenues west of the subject property.

### SUBJECT ACCESS TO PUBLIC TRANSPORTATION

Access to public transportation from the subject's location is excellent. The subject benefits from its close proximity to Grand Central Terminal, with access to Metro North and the 4, 5, 6, 7 and shuttle trains to Times Square, as well as its situation near the New York Public Library and Bryant Park, with access to the B, D, F, M and 7 trains and to Times Square which offers access to almost all of New York City's subway lines including: A, C, E, 1, 2, 3, 7, N, R, Q, W, and the Shuttle to Grand Central Station. Local bus service runs cross town on 42nd Street (connecting to the Port Authority Bus Terminal), southbound on Fifth Avenue and Lexington Avenues, and northbound on Madison Avenue and Third Avenue. 42nd Street provides convenient automobile links to the FDR Drive, the West Side Highway, Lincoln Tunnel and Queens Midtown Tunnel.

### SUMMARY

The subject is located in the largest Central Business District (CBD) in the United States, improved primarily with hi-rise commercial office buildings but having some ancillary uses such as mixed commercial/residential buildings and hotels. The neighborhood benefits from its accessibility and proximity to residential neighborhoods and its conformity of use, allowing like and/or mutually beneficial businesses to locate near one another. Overall, the subject neighborhood is considered to be conveniently located, and well positioned for the future.

**SPECIFIC SUBJECT LOCATION**

The following table reflects significant locations in the subject's area:

DISTANCE TO SUPPORTIVE USES / ACCESS			
Type	Distance	Direction	
<b>Interstate/Freeways</b>			
Queens Midtown Tunnel	0.7 miles	SE	
FDR Drive	0.8 miles	SE	
<b>Transportation Centers</b>			
Grand Central Station	0.2 miles	SE	
LaGuardia Airport	5.7 miles	E	
<b>Shopping Facilities</b>			
Rockefeller Center Mall	0.3 miles	N	
The Shops at Columbus Center	1.0 miles	N	
<b>Education Centers</b>			
New York University	2.0 miles	SW	
Columbia University	3.7 miles	N	
<b>Landmarks / Other</b>			
Empire State Building	0.6 miles	SW	
Madison Square Garden	0.8 miles	SW	

# Manhattan Community District 5



**Neighborhoods<sup>1</sup>:** Flatiron, Gramercy Park, Herald Square, Midtown, Midtown South, Murray Hill, Times Square, Union Square

POPULATION & DENSITY		
2000 <sup>2</sup>	2010 <sup>3</sup>	2000-2010
44,028	51,673	+17%
2013-2017 Estimate <sup>4</sup>		N/A
Square Miles		1.6
Population Density		32,296/sq mi



**COMMUNITY BOARD PERSPECTIVES**  
Top 3 pressing issues identified by Manhattan Community Board 5 in 2019:

1. Traffic
  2. Trash removal & cleanliness
  3. Homelessness
- To learn more, please read Manhattan CD 5's Statements of Community District Needs and Community Board Budget Requests for Fiscal Year 2021.

Website: [www.cb5.org](http://www.cb5.org)  
Email: [office@cb5.org](mailto:office@cb5.org)

Land Use Category	# Lots	% Lot Area
1 & 2 Family Bldgs	15	0%
Multifamily Walk-up	77	1%
Multifamily Elevator	187	5%
Mixed Use	769	14%
Commercial	1,641	66%
Industrial	15	0%
Transportation/Utility	22	3%
Public/Institutional	113	7%
Open Space	6	2%
Parking	39	1%
Vacant	88	1%
Other	8	0%

## A Snapshot of Key Community Indicators

COMMUNITY ASSETS <sup>5</sup>	
Public Schools	15
Public Libraries	7
Hospitals and Clinics	17
Parks	10
Click to visit the NYC Facilities Explorer	

RENT BURDEN <sup>6</sup>	
Manhattan CD 5 <b>34%</b>	Manhattan 37%
of households spend 35% or more of their income on rent.	NYC 45%

ACCESS TO PARKS <sup>7</sup>	
Manhattan CD 5 <b>95%</b>	Citywide Target 85%
of residents live within walking distance of a park or open space	

MEAN COMMUTE TO WORK <sup>4, 8</sup>	
Manhattan CD 5 <b>27</b> minutes	Manhattan 32 minutes
	NYC 41 minutes

LIMITED ENGLISH PROFICIENCY <sup>4</sup>	
Manhattan CD 5 <b>10%</b>	Manhattan 16%
of residents 5 years or older have limited English proficiency	NYC 23%

CRIME RATE <sup>9</sup>	
Manhattan CD 5 <b>87.2</b>	Manhattan 15.7
major felonies were reported per 1,000 residents in 2017	NYC 11.8

EDUCATIONAL ATTAINMENT <sup>4, 10</sup>	
Manhattan CD 5 <b>74%</b> of residents 25 years or older have earned a bachelor's degree or higher	Manhattan 61%
	NYC 37%

UNEMPLOYMENT <sup>4, 10</sup>	
Manhattan CD 5 <b>3.7%</b> of the civilian labor force was unemployed on average from 2013 to 2017	Manhattan 4.2%
	NYC 4.9%

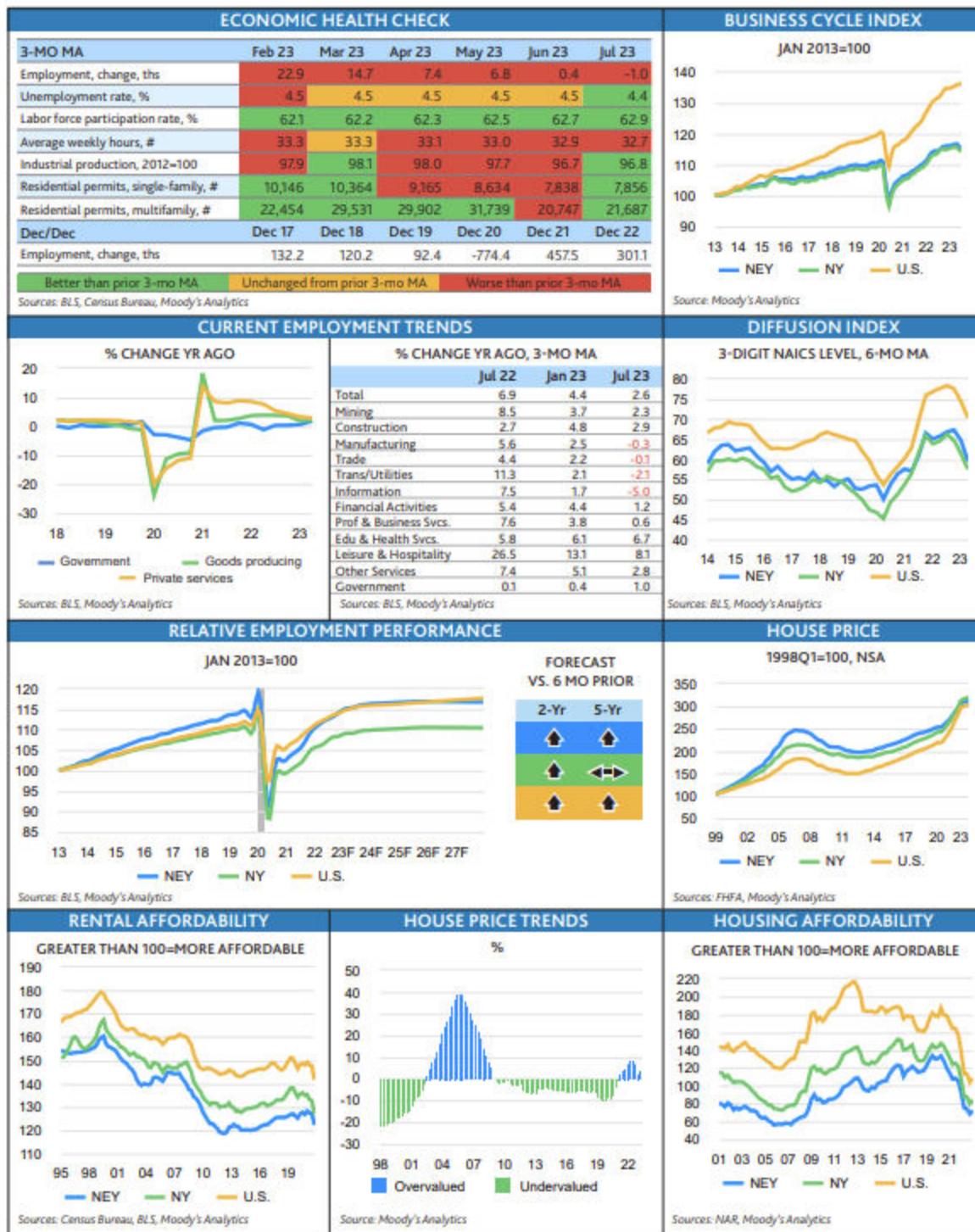
NYCgov POVERTY MEASURE <sup>11</sup>	
Manhattan CD 5 <b>11%</b> of residents have incomes below the NYCgov poverty threshold. See the federal poverty rate here.	Manhattan 14%
	NYC 20%

<sup>1</sup> Neighborhoods may be in multiple districts. Names and boundaries are not officially designated. <sup>2</sup> 2000 US Census; <sup>3</sup> 2010 US Census; <sup>4</sup> American Community Survey 2013-2017 5-Year Estimates, calculated for Public Use Microdata Areas (PUMAs). PUMAs are geographic approximations of community districts. MN 5 shares PUMA 3807 with MN 4, and the ACS population estimate cannot be reliably disaggregated. <sup>5</sup> NYC Dept of City Planning Facilities Database (2019); <sup>6</sup> Differences of less than 3 percentage points are not statistically meaningful.. <sup>7</sup> NYC Dept of Parks and Recreation (DPR) (2019). DPR consider walking distance to be 1/4 mile for parks less than 6 acres, and 1/2 mile for larger parks and pools. <sup>8</sup> Differences of less than 2 minutes are not statistically meaningful. <sup>9</sup> NYPD CompStat, Historic Crime Data (2018); <sup>10</sup> Differences of less than 2 percentage points are not statistically meaningful. <sup>11</sup> 2013-2017 NYCgov Poverty Measure by PUMA. This metric from the Mayor's Office for Economic Opportunity accounts for NYC's high cost of housing, as well as other costs of living and anti-poverty benefits.



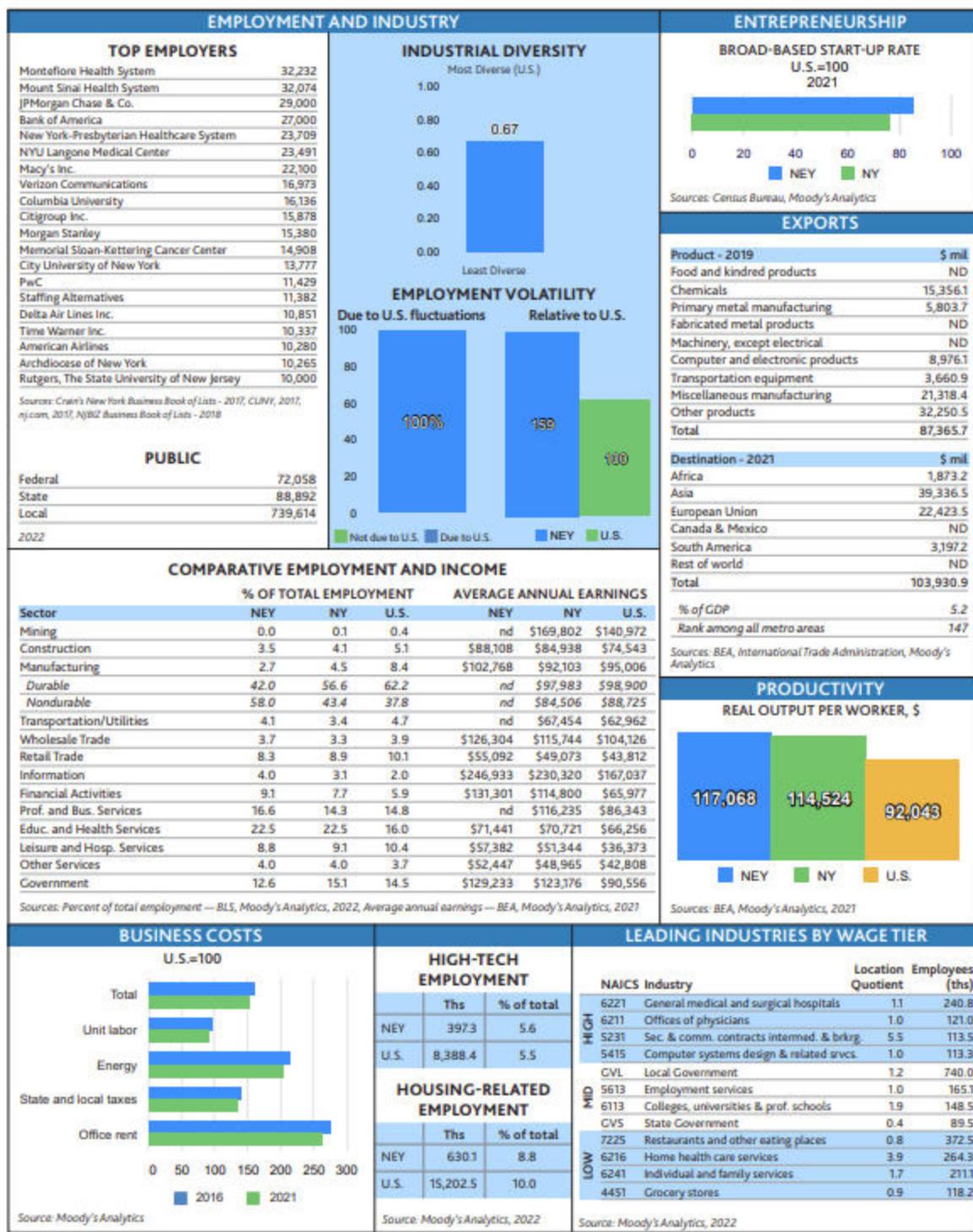
MOODY'S ANALYTICS / Précis® U.S. Metro / August 2023

## PRÉCIS® U.S. METRO • New York-Jersey City-White Plains NY-NJ



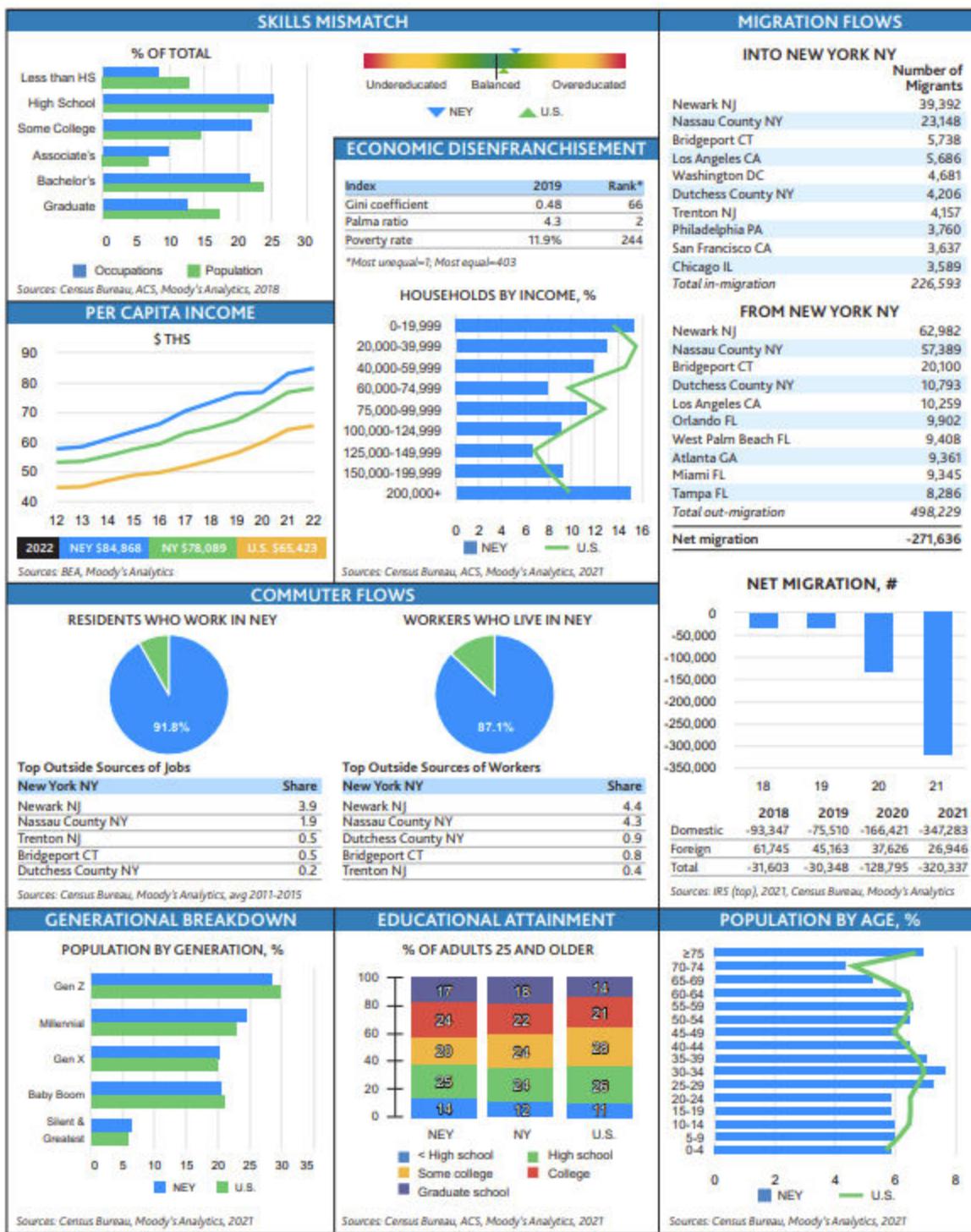
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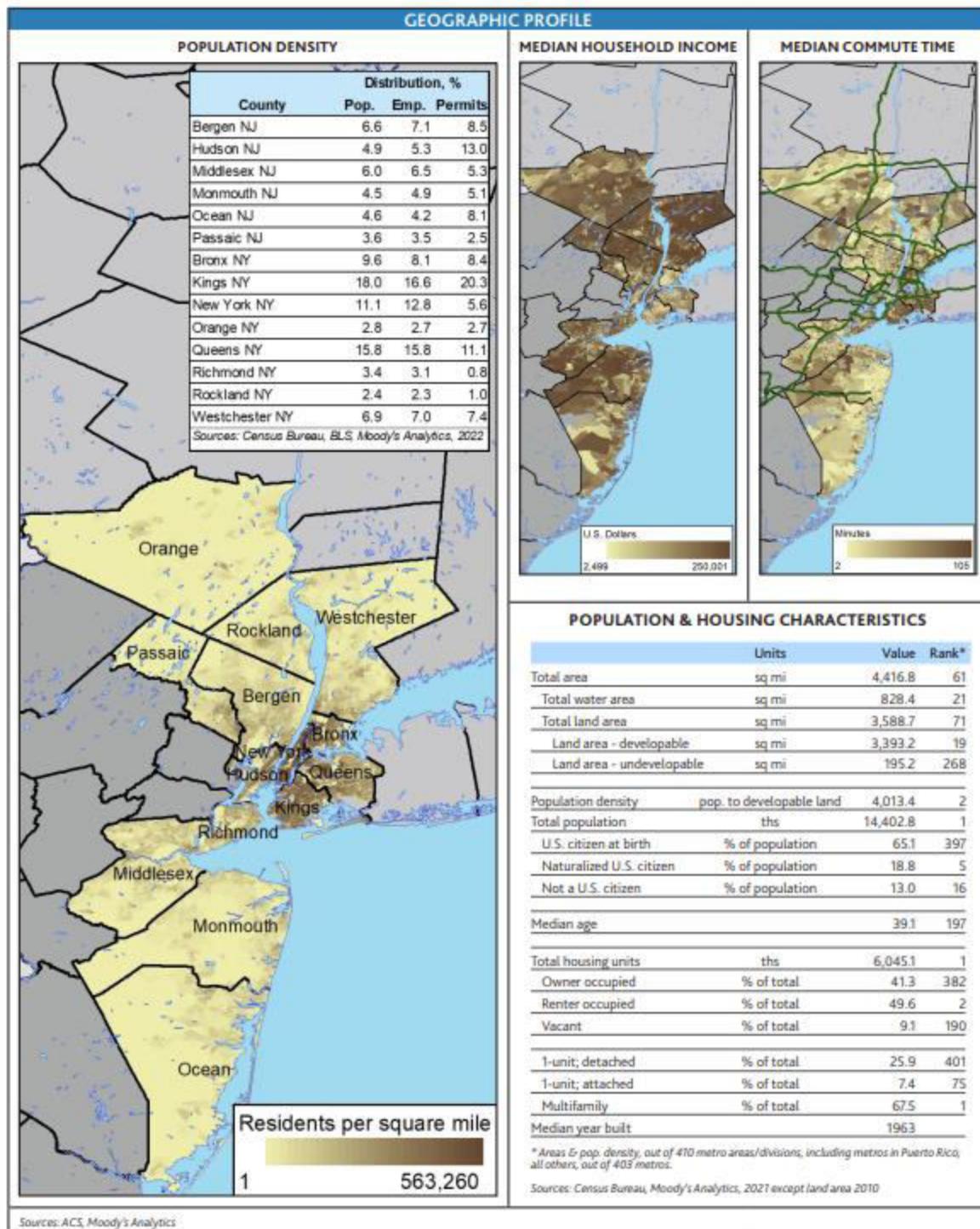
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## PRÉCIS® U.S. METRO • New York-Jersey City-White Plains NY-NJ



MOODY'S ANALYTICS / Précis® U.S. Metro / August 2023

## DEMOGRAPHIC OVERVIEW

The following demographic profile, assembled by Environics Analytics, a nationally recognized compiler of demographic data, reflects the subject's zip code (10017) and market (New York County, NY). The area is projected to have a 2023 population 17,505 in 11,024 households. The current projections, as forecasted by Environics Analytics, are as follows:

### UNIVERSE TOTALS

Description	10017			New York County, NY		
	2023 Estimate	% Change 2010-2020	% Change 2023-2028	2023 Estimate	% Change 2010-2020	% Change 2023-2028
<b>Universe Totals</b>						
Population	17,505	10.30%	-0.35%	1,605,752	6.83%	-0.48%
Households	11,024	4.50%	1.79%	793,705	7.06%	1.89%
Families	2,713	0.18%	1.81%	320,102	3.65%	1.68%
Housing Units	13,316			908,208		

### HOUSEHOLD INCOME

The estimated average household income is \$191,337, while the median income is \$144,952. Approximately 8.3% of households have an income of less than \$25,000, while 48.3% of the households earn over \$150,000 per year.

HOUSEHOLDS BY HOUSEHOLD INCOME				
Description	10017	% of Total	New York County, NY	% of Total
2023 Est. Households by Household Income	11,024		793,705	
Income < \$15,000	593	5.4%	98,283	12.4%
Income \$15,000 - \$24,999	325	2.9%	52,319	6.6%
Income \$25,000 - \$34,999	688	6.2%	38,813	4.9%
Income \$35,000 - \$49,999	523	4.7%	53,495	6.7%
Income \$50,000 - \$74,999	1,041	9.4%	75,802	9.6%
Income \$75,000 - \$99,999	919	8.3%	72,260	9.1%
Income \$100,000 - \$124,999	703	6.4%	63,226	8.0%
Income \$125,000 - \$149,999	905	8.2%	51,231	6.5%
Income \$150,000 - \$199,999	1,651	15.0%	70,419	8.9%
Income \$200,000 - \$249,999	1,037	9.4%	44,139	5.6%
Income \$250,000 - \$499,999	1,378	12.5%	74,820	9.4%
Income \$500,000+	1,261	11.4%	98,898	12.5%
2023 Est. Average Household Income	\$191,337		\$168,993	
2023 Est. Median Household Income	\$144,952		\$102,170	

### POPULATION CHARACTERISTICS

The neighborhood has an average age of 45 and a median age near 46. 37.55% of the area population is aged 54 and over, while 17.47% is younger than 18 years old.

### **Age Characteristics**

<b>2023 EST. POPULATION BY AGE</b>				
Description	10017	% of Total	New York County, NY	% of Total
Age 0-17	7,987	17.47%	470,925	20.12%
Age 18-34	7,775	17.00%	507,740	21.69%
Age 35-54	12,799	27.99%	628,149	26.84%
54 and above	17,168	37.55%	733,387	31.34%
2023 Est. Median Age	46		41	
2023 Est. Average Age	45		41	

In terms of household size, 64.2% of households are single persons, 26.1% have two persons, and 4.8% have 3 persons. 1.1% of households have five or more people.

### **Households by Size**

<b>2023 EST. HOUSEHOLDS BY HOUSEHOLD SIZE</b>				
Description	10017	% of Total	New York County, NY	% of Total
1-person	7,081	64.2%	377,511	47.6%
2-person	2,876	26.1%	240,079	30.3%
3-person	526	4.8%	90,608	11.4%
4-person	426	3.9%	55,375	7.0%
5-person	100	0.9%	20,270	2.6%
6-person	14	0.1%	6,151	0.8%
7-or-more-person	1	0.0%	3,711	0.5%

### **EDUCATIONAL ATTAINMENT**

The population is relatively well educated. 5.6% have not earned a high school diploma in contrast to 40.22% with a bachelor's degree and 41.8% with advanced degrees.

<b>EDUCATIONAL ATTAINMENT</b>				
Description	10017	% of Total	New York County, NY	% of Total
2023 Est. Pop Age 25+ by Edu. Attainment	15,195		1,244,384	
Less than 9th grade	537	3.53%	82,186	6.60%
Some High School, no diploma	312	2.05%	74,268	5.97%
High School Graduate (or GED)	636	4.19%	157,413	12.65%
Some College, no degree	1,031	6.79%	118,835	9.55%
Associate Degree	220	1.45%	45,052	3.62%
Bachelor's Degree	6,112	40.22%	397,383	31.93%
Master's Degree	3,607	23.74%	229,837	18.47%
Professional School Degree	1,285	8.46%	93,136	7.48%
Doctorate Degree	1,455	9.58%	46,274	3.72%

### **EMPLOYMENT DYNAMICS**

According to Environics Analytics, 1.98% of workers are characterized as "white collar," while 92.49% are engaged in "blue collar" activities. 5.52% of the employed population works in the service and farm sectors. Within these

broad categories, the largest employment sectors in the city are Management (22.2%), Business/Financial Operations (14.7%), and Sales/Related (11.9%).

### ***Occupation Classification***

<b>OCCUPATION CLASSIFICATION</b>		<b>10017</b>	<b>% of Total</b>	<b>New York County, NY</b>	<b>% of Total</b>
<b>Description</b>					
2023 Est. Pop 16+ by Occupation Classification		11,911		887,112	
Blue Collar		11,017	92.49%	707,230	79.72%
White Collar		236	1.98%	53,921	6.08%
Service and Farm		658	5.52%	125,961	14.20%

### ***Occupation Breakdown***

<b>OCCUPATION</b>		<b>10017</b>	<b>% of Total</b>	<b>New York County, NY</b>	<b>% of Total</b>
<b>Description</b>					
2023 Est. Civ. Employed Pop 16+ by Occupation		11,911		887,112	
Architect/Engineer		206	1.73%	11,114	1.25%
Arts/Entertainment/Sports		1,064	8.93%	71,173	8.02%
Building Grounds Maintenance		4	0.03%	20,394	2.30%
Business/Financial Operations		1,756	14.74%	99,683	11.24%
Community/Social Services		216	1.81%	15,294	1.72%
Computer/Mathematical		959	8.05%	41,283	4.65%
Construction/Extraction		54	0.45%	12,076	1.36%
Education/Training/Library		923	7.75%	60,856	6.86%
Farming/Fishing/Forestry		3	0.03%	342	0.04%
Food Prep/Serving		56	0.47%	37,090	4.18%
Health Practitioner/Technician		545	4.58%	48,186	5.43%
Healthcare Support		140	1.18%	25,568	2.88%
Maintenance Repair		35	0.29%	5,947	0.67%
Legal		477	4.00%	37,141	4.19%
Life/Physical/Social Science		296	2.49%	16,970	1.91%
Management		2,649	22.24%	149,779	16.88%
Office/Admin. Support		503	4.22%	66,584	7.51%
Production		5	0.04%	10,050	1.13%
Protective Services		338	2.84%	13,790	1.55%
Sales/Related		1,423	11.95%	89,167	10.05%
Personal Care/Service		117	0.98%	28,777	3.24%
Transportation/Moving		142	1.19%	25,848	2.91%

### **TRANSIT DYNAMICS**

There are good links to employment centers via public transport and the local highway network. Roughly 6.28% of the employed drove alone to work. 37.29% traveled by public transportation. The average travel time is roughly 31 minutes. Within this, roughly 16.3% of workers travel less than 15 minutes, while 61% live within 30 minutes of their jobs. The remaining workers travel in excess of a half hour. 8.7% work an hour or more away from home.

***Transportation to Work***

TRANSPORTATION TO WORK				
Description	10017	% of Total	New York County, NY	% of Total
2023 Est. Workers Age 16+ by Transp. to Work	11,807		869,648	
Drove Alone	741	6.28%	49,219	5.66%
Car Pooled	192	1.63%	15,140	1.74%
Public Transportation	4,403	37.29%	489,281	56.26%
Walked	5,031	42.61%	181,787	20.90%
Bicycle	93	0.79%	20,002	2.30%
Other Means	255	2.16%	30,393	3.49%
Worked at Home	1,092	9.25%	83,826	9.64%

***Travel Time to Work***

TRAVEL TIME TO WORK				
Description	10017	% of Total	New York County, NY	% of Total
2023 Est. Workers Age 16+ by Travel Time to Work	10,457		767,298	
Less than 15 Minutes	1,707	16.3%	87,128	11.4%
15 - 29 Minutes	4,639	44.4%	252,460	32.9%
30 - 44 Minutes	2,136	20.4%	249,949	32.6%
45 - 59 Minutes	1,069	10.2%	96,067	12.5%
60 or more Minutes	906	8.7%	81,694	10.6%
2023 Est. Avg Travel Time to Work in Minutes	31		35	

**HOUSING DYNAMICS**

Housing units are mostly renter occupied (67.39%), with 32.61% owner occupied. Reflecting this dynamic, the distribution of housing units is skewed towards multi-unit residential housing which makes up 96.9% of the total.

***Tenure of Occupied Housing Units***

OCCUPIED HOUSING UNITS BY TENURE				
Description	10017	% of Total	New York County, NY	% of Total
2023 Est. Occupied Housing Units by Tenure	11,024		793,705	
Owner Occupied	3,595	32.61%	191,508	24.13%
Renter Occupied	7,429	67.39%	602,197	75.87%

***Housing by Units in Structure***

HOUSING UNITS BY UNITS IN STRUCTURE				
Description	10017	% of Total	New York County, NY	% of Total
2023 Est. Housing Units by Units in Structure	13,315		907,618	
1 Unit Attached	132	0.99%	6,998	0.77%
1 Unit Detached	158	1.19%	10,659	1.17%
2 Units	39	0.29%	8,076	0.89%
3 or 4 Units	82	0.62%	18,039	1.99%
5 to 19 Units	474	3.56%	147,407	16.24%
20 to 49 Units	1,443	10.84%	204,037	22.48%
50 or More Units	10,986	82.51%	511,613	56.37%
Mobile Home or Trailer	1	0.01%	789	0.09%
Boat, RV, Van, etc.	1	0.01%	590	0.07%

New development in the neighborhood represents 3.70% of the total stock added in this period. Given the overwhelming presence of older housing stock, the median year built is 1961.

#### **Housing by Year Structure Built**

<b>HOUSING UNITS BY YEAR STRUCTURE BUILT</b>				
<b>Description</b>	<b>10017</b>	<b>% of Total</b>	<b>New York County, NY</b>	<b>% of Total</b>
2023 Est. Housing Units by Year Structure Built	13,316		908,208	
Housing Units Built 2014 or Later	493	3.70%	24,356	2.68%
Housing Units Built 2010 to 2013	25	0.19%	18,064	1.99%
Housing Units Built 2000 to 2009	867	6.51%	61,394	6.76%
Housing Units Built 1990 to 1999	374	2.81%	35,568	3.92%
Housing Units Built 1980 to 1989	2,381	17.88%	59,126	6.51%
Housing Units Built 1970 to 1979	424	3.18%	70,513	7.76%
Housing Units Built 1960 to 1969	2,271	17.05%	118,632	13.06%
Housing Units Built 1950 to 1959	1,178	8.85%	83,493	9.19%
Housing Units Built 1940 to 1949	224	1.68%	60,022	6.61%
Housing Unit Built 1939 or Earlier	5,079	38.14%	377,040	41.51%

The median owner-occupied home value is \$1,046,841, with 52% of homes valued at \$1,000,000 or more.

#### **Owner Occupied Housing Values**

<b>OWNER-OCCUPIED HOUSING UNITS BY VALUE</b>				
<b>Description</b>	<b>10017</b>	<b>% of Total</b>	<b>New York County, NY</b>	<b>% of Total</b>
2023 Est. Owner-Occupied Housing Units by Value	3,595		191,508	
Value Less than \$20,000	4	0.11%	1,922	1.00%
Value \$20,000 - \$39,999	1	0.03%	1,534	0.80%
Value \$40,000 - \$59,999	1	0.03%	1,456	0.76%
Value \$60,000 - \$79,999	3	0.08%	776	0.41%
Value \$80,000 - \$99,999	76	2.11%	968	0.51%
Value \$100,000 - \$149,999	17	0.47%	2,364	1.23%
Value \$150,000 - \$199,999	3	0.08%	1,522	0.79%
Value \$200,000 - \$299,999	125	3.48%	2,334	1.22%
Value \$300,000 - \$399,999	173	4.81%	3,326	1.74%
Value \$400,000 - \$499,999	235	6.54%	6,303	3.29%
Value \$500,000 - \$749,999	495	13.77%	19,661	10.27%
Value \$750,000 - \$999,999	578	16.08%	23,426	12.23%
Value \$1,000,000 - \$1,499,999	690	19.19%	33,929	17.72%
Value \$1,500,000 - \$1,999,999	357	9.93%	21,325	11.14%
Value \$2,000,000 or more	837	23.28%	70,662	36.90%
2023 Est. Median All Owner-Occupied Housing Value	\$1,046,841		\$1,432,727	

# SITE DESCRIPTION

## GENERAL SITE DESCRIPTION OVERVIEW

<b>Location</b>	The subject is a thru-block parcel on the eastern side of Fifth Avenue, between East 44th and East 45th Street, in the Grand Central district of the Borough of Manhattan.		
<b>Parcel Number</b>	1012790001 1012790069		
<b>Legal Description</b>	Block 1279, Lots 1 & 69		
<b>Site Area</b>	29,100 square feet (0.67 acres)		
<b>Configuration</b>	Generally Rectangular		
<b>Topography</b>	Generally level		
<b>Drainage</b>	Appears adequate		
<b>Utilities/Municipal Services</b>	All available to site.		
<b>Floodplain</b>	<b>Zone</b>	<b>Map</b>	<b>Date</b>
	Zone X (Unshaded)	3604970088F	September 5, 2007
	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.		
<b>Census Tract No.</b>	0094.00		
<b>Soil/Subsoil Conditions</b>	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.		
<b>Environmental Concerns</b>	No unusual conditions observed. No studies provided. Site is assumed to be free of any environmental concerns.		
<b>Land Use Restrictions</b>	A title report was not provided, however, we are unaware of any detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.		
<b>Hazards/Nuisances</b>	None noted.		
<b>Frontage</b>	200.84' 5th Avenue, 150' East 45th Street, 140' East 44th Street		

## ZONING SUMMARY



### ZONING

<b>Designation</b>	C5-3/MID
<b>Description</b>	Commercial/Special Midtown
<b>Zoning Intent</b>	C5 is a central commercial district with continuous retail frontage intended for offices and retail establishments that serve the entire metropolitan region. Famous shopping streets, such as Fifth Avenue, Madison Avenue and East 57th Street are C5 districts. Parts of Lower Manhattan, Downtown Brooklyn and Long Island City are also within C5 districts. Department stores, large office buildings, and mixed buildings with residential space above office or commercial floors, are typical C5 uses.
	The Special Midtown District (MiD), established to guide development within the Midtown central business district, has three goals: growth, stabilization and preservation. The district was enacted in 1982 to shift future development further to the west and south in response to an over-concentration of development on the east side of Midtown.
<b>Compliance</b>	The subject is a legal conforming use in this zoning district.

<b>C5</b>	<b>Restricted Commercial District</b>					
	<b>C5-1</b>	<b>C5-2</b>	<b>C5-3</b> C5-5	<b>C5-4</b>	<b>C5-1A</b>	<b>C5-2A</b>
<b>Commercial FAR</b>	4.0	10.0	15.0	10.0	4.0	10.0
<b>Residential District Equivalent</b>	R10	R10	R10	R10		R10A
<b>Required Accessory Parking PRC-B</b>			None			
<b>Permitted Sign Regulations (Surface area)</b>	3 X street frontage (200 sf total)	3 X street frontage (200 sf total)	3 X street frontage (200 sf total)	5 X street frontage (500 sf total)	3 X street frontage (200 sf total)	

## CONFORMITY

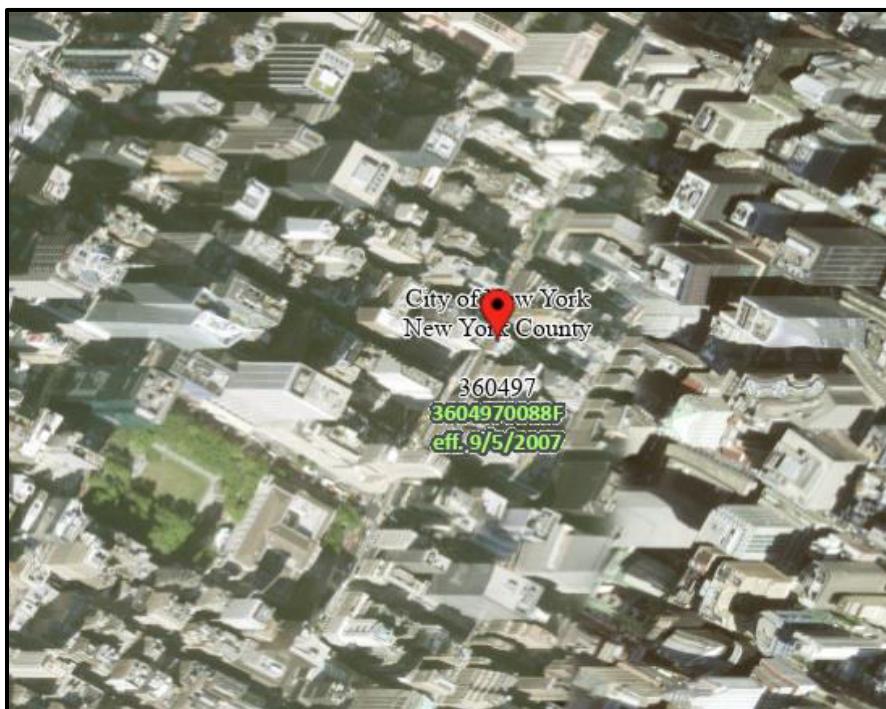
The subject property contains  $496,946\pm$  square feet of gross building area and exceeds the bulk regulations of the zoning district. Since the improvements were constructed prior to the enactment of the current zoning regulations, the subject property represents a legal pre-existing non-complying structure. The subject conforms to the use regulations of the zoning district. In terms of age, condition, size, and construction, the subject conforms to surrounding improvements within the immediate neighborhood.

### Notes:

It should be noted that zoning ordinances are complex and often require the assistance of an architect or zoning lawyer. For a more definitive interpretation of the Zoning Resolution, one of these sources should be consulted.

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

## FLOOD MAP



### Conclusion:

According to the Federal Emergency Management Agency, the subject is located on flood panel number 3604970088F, which has an effective date of 5-Sep-2007. The subject is reported to be located within Flood Insurance Zone X (Unshaded), which is not located in the 100-year flood plain.

The subject site benefits from good location characteristics for office and retail uses. There are no known factors which could prevent the site from being developed to its highest and best use, as if vacant, or adverse to the existing use of the site.

# IMPROVEMENTS DESCRIPTION

## GENERAL IMPROVEMENT DESCRIPTION OVERVIEW

<b>Address</b>	535-545 Fifth Avenue New York, New York 10017
<b>Property Description</b>	Office (Professional Office) Multi-Tenant Mixed-Use Office/Retail Building
<b>Year Built</b>	1927
<b>Number of Buildings</b>	2
<b>Number of Stories</b>	36
<b>Building Construction Class</b>	Class A
<b>Net Rentable Area</b>	509,153 square feet
<b>Gross Building Area</b>	496,946 square feet
<b>Floor-Area Ratio</b>	17.08
<b>Elevator(s)</b>	Within Building 535, there are a total of 10 elevators, including 9 passenger and 1 freight. Each elevator has a capacity of 2,500 pounds. Passenger elevators operate in banks, with 3 dedicated to the lower floors, 3 dedicated to the medium floors, and 3 dedicated to the tower floors.
<b>Stairwells</b>	Each building contains two to three interior stairways with concrete treads and steel railings.
<b>Comments</b>	Within Manhattan "leasable" office area is generally not defined by "usable" area, rather it accounts for common area elements shared by tenants. Add-on factors within the market generally range 0 to 30% and most Class A and B office buildings have a total leasable area that is greater than the actual gross building area. The subject's leasable area conforms to market standards and is considered reasonable.

## CONSTRUCTION DETAIL

<b>General Layout</b>	The subject is two mixed-use office and retail buildings demised for multiple tenants.
<b>Foundation</b>	Reinforced concrete slab
<b>Construction</b>	Framed with structural steel columns and beams
<b>Floor Structure</b>	Reinforced concrete
<b>Exterior Walls</b>	Predominantly brick with limestone and granite masonry.
<b>Roof Type</b>	Multi-ply bituminous roofing membrane covered with crushed stone. Parapet walls are brick with cast stone coping. The roof houses extensive package HVAC systems, two back-up generators, a water tower, and telecommunication equipment.
<b>Windows</b>	Double hung, operable thermopane windows in aluminum frames. Retail space has full length, storefront plate glass type windows.

## INTERIOR DETAIL

<b>Interior Walls</b>	Drywall
<b>Ceilings</b>	Exposed ceilings, drywall
<b>Floor Coverings</b>	Marble flooring in office lobby, hardwood in individual units
<b>Lighting</b>	Incandescent
<b>Lobby Finishes</b>	The lobbies both feature marble floors and walls, with decorative ceilings with recessed fluorescent lighting.
<b>Office Finishes</b>	Office interiors vary from tenant to tenant and include hardwood, sealed concrete, carpeted and tiled flooring, painted and glass partition walls, and acoustic tile, painted sheetrock and exposed ceilings. Lighting is provided by fluorescent and incandescent fixtures. Office interiors range from good to excellent condition.
<b>Common Hallways</b>	Finishes include marble tiled, granite tiled and carpeted floors, wallpapered walls and acoustic tiled ceilings with recessed lighting. Finishes range from average to very good condition.
<b>Basement</b>	The basement is used as retail space, as well as tenant and building storage.
<b>Sub-Basement</b>	The sub-basement is used for tenant and building storage space, building mechanicals including the steam room and electrical room, and various support functions.
<b>Retail Finishes</b>	Retail stores are finished according to the concept of each individual tenant. Finishes include carpeted, hardwood, or tiled floors, acoustic tiled or painted ceilings, and painted or wallpapered walls. Lighting is provided by decorative fluorescent and incandescent fixtures. Finishes in the occupied units are in good condition. At present, the only retail tenant in occupancy is the NBA store at the corner for East 45th and Fifth. A new lease for the townhouse unit, 537 Fifth Avenue has been signed by Laderach, a Swiss Chocolate Maker. In addition, Best Buy signed a lease for the big box multi-level retail space fronting on Fifth Avenue and wrapping round to East 44th Street. The spaces are raw and suitable for buildout.
<b>Restrooms</b>	There is at least one men's restroom and one women's restroom per floor; some floors have multiple restrooms. Finishes vary and range from average to very good condition.

## MECHANICAL DETAIL

<b>Heating</b>	Heat is provided by Consolidated Edison steam with a dedicated steam room (piping) in the sub-basement. Heating is dispersed via cast iron baseboards and radiators.
<b>Cooling</b>	Air conditioning is provided by individual tenant package units within utility closets and supplied by rooftop units including a cooling tower/chiller. The NBA store has its own package system consisting of 8 tandem units located on the roof. Most interior units are Carrier brand. Air conditioning is dispersed by a network of ceiling ducts.
<b>Plumbing</b>	Assumed to be adequate. Piping typically consists of PVC and black steel.
<b>Electrical</b>	Typical commercial service. The main feed includes a 5,000 ampere service supplying both buildings, with a 1,200 ampere service dedicated to the NBA store, and a supplemental 2,000 ampere service. Electricity is typically direct metered or sub-metered to the tenants.
<b>Fire Protection</b>	The property is approximately 99% sprinklered with a wet system and has a Class "E" system.

### SITE IMPROVEMENTS

<b>Parking Type</b>	None
<b>Landscaping</b>	A variety of trees, shrubbery and grass
<b>Signage</b>	Signage for retail tenant

### RENOVATION/DEFERRED MAINTENANCE

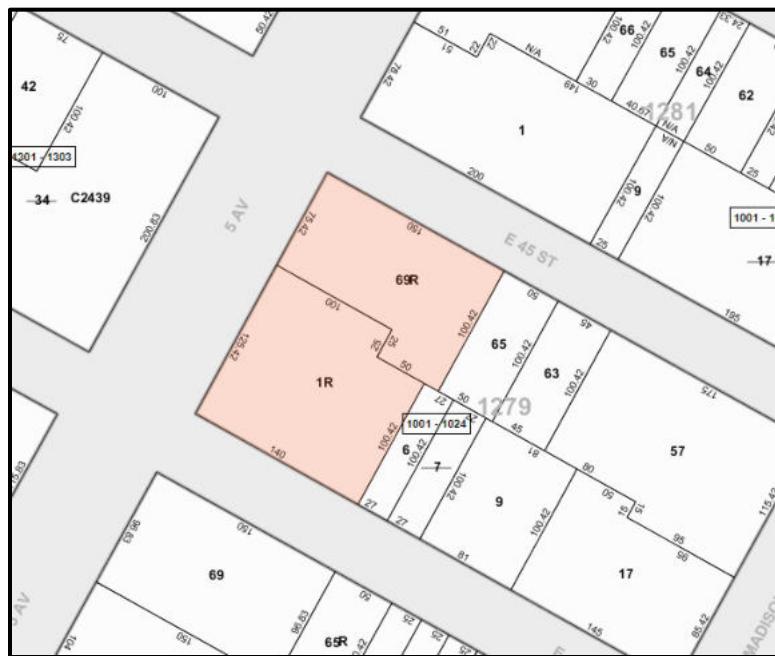
<b>Recent Renovations or Replacements</b>	N/A
<b>Deferred Maintenance</b>	N/A
<b>Cost to Cure</b>	0

### SUMMARY

<b>Building Condition</b>	Good
	We did not inspect the roof of the building(s) nor make a detailed inspection of the mechanical systems. We are not qualified to render an opinion as to the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical systems.
<b>Building Quality</b>	Good
<b>Design and Functionality</b>	Good
<b>Actual Age</b>	96 years
<b>Expected Economic Life</b>	60 years
<b>Effective Age</b>	30 years
<b>Remaining Economic Life</b>	30 years

# PROPERTY TAX ANALYSIS

## TAX MAP



# PROPERTY ASSESSMENT AND TAX DATA

The subject property is designated on the New York City tax maps as Block 1279 | Lots 1 and 69. Increases in assessed value for residential and commercial properties are phased in over a five-year transitional period. The "Transitional" assessed value represents the phased-in, and the "Actual" assessed value represents the future or target assessment when the transitional or phase-in period is over. The taxes will be based on the lower of the transitional or actual assessed values.

## TAX RATES

The City of New York has four tax categories for real properties, of which the subject is **Class 4**. The following is a historical analysis of tax rates

Year	Class 1	Class 2	Class 3	Class 4
2009/2010	17.088	13.241	12.743	10.426
2010/2011	17.364	13.353	12.631	10.312
2011/2012	18.205	13.433	12.473	10.152
2012/2013	18.569	13.181	12.477	10.288
2013/2014	19.191	13.145	11.902	10.323
2014/2015	19.157	12.855	11.125	10.684
2015/2016	19.554	12.883	10.813	10.656
2016/2017	19.991	12.892	10.943	10.574
2017/2018	19.991	12.719	11.891	10.514
2018/2019	20.919	12.612	12.093	10.514
2019/2020	21.167	12.473	12.536	10.537
2020/2021	21.045	12.267	12.826	10.694
2021/2022	19.963	12.235	12.289	10.755
2022/2023	20.309	12.267	12.755	10.646
2023/2024	20.085	12.502	12.094	10.592

The city's tax year runs on a fiscal year from July to June. Properties in New York City are assessed every year. Increases in assessed value for commercial properties are phased in over a five-year transitional period. The "Transitional" assessed value represents the phase-in, and the "Actual" assessed value represents the future or target assessment when the transitional or phase-in period is over.

REAL ESTATE ASSESSMENT AND TAXES - 2023/24						
Tax ID No.	Actual AV		Transitional AV		Tax Class	
	Land	Total	Land	Total		
Block 1279, Lot 1 2021/2022 Final	\$9,315,000	\$38,330,100	\$9,315,000	\$47,205,360	IV	
Annual Change	\$0	\$6,254,550	\$0	\$2,345,242		
Block 1279, Lot 1 2022/2023 Final	\$9,315,000	\$44,584,650	\$9,315,000	\$49,550,602	IV	
Annual Change	\$0	\$10,382,400	\$0	\$453,012		
Block 1279, Lot 1 2023/2024 Final	\$9,315,000	\$54,967,050	\$9,315,000	\$50,003,614	IV	
<b>Applicable Assessed Value</b>	<b>\$50,003,614</b>					

REAL ESTATE ASSESSMENT AND TAXES - 2023/24						
Tax ID No.	Actual AV		Transitional AV		Tax Class	
	Land	Total	Land	Total		
Block 1279, Lot 69 2021/2022 Final	\$5,805,000	\$32,100,750	\$5,805,000	\$39,260,510	IV	
Annual Change	\$0	\$3,982,050	\$0	\$9,773		
Block 1279, Lot 69 2022/2023 Final	\$5,805,000	\$36,082,800	\$5,805,000	\$39,270,283	IV	
Annual Change	\$0	\$4,544,550	\$0	(\$682,695)		
Block 1279, Lot 69 2023/2024 Final	\$5,805,000	\$40,627,350	\$5,805,000	\$38,587,588	IV	
<b>Applicable Assessed Value</b>	<b>\$38,587,588</b>					

REAL ESTATE ASSESSMENT AND TAXES					
Tax ID No.	2021/2022	2022/2023	2023/2024	Pro Forma	
Block 1279, Lot 1	\$38,330,100	\$44,584,650	\$50,003,614		
Block 1279, Lot 69	\$32,100,750	\$36,082,800	\$38,587,588		
Tax Value Subtotal	\$70,430,850	\$80,667,450	\$88,591,202	\$88,591,202	
General Tax Rate	per \$100	10.7550	10.6460	10.5920	10.6460
<b>Property Taxes</b>	<b>\$7,574,838</b>	<b>\$8,587,857</b>	<b>\$9,383,580</b>	<b>\$9,431,419</b>	
Special/Direct Assessments	\$0	\$0	\$0	\$0	
<b>Total Taxes</b>	<b>\$7,574,838</b>	<b>\$8,587,857</b>	<b>\$9,383,580</b>	<b>\$9,431,419</b>	
<b>Total Taxes PSF</b>	<b>\$15.24</b>	<b>\$17.28</b>	<b>\$18.88</b>	<b>\$18.98</b>	

## TAX COMPARABLES

The following chart summarizes the tax comparables.

REAL ESTATE TAX COMPARABLES						
Property Address	Year Built	Bldg Size (GBA - SF)	Tax Value	Tax Value Per SF	Taxes	Taxes Per SF
<b>Subject Property</b>	<b>1927</b>	<b>496,946</b>	\$88,591,202	\$178.27	\$9,431,419	\$18.98
547 5th Avenue	1927	427,158	\$66,173,850	\$154.92	\$7,044,868	\$16.49
521 5th Avenue	1929	408,911	\$68,742,900	\$168.11	\$7,318,369	\$17.90
563 5th Avenue	1991	345,048	\$80,834,050	\$234.27	\$8,605,593	\$24.94
500 5th Avenue	1930	659,122	\$117,533,254	\$178.32	\$12,512,590	\$18.98
<b>Comps Low</b>	1927	345,048		\$154.92		\$16.49
<b>Comps High</b>	1991	659,122		\$234.27		\$24.94
<b>Comps Average</b>	1944	460,060		\$183.90		\$19.58

## CONCLUSION

The subject's current tax value appears reasonable.

The subject property is situated within the Grand Central Business Improvement District as designated by New York City. The Grand Central BID tax is a supplemental real estate tax levied on commercial buildings located in which private commercial real estate owners pay a nominal supplemental tax used to augment public services and provide special amenities to the area. According to the most recent tax bill, the annualized BID taxes allocated to the subject property for both parcels is \$96,570. The subject's total tax liability of \$9,480,150 will be projected in the proforma.

# HIGHEST AND BEST USE

## INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, is it appropriate to proceed with the analysis with such an assumption.

## HIGHEST AND BEST USE CRITERIA

The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

### HIGHEST AND BEST USE AS VACANT

#### LEGALLY PERMISSIBLE

The subject property is located in a C5-3/MID Commercial/Special Midtown zoning district with commercial uses permissible as of right. No known zoning changes to uses other than these are currently being considered or anticipated. The mixed-use nature of the area, combined with the generally good condition of the area's improvements and the current and expected trends in supply and demand, all support the current zoning. It is our opinion that the site, if vacant, could be developed for the above legally permitted uses.

#### PHYSICALLY POSSIBLE

The subject site, containing approximately 29,100± square feet, is good size and level with good street access and exposure, good street improvements, all necessary available utilities, and no apparent easements or encroachments that would hinder or prevent development. The subject site size is within the range of improved sites in the area and is not considered to restrict the utility of the subject in relation to competing sites. Any of the above legally permitted uses, therefore, are considered physically possible.

#### FINANCIALLY FEASIBLE

The subject is located within a section of its neighborhood that predominantly belong to improvements with commercial uses. There is a continuing high demand for commercial properties with grade level retail. General market conditions are such that there should be a new market-oriented office with grade level retail construction until there is more clarity on market conditions.

#### MAXIMALLY PRODUCTIVE

All legally permissible, physically possible and financially feasible uses of the site, as vacant, have been presented and examined. In conclusion, it is our opinion that the highest and best use of the subject, as vacant, is to hold for future office development with grade retail until there is more clarity in market conditions.

## **HIGHEST AND BEST USE AS IMPROVED**

### **LEGALLY PERMISSIBLE**

As described in the Zoning Summary section of this report, the site is zoned C5-3/MID Commercial/Special Midtown, which permits most commercial and residential uses as of right. In the Zoning section of this appraisal, we determined that the existing improvements represent a conforming use with legal pre-existing non-complying bulk as the subject exceeds the maximum allowed.

### **PHYSICALLY POSSIBLE**

As noted in the Improvements Analysis section, the site is improved with a 13-story and a 36-story Class A office building with street-level retail containing approximately  $496,946\pm$  square feet of gross building area and  $509,153 \pm$  square feet of rentable area situated on a  $29,100\pm$  square foot site. Physically, the subject conforms to its surrounding uses. We noted no significant items of deferred maintenance or functional issues. The subject's layout and design can accommodate a variety of retail and office-oriented uses. Overall, the building appeals to general office and retail users and functions well for its intended use.

### **FINANCIALLY FEASIBLE**

Financial feasibility as an income-producing investment is based on the amount of rental income it can generate net of the required operating expenses. If the resulting net operating income motivates continued operation, then the land is being put to a productive and financially feasible use. The subject is capable of producing positive net cash flow to an investor. The existing improvements provide contributory value to the site, and there is no alternate use that would result in a greater value. Therefore, utilization of the existing improvements is financially feasible.

### **MAXIMALLY PRODUCTIVE**

The maximally productive use should conform to neighborhood trends and be consistent with existing nearby land uses. Demolition of the existing improvements and redevelopment of the site with an alternative or more profitable use is not economically feasible. The single use that produces the greatest return on investment and usually the highest price and value is typically the highest and best use. As shown in the applicable valuation sections, properties like the subject have been acquired and continue to be used for office and retail use. None of the comparable properties were acquired for conversion to an alternative use. This provides evidence suggesting that the most probable purchaser of an investor would determine leasing the current improvements to stabilization of mixed use is maximally productive.

## VALUATION PROCESS

Valuation in the appraisal process generally involves three techniques, including the Cost Approach, Sales Comparison Approach and the Income Capitalization Approach.

These three valuation methods are defined in the following table:

VALUATION METHODS	DEFINITION
<b>Cost Approach</b>	In this approach, value is based on adding the contributing value of any improvements (after deductions for accrued depreciation) to the value of the land as if it were vacant based on its highest and best use. If the interest appraised is other than fee simple, additional adjustments may be necessary for non-realty interest and/or the impact of existing leases or contracts.
<b>Sales Comparison Approach</b>	In this approach, recent sales of similar properties in the marketplace are compared directly to the subject property. This comparison is typically accomplished by extracting "units of comparison", for example, price per square foot, and then analyzing these units of comparison for differences between each comparable and the subject. The reliability of an indication found by this method depends on the quality of the comparable data found in the marketplace.
<b>Income Capitalization Approach</b>	In this approach, a property is viewed through the eyes of a typical investor, whose primary objective is to earn a profit on the investment principally through the receipt of expected income generated from operations and the ultimate resale of the property at the end of a holding period.

### VALUATION METHODS UTILIZED

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value.

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

# INCOME CAPITALIZATION APPROACH

## GENERAL PROCESS

In the Income Capitalization Approach, the appraiser concludes to a value indication for the subject by converting a projected net operating income into a single present value by using either the direct capitalization or yield capitalization method.

In direct capitalization, the estimated net operating income is divided by a market-driven capitalization rate to provide an indication of value. In yield capitalization, a series of income streams are discounted over a holding period to estimate a present value. The yield capitalization approach is referred to as a discounted cash flow analysis, and is most useful for properties that are not stabilized or expect to have large fluctuations in the income stream over a holding period.

The Income Capitalization Approach to value requires the following sequential steps:

- |  |   |
|--|---|
| <b>Estimate Economic Gross Income</b>    | Estimate the economic gross income for the subject's space based on existing leases and market data.  |
| <b>Estimate Effective Gross Income</b>   | Estimate a proper vacancy and credit loss for the subject's market, then deduct this rent loss from the estimated economic gross income to arrive at an effective gross income.   |
| <b>Estimate the Net Operating Income</b> | Calculate the net operating income by deducting the estimated operating expenses (fixed and variable) and a provision for replacement of short-lived building components from the estimated effective gross income.   |
| <b>Value Indication</b>                  | Convert the net operating income into a value indication by using a market-derived capitalization rate in the case of direct capitalization and/or a market-derived discount rate in the yield capitalization analysis (discounted cash flow analysis). The yield capitalization approach also forecasts the anticipated future income streams and estimates a reversion price at the end of a presumed holding period. These future income streams are then discounted to a present value using a market-extracted discount rate based on investor expectations based on the risks associated with a property. |

## INCOME ANALYSIS – RENT ROLL

Following is a reconstructed rent roll for the subject property. The subject is presently 91% leased to retail, office, and storage/telecom tenants. According to the property contact, the asking rents for the office space range from \$55–62 per square foot per annum and the retail space at \$250 per square foot per annum. The majority of tenants are leased modified gross where the tenants are responsible for reimbursing a pro-rata share of real estate taxes over a base year. Additionally, utilities are sub-metered to tenants who reimburse their share in full to the landlord.

RENT ROLL									
Tenant Name	Suite	Area (SF)	Start Date	End Date	Mos. Remain	Contract Rent/SF	Annual Rent	Expense Structure	Tenancy Type
TRANDON ASSOCIATES	535-0610	3,340	May - 1989	Mar-24	3	\$64.36	\$214,962	Modified Gross	Office
COGET COMMUNICATIONS, INC	545-SBSMT	146	Nov - 2001	Dec-27	48	---	---	None	Storage/Telecom
COGET COMMUNICATIONS, INC	535-SBSMT	146	Nov - 2001	Dec-27	48	---	---	None	Storage/Telecom
PENTON LEARNING SYSTEMS	535-0800	16,544	Jan - 2005	May-25	17	\$56.97	\$942,512	Modified Gross	Office
Trident Corporate Services	545-0510	1,752	Jul - 2005	May-25	17	\$57.10	\$100,039	Modified Gross	Office
CAMPUS TRAVEL	545-0609	1,752	Mar - 2006	Aug-26	32	\$47.52	\$83,255	Modified Gross	Office
PENTON LEARNING SYSTEMS	535-0905	5,974	May - 2006	May-25	17	\$56.97	\$340,339	Modified Gross	Office
LABORATORY INSTITUTE OF MERCHE	545-0701	13,157	May - 2006	Nov-31	95	\$62.37	\$820,602	Modified Gross	Office
LABORATORY INSTITUTE OF MERCHE	535-0700	17,003	May - 2006	Nov-31	95	\$62.37	\$1,060,477	Modified Gross	Office
PENTON LEARNING SYSTEMS	535-1004	4,635	May - 2007	May-25	17	\$56.97	\$264,056	Modified Gross	Office
MANHATTAN PARKING SYSTEMS	545-0600	3,425	Dec - 2007	Jun-28	54	\$62.70	\$214,748	Modified Gross	Office
OMNIPOINT COMMUNICATIONS	535-ROOF	64	Jun - 2009	May-24	5	\$856.27	\$54,801	None	Storage/Telecom
LIFESOURCE CHIROPRACTIC	535-0920	2,526	Nov - 2009	May-25	17	\$65.98	\$166,665	Modified Gross	Office
THE CONSULATE OF THE REPUBLIC	535-1900	4,681	Apr - 2010	May-25	17	\$64.14	\$300,239	Modified Gross	Office
MANHATTAN ENDO	535-0500	16,211	Jul - 2011	Mar-29	63	\$68.26	\$1,106,563	Modified Gross	Office
EMPIRE OFFICES 535 HOLDINGS -	535-0400	19,096	Sep - 2011	Aug-31	92	\$51.98	\$992,610	Modified Gross	Office
MANHATTAN ENDO LLC	535-BSMT	144	Jan - 2012	Mar-29	63	\$22.00	\$3,168	None	Storage/Telecom
MANHATTAN ENDO LLC	535-BSMT	108	Jan - 2012	Mar-29	63	\$22.00	\$2,376	None	Storage/Telecom
INTERNATIONAL DIAMOND DISTRIBUTU	535-2000	4,795	Nov - 2012	May-23	(7)	\$66.93	\$320,929	Modified Gross	Office
NILETTI CREATIONS	545-0309	1,752	Mar - 2013	Sep-28	57	\$55.28	\$96,851	Modified Gross	Office
GOTHAM GASTROENTEROLOGY	535-0611/0612	2,953	Aug - 2013	Jul-27	43	\$65.46	\$193,303	Modified Gross	Office
PHEONIX CAPITAL RESOURCES	535-1006	2,056	Jan - 2014	May-25	17	\$57.40	\$118,014	Modified Gross	Office
JAISAN RECOVERY CORP.	535-2401	4,617	Mar - 2014	Jul-24	7	\$60.57	\$279,652	Modified Gross	Office
PRESTIGE JEWELRY INTERNATIONAL	535-2800	4,739	May - 2014	Jan-25	13	\$67.48	\$319,788	Modified Gross	Office
SOURCE FINANCIAL ADVISORS, LLC	545-1103	3,833	Jun - 2014	Jan-30	73	\$70.00	\$268,310	Modified Gross	Office
GARDINER & THEOBALD	535-0300	18,957	Oct - 2014	Jul-25	19	\$50.00	\$947,850	Modified Gross	Office
GARDINER	545-0300/01/15	8,374	Nov - 2014	Aug-25	20	\$52.79	\$442,063	Modified Gross	Office
WHITE PINE TRADING	535-1100	13,467	Dec - 2014	Sep-25	21	\$66.34	\$893,401	Modified Gross	Office
NBA	545-GRADE	4,010	Dec - 2014	Dec-35	144	\$112.96	\$4,462,970	Modified Gross	Retail
NBA	545-BSMT	12,808	Dec - 2014	Dec-35	144	\$156.71	\$2,007,142	Modified Gross	Retail
NBA	545-0200	8,744	Dec - 2014	Dec-35	144	\$225.00	\$1,967,400	Modified Gross	Retail
PENTON LEARNING SYSTEMS	535-1001	1,157	May - 2015	May-25	17	\$56.97	\$65,914	Modified Gross	Office
HK DESIGN	535-1800	4,992	Jun - 2015	Nov-25	23	\$64.04	\$319,688	Modified Gross	Office
JEWISH FOUNDATION FOR EDUCATION OF WOMEN	545-0910	1,738	Nov - 2015	May-26	29	\$64.39	\$111,910	Modified Gross	Office
MYRON TOBACK INC.	545-0640A	3,487	Dec - 2015	Sep-28	57	\$52.96	\$184,672	Modified Gross	Office
AMERICAN FRIENDS OF ISRAEL	545-0920	2,963	Feb - 2016	Apr-26	28	\$66.89	\$198,195	Modified Gross	Office
GOTHAM GASTROENTEROLOGY	535-0605	2,826	Jul - 2017	Jul-27	43	\$66.59	\$188,183	Modified Gross	Office
FRP SERVICES	535-1008	1,352	Oct - 2017	Aug-25	20	\$68.41	\$92,490	Modified Gross	Office
LM COHEN	535-1200	12,859	Mar - 2018	Aug-28	56	\$58.59	\$753,409	Modified Gross	Office
S7 TECHNOLOGY GROUP	535-2100	4,797	Oct - 2018	Jan-26	25	\$60.31	\$289,307	Modified Gross	Office
RATIONAL RETENTION	545-0500/001	8,095	Dec - 2018	Mar-26	27	\$42.98	\$347,923	Modified Gross	Office
LM COHEN	535-1700	7,300	Jan - 2019	Dec-28	60	\$60.05	\$438,365	Modified Gross	Office
LADERACH	535-MULTI	7,644	May - 2019	Mar-30	75	\$152.86	\$1,168,462	Modified Gross	Retail
SHAFER SURGICAL	535-2900,3000,3300-3500	23,320	Jul - 2019	Oct-32	106	\$50.19	\$1,170,431	Modified Gross	Office
MANHATTAN ENDO	545-0501A	1,133	Aug - 2019	Mar-29	63	\$67.38	\$76,342	Modified Gross	Office
MDN RUGS LLC	545-1404	1,734	Sep - 2019	Aug-24	8	\$34.60	\$59,996	Modified Gross	Office
APPLIED THERAPEUTICS	545-1400	6,579	Nov - 2019	Oct-24	10	\$75.38	\$495,925	Modified Gross	Office
CANADIAN TELEVISION SALES	535-1010	1,883	Nov - 2019	Aug-25	20	\$61.38	\$115,579	Modified Gross	Office
SHAFER SURGICAL	535-3600	1,512	Dec - 2019	Oct-32	106	\$15.87	\$23,995	Modified Gross	Office
NBA	535-0606	928	Jan - 2020	Aug-27	44	\$56.73	\$52,645	Modified Gross	Office
BEST BUY	535-MULTI	36,787	Apr - 2020	Mar-31	87	\$224.26	\$8,249,853	Modified Gross	Retail
RAPTOR TRADING SYSTEMS INC.	535-3100	4,859	Jun - 2021	Feb-29	62	\$61.08	\$296,788	Modified Gross	Office
AVENUE MEDICAL INC.	535-0603	2,463	Sep - 2021	Aug-24	8	\$35.90	\$88,422	Modified Gross	Office
PHARUS ADVISORS LLC	535-2500	4,845	May - 2022	Apr-32	100	\$56.78	\$275,099	Modified Gross	Office
HAT WORLD, INC.	545-RET	4,807	Sep - 2022	Aug-32	104	\$270.86	\$1,302,024	Modified Gross	Retail
INTERNATIONAL GEMOLOGICAL INSTITUTE INC.	545-BSMT	3,000	Nov - 2022	Mar-39	183	\$20.00	\$60,000	None	Storage/Telecom
INTERNATIONAL GEMOLOGICAL INSTITUTE INC.	545-1100/1200	20,569	Nov - 2022	Mar-39	183	\$56.00	\$1,151,864	Modified Gross	Office
CAPITAL D. ACQUISITIONS, LLC.	545-0500A	2,126	Nov - 2022	Apr-26	28	\$52.00	\$110,552	Modified Gross	Office
WESTPARK CAPITAL GROUP	535-2200	4,647	Dec - 2022	Apr-28	52	\$62.00	\$288,114	Modified Gross	Office
SANDEEP DIAMOND CORPORATION	545-0400	13,114	Jan - 2023	Aug-34	128	\$53.00	\$695,042	Modified Gross	Office
ADVANCED ORTHOPEDICS AND NEUROLOGY LLC	535-1012	3,007	Jan - 2023	Jan-28	49	\$54.00	\$162,378	Modified Gross	Office
DIAMOND STANDARD INC.	545-0940	4,407	Feb - 2023	Oct-30	82	\$60.00	\$264,420	Modified Gross	Office
H.I.S. INTERNATIONAL TOURS (NY), INC.	545-0900	3,276	Feb - 2023	Sep-30	81	\$60.00	\$196,560	Modified Gross	Office
THE WARD LAW GROUP, PLLC	535-0910	3,596	Apr - 2023	May-26	29	\$55.00	\$197,780	Modified Gross	Office
UKRAINIAN DIAMOND CORP.	545-0316	2,704	May - 2023	Aug-25	20	\$55.00	\$148,720	Modified Gross	Office
IDD USA, LLC	545-1000	13,114	Jun - 2023	May-34	125	\$57.00	\$747,498	Modified Gross	Office
PRIMA GEMS USA, INC.	535-2700	4,848	Jul - 2023	Jan-29	61	\$59.75	\$289,668	Modified Gross	Office
2 EAST 45TH RETAIL, LLC.	545-MULTI	8,736	Aug - 2023	Jun-39	186	\$51.51	\$449,991	Modified Gross	Retail
THE UNIVERSITY OF OXFORD	545-0800	13,118	Aug - 2023	Jul-24	7	\$73.18	\$959,975	Modified Gross	Office
CABLEVISION LIGHTPATH LLC.	535-2300	4,833	Sep - 2023	Jan-29	61	\$61.00	\$294,813	Modified Gross	Office

VACANT 535-0906	1,831	---	---	---	---	Office
VACANT 535-0600	3,695	---	---	---	---	Office
VACANT 535-1400	7,300	---	---	---	---	Office
VACANT 535-1500	7,300	---	---	---	---	Office
VACANT 535-1600	7,300	---	---	---	---	Office
VACANT 535-2600	4,825	---	---	---	---	Office
VACANT 545-0602	4,410	---	---	---	---	Office
VACANT 545-1401	3,031	---	---	---	---	Office
*VACANT TRIPLEX	5,203	---	---	---	---	Retail
*VACANT STORAGE	120	---	---	---	---	Storage/Telecom
<b>Totals/Avg.</b>		<b>463,846</b>	<b>91.1%</b>		<b>\$90.07</b>	<b>\$41,776,995</b>
		<b>45,307</b>	<b>8.9%</b>			
		<b>Total</b>	<b>509,153</b>	<b>100.0%</b>		

## TENANCY BY SPACE TYPE

Following is a summary of leases at the subject property, categorized by space type.

TENANCY BY SPACE TYPE			
Tenancy Type	Total Area (SF)	Contract Rent *	
		\$/SF	Annual \$
Office	416,686	\$58.30	\$24,291,933
Retail	88,739	\$228.88	\$20,310,246
Storage/Telecom	3,728	\$33.09	\$123,345
<b>Total/Avg.</b>	<b>509,153</b>	<b>\$87.84</b>	<b>\$44,725,524</b>

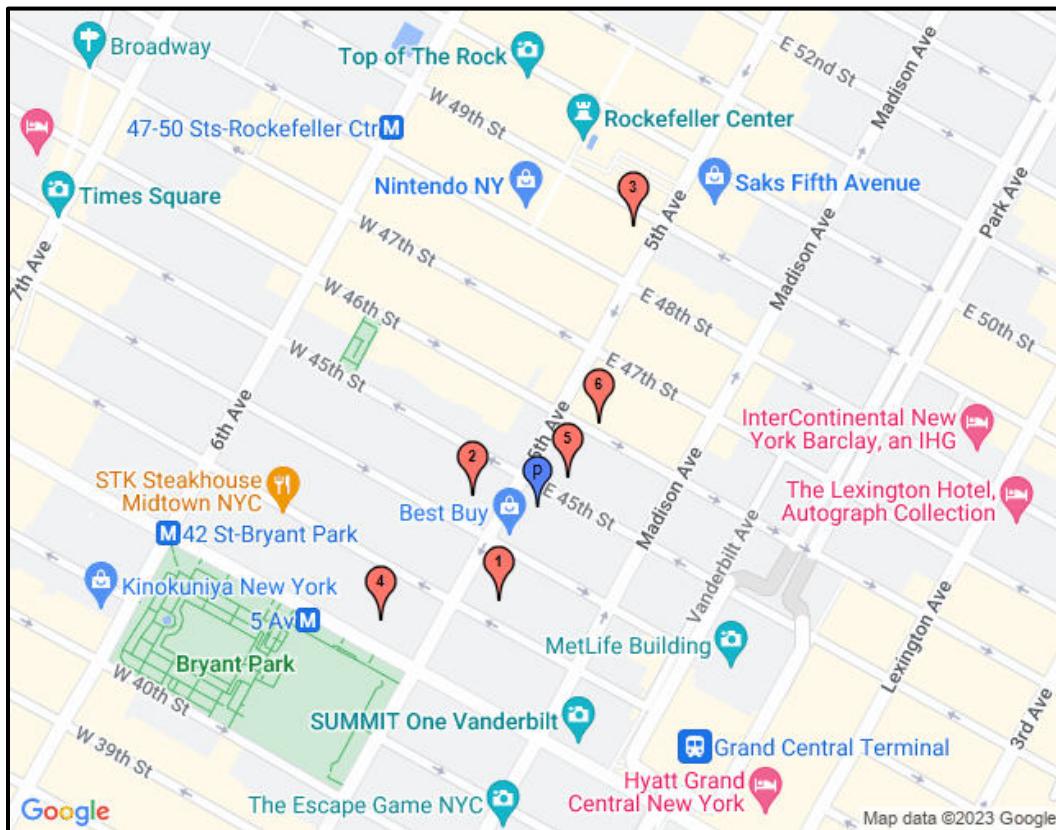
## MARKET RENT

The retail and office components of the subject will receive separate concluded market rents in the analysis herein.

## COMPETING OFFICE SPACE

To estimate the market rental rate of the office space in the subject, the rental rates of similar properties in the subject and surrounding areas have been analyzed. These rental rates are summarized below. A Map and Grid will individually be analyzed on the following pages.

## COMPARABLE LEASE MAP AND LEASE SURVEY



COMPARABLE LEASE SURVEY - OFFICE

Comp No.	Lease Date	Tenant	Address	Floor	Unit Size (SF)	Term	Base Rent (PSF)
1	8/23	Confidential	551 Fifth Avenue	6	17,796	10y	\$58.00
2	8/23	Confidential	551 Fifth Avenue	12	5,184	10y	\$67.00
3	5/23	Telsey Advisory Group	555 Fifth Avenue	7	5,799	10y	\$65.00
4	1/23	Confidential	2 West 45th Street	7	8,701	5y	\$49.00
5	8/22	Genpact	521 Fifth Avenue	14	5,645	10y	\$79.00
6	5/22	Laren B Jewelry	608 Fifth Avenue	3	10,850	5y	\$65.00

## SUMMARY AND MARKET RENT CONCLUSION

The office rents range from \$49.00 to \$79.00 per square foot. In the development of our opinion of market rent, we have considered the following:

- **Location:** In terms of location, the subject is located on Fifth Avenue within the Grand Central submarket. The property is located one block from Grand Central Station and has excellent access to public transportation and local amenities. Overall, the subject falls in the middle of the competitive range.
- **Utility/Condition:** The improvements were constructed in 1927 and are in good condition. Typically, higher floors command a premium over lower floors. The comparables are located on a variety of floors. Overall, the subject falls at the middle of the comparable range.
- **Size:** Typically smaller units rent for more than larger units on a per square foot basis. The comparables and the subject units present a wide range of sizes.
- **Lease Terms:** Another consideration on market rent is lease terms, whereby all things being equal a NNN leased space will have a lower base rent than that with a semi net lease. The comparable leases are generally modified gross, whereby the tenant reimburses real estate taxes and operating expense over a base year and pays net electric similar to the subject's leases.
- **Tenant Investment:** We are projecting market tenant improvements and free rent considered similar to the comparables.
- **Market Conditions:** After experiencing significant rent growth rental rates remained fairly stable in 2018 and 2019 within the submarket. The onset of the COVID-19 pandemic created a paucity to leasing activity in 2020. There has been recent leasing activity at the subject and the immediate market.
- **Tenant Improvements:** According to the 2Q2023 PriceWaterHouseCoopers Survey, investors model tenant improvement allowance at \$10 to \$140 per square foot for new deals and \$10 to \$45 per square foot for renewals within the Manhattan Office Market. Based on the ranges provided by PwC, the inspection of the subject property, and conversations with local market participants, \$70 per square foot per lease year work letters for new leases and \$30 per square foot per lease year for renewals for Office is projected in the analysis.
- **Leasing Commissions:** Leasing commissions are based upon the following market-oriented schedule for new leases with 5 and 10-year lease terms: 5% in Y1, 4% in Y2, 3.5% in Y3-4, 3% in Y5-7, 2.0% for Year 8 and beyond.
- According to the 2Q2023 PriceWaterHouseCoopers Survey, investors model tenant retention (renewal probability) probability at 50% to 75% within the Manhattan Office Market. Downtime between leases typically ranges from 1 to 6 months, we estimate a renewal probability factor of 75% and downtime between leases is at 6 months for the analysis. Market rent is projected to increase 10% every 5 years throughout the analysis.

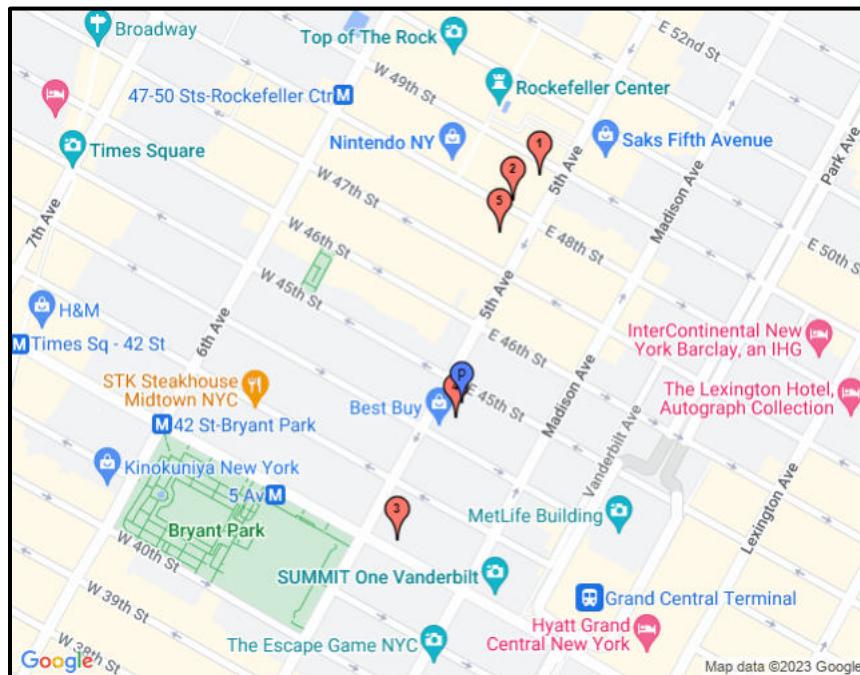
MARKET RENT CONCLUSION	
<b>Office Conclusions</b>	
<b>Concluded Market Rent (\$/SF): 535 Fifth Ave</b>	
Floors 3-10	\$54.00
Floors 11-19	\$56.00
Floors 20-23	\$58.00
Floors 24-27	\$60.00
Floors 28-31	\$64.00
Floors 32-36	\$68.00
<b>Concluded Market Rent (\$/SF): 545 Fifth Ave</b>	
Floors 3-4	\$52.00
Floors 5-10	\$56.00
Floors 11-14	\$60.00
Expense Structure	Modified Gross
Concessions	6/3
Annual Escalations	3%
<b>Tenant Improvements (\$/SF)</b>	
New	\$70.00
Renewal	\$30.00
<b>Leasing Commissions (New/Renewal)</b>	
Large Office (> 5,000 SF)	31% / 15.5%
Small Office (< 5,000 SF)	19% / 9.5%
<b>Average Lease Term (years)</b>	
Large Office (> 5,000 SF)	10 years
Small Office (< 5,000 SF)	5 years

## COMPETING RETAIL SPACE

To estimate the market rental rate of the retail space in the subject, the rental rates of retail in the subject and surrounding areas have been analyzed. These rental rates are summarized below. A Map and Adjustment Grid will individually be analyzed on the following pages.

The retail space has been analyzed for comparable units located on both Avenues and Streets. Traditionally, Avenue retail leases at a significant premium to Street retail units.

## AVENUE RETAIL



COMPARABLE LEASE SURVEY - AVENUE RETAIL											
Comp No.	Lease Date	Address/Tenant	Unit Size (SF)	Floor	Term (Yrs)	Annual Rent	Base Rent PSF Ground Only	Base Rent (PSF) Ground	Base Rent PSF Others	Base Rent PSF Blended	Other Terms
1	4/23	645 Fifth Avenue SWC 52nd Street BondNo9 Fragrance	526 G 369 Mezz 1,013 LL 1,908 Total		10	\$292,363	\$556	\$319	\$200 Mezz \$50 LL	\$153	Modified gross lease, \$6 million or \$296 psf TI, 9 months free rent. 2.5% annual base rent increases.
2	4/22	608 Fifth Ave SWC 49th Street Aritzia	10,150 G 11,200 2 11,600 LL 32,950 Total		10	\$7,105,000	\$700	\$650	\$125 Mezz \$100 2 \$50 LL	\$216	Modified gross lease.
3	1/22	600 Fifth Avenue NWC 48th Street Alo Yoga	5,000 G 4,400 LL 9,400 Total		10	\$1,595,750	\$319	\$650	\$125 Mezz \$100 2 \$50 LL	\$170	Modified gross lease.
4	10/21	505 Fifth Avenue NEC 42nd Street COS	7,564 G 11,718 2 5,266 LL 24,548 Total		10	\$3,017,540	\$399	\$650	\$125 Mezz \$100 2 \$50 LL	\$123	Modified gross lease.
5	5/19	537 Fifth Avenue 44th and 45th Streets Laderach	2,575 G 1,514 Mezz 3,555 LL 7,644 Total		11	\$1,550,000	\$602	\$550	\$50 Mezz \$30 LL	\$203	Modified gross lease. No TI, 10 months free rent.
6	3/19	590 Fifth Avenue 47th and 48th Streets Sunglass Hut	2,200 G 2,200 LL 4,400 Total		10	\$1,870,000	\$850	\$850	\$0 LL	\$425	Modified gross lease. \$900k or \$206 psf TI, 6 months free rent.

The avenue retail rents range from \$123 to \$425 per square foot on a blended basis. In the development of our opinion of market rent, we have considered the following:

- **Location:** The subject's retail space is well located on Fifth Avenue and East 44<sup>th</sup> Street, one block west of Grand Central Station. Rents within the lower Fifth Avenue corridor typically increase with proximity to 49<sup>th</sup> Street based on their proximity to Rockefeller Center and the upper Fifth Avenue retail corridor which begins at 50<sup>th</sup> Street. Based on the region, the subject falls at the lower end of the comparable range.
- **Utility:** With respect to physical utility, the subject's retail unit is appealing as it offers a corner location with additional frontage on East 44<sup>th</sup> and 45<sup>th</sup> Street, ceiling heights ranging from 13' on the basement level to 17'5" on the ground level.
- **Lease Terms:** Another consideration on market rent is lease terms, whereby all things being equal a NNN leased space will have a lower base rent than that with a semi net lease. The comparable leases are generally modified gross, whereby the tenant reimburses real estate taxes over a base year and pays net electric similar to the subject's lease and our market rent projection.
- **Leasing Commissions:** Leasing commissions are based upon the following market-oriented schedule for new leases with 10-year lease terms: 5% in Y1, 4% in Y2-3, 3.5% in Y4-5, and 3% for Year 6 and beyond.
- **Tenant Improvements:** According to conversations with brokers familiar with the market, new retail tenants can receive \$100 work letters with minimal TI for renewals. That said, we will model \$100 per square foot for new leases and none for renewals.
- **Concessions:** According to market brokers, subject property leases, and comparable properties, rent concessions for retail spaces range from 6-18 months. That said, 10 months of free rent will be given to new leases and 3 months for renewals.

According to the 2Q2023 PriceWaterHouseCoopers Survey, investors model tenant retention (renewal probability) probability at 50% to 75% within the Manhattan Office Market. Downtime between leases typically ranges from 1 to 6 months, we estimate a renewal probability factor of 75% and downtime between leases is at 6 months for the analysis. Market rent is projected to increase 10% every 5 years throughout the analysis.

Based on the foregoing comparison between the comparables and the subject units, and considering the subject's excellent location, as well as our projections for tenant improvements and free rent, we concluded at the following market rents:

The following spaces are specialized market rental rates for the spaces as the function utility differs on a space-by-space basis. Additionally, the side street retail reflects a discount for inferior access and exposure. All spaces reflect a blended rent based upon ground floor exposure.

MARKET RENT CONCLUSION	
<b>Retail Conclusions</b>	
<b>Concluded Market Rent: Townhouse</b>	\$285
<b>Concluded Market Rent: NBA</b>	\$195
<b>Concluded Market Rent: BestBuy</b>	\$225
<b>Concluded Market Rent: Boutique</b>	\$385
<b>Concluded Market Rent: Side Street</b>	\$135
Expense Structure	Modified Gross
Concessions	10/3
Annual Escalations	3%
Tenant Improvements (\$/SF)	
New	\$100.00
Renewal	\$0.00
Leasing Commissions	
New	35%
Renewal	17.5%
Average Lease Term (years)	10 years

## MARKET RENT – STORAGE/TELECOM

Based on the utility of the subject, there is basement and miscellaneous rentable space utilized for storage or telecom. Based upon conversations with brokers and managing agents in the local market, we conclude to a rental rate of \$25.00 per square for the subject's storage and miscellaneous space.

## POTENTIAL GROSS RENTAL INCOME CONCLUSION

Potential gross rental income based on contract rents, with market rents applied to vacant and/or owner-occupied space, and potential gross rental income based on market rents is shown in the following table.

POTENTIAL GROSS RENTAL INCOME					
Tenancy Type	Total Area (SF)	Contract Rent *		Market Rent	
		\$/SF	Annual \$	\$/SF	Annual \$
Office	416,686	\$58.30	\$24,291,933	\$56.68	\$23,615,758
Retail	88,739	\$228.88	\$20,310,246	\$235.51	\$20,899,185
Storage/Telecom	3,728	\$33.09	\$123,345	\$25.00	\$93,200
<b>Total/Avg.</b>	<b>509,153</b>	<b>\$87.84</b>	<b>\$44,725,524</b>	<b>\$87.61</b>	<b>\$44,608,143</b>

\* Includes vacant suites at market rates

As shown above, the property is 91.1% occupied with arm's length leases in place. Based on the summary of rents above, the contract rent in place at the subject is approximately 0.26% above market and deemed market oriented.

## VACANCY AND COLLECTION LOSS

Occupancy data for the market, submarket, lease comparables and the subject, as well as the concluded occupancy/vacancy for the subject, is shown in the following table.

VACANCY CONCLUSION	
New York Office Market Occupancy 3Q23	86.5%
New York Retail Market Occupancy 3Q23	95.9%
Grand Central Office Submarket Occupancy 3Q23	84.9%
Grand Central Retail Submarket Occupancy 3Q23	85.3%
Sales Comparable Average Occupancy	92.3%
Subject's Current Occupancy	91.1%
<b>Subject's Stabilized Occupancy</b>	<b>95.0%</b>
<b>Subject's Stabilized Vacancy Loss</b>	<b>5.0%</b>

A total vacancy loss for the subject property of 5.0% is projected. We also estimate a nominal level of collection loss of 2.0%.

The rent roll consists of tenants with significant tenure and consistent record of paying rent in a timely manner. More than half of the property consists of tenants that warrant a lower credit loss allocation based on their perceived durability created by credit tenant profiles. The vacancy overrides are summarized in the table below. The below referenced tenants will present with a vacancy and credit loss override in the Discounted Cash Flow.

CREDIT LOSS OVERRIDE CALCULATION		
Tenancy	(SF)	CL
JEWISH FOUNDATION FOR EDUCATION OF WOMEN	2,826	0%
BEST BUY	20,569	0%
CHILD FUND ALLIANCE	4,845	0%
NBA	8,744	0%
NBA	1,157	0%
NBA	4,992	0%
NBA	3,000	0%
THE CONSULATE OF THE REPUBLIC	4,681	0%
<b>Total</b>	<b>50,814</b>	

## MISCELLANEOUS INCOME

The subject collects additional income from late fees among other miscellaneous revenue streams. With a historical amount in the line with the budget, additional income will include \$110,000 for other miscellaneous income.

## SUBJECT'S HISTORICAL INCOME AND EXPENSES

Typically, the best source of information to estimate pro forma operations for the property is the actual historical performance of the subject. The property contact provided the historical operating analysis for 2022, October 2023 T-12, and a 2024 budget. The subject property's historical operating expense estimates were compared to expense ranges indicated by expense comparables in the neighborhood. It is noted that the budget does not include a projection for vacant space and solely includes in-place potential rent. The information provided by the client includes the following:

HISTORICAL & PRO FORMA OPERATING ANALYSIS						
	2022		2023		Budget	
	Total	per SF	Total	per SF	Total	per SF
<b>INCOME</b>						
Gross Potential Rent	\$36,802,781	\$72.28	\$39,849,743	\$78.27	\$42,261,682	\$83.00
Recoveries	1,662,198	\$3.26	2,588,431	\$5.08	2,232,293	\$4.38
Concessions/Abatements	(2,097,808)	-\$4.12	(3,689,673)	-\$7.25	(2,069,594)	-\$4.06
Miscellaneous	550,784	\$1.08	505,390	\$0.99	394,019	\$0.77
<b>Potential Gross Income</b>	<b>\$36,917,956</b>	<b>\$72.51</b>	<b>\$39,253,891</b>	<b>\$77.10</b>	<b>\$42,818,400</b>	<b>\$84.10</b>
<b>EFFECTIVE GROSS INCOME (EGI)</b>	<b>\$36,917,956</b>	<b>\$72.51</b>	<b>\$39,253,891</b>	<b>\$77.10</b>	<b>\$42,818,400</b>	<b>\$84.10</b>
<b>EXPENSES</b>						
Real Estate Taxes	\$8,182,347	\$16.07	\$8,864,867	\$17.41	\$9,383,624	\$18.43
Insurance	\$470,799	\$0.92	\$511,549	\$1.00	\$555,879	\$1.09
Utilities	\$2,146,672	\$4.22	\$2,102,106	\$4.13	\$2,551,304	\$5.01
Repairs & Maintenance	\$1,192,518	\$2.34	\$1,656,599	\$3.25	\$2,122,350	\$4.17
Administrative & General	\$2,070,691	\$4.07	\$2,532,674	\$4.97	\$2,381,387	\$4.68
Management	\$837,224	\$1.64	\$878,616	\$1.73	\$963,414	\$1.89
<b>TOTAL EXPENSES</b>	<b>\$14,900,252</b>	<b>\$29.26</b>	<b>\$16,546,412</b>	<b>\$32.50</b>	<b>\$17,957,957</b>	<b>\$35.27</b>
<b>NET OPERATING INCOME (NOI)</b>	<b>\$22,017,704</b>	<b>\$43.24</b>	<b>\$22,707,479</b>	<b>\$44.60</b>	<b>\$24,860,443</b>	<b>\$48.83</b>

\* Fiscal Year Beginning Dec-23

\*\* Annualized 12 mos

## COMPARABLE EXPENSE DATA

Each of the respective expense items is projected in consideration of actual historical operations and market data. The following table summarizes the expenses from other similar properties in the market area. Although an attempt was made to categorize expenses on a similar basis to the subject, the nature of the raw data prevented such in some categories, especially with regard to the level of detail. The management fee for a property is typically based upon a percentage of the EGI, which is denoted separately.

Comparable No.	EXPENSE COMPARABLES											
	1			2			3			4		
Address	473-477 FIFTH AVENUE			711 THIRD AVENUE			99 PARK AVENUE			547-551 FIFTH AVENUE		
Zip	10017			10017			10016			10176		
Year Built	1925			1956			1953			1927		
Rentable Area	220,413			544,150			530,900			427,158		
Stories	23			19			26			38		
Year Operations	2021			2021			2021			2021		
<b>INCOME</b>	<b>Amount</b>	<b>\$/SF</b>	<b>% EGI</b>	<b>Amount</b>	<b>\$/SF</b>	<b>% EGI</b>	<b>Amount</b>	<b>\$/SF</b>	<b>% EGI</b>	<b>Amount</b>	<b>\$/SF</b>	<b>% EGI</b>
<b>INCOME</b>												
<b>Effective Gross Income</b>	<b>\$23,034,184</b>	<b>\$104.50</b>		<b>\$30,314,555</b>	<b>\$55.71</b>		<b>\$33,275,833</b>	<b>\$62.68</b>		<b>\$23,450,482</b>	<b>\$54.90</b>	
<b>EXPENSES</b>												
Insurance	\$79,221	\$0.36		\$357,551	\$0.66		\$311,149	\$0.59		\$428,146	\$1.00	
Utilities	\$776,285	\$3.52		\$1,127,075	\$2.07		\$1,489,521	\$2.81		\$2,999,128	\$7.02	
Repairs & Maintenance	\$508,300	\$2.31		\$1,606,216	\$2.95		\$1,087,375	\$2.05		\$487,056	\$1.14	
Administrative & General	\$998,509	\$4.53		\$1,621,333	\$2.98		\$3,504,878	\$6.60		\$2,520,514	\$5.90	
Management	\$292,913	\$1.33	1%	\$1,117,303	\$2.05	4%	\$1,818,466	\$3.43	5%	\$170,873	\$0.40	1%
<b>Total Expenses</b>	<b>\$2,655,228</b>	<b>\$12.05</b>		<b>\$5,829,478</b>	<b>\$10.71</b>		<b>\$8,211,389</b>	<b>\$15.47</b>		<b>\$6,605,717</b>	<b>\$15.46</b>	

## OPERATING EXPENSE SUMMARY

Expense Item	OPERATING EXPENSE COMPARISON AND CONCLUSION					
	Expense Range	Comps Average	2022	Annualized 2023	Budget	BBG Forecast
Real Estate Taxes			\$16.07	\$17.41	\$18.43	\$18.62
			\$8,182,347	\$8,864,867	\$9,383,624	\$9,480,150
Insurance	\$0.36–\$1.00	\$0.65	\$0.92	\$1.00	\$1.09	\$1.00
			\$470,799	\$511,549	\$555,879	\$509,153
Utilities	\$2.07–\$7.02	\$3.85	\$4.22	\$4.13	\$5.01	\$4.75
			\$2,146,672	\$2,102,106	\$2,551,304	\$2,418,477
Repairs & Maintenance	\$1.14–\$2.95	\$2.11	\$2.34	\$3.25	\$4.17	\$3.00
			\$1,192,518	\$1,656,599	\$2,122,350	\$1,527,459
Administrative & General	\$2.98–\$6.60	\$5.00	\$4.07	\$4.97	\$4.68	\$4.50
			\$2,070,691	\$2,532,674	\$2,381,387	\$2,291,189
Management	\$0.40–\$3.43	\$1.80	\$1.64	\$1.73	\$1.89	\$2.13
			\$837,224	\$878,616	\$963,414	\$1,086,921
Replacement Reserves						\$0.25
(Calculated via GBA)						\$124,237
<b>Total Operating Expenses Per SF</b>			\$29.26	\$32.50	\$35.27	<b>\$34.25</b>
<b>Total Operating Expenses</b>			\$14,900,252	\$16,546,412	\$17,957,957	<b>\$17,437,585</b>

## OPERATING EXPENSE ANALYSIS AND PROJECTIONS

The following is a summary of expenses as applied to the subject property. The expenses have been analyzed on a per square foot basis. Since the subject is leased with modified gross structures, the expenses are incurred by both the landlord and tenants. The tenants reimburse electric, and the majority of office tenants are responsible for monthly water and sprinkler charges. All tenants are responsible for insurance coverages for their individual units, and the landlord holds an additional premium above the tenants. All tenants are responsible for the repair & maintenance of their individual units, and the separate repair & maintenance charge represents the maintenance and repair of the subject's common areas incurred by the landlord.

Real Estate Taxes - The subject's 2023/2024 real estate tax payment amounts to \$9,480,150, which is inclusive of both the base taxes and BID taxes.

Insurance - This category includes property and casualty insurance that is required or typical at the subject and similar properties. We conclude with the expense comparable average of a rounded \$1.00 per square foot, or \$509,153.

Utilities - Utility costs generally include electricity, water, sewer and gas to the amount of \$4.75 per square foot, or \$2,418,477.

Repairs & Maintenance – Repairs & Maintenance expenses address the structure of the property and any miscellaneous maintenance needed for the tenant. An expense amount of \$3.00 per square foot, or \$1,527,459 is projected. This is slightly above the high end of the range but in line with historical statements.

Administrative & General - These costs are associated with the overall operations of a property and do not fall within a specific expense silo. We project an expense of \$4.50 per square foot or \$2,291,189.

Management - Based on the tenant status of the subject, it is reasonable to project the annual management fee to be 2.5% of effective gross income. Management is based on the collection of income from the tenant, administrative and other costs like professional fees. Based on the current estimated effective gross income from Year 1 of the DCF, management costs will be projected at \$1,086,921.

Replacement Reserves - This account accrues funds for the eventual repair/replacement of building components outside of CAM. Based upon our experience with similar properties and the age of the subject, and its condition, we have estimated this expense at \$0.25 per square foot of gross building area or \$124,237.

# DISCOUNTED CASH FLOW

## GENERAL PROCESS

Value estimates for a variety of ownership interests may be calculated by forecasting cash flows over a typical holding period and discounting those cash flows to a present value estimate by using a typical discount rate. This valuation approach is referred to as yield capitalization or discounted cash-flow analysis. The discount rate used in this approach addresses the expected profitability of the investment.

By definition, Discounted Cash Flow is a method of estimating property value by discounting all expected future cash flows over a holding period, to a present value using a discount rate that is typical for investors in the marketplace for the interest being valued.

## SUMMARY OF ASSUMPTIONS

The following table provides a summary of all assumptions used in the discounted cash flow analysis. Most of the Discounted Cash Flow components summarized below were discussed and supported in the previously presented Direct Capitalization section. Support for assumptions not previously discussed are provided after the summary.

DISCOUNTED CASH FLOW ASSUMPTION CONCLUSIONS							
Forecast	Assumptions						
DCF Software	ARGUS Enterprise 14.0						
Holding Period	10 years						
Current Occupancy	85.5%						
Stabilized Occupancy	95%						
Income Annual Change	3.00%						
Expense Annual Change	3.00%						
Discount Rate - As Is	6.75%						
Reversion	Cap Year 11						
Terminal Capitalization Rate	5.25%						
Selling and Marketing Cost (% of reversion)	5.00%						
	Office	Retail Townhouse	Retail - NBA	Retail - BestBuy	Retail - Boutique	Retail - Side Street	Storage
Market Rent (\$ PSF)		\$285.00	\$195.00	\$225.00	\$385.00	\$135.00	\$25.00
Concluded Market Rent (\$/SF): 535 Fifth Ave							
Floors 3-10		\$54.00					
Floors 11-19		\$56.00					
Floors 20-23		\$58.00					
Floors 24-27		\$60.00					
Floors 28-31		\$64.00					
Floors 32-36		\$68.00					
Concluded Market Rent (\$/SF): 545 Fifth Ave							
Floors 3-4		\$52.00					
Floors 5-10		\$56.00					
Floors 11-14		\$60.00					
Expense Structure	Modified Gross	Modified Gross	Modified Gross	Modified Gross	Modified Gross	Modified Gross	None
Average Lease Term (years)		10 years	10 years	10 years	10 years	10 years	10 years
Large Office (> 5,000 SF)	10 years						
Small Office (< 5,000 SF)	5 years						
Tenant Improvements - New (\$/PSF)	\$70.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$0.00
Tenant Improvements - Renewal (\$/PSF)	\$30.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Leasing Commissions		35% / 17.5%	35% / 17.5%	35% / 17.5%	35% / 17.5%	35% / 17.5%	35% / 17.5%
Large Office (> 5,000 SF)	31% / 15.5%						
Small Office (< 5,000 SF)	19% / 9.5%						
Concessions	6/3	10/3	10/3	10/3	10/3	10/3	10/3
Renewal Probability	75%	75%	75%	75%	75%	75%	75%
Downtime Between Leases (mos.)	6 months	6 months	6 months	6 months	6 months	6 months	6 months

## GROWTH RATES

The following table provides a summary of historical and forecast inflation estimates, along with growth rate assumptions for both market rent(s) and expenses according to investor survey data.

INCOME/EXPENSE GROWTH RATES				
Survey/Investment Type	Annual Rate	Survey/Investment Type	Annual Rate	
Bureau of Labor Statistics (BLS)				Mortgage Bankers Association (MBA)
CPI-U Past 10 Years	2.59%	2022 CPI Forecast		7.50%
CPI-U Past 5 Years	3.88%	2023 CPI Forecast		2.60%
CPI-U Past 3 Years	5.03%	2024 CPI Forecast		2.30%
CPI-U Past 1 Year	7.75%	2025 CPI Forecast		2.20%
Survey/Investment Type	Market Rent Change	Average	Expense Change	Average
PwC Real Estate Investor Survey (4Q23)				
CBD Office	0.00% - 3.00%	1.50%	0.00% - 4.00%	2.70%
Strip Center	0.00% - 3.00%	1.08%	0.00% - 3.00%	2.42%
Manhattan Office	0.00% - 3.00%	1.30%	1.00% - 8.00%	3.65%
Situs RERC Real Estate Report (3Q23)				
CBD Office	0.00% - 3.00%	1.90%	2.50% - 5.00%	3.50%
Suburban Office	0.00% - 3.00%	2.00%	2.50% - 5.00%	3.50%
<b>Subject's Conclusions</b>	<b>Income Growth Rate</b>	<b>3.00%</b>	<b>Expense Growth Rate</b>	<b>3.00%</b>

## TERMINAL CAPITALIZATION RATE

The following table provides a summary of terminal capitalization rates according to investor survey data.

TERMINAL CAPITALIZATION RATES		
Survey/Investment Type	Terminal OAR Range	Average
PwC Real Estate Investor Survey (4Q23)		
CBD Office	5.50% - 10.50%	7.15%
Strip Center	5.25% - 10.00%	7.46%
Manhattan Office Market	4.50% - 6.50%	5.65%
Situs RERC Real Estate Report (3Q23)		
CBD Office	6.00% - 8.80%	7.20%
Neigh/Community	6.00% - 8.30%	6.90%
<b>Subject's Estimated Terminal Capitalization Rate</b>	<b>5.25%</b>	

Please note, the hold period is selected based on a year with stabilized occupancy.

## DISCOUNT RATE

In order to develop an indication of value by the Income Approach, it is necessary to establish an acceptable yield rate to discount the annual cash flows and the reversion value. We begin with a general discussion, and then will focus on the specific factors that influence the yield for the property.

This is a competitive rate of return reflecting the inherent risks, illiquidity, potential benefits, and availability of tax shelter of property ownership relative to prospective rates of return for alternative investment opportunities. Typical investors require a rate of return for investment quality property such as the subject which is greater than the safe or "risk-less" rate offered by long-term treasury bonds.

The difference between an investor's required rate of return and the safe rate is basically the premium necessary to compensate the investor for the added risks of lack of liquidity offered by a real estate investment. To support our opinion of an equity yield rate acceptable to a typical investor in the subject interest, we have begun with an analysis of competitive investment yields:

SURVEY OF COMPETITIVE RATES	
Federal Funds Rate	5.33%
Prime Rate	8.50%
10-year Treasury Bond	3.84%
30-year Treasury Bond	3.98%
Corporate Bonds (Aaa)	5.28%
Corporate Bonds (Baa)	5.46%

*Source: Federal Reserve/Moody's – December 2023*

- The **Federal Funds Rate** is a foundational rate determining the cost of funds by Federal Reserve banks to depository institutions.
- The **Prime Rate** is a base rate posted by large banks for loans to corporations. It is a rate for business loans to banks' most creditworthy customers. It is no longer a lending rate per se, but a base rate from which other rates are adjusted.
- The **10, 20 and the 30-Year Treasury Bonds** are long-term obligations that are guaranteed by the federal government. We note that yields are below the historical average, reflecting sustained demand for the perceived surety in the U.S. Government's ability to repay these securities. Yields generally decline in Treasury's when there is a "flight to quality" caused by events such as the recent credit meltdown and global recession. However, recent economic conditions resulting from Russia's invasion of Ukraine and supply chain disruptions from China, coupled with Fed guidance continue to apply upward pressure on inflation and weigh on global economic activity. The Fed indicated at the December 2022 FOMC meeting that it will hold consistent with previous guidance to increase monthly holdings of Treasury securities at a cap of \$30 billion and holdings of MBS at a cap of \$17.5 billion per month. Starting in September 2022 the FOMC began rolling over at auction securities maturing in each month for Treasuries that exceed a cap of \$60 billion and reinvesting into agency mortgage-backed (MBS) the amount of principal payments from the Federal reserve's holdings of agency debt and agency MBS received in each calendar month that exceeds a cap of \$35 billion. It is also important to note that the 2/10-year treasury yields have remained inverted since July 2022. The inverted 2/10 treasury yields are historically an indicator of economic uncertainty as a flight to safety in the near term outweighs that in the long-term.
- Corporate Bonds offered by **Aaa** and **Baa** credit rated organizations are priced roughly 93 and 216 bps respectively over Treasuries, indicating the market's perception of minimal risk. **Baa** debt is issued by weaker corporate borrowers and exhibits corresponding risk, liquidity, and pricing characteristics compared to higher-grade obligations.

**Conclusion:** As we know from the December 2023 FOMC meeting, the Federal Reserve decided to maintain the federal funds target range at 5.25% - 5.50%. The fed funds rate has a strong correlation to short-term interest rates, which can affect the 10-year treasury rate and substantially affect 30-year mortgage rates. Additionally, the Federal Reserve Bank of Cleveland estimated a 30-year expected inflation rate of 2.50%, which is above the benchmarked 2% target in the Federal Reserve's dual mandate. The Fed also indicated in the December 2023 FOMC meeting that the overnight repurchase and reverse repurchase agreement operations will continue to be limited at \$500 bn and \$160 bn, respectively, and can be temporarily increased at the discretion of the Chair. Repo rates have risen from approximately 4.3% to 5.4% since the beginning of 2023 indicating a flight towards lending on government securities.

The values used as comparison points to widely published capital markets trading data (reported below) is that reported by the Real Estate Research Corporation (R.E.R.C.) and PWC Real Estate investment surveys. These offerings summarize expected rates of return, including capitalization rates and income and expense growth rates, from a representative sample of institutional investors.

These published rates generally reflect the primary value indications on an unleveraged basis, since the capital structures of organizations vary so greatly. Overall property yields are presented first:

The following table provides a summary of discount rates according to investor survey data.

DISCOUNT RATES		
Survey/Investment Type	IRR Range	Average
PwC Real Estate Investor Survey (4Q23)		
CBD Office	6.50% - 12.00%	8.61%
Strip Center	7.00% - 11.00%	8.71%
Manhattan Office Market	5.25% - 8.00%	6.80%
Situs RERC Real Estate Report (3Q23)		
CBD Office	7.00% - 10.00%	8.00%
Neigh/Community	7.00% - 8.50%	7.60%
<b>Subject's Estimated Discount Rate - As Is</b>		<b>6.75%</b>

#### Required Real Estate Yields Vis-À-Vis Capital Market Returns

	1Q 2023	4Q 2022	1Q 2022	1Q 2021	1Q 2020	1Q 2019
Real Estate Yield (%)	7.6	7.5	7.4	7.7	7.8	7.7
Moody's Baa Corporate (%)	5.6	6.0	3.9	3.5	3.9	5.0
Moody's Aaa Corporate (%)	4.5	4.8	3.2	2.7	2.9	3.8
10-Year Treasurys (%)	3.6	3.8	1.9	1.3	1.4	2.7
<b>Yield Spread (Percentage Points)</b>						
Moody's Baa Corporate (%)	2.0	1.5	3.5	4.2	3.9	2.7
Moody's Aaa Corporate (%)	3.1	2.7	4.2	5.0	4.9	3.9
10-Year Treasurys (%)	4.0	3.7	5.5	6.4	6.4	5.0

Sources RERC, Federal Reserve, Moody's, IQ 2023.

## LEASE EXPIRATION

The following table provides a summary of lease expiry (first term only) for the subject property. Properties with a significant amount of rollover up front may be deemed higher risk than those with more rollover towards the latter half of the anticipated holding period.

CONTRACT LEASE EXPIRATION SCHEDULE				
Year	SF Expiring	% of Property	Cumulative SF	Cumulative %
1	25,336	5%	25,336	5%
2	97,380	19%	122,716	24%
3	30,059	6%	152,775	30%
4	6,707	1%	159,482	31%
5	34,264	7%	193,746	38%
6	47,578	9%	241,324	47%
7	58,288	11%	299,612	59%
8	52,306	10%	351,918	69%
9	47,343	9%	399,261	78%
10+	109,892	22%	509,153	100%

*Expirations include first term contract rent only*

Liquidity is an extreme concern to all investors, as transactional volume is growing significantly in most markets. Of all the property types, most credit is available for residential transactions, though the capital markets are deep for "Core-class" office and retail projects with strong tenancy. These effects are measured below, as overall yields for real estate are affected by numerous external factors.

- **Location:** the better the location, the lower the IRR. The asset is extremely well located on the Fifth Avenue retail corridor in Midtown Manhattan, a core investment market where there is very strong demand for investment real estate. The site is a hub of regional transport links like Grand Central, and there is a concentration of high end office/retail users. Given the appeal of this location investors consider this a very attractive location.
- **Tenant Credit Quality:** The subject is leased to a variety of tenants high quality tenants like NBA and BestBuy. The majority of the office tenants are non-credit tenants that are typical in the market.
- **Physical Characteristics of the Subject Property:** The newer the property, the higher the quality of construction and finishes, and the better the design and layout of the physical plant, the lower the IRR. The subject was constructed in 1927 and is in good condition (similar to most buildings in the area).
- **Degree of Forecasted Cash Flow Growth:** the greater the growth forecasted, the higher the IRR. The degree of cash flow growth is based on well-documented historic trends and current economic conditions. The subject is encumbered by market level leases with annual increases for most tenants.
- **Amount of Equity Investment Required:** the greater the required equity investment (that portion of the total acquisition cost not typically funded by conventional financing), the higher the IRR. Acquisition of mixed-use buildings typically requires 30-40% equity, offering the opportunity to use significant leverage to increase investment return.
- **Length of Projection Period:** the longer the projection period, the higher the IRR. The holding period is forecasted to be 10 years, which is typical for the investor surveys.
- **Type of Investment:** the riskier the perceived return on investment for a particular type of real estate, the higher the IRR. Retail investors typically require average returns as compared to other asset classes.

Based on the factors described above, it is our opinion that an investor would require an overall yield rate near the mid-point of the market range.

The summation approach was applied to account for yield expectations associated with these investment considerations. A 5.50% basic rate was used based on the return exhibited by corporate and utility bonds increased for liquidity, asset management, and basis points for risk resulting in a 6.75% discount rate. Based on the foregoing, it is our opinion that this pre-tax discount or yield rate would be required by a typical investor for a property like the subject.

## DISCOUNTED CASH FLOW SUMMARY

For the Years Ending	DISCOUNTED CASH FLOW											
	Forecast Year 1 <u>Dec-2024</u>	Forecast Year 2 <u>Dec-2025</u>	Forecast Year 3 <u>Dec-2026</u>	Forecast Year 4 <u>Dec-2027</u>	Forecast Year 5 <u>Dec-2028</u>	Forecast Year 6 <u>Dec-2029</u>	Forecast Year 7 <u>Dec-2030</u>	Forecast Year 8 <u>Dec-2031</u>	Forecast Year 9 <u>Dec-2032</u>	Forecast Year 10 <u>Dec-2033</u>	Forecast Year 11 <u>Dec-2034</u>	
	Forecast Year 11 <u>Dec-2034</u>	Forecast Year 10 <u>Dec-2033</u>	Forecast Year 9 <u>Dec-2032</u>	Forecast Year 8 <u>Dec-2031</u>	Forecast Year 7 <u>Dec-2030</u>	Forecast Year 6 <u>Dec-2029</u>	Forecast Year 5 <u>Dec-2028</u>	Forecast Year 4 <u>Dec-2027</u>	Forecast Year 3 <u>Dec-2026</u>	Forecast Year 2 <u>Dec-2025</u>	Forecast Year 1 <u>Dec-2024</u>	For the Years Ending
<b>Rental Revenue</b>												
Potential Base Rent	46,989,439	47,150,742	48,430,953	49,043,455	48,556,245	49,196,311	52,302,158	55,278,120	56,774,695	58,726,945	60,053,810	
Absorption & Turnover Vacancy	-3,337,081	-1,289,593	-273,346	-65,960	-355,673	-593,774	-971,221	-566,695	-1,037,590	-214,757	-1,332,494	
Free Rent	-1,774,184	-3,067,513	-934,616	-109,557	-532,112	-1,104,063	-2,012,067	-1,052,882	-1,409,058	-1,468,887	-2,159,257	
Scheduled Base Rent	41,878,174	42,793,636	47,222,991	48,867,939	47,668,459	47,498,473	49,318,870	53,658,543	54,328,047	57,043,301	56,562,059	
<b>Total Rental Revenue</b>	<b>41,878,174</b>	<b>42,793,636</b>	<b>47,222,991</b>	<b>48,867,939</b>	<b>47,668,459</b>	<b>47,498,473</b>	<b>49,318,870</b>	<b>53,658,543</b>	<b>54,328,047</b>	<b>57,043,301</b>	<b>56,562,059</b>	
<b>Other Tenant Revenue</b>												
Total Expense Recoveries	2,014,130	2,151,691	2,165,260	2,409,095	2,611,818	2,565,196	2,664,098	2,758,628	2,819,245	3,109,476	3,224,752	
<b>Total Other Tenant Revenue</b>	<b>2,014,130</b>	<b>2,151,691</b>	<b>2,165,260</b>	<b>2,409,095</b>	<b>2,611,818</b>	<b>2,565,196</b>	<b>2,664,098</b>	<b>2,758,628</b>	<b>2,819,245</b>	<b>3,109,476</b>	<b>3,224,752</b>	
<b>Total Tenant Revenue</b>	<b>43,892,304</b>	<b>44,945,327</b>	<b>49,388,250</b>	<b>51,277,033</b>	<b>50,280,277</b>	<b>50,063,670</b>	<b>51,982,969</b>	<b>56,417,170</b>	<b>57,147,292</b>	<b>60,152,777</b>	<b>59,786,811</b>	
<b>Other Revenue</b>												
Miscellaneous	110,000	113,300	116,699	120,200	123,806	127,520	131,346	135,286	139,345	143,525	147,831	
<b>Total Other Revenue</b>	<b>110,000</b>	<b>113,300</b>	<b>116,699</b>	<b>120,200</b>	<b>123,806</b>	<b>127,520</b>	<b>131,346</b>	<b>135,286</b>	<b>139,345</b>	<b>143,525</b>	<b>147,831</b>	
<b>Potential Gross Revenue</b>	<b>44,002,304</b>	<b>45,058,627</b>	<b>49,504,949</b>	<b>51,397,233</b>	<b>50,404,083</b>	<b>50,191,190</b>	<b>52,114,314</b>	<b>56,552,456</b>	<b>57,286,637</b>	<b>60,296,302</b>	<b>59,934,642</b>	
<b>Vacancy &amp; Credit Loss</b>												
Vacancy Allowance	0	-122,534	-1,279,333	-1,568,574	-1,216,073	-963,110	-649,479	-1,155,228	-705,162	-1,663,760	-522,493	
Credit Loss	-525,452	-546,851	-614,188	-650,163	-628,698	-622,754	-627,413	-680,789	-692,869	-751,407	-741,995	
<b>Total Vacancy &amp; Credit Loss</b>	<b>-525,452</b>	<b>-669,384</b>	<b>-1,893,520</b>	<b>-2,218,738</b>	<b>-1,844,771</b>	<b>-1,585,863</b>	<b>-1,276,892</b>	<b>-1,836,017</b>	<b>-1,398,031</b>	<b>-2,415,167</b>	<b>-1,264,488</b>	
<b>Effective Gross Revenue</b>	<b>43,476,852</b>	<b>44,389,243</b>	<b>47,611,429</b>	<b>49,178,495</b>	<b>48,559,313</b>	<b>48,605,327</b>	<b>50,837,423</b>	<b>54,716,439</b>	<b>55,888,605</b>	<b>57,881,135</b>	<b>58,670,154</b>	
<b>Operating Expenses</b>												
Real Estate Taxes	9,480,150	9,764,555	10,057,491	10,359,216	10,669,993	10,990,092	11,319,795	11,659,389	12,009,171	12,369,446	12,740,529	
Insurance	509,153	524,428	540,160	556,365	573,056	590,248	607,955	626,194	644,980	664,329	684,259	
Utilities	2,418,477	2,491,031	2,565,762	2,642,735	2,722,017	2,803,678	2,887,788	2,974,422	3,063,654	3,155,564	3,250,231	
Administrative & General	1,527,459	1,573,283	1,620,481	1,669,096	1,719,169	1,770,744	1,823,866	1,878,582	1,934,939	1,992,988	2,052,777	
Repairs & Maintenance	2,291,189	2,359,925	2,430,722	2,503,644	2,578,753	2,656,116	2,735,799	2,817,873	2,902,410	2,989,482	3,079,166	
Management Fee	1,086,921	1,109,731	1,190,286	1,229,462	1,213,983	1,215,133	1,270,936	1,367,911	1,397,215	1,447,028	1,466,754	
<b>Total Operating Expenses</b>	<b>17,313,349</b>	<b>17,822,952</b>	<b>18,404,903</b>	<b>18,960,519</b>	<b>19,476,971</b>	<b>20,026,011</b>	<b>20,646,139</b>	<b>21,324,371</b>	<b>21,952,369</b>	<b>22,618,837</b>	<b>23,273,716</b>	
<b>Net Operating Income</b>	<b>26,163,502</b>	<b>26,566,291</b>	<b>29,206,525</b>	<b>30,217,977</b>	<b>29,082,342</b>	<b>28,579,316</b>	<b>30,191,283</b>	<b>33,392,068</b>	<b>33,936,236</b>	<b>35,262,299</b>	<b>35,396,438</b>	
<b>Leasing Costs</b>												
Tenant Improvements	2,350,880	6,029,558	1,275,584	293,157	1,529,431	2,185,974	2,647,047	2,573,191	2,307,567	1,937,066	3,918,370	
Leasing Commissions	1,043,928	1,367,739	280,991	45,690	340,053	499,262	1,024,480	520,851	1,072,845	365,465	1,390,458	
<b>Total Leasing Costs</b>	<b>3,394,808</b>	<b>7,397,297</b>	<b>1,556,575</b>	<b>338,847</b>	<b>1,869,485</b>	<b>2,685,236</b>	<b>3,671,527</b>	<b>3,094,043</b>	<b>3,380,412</b>	<b>2,302,531</b>	<b>5,308,828</b>	
<b>Capital Expenditures</b>												
Reserves	124,237	127,964	131,803	135,757	139,829	144,024	148,345	152,795	157,379	162,100	166,963	
<b>Total Capital Expenditures</b>	<b>124,237</b>	<b>127,964</b>	<b>131,803</b>	<b>135,757</b>	<b>139,829</b>	<b>144,024</b>	<b>148,345</b>	<b>152,795</b>	<b>157,379</b>	<b>162,100</b>	<b>166,963</b>	
<b>Total Leasing &amp; Capital Costs</b>	<b>3,519,044</b>	<b>7,525,261</b>	<b>1,688,378</b>	<b>474,603</b>	<b>2,009,314</b>	<b>2,829,260</b>	<b>3,819,872</b>	<b>3,246,838</b>	<b>3,537,791</b>	<b>2,464,631</b>	<b>5,475,791</b>	
<b>Cash Flow Before Debt Service</b>	<b>22,644,458</b>	<b>19,041,030</b>	<b>27,518,148</b>	<b>29,743,373</b>	<b>27,073,028</b>	<b>25,750,056</b>	<b>26,371,411</b>	<b>30,145,230</b>	<b>30,398,445</b>	<b>32,797,667</b>	<b>29,920,646</b>	

## PRESENT VALUE SUMMARY

PRESENT VALUE REPORT					
Analysis <u>Period</u>	Period <u>Ending</u>	Cash Flow <u>Before Debt Service</u>	P.V. of Cash Flow <u>@ 6.25%</u>	P.V. of Cash Flow <u>@ 6.75%</u>	P.V. of Cash Flow <u>@ 7.25%</u>
			Cash Flow <u>@ 6.25%</u>	Cash Flow <u>@ 6.75%</u>	Cash Flow <u>@ 7.25%</u>
Year 1	Dec-2024	22,644,458	21,312,431	<b>21,212,607</b>	21,113,713
Year 2	Dec-2025	19,041,030	16,866,795	<b>16,709,162</b>	16,553,729
Year 3	Dec-2026	27,518,148	22,942,058	<b>22,621,195</b>	22,306,288
Year 4	Dec-2027	29,743,373	23,338,582	<b>22,904,388</b>	22,480,244
Year 5	Dec-2028	27,073,028	19,993,652	<b>19,529,783</b>	19,078,768
Year 6	Dec-2029	25,750,056	17,898,002	<b>17,400,867</b>	16,919,767
Year 7	Dec-2030	26,371,411	17,251,656	<b>16,693,915</b>	16,156,685
Year 8	Dec-2031	30,145,230	18,560,390	<b>17,876,214</b>	17,220,280
Year 9	Dec-2032	30,398,445	17,615,336	<b>16,886,530</b>	16,191,074
Year 10	Dec-2033	32,797,667	17,887,662	<b>17,067,272</b>	16,288,082
Totals		271,482,847	193,666,564	<b>188,901,932</b>	184,308,630
Property Resale @ 5.25% Cap Rate		640,506,965	349,328,862	<b>333,307,449</b>	318,090,609
Total Unleveraged Present Value			542,995,426	<b>522,209,381</b>	502,399,239

## VALUE INDICATION FROM DISCOUNTED CASH FLOW

Our conclusion via the Discounted Cash Flow Method is as follows.

DISCOUNTED CASH FLOW METHOD VALUE CONCLUSION - AS IS		
Discount Rate (0.50% Spread)	Value	\$/SF
Based on Low-Range of 6.25%	\$542,995,426	\$1,066
Based on Most Probable Rate of 6.75%	\$522,209,381	\$1,026
Based on High-Range of 7.25%	\$502,399,239	\$987
<b>Reconciled Value</b>	<b>\$522,209,381</b>	<b>\$1,026</b>
<b>Rounded to nearest \$5,000,000</b>	<b>\$520,000,000</b>	<b>\$1,021</b>

## DIRECT CAPITALIZATION

The Discounted Cash Flow method most accurately accounts for the variation in net operating income over a typical holding period. However, Income Capitalization will be used as support for the value derived via discounted cash flow. Year 2 of the Cash Flow represents the stabilized Year.

<u>For the Years Ending</u>	<u>Dec-2025</u>
<b>Rental Revenue</b>	
Potential Base Rent	47,150,742
Absorption & Turnover Vacancy	-1,289,593
Free Rent	-3,067,513
Scheduled Base Rent	<u>42,793,636</u>
Total Rental Revenue	<u>42,793,636</u>
<b>Other Tenant Revenue</b>	
Total Expense Recoveries	<u>2,151,691</u>
Total Other Tenant Revenue	<u>2,151,691</u>
Total Tenant Revenue	<u>44,945,327</u>
<b>Other Revenue</b>	
Miscellaneous	<u>113,300</u>
Total Other Revenue	<u>113,300</u>
Potential Gross Revenue	<u>45,058,627</u>
<b>Vacancy &amp; Credit Loss</b>	
Vacancy Allowance	-122,534
Credit Loss	-546,851
Total Vacancy & Credit Loss	<u>-669,384</u>
Effective Gross Revenue	<u>44,389,243</u>
<b>Operating Expenses</b>	
Real Estate Taxes	9,764,555
Insurance	524,428
Utilities	2,491,031
Administrative & General	1,573,283
Repairs & Maintenance	2,359,925
Management	1,109,731
Total Operating Expenses	<u>17,822,952</u>
Net Operating Income	<u>26,566,291</u>

## DERIVATION FROM COMPARABLE SALES

Overall capitalization rates derived from the marketplace are presented in the following table.

MARKET DERIVED CAPITALIZATION RATE SUMMARY					
No.	Property / Location	Date of Sale	Year Built	Occup.	Capitalization Rate
1	400 Lafayette Street New York, NY	Apr-23	1888	100%	---
2	126 East 56th Street New York, NY	Apr-23	1982	80%	5.20%
3	95 Morton Street New York, NY	Jun-22	1911	100%	---
4	450 Park Avenue New York, NY	Jun-22	1972	82%	4.00%
5	51 West 52nd Street New York, NY	Oct-21	1964	96%	5.01%
6	522 5th Avenue New York, NY	Sep-20	1919	96%	4.50%
Low					4.00%
High					5.20%
Median					4.76%
Average					4.68%
<b>Appraiser's Concluded Range</b>					<b>4.50% - 5.00%</b>

The comparable sales all occurred between 2019 and 2023 and have overall capitalization rates ranging from 4.00% to 5.20% averaging 4.68%.

## INVESTOR SURVEYS

Another source of going-in capitalization rates is provided by the PricewaterhouseCoopers' and Real Estate Research Corporation's investment surveys which summarize going-in capitalization rates. These rates are a representative sample of institutional investors. The rates reflect acceptable expectations desired by investors currently in the marketplace. The rates are illustrated below.

INVESTOR SURVEYS			
Survey/Investment Type	OAR Range	Average	
PwC Real Estate Investor Survey (4Q23)			
CBD Office	4.50% - 10.00%	6.78%	
Strip Center	5.25% - 10.00%	7.50%	
Manhattan Office	4.00% - 6.25%	5.23%	
Situs RERC Real Estate Report (3Q23)			
CBD Office	5.80% - 8.50%	6.80%	
Neigh/Community	5.50% - 7.80%	6.40%	
RealtyRates.com Investor Survey (4Q23)			
CBD	6.58% - 13.24%	9.40%	
Retail	5.83% - 14.13%	9.77%	
<b>Indicated OAR:</b>	<b>4.00% - 14.13%</b>	<b>7.41%</b>	

## CONCLUSION

Based on the investment surveys and extracted capitalization rates from the similar sales, it is our opinion that a going-in capitalization rate of 5.00% is appropriate for the subject property, which is below the range of the investment surveys primarily due to below market leases in place. The subject represents a quality, trophy asset office property within a desirable submarket with below market in-place income and upside potential.

Applying a 5.00% capitalization rate to the subject's stabilized net operating income results in a value as follows:

## ADJUSTMENTS

To derive a current value, we deduct the rent loss, leasing costs and associated profit exported from the Argus 14.0 Discounted Cash Flow.

LEASE UP ADJUSTMENT		
	Year 1	NPV (6.75% IRR)
Absorption & Turnover Vacancy	\$3,337,081	\$3,126,071
Free Rent	\$1,774,184	\$1,661,999
Tenant Improvements	\$2,350,880	\$2,202,230
Leasing Commissions	\$1,043,928	\$977,918
<b>Subtotal</b>		<b>\$7,968,218</b>
Entrepreneurial Incentive (as % of Subtotal)	10%	\$796,822
<b>Total Lease Up Adjustment</b>		<b>\$8,765,040</b>
<b>Rounded (Nearest \$1,000,000)</b>		<b>\$9,000,000</b>

## VALUE INDICATION FROM DIRECT CAPITALIZATION

Our conclusion via the Direct Capitalization Method is as follows.

DIRECT CAPITALIZATION METHOD VALUE CONCLUSION - AS IS		
NET OPERATING INCOME	\$26,566,291	\$52.18
<b>Sensitivity Analysis (0.25% OAR Spread)</b>	<b>Value</b>	<b>\$/SF</b>
Based on Low-Range of 4.75%	\$559,290,334	\$1,098
Based on Most Probable Rate of 5.00%	\$531,325,817	\$1,044
Based on High-Range of 5.25%	\$506,024,588	\$994
<b>Indicated As Stabilized Value</b>	<b>\$531,325,817</b>	
<b>Rounded to nearest \$5,000,000</b>	<b>\$530,000,000</b>	<b>\$1,041</b>
less Lease Up Adjustment	(9,000,000)	
<b>Reconciled As Is Value</b>	<b>\$522,325,817</b>	<b>\$1,026</b>
<b>Rounded to nearest \$5,000,000</b>	<b>\$520,000,000</b>	<b>\$1,021</b>

## CORRELATION OF INCOME VALUES

The indicated values by the methods utilized are:

- Discounted Cash Flow \$520,000,000
- Capitalization of Net Income \$520,000,000

# SALES COMPARISON APPROACH

## METHODOLOGY

In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold properties in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

<b>Unit of Comparison</b>	A unit of comparison (i.e. price per square foot, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
<b>Search for Sales</b>	Research must be done to locate comparable sales, listings and contracts of properties that are similar to the subject. Similarities may include property type, size, physical condition, location and the date of the sale.
<b>Confirmation</b>	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
<b>Comparison</b>	Each of the improved sales that is chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
<b>Reconciliation</b>	Once the comparables have been adjusted, a value must be concluded based on the indications produced from the analysis of the comparables.

## UNITS OF COMPARISON

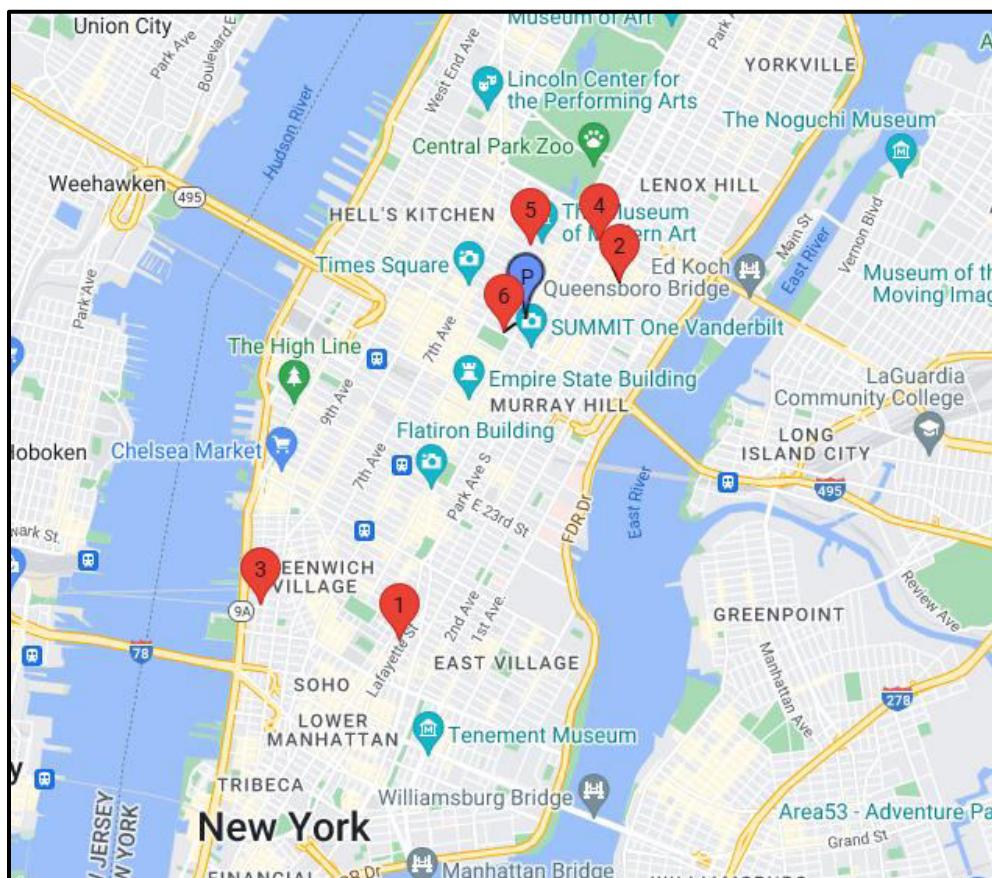
UNITS OF MEASURE	
X	1. <b>Per Square Foot of Net Rentable Area:</b> For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of the corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area.
	2. <b>Per Square Foot of Usable Area:</b> The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
	3. <b>Per Square foot of Gross Leasable Area:</b> Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.
	4. <b>Per Square Foot of Gross Building Area:</b> Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.
	5. <b>Per Unit:</b> Total number of dwelling units in the property. Typically used for apartment properties.

## COMPARABLE IMPROVED SALES

On the following pages, we present a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process. Due to the paucity of recent mixed-use sales within the subject's immediate market, one of the surveyed transactions occurred prior to the onset of the COVID-19 pandemic.

Due to a lack of recent comparable data of large Class A and B office buildings within the subject's immediate market, it was necessary to analyze older transactions. The sales represent the most recent comparable office building transactions and are described later in this section of the report. All of the comparable sales analyzed are located within the Midtown Manhattan market. Included is a map indicating the location of each sale in relation to the subject, a photograph of each sale, a grid outlining the adjustments for each sale price, and the resultant indicated values for the subject property. Given the lack of recent sales in the market, the sales comparison approach is developed for supportive purposes only, and we rely solely on the income capitalization approach in determining our value conclusion.

## COMPARABLE IMPROVED SALES MAP



## COMPARABLE IMPROVED SALES SUMMARY

SUMMARY OF IMPROVED SALES												
Comp No.	Property / Location	Property Use	Date of Sale	Transaction Status	Property Rights	Year Built/ Renovated	Bldg. Size (SF Net)	Occup.	Sale Price	\$/SF	NOI PSF	Overall Rate
1	400 Lafayette Street New York, NY	Office Building	Apr-23	Closed	Fee Simple	1888	118,000	100%	\$97,500,000	\$826	----	----
2	126 East 56th Street New York, NY	Office Building	Apr-23	Closed	Leased Fee	1982	175,133	80%	\$113,000,000	\$645	\$33.55	5.20%
3	95 Morton Street New York, NY	Office Building	Jun-22	Closed	Leased Fee	1911 / 2017	216,512	100%	\$288,237,723	\$1,331	----	----
4	450 Park Avenue New York, NY	Office Building	Jun-22	Closed	Leased Fee	1972 / 1989	337,000	82%	\$445,000,000	\$1,320	\$52.82	4.00%
5	51 West 52nd Street New York, NY	Office Building	Oct-21	Closed	Leased Fee	1964 / 2017	878,260	96%	\$760,000,000	\$865	\$43.35	5.01%
6	522 5th Avenue New York, NY	Office Building	Sep-20	Closed	Leased Fee	1919	379,888	96%	\$350,000,000	\$921.32	\$41.46	4.50%
<b>Subj.</b>	535-545 Fifth Avenue New York, New York	-----	-----	-----	Leased Fee	1927	509,153	91%	-----	-----	\$52.18	-----

## COMPARABLE IMPROVED SALES ADJUSTMENT GRID

Comparable Sale Summaries and Adjustments								
Property / Location	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	
Property / Location	535-545 Fifth Avenue New York, New York	400 Lafayette Street New York, NY	126 East 56th Street New York, NY	95 Morton Street New York, NY	450 Park Avenue New York, NY	51 West 52nd Street New York, NY	522 5th Avenue New York, NY	
Transaction Status	----	Closed	Closed	Closed	Closed	Closed	Closed	
Date of Sale	-----	Apr-23	Apr-23	Jun-22	Jun-22	Oct-21	Sep-20	
Bldg. Size (SF Net)	509,153	118,000	175,133	216,512	337,000	878,260	379,888	
Occup.	91%	100%	80%	100%	82%	96%	96%	
Sale Price	-----	\$97,500,000	\$113,000,000	\$288,237,723	\$445,000,000	\$760,000,000	\$350,000,000	
NOI PSF	-----	-----	\$33.55	-----	\$52.82	\$43.35	\$41.46	
Overall Rate	-----	-----	5.20%	-----	4.00%	5.01%	4.50%	
Unadjusted Price per SF (Net)	-----	\$826	\$645	\$1,331	\$1,320	\$865	\$921	
Transactional Adjustments								
Property Rights Conveyed	Leased Fee	Fee Simple	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	
Adjustment	-----	0%	0%	0%	0%	0%	0%	
Financing	Assumed Cash	Similar	Similar	Similar	Similar	Similar	Similar	
Adjustment	-----	0%	0%	0%	0%	0%	0%	
Terms/Conditions of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	
Adjustment	-----	0%	0%	0%	0%	0%	0%	
Expenditures After Sale	None	None	None	None	None	None	None	
Adjustment	-----	0%	0%	0%	0%	0%	0%	
Market Conditions	Jul-24	Apr-23	Apr-23	Jun-22	Jun-22	Oct-21	Sep-20	
Adjustment	(Stabilization)	3%	3%	-7%	-7%	-12%	-12%	
Total Transactional Adjustments	-----	3%	3%	-7%	-7%	-12%	-12%	
Adjusted Price per SF (Net)	-----	\$851	\$665	\$1,238	\$1,228	\$762	\$811	
Property Adjustments								
Location	-----	Similar 0%	Similar 0%	Similar 0%	Similar 0%	Similar 0%	Similar 0%	
Property Size SF (Net)	509,153	118,000 -5%	175,133 -5%	216,512 -5%	337,000 0%	878,260 5%	379,888 0%	
Condition	Good	Similar 0%	Similar 0%	Similar 0%	Superior -10%	Similar 0%	Similar 0%	
Quality	Good	Inferior 15%	Similar 0%	Similar 0%	Similar 0%	Similar 0%	Similar 0%	
NOI/SF (Net)	\$52.18	-----	\$33.55 28%	----- 0%	\$52.82 -1%	\$43.35 10%	\$41.46 13%	
Economics / Tenancy	-----	0%	28%	0%	-1%	10%	13%	
Occupancy	91.1% (Assumes Stabilized)	100.0% 0%	80.0% 5%	100.0% 0%	82.0% 5%	96.0% 0%	96.0% 0%	
Functional Utility	Mixed-Use	Similar 0%	Inferior 5%	Similar 0%	Similar 0%	Similar 0%	Similar 0%	
Corner Influence	Corner Exposure	Similar 0%	Inferior 10%	Similar 0%	Similar 0%	Similar 0%	Similar 0%	
Total Property Adjustments	-----	10%	43%	-5%	-6%	15%	13%	
Indication for Subject	-----	\$936	\$950	\$1,176	\$1,154	\$876	\$916	

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$645	\$876
Maximum	\$1,331	\$1,176
Average	\$985	\$1,001
Median	\$893	\$943
Standard Deviation	\$255	\$118

## ADJUSTMENT PROCESS

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

## TRANSACTIONAL ADJUSTMENTS

### PROPERTY RIGHTS CONVEYED

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

### FINANCING TERMS

This category accounts for differences in financing terms associated with the transaction. Financing arrangements that may require an adjustment include mortgage assumptions (at favorable interest rates), seller buydowns, installment sales, wrap-around loans, or any other atypical financing arrangements that do not represent cash-equivalent terms.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

### TERMS/CONDITIONS OF SALE

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. This may include such factors as seller distress (short sale, REO, auction) or buyer motivation (assemblage, etc.). In some situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein to account for any disparity between asking prices and the achievable sale price anticipated.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

### EXPENDITURES IMMEDIATELY AFTER SALE

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

### MARKET CONDITIONS

This time-adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates.

Market fundamentals have dramatically deteriorated since the Fed began its tightening cycle in July 2022. For sales which occurred prior to July 2022, a downward adjustment of 10% to account for the mark to market of interest rate policy. Sales sold prior to 2022 are adjusted 15%. Additionally, we have forecasted 3% growth for the next year based on current market sentiment through the forecasted stabilized date. The adjustments were made according to the following table:

MARKET CONDITION ADJUSTMENT CALCULATION				
Sale No.	Date of Sale	Adjustment to June 2023	2024	Total % Adjustment
1	Apr-23	0%	3%	<b>3%</b>
2	Apr-23	0%	3%	<b>3%</b>
3	Jun-22	-10%	3%	<b>-7%</b>
4	Jun-22	-10%	3%	<b>-7%</b>
5	Oct-21	-15%	3%	<b>-12%</b>
6	Sep-20	-15%	3%	<b>-12%</b>

## PROPERTY ADJUSTMENTS

### LOCATION

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

### PROPERTY SIZE SF (NET)

Normally, all other characteristics being equal, the unit value of a property is affected by its size. Building size and price per square foot typically have an inverse relationship. Larger buildings tend to achieve lower pricing on a per-unit basis due to their economies of scale, and smaller pool of prospective buyers.

Comparable No. 1 was smaller than the subject and received a downward adjustment of 5%. Comparable No. 2 and 3 are smaller than the subject and received a downward adjustment of 5%. Comparable No. 5 is larger than the subject and received an upward adjustment of 5%.

### CONDITION

Older properties that have been well maintained could be considered to be in better condition than newer properties that have not been well maintained or that have incurred deferred maintenance.

Comparable No. 4 was regarded superior to the subject and received a downward adjustment of 10%.

### QUALITY

Quality adjustments reflect differences in the quality and durability of construction materials, design, building classification, finish-out, et cetera.

Comparable No. 1 was judged inferior to the subject for its inferior construction material and received an upward adjustment of 15%.

### ECONOMICS / TENANCY

The variance in achievable rental rates is regarded as a reasonable means with which to reflect locational differences attributable to local/regional market economics. The following adjustments are based upon differences in NOI as compared to the subject. The absolute variance is discounted 50% to avoid double counting.

LOCATION/INCOME ADJUSTMENT ANALYSIS			
Sale No.	Comp NOI (\$/SF)	Subject NOI (\$/SF)	Variance (50% Discount)
1	-----	\$52.18	0%
2	\$33.55	\$52.18	28%
3	-----	\$52.18	0%
4	\$52.82	\$52.18	-1%
5	\$43.35	\$52.18	10%
6	\$41.46	\$52.18	13%

### OCCUPANCY

All other factors being equal, properties that exhibit higher occupancy command premiums over those with lower occupancy ratios.

Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 5%. Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 5%.

### FUNCTIONAL UTILITY

Adjustments for functional utility may include differences for architectural style, converted usage, building efficiency, "smart" systems and other items. The subject is a mixed-use office and retail building.

Comparable No. 2 does not contain a similar retail space and received an upward adjustment of 5%.

### CORNER INFLUENCE

Site utility adjustments may allow for differences in site features such as how the improvements are laid-out on the site, retention ponds, access, exposure, slope or other factors. The subject is located with corner exposure along Fifth Avenue.

Comparable No. 2 is located on the midblock and received an upward adjustment of 10%.

### SALES COMPARISON APPROACH CONCLUSION

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$645	\$876
Maximum	\$1,331	\$1,176
Average	\$985	\$1,001
Median	\$893	\$943
Standard Deviation	\$255	\$118

The indicated unadjusted range of the comparable sales is from \$645 to \$1,331 per square foot, with an average of \$985 per square foot. Based on the unadjusted unit prices, the standard deviation is \$255. After adjustments, the comparable sales exhibited a range between \$876 and \$1,176 with an average of \$1,001 per square foot. After adjustments, the standard deviation declined to \$118, which indicates a tightening of the unit prices relative to the mean and provides a higher degree of confidence in the adjustments applied. The most weight is applied to Sale 1 for being the most recent sale and Sale 4 for having similar economics at sale. Based on the data available and the analyses presented, the indicated value of the subject property by the Sales Comparison Approach is \$1,050 per square foot, calculated in the following table.

Since the subject is not stabilized, a lease up is required. The estimated lease up costs are calculated in Argus Enterprise Version 14.0 software in the DCF section of this report

LEASE UP ADJUSTMENT		
	Year 1	NPV (6.75% IRR)
Absorption & Turnover Vacancy	\$3,337,081	\$3,126,071
Free Rent	\$1,774,184	\$1,661,999
Tenant Improvements	\$2,350,880	\$2,202,230
Leasing Commissions	\$1,043,928	\$977,918
<b>Subtotal</b>		<b>\$7,968,218</b>
Entrepreneurial Incentive (as % of Subtotal)	10%	\$796,822
<b>Total Lease Up Adjustment</b>		<b>\$8,765,040</b>
<b>Rounded (Nearest \$1,000,000)</b>		<b>\$9,000,000</b>

Our conclusion via the Sales Comparison Approach is as follows.

SALES COMPARISON APPROACH VALUE CONCLUSION	
Indicated Value per SF per SF (Net)	\$1,050 x 509,153
<b>Indicated Stabilized Value</b>	<b>\$534,610,650</b>
<b>Rounded to nearest \$5,000,000</b>	<b>\$535,000,000</b>
Less: Lease Up Adjustment	(9,000,000)
<b>Reconciled As Is Value</b>	<b>\$525,610,650</b>
<b>Rounded to nearest \$5,000,000</b>	<b>\$525,000,000</b>
<b>Per SF (Net)</b>	<b>\$1,031</b>

# RECONCILIATION AND FINAL VALUE

## SUMMARY OF VALUE INDICATIONS

VALUE INDICATIONS			
<b>As Is as of December 31, 2023</b>			
<b>Cost Approach</b>	Not Developed		
<b>Sales Comparison Approach</b>	\$525,000,000	\$1,031	Per Square Foot (NRA)
<b>Income Capitalization Approach</b>			
<b>    Direct Capitalization</b>	\$520,000,000	\$1,021	Per Square Foot (NRA)
<b>    Discounted Cash Flow</b>	\$520,000,000	\$1,021	Per Square Foot (NRA)
<b>Approach Reliance</b>	<b>Income Approach</b>		
<b>Value Conclusion - As Is</b>	<b>\$520,000,000</b>	<b>\$1,021</b>	<b>Per Square Foot (NRA)</b>
<b>Exposure Time (Months)</b>	12 Months		
<b>Marketing Time (Months)</b>	12 Months		

## MARKET VALUE - VALUATION RELIANCE

**The Cost Approach** is traditionally a good indicator of value when properties being appraised are new or close to new. The subject improvements were constructed in 1927 and suffer from accrued physical depreciation as a result of age and normal wear. The improvements also suffer from functional obsolescence due to inadequacies in design that are less than current market standards. Difficulty in estimating all forms of accrued depreciation limits the reliability of this Approach. Further, investors in the subject market do not typically use the cost approach for income producing properties as an indication of value. The Cost Approach, therefore, has not been utilized in this report.

**The Income Capitalization Approach** is considered to be a good indicator of value when market rents, stabilized expenses, capitalization rates, discount rates and vacancy rates are based on reliable market data. For our analysis, income and expenses were derived from actual and market figures and were considered reliable. Vacancy rates were based on a neighborhood survey and were considered to be reflective of market demand for the subject property. The capitalization and discount rates were derived from reliable market surveys of investor criteria. The subject's submarket provided adequate data to support the assumptions made for future income streams at the subject, making the Income Capitalization Approach reliable.

**The Sales Comparison Approach** is considered a reliable indicator of value when few differences exist between the sales and the subject, and the sales data collected is considered to be reliable and accurate. The sales used to estimate the value of the subject property were considered to be comparable in most respects, although adjustments were required. Overall, the indicated value estimate by this Approach is considered to be a good indicator and is given secondary weight in the final value estimate. Although there were recent sales to support the value conclusion of the subject property, due to the various assumptions with regards to tenant quality and strength at the surveyed comparables, this approach is utilized as secondary reliance.

Overall, the Income Capitalization Approach is considered a better indicator of value than the Sales Comparison Approach. The value indicated by the Income Capitalization Approach reflects a prudent investor's analysis of an income-producing property. Since the subject property is income-producing by nature, an analysis of income, expenses, overall capitalization rates and yield rates is considered to be an appropriate method.

## FINAL OPINION(S) OF VALUE

Based on the inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Fair Value - As Is	Leased Fee	December 31, 2023	\$520,000,000

## MARKETING TIME AND EXPOSURE TIME

Financing for properties like the subject purchased for investment purposes is limited, which has reduced the pool of potential buyers for this property type. Therefore, we do not believe the limited availability of financing has any negative impact on the marketability of the subject, and we believe it would sell within 12 months at the appraised market value.

The exposure time is also estimated at less than twelve months; however; it could be slightly longer than the marketing time depending on any improvement in the market.

# CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of New York.
9. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Jon DiPietra, MAI has and Scott Silverman, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
  
12. Jon DiPietra, MAI has not and Scott Silverman, MAI has made a personal inspection of the property that is the subject of this report.
13. Alex Demchick provided significant real property appraisal assistance to the person signing this certification in the form of market research and analysis and report writing.
14. Jon DiPietra, MAI has and Scott Silverman, MAI has appraised the property that is the subject in a narrative appraisal in June 2023, December 2022 December 2021, and December 2020.



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# STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
  - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
  - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
  - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
  - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
  - e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.

- f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in 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 noncompliance with the requirements of ADA was not considered in estimating the value of the property.
  - g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
  - h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
  - i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
  - j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
  - k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
  - l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
  - m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment

- records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
  - 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
  - 5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
  - 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
  - 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
  - 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
  - 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
  - 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
  - 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that

may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.

- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

## Overview

### BBG OVERVIEW

BBG is one of the nation's largest real estate due diligence firms with more than 45 offices across the country serving more than 3,000 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

### THE BBG DIFFERENCE

**National Footprint.** BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

**Customer-focused Growth.** BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

**Qualified Team.** Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

**Unbiased Independence.** By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

**Innovative Technology.** BBG has made significant analytics and IT investments to continually improve our data and report quality.

### SERVICES

#### Valuation

- + Single Asset Valuation
- + Portfolio Valuation
- + Institutional Asset Valuation
- + Appraisal Review
- + Appraisal Management
- + Lease and Cost Analysis
- + Insurance Valuation
- + Arbitration & Consulting
- + Feasibility Studies
- + Highest and Best Use Studies
- + Evaluation
- + Investment analysis
- + Tax appeals
- + Litigation Support
- + Manufactured Housing and Campgrounds

#### Advisory

- + ASC 805 Business combinations
- + ASC 840 Leases
- + Purchase Price Allocations
- + Portfolio Valuations for reporting net asset values (NAV)
- + Public and non-traded REIT valuations
- + Valuations for litigation and litigation support
- + Sale-leaseback valuation analysis
- + Valuations for bankruptcy/fresh start accounting
- + Cost segregation analysis

#### Assessment

- + Environmental due diligence
- + Property condition consulting
- + Small loan services
- + Energy consulting
- + Environmental consulting
- + Zoning
- + ALTA Surveys

## Valuation + Assessment

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## GLOSSARY

**Appraisal:** (noun) the act or process of developing an opinion of value; an opinion of value. (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.<sup>7</sup>

**Appraisal Practice:** valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.<sup>7</sup>

**Appraisal Review:** (noun) the act or process of developing an opinion about the quality of another appraiser's work (i.e., a report, part of a report, a workfile, or some combination of these), that was performed as part of an appraisal or appraisal review assignment; (adjective) of or pertaining to an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.<sup>7</sup>

**Appraiser:** one who is expected to perform valuation services competently and in a manner that is independent, impartial and objective.<sup>7</sup>

**Appraiser's Peers:** other appraisers who have expertise and competency in a similar type of assignment.<sup>7</sup>

**Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.<sup>1</sup>

**Asset:**

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

**Asset:** A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.<sup>2</sup>

**Assignment:** a valuation service that is provided by an appraiser as a consequence of an agreement with a client.<sup>7</sup>

**Assignment Conditions:** Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulation, jurisdictional exceptions, and other conditions that affect the scope of work.<sup>7</sup>

**Assignment Elements:** Specific information needed to identify the appraisal or appraisal review problem: client and any other intended users, intended use of the appraiser's opinions and conclusions, type and definition of value; effective date of the appraiser's opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions.<sup>7</sup>

**Assignment Results:** An appraiser's opinions or conclusions, not limited to value, that were developed when performing an appraisal assignment, an appraisal review assignment, or a valuation service other than an appraisal or appraisal review.<sup>7</sup>

**Bias:** a preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an assignment.<sup>7</sup>

**Business Enterprise:** an entity pursuing an economic activity.<sup>7</sup>

**Business Equity:** the interests, benefits, and rights inherent in the ownership of a business enterprise or a part thereof in any form (including, but not necessarily limited to, capital stock, partnership interests, cooperatives, sole proprietorships, options, and warrants).<sup>7</sup>

**Capital Expenditure:** Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. Also referred to as Cap Ex.<sup>1</sup>

**Cash Equivalency Analysis:** An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.<sup>1</sup>

**Client:** the party or parties (i.e., individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.<sup>7</sup>

**Condominium Ownership:** A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real estate.<sup>1</sup>

**Confidential Information:**

**1:** information that is either:

- Identified by the client as confidential when providing it to a valuer and that is not available from any other source, or
- Classified as confidential or private by applicable law or regulation.

**2:** Information that is either

- Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- Classified as confidential or private by applicable law or regulation \*
- NOTICE: For example, pursuant to the passage of the Gramm-Leach-Bliley Act in November 1999, some public agencies have adopted privacy regulations that affect appraisers. The Federal Trade Commission (FTC) issued two rules. The first rule (16 CFR 313) focuses on the protection of "non-public personal information" provided by consumers to those involved in financial activities "found to be closely related to banking or usual in connection with the transaction of banking." These activities include "appraising real or personal property." The second rule (16 CFR 314) requires appraisers to safeguard customer non-public personal information. Significant liability exists for appraisers should they fail to comply with these FTC rules.<sup>7</sup>

**Cost:** the actual or estimated amount required to create, reproduce, replace or obtain a property.<sup>7</sup>

**Cost Approach:** A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.<sup>1</sup>

**Credible:** worthy of belief.<sup>7</sup>

**Deferred Maintenance:** Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.<sup>1</sup>

**Disposition Value:** The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.<sup>1</sup>

**Economic Life:** The period over which improvements to real estate contribute to property value.<sup>1</sup>

**Effective Date:** the date to which the appraiser's analysis, opinions and conclusions apply, also referred to as date of value.<sup>7</sup>

**Effective Gross Income Multiplier (EGIM):** The ratio between the sale price (or value) of a property and its effective gross income.<sup>1</sup>

**Effective Rent:** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.<sup>1</sup>

**Exposure Time:** an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effect date of the appraisal.<sup>7</sup>

**Extraordinary Assumption:** an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.<sup>7</sup>

**Fair Market Value:**

1. In nontechnical usage, a term that is equivalent to the contemporary usage of market value.
2. As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. For example, one definition of *fair market value* provided by the Internal Revenue Service for certain purposes is as follows: The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includable in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate. (IRS Regulation §20.2031-1)<sup>1</sup>

**Fair Share:**

1. A share of a fund or deposit that is divided or distributed proportionately.
2. A share of a burden or obligation that is divided proportionately; e.g., a tenant in a multitenant building or development may be required to pay a pro rata share of the building's operating expenses based on the number of square feet the tenant occupies. In a shopping center, the tenant's share of operating costs is often stated as a fraction, with the gross leasable area of the tenant's premises as the numerator and the gross leasable area or gross leased area of the entire shopping center as the denominator.
3. The share of a trade area that a retail facility is likely to capture; assumes that capture is a function of property size as a proportion of the overall inventory of competitive space in the trade area, i.e., that the facility captures a "fair share" of the trade area.<sup>1</sup>

**Fair Value:**

1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).<sup>1</sup>
3. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.<sup>2</sup>

**Feasibility Analysis:** a study of the cost benefit relationship of an economic endeavor.<sup>1</sup>

**Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>1</sup>

**Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.<sup>1</sup>

**Going Concern:**

1. An established and operating business having an indefinite future life.
2. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.<sup>1</sup>

**Gross Building Area (GBA):**

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.<sup>1</sup>

**Highest and Best Use:**

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS).
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)<sup>1</sup>

**Hypothetical Condition:** a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.<sup>7</sup>

**Income Capitalization Approach:** Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.<sup>1</sup>

**Inspection:** Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector.<sup>1</sup>

**Insurable Value:** A type of value for insurance purposes.<sup>1</sup>

**Intangible Property (intangible Assets):** Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.<sup>7</sup>

**Intended Use:** the user(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.<sup>7</sup>

**Intended User:** the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.<sup>7</sup>

**Internal Rate of Return ("IRR"):** The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y).<sup>1</sup>

**Investment Value:** 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS)<sup>1</sup>

**Jurisdictional Exception:** an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.<sup>7</sup>

**Leasehold Interest:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.<sup>1</sup>

**Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.<sup>1</sup>

**Liquidation Value:** The most probable price that a specified interest in real

property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.<sup>1</sup>

**Load Factor:** A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of usable area from the rentable area and then dividing the difference by the usable area:<sup>1</sup>

Load Factor =

$$\frac{(\text{Rentable Area} - \text{Useable Area})}{\text{Useable Area}}$$

**Market Value:** a type of value stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraiser as applicable in an appraisal.

**Market Value "As If Complete" On The Appraisal Date:** Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

**Market Value "As Is" On The Appraisal Date:** Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

**Market Value of the Total Assets of the Business:** The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future.<sup>4</sup>

**Marketing Time:** An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.).<sup>3</sup>

**Mass Appraisal:** the process of valuing a universe of properties as of a given date using standard methodology, employing common data and allowing for statistical testing.<sup>7</sup>

**Mass Appraisal Model:** a mathematical expression of how supply and demand factors interact in a market.<sup>7</sup>

**Misleading:** intentionally or unintentionally misrepresenting, misstating or concealing relevant facts or conclusions.<sup>7</sup>

**Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also lease.<sup>1</sup>

**Net Rentable Area (NRA):** 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.<sup>5</sup>

**Penetration Ratio (Rate):** The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.<sup>1</sup>

**Personal Inspection:** a physical observation performed to assist in identifying relevant property characteristics in a valuation service.<sup>7</sup>

**Personal Property:** any tangible or intangible article that is subject to ownership and not classified as real property, including identifiable tangible objects that are considered by the general public as being "personal", such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails or designs for digital tokens.<sup>7</sup>

**Physical Characteristics:** attributes of a property that are observable or measurable as a matter of fact, as distinguished from opinions and conclusions, which are the result of some level of analysis or judgement.<sup>7</sup>

**Price:** the amount asked, offered or paid for a property.<sup>7</sup>

**Prospective opinion of value.** A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.<sup>1</sup>

**Real Estate:** an identified parcel or tract of land, including improvements, if any.<sup>7</sup>

**Real Property:** the interests, benefits and rights inherent in the ownership of real estate.<sup>7</sup>

**Reconciliation:** A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value.<sup>1</sup>

**Relevant Characteristics:** features that may affect a property's value or marketability such as legal, economic or physical characteristics.<sup>7</sup>

**Reliable Measurement:** [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.<sup>2</sup>

**Remaining Economic Life:** The estimated period over which existing improvements are expected to contribute eco-nomically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.<sup>1</sup>

**Replacement Cost:** The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.<sup>1</sup>

**Report:** any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment.<sup>7</sup>

**Retrospective Value Opinion:** A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."<sup>1</sup>

**Sales Comparison Approach:** The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of

comparable sales is available.<sup>1</sup>

**Scope of Work:** the type and extent of research and analyses in an appraisal or appraisal review assignment.<sup>7</sup>

**Signature:** personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses and the conclusions in the report.<sup>7</sup>

**Stabilized value:** A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

**Substitution:** The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.<sup>3</sup>

**Total Assets of a Business:** Total assets of a business is defined by the Appraisal Institute as “the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit).”

**Use Value:**

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually.<sup>1</sup>

**Valuation Service:** a service pertaining to an aspect of property value, regardless of the type of service and whether it is performed by appraisers or by others.<sup>7</sup>

**Value:** the monetary relationship between properties and those who buy and sell, or use those properties, expressed as an opinion of the worth of a property at a given time.<sup>7</sup>

**Workfile:** data, information and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP.<sup>7</sup>

<sup>1</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). <sup>2</sup>Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser*, IFRS Website, [www.ifrs-ebooks.com/index.html](http://www.ifrs-ebooks.com/index.html). <sup>3</sup>Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). <sup>4</sup> This definition is taken from “Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon,” *Journal of Real Estate Appraisal*, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. <sup>5</sup>Financial Publishing Company, *The Real Estate Dictionary*, 7 ed. <sup>6</sup> U.S. Treasury Regulations. <sup>7</sup>USPAP 2020-2021

## LETTER OF ENGAGEMENT



December 6, 2023

Mr. Yaron Babila  
Moinian Group  
3 Columbus Circle, 26th Floor  
New York, NY 10019  
212-808-4000  
ybabilia@moiniangroup.com

RE: 535-545 Fifth Avenue  
572-580 Eleventh Avenue  
123 Linden Boulevard, Brooklyn  
245 Fifth Avenue  
1428 Fulton Street, Brooklyn  
3 Columbus Circle

123 Washington Street  
90 Washington Street  
Gramercy Portfolio  
72 Madison Avenue  
650 N.E. 2<sup>nd</sup> Avenue, Miami

Dear Mr. Babila:

We are pleased to submit this proposal and our terms and conditions for the appraisal of the above-referenced real estate.

## PROPOSAL SPECIFICATIONS

**Valuation Premise:**

Provide an updated opinion of value of each referenced property as of December 31, 2023 in individual reports.

**Property Rights Appraised:**

Leased fee interest

**Intended Use:**

Asset valuation for proposed financing in preparation of IFRS financial statements in connection with a potential TASE offering.

**Intended Users:**

Moinian Group

**Scope of Work:**

The appraisals will include any approach to value that is applicable and necessary to the assignment.

**Appraisal Standards:**

Uniform Standards of Professional Appraisal Practice (USPAP) and Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.

**Fee:**

\$108,000

**Payment Terms:**

Full payment is due upon delivery of the final reports or within 30 days of your receipt of our draft reports, whichever is sooner. If draft reports are requested, the full fee is considered earned upon delivery of our draft report. BBG will look to Moinian Group for payment of our fee.

December 6, 2023

Page 2 of 7

**Report Copies:**

PDF delivery of draft and/or final reports. Hard copies will be furnished upon request.

**Delivery Date:**

Delivery of the appraisal conclusions and/or reports will be during early January 2023, pending timely receipt of your written authorization to proceed and any necessary data.

**Acceptance Date:**

Date of execution

The attached terms and conditions of the engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contract or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by BBG, Inc. and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such terms and conditions of the engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgement and acceptance of the terms and conditions of the engagement, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

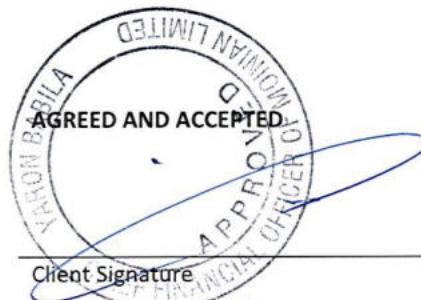
Client acknowledges and agrees that BBG may anonymize all property and operational information ("Client Data") provided and aggregate with other anonymized data from other clients and/or other sources and use such aggregated anonymized client data in existing or future BBG product offerings. BBG shall process the client data in a manner that renders the form and source of the client data unidentifiable to any other client or third party.

Thank you for the opportunity to quote this deal. Please let me know if you need pricing on a Phase I, PCA, Seismic Risk Assessment (SRA), Zoning, ALTA surveys, Energy Services, Indoor Air Quality, or Construction Risk Management Services.

Sincerely,



Jon DiPietra, MAI  
Managing Director  
As Agent for BBG, Inc.



Date

## **Terms and Limiting Conditions of the Engagement**

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The Terms and Conditions of the Engagement are deemed part of the attached Proposal Specifications and Appraisal Services Agreement and are incorporated fully therein, and shall apply to any appraisal reports, contract or orders into which they are incorporated.

### **A) Definitions. In the Terms and Conditions of the Engagement:**

1. "BBG, Inc." means BBG, Inc. and its agents, successors, assigns, servants, employees, principals, affiliated companies and all those in privity with them.
2. "Appraiser" means the appraiser(s) performing part or all of the appraisal services and/or signing an appraisal report.
3. "Appraisal Services Agreement" means any written agreement with Client for performance of the appraisal services by Appraiser, including any agreement entered into electronically.
4. "Client" means any party identified expressly as a client in an Appraisal Services Agreement and also any party identified expressly as a client by the Appraiser in an appraisal report.
5. "Appraisal" means the appraisal or consulting report(s) prepared by BBG, Inc.

### **B) Venue and Jurisdiction**

**THIS APPRAISAL SERVICES AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC SUBSTANTIVE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION. IF ANY ACTION RELATING TO THIS APPRAISAL SERVICES AGREEMENT OR THE CONTEMPLATED TRANSACTIONS IS BROUGHT BY A PARTY HERETO AGAINST ANY OTHER PARTY HERETO, THE PREVAILING PARTY IN SUCH ACTION WILL BE ENTITLED TO RECOVER ALL REASONABLE EXPENSES RELATING THERETO (INCLUDING ATTORNEYS' FEES AND EXPENSES) FROM THE NON-PREVAILING PARTY.**

Each party to this Appraisal Services Agreement (a) hereby irrevocably submits to the exclusive jurisdiction and venue of the state courts located in New York County, New York (or, if but only if such court lacks jurisdiction, the United States District Court for the Southern District of New York) for the purpose of any Action between any of the parties hereto arising in whole or in part under or in connection with this Appraisal Services Agreement, any Ancillary Agreement, or the Contemplated Transactions, (b) hereby waives and agrees not to assert any claim that he, she or it is not subject personally to the jurisdiction of the above-named courts or that any such Action brought in the above-named courts should be dismissed on grounds of forum non conveniens. Notwithstanding the foregoing, a party hereto may commence any Action in a court other than the above-named courts solely for the purpose of enforcing an order or judgment issued by the above-named courts.

### **C) Limitations of Liability**

It is expressly agreed that in any action which may be brought against BBG, Inc., arising out of, relating to, or in any way pertaining to this engagement, this Appraisal Services Agreement, this Appraisal, or any information or opinions contained therein, BBG, Inc. shall not be responsible or liable for any incidental or consequential losses, unless the Appraisal was fraudulent or prepared with gross negligence. It is further agreed that the collective liability of BBG, Inc. in any such action shall not exceed the fees paid for the preparation of the respective Appraisal unless the Appraisal was fraudulent or prepared with gross negligence. Finally, it is agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

Client hereby agrees to indemnify, defend, protect and hold BBG, Inc. harmless from and against all claims, damages, losses and expenses, including attorneys' fees, expenses and costs, incurred upon investigating and defending any claim, action or proceeding arising from, or in any way connected to, relating to, or in any way pertaining to this engagement, this Appraisal Services Agreement, the Appraisal, or any information or opinions contained therein. Further, you acknowledge that any opinions and conclusions expressed by professionals employed by BBG, Inc. related to the Appraisal are representations made by them as employees and not as individuals. BBG, Inc.'s responsibility is limited to you a Client, and use of BBG, Inc.'s product by third parties shall be solely at the risk of you and/or third parties. BBG, Inc. acknowledges that Client will be the end-user of, and can rely upon, the opinion and conclusions of BBG, Inc. for this Appraisal.

### **D) Confidentiality**

The parties agree that (i) this Appraisal Services Agreement and the terms contained herein, (ii) valuation conclusions, (iii) the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof, and (iv) all information regarding the Site of whatever nature made available to either party by the other (including BBG, Inc.'s final report and all prior drafts of same) and methods of each party revealed during the performance of the Services (altogether, collectively, the "Confidential Information") shall be treated as strictly confidential. Accordingly, neither party nor any employee, agent or affiliate thereof shall disclose the same to any third party without the written consent of other party and approval of Appraiser; provided, however, that, a party shall not hereby be precluded from disclosure of Confidential Information that may be compelled by legal requirements, or from disclosing this Appraisal Services Agreement (and the terms contained

## **Terms and Limiting Conditions of the Engagement**

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herein) to its attorneys, accountants, auditors, lenders, and other professionals who may be bound to that party by duties of confidence.

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number and financial account numbers.

### **E) General Assumptions and Limiting Conditions**

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that the Appraiser may comment on, analyze, or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
  - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
  - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
  - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
  - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way, except as stated.
  - e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
  - f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of

## **Terms and Limiting Conditions of the Engagement**

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- the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report or oral report.
  - g) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
  - h) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's or Consultant's inspection.
  - i) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
  - j) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
  - k) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
  - l) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

## **Terms and Limiting Conditions of the Engagement**

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- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the effective date.
- 5) Any value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser or Consultant. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.

## **Terms and Limiting Conditions of the Engagement**

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- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work. A payment agreement must be reached in advance of the Appraiser providing such services.
- 13) Client shall not disseminate, distribute, make available, or otherwise provide any appraisal report prepared hereunder to any third party (including, without limitation, incorporating or referencing the report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the report provided that either Appraiser has received an acceptable release from such third party with respect to such report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the report to such third party, (b) any third party service provider (including rating agencies and auditors) using the report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of a report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend, and hold Appraiser and its affiliates and their officers, directors, employees, contractors, agents, and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and, collectively, the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages, and expenses (collectively, "Damages") claimed against, sustained, or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the report.

## RENT ROLL

**Rent Roll**

All Selected Properties From Date: 12/20/2023 By Property

Property	Unit(s)	Lease	Lease Type	Area	Lease From	Lease To	Term	Monthly	Monthly	Annual	Annual	Annual	Annual	Security	LOC Amount/																
<b>ny53002 - 535 5TH AVENUE, New York</b>																															
<b>Current Leases</b>																															
ny53002		YOUNGKINS & SCHECTER, LLP	Office NET/Exclusive	0.00	1/1/2006	12/31/2049	528.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00															
ny53002		SANDEEP DIAMOND CORP	Office NET/Exclusive	0.00	12/14/2012	12/31/2023	133.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00															
ny53002		Management Office	Office NET/Exclusive	0.00	10/1/2023		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00															
ny53002	0200, RETB-GR, RETB-LL, RETB-MEZ	BEST BUY STORES, L.P.	Office NET/Exclusive	36,787.00	4/1/2020	3/31/2031	132.00	687,500.00	18.69	8,250,000.00	224.26	0.00	0.00	0.00	0.00	0.00															
ny53002	0300	GARDINER & THEOBALD, INC	Office NET/Exclusive	18,957.00	10/7/2014	8/7/2025	130.00	78,987.50	4.17	947,850.00	50.00	0.00	0.00	0.00	0.00	261,570.83															
ny53002	0401	EMPIRE OFFICES 535 FIFTH HOLDINGS LLC	Office NET/Exclusive	19,096.00	9/1/2011	8/31/2031	240.00	84,584.61	4.43	1,015,015.32	53.15	0.00	0.00	0.00	0.00	0.00															
ny53002	0500	MANHATTAN ENDO, LLC	Office NET/Exclusive	16,211.00	3/1/2011	3/31/2029	217.00	92,216.75	5.69	1,106,601.00	68.26	4.35	0.00	0.00	124,722.58	0.00															
ny53002	0602, 0603	AVENUE MEDICAL INC.	Office NET/Exclusive	2,463.00	9/1/2021	8/31/2024	36.00	0.00	0.00	0.00	0.00	0.00	35.90	0.00	0.00	0.00															
ny53002	0605	GOTHAM GASTROENTEROLOGY PLLC	Office NET/Exclusive	2,826.00	7/10/2017	7/9/2027	120.00	15,681.65	5.55	188,179.80	66.59	0.00	3.00	36,738.00	0.00	0.00															
ny53002	0606	National Basketball Coaches Association	Office NET/Exclusive	928.00	1/16/2020	8/31/2027	92.00	4,497.10	4.85	53,965.20	58.15	0.00	3.97	8,352.00	0.00	0.00															
ny53002	0610	TRANDON ASSOCIATES, INC	Office NET/Exclusive	3,340.00	5/1/1989	3/31/2024	419.00	17,913.72	5.36	214,964.64	64.36	0.00	4.83	24,951.96	0.00	0.00															
ny53002	0611, 0612	GOTHAM GASTROENTEROLOGY, PLLC	Office NET/Exclusive	2,953.00	8/13/2013	7/9/2027	167.00	16,512.46	5.59	198,149.52	67.10	0.00	4.50	70,872.00	0.00	0.00															
ny53002	0700	LABORATORY INSTITUTE OF MERCHE	Office NET/Exclusive	17,003.00	5/10/2006	11/30/2031	307.00	90,365.11	5.31	1,084,381.32	63.78	0.00	1.42	0.00	0.00	0.00															
ny53002	0800, 0905, 1001, 1004	PENTON LEARNING SYSTEMS	Office NET/Exclusive	28,310.00	1/20/2005	5/31/2025	245.00	134,400.56	4.75	1,612,806.72	56.97	0.60	0.90	0.00	0.00	0.00															
ny53002	0910	THE WARD LAW GROUP, PLLC	Office NET/Exclusive	3,596.00	4/18/2022	4/17/2026	36.00	16,481.67	4.58	197,780.04	55.00	0.00	0.00	0.00	148,335.00	0.00															
ny53002	0920	LIFESOURCE CHIROPRACTIC, P.C.	Office NET/Exclusive	2,526.00	8/3/2009	5/31/2025	190.00	14,270.36	5.65	171,244.32	67.79	0.00	0.00	51,600.89	0.00	0.00															
ny53002	1006	PHOENIX MANAGEMENT SERVICES LLC	Office NET/Exclusive	2,056.00	11/9/2013	5/31/2025	139.00	9,834.24	4.78	118,010.86	57.40	0.00	3.00	35,637.33	0.00	0.00															
ny53002	1008	FRP SERVICES & CO. (AMERICA) INC.	Office NET/Exclusive	1,352.00	10/13/2017	8/31/2025	95.00	7,900.43	5.84	94,805.16	70.12	0.00	3.48	0.00	35,828.00	0.00															
ny53002	1010	Canadian Television Sales, Inc.	Office NET/Exclusive	1,883.00	11/21/2019	8/31/2025	70.00	9,872.78	5.24	118,473.36	62.92	0.00	3.50	0.00	36,018.75	0.00															
ny53002	1012	ADVANCED ORTHOPEDICS AND NEUROLOGY LLC	Office NET/Exclusive	3,007.00	1/25/2023	1/24/2028	60.00	13,531.50	4.50	162,378.00	54.00	0.00	3.30	0.00	0.00	0.00															
ny53002	1100	WHITE PINE TRADING LLC	Office NET/Exclusive	13,467.00	12/18/2014	9/18/2025	129.00	74,453.18	5.53	893,438.16	66.34	0.00	0.07	0.00	0.00	0.00															
ny53002	1200, 1700	L.M. COHEN & CO, LLP CERTIFIED PUBLIC ACCOUNTANTS	Office NET/Exclusive	20,159.00	6/22/2018	12/22/2028	126.00	107,312.51	5.32	1,287,750.12	63.88	0.00	0.00	0.00	456,871.17	0.00															
ny53002	1300	FOREST HILLS FINANCIAL GROUP, INC.	Office NET/Exclusive	7,174.00	12/1/2023	5/31/2034	126.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00															
ny53002	1800	H.K. DESIGNS, INC	Office NET/Exclusive	4,992.00	6/1/2015	11/30/2025	126.00	27,304.56	5.47	327,654.72	65.64	0.00	0.18	0.00	129,310.50	0.00															
ny53002	1900	THE CONSULATE OF THE REPUBLIC OF KAZAKHSTAN	Office NET/Exclusive	4,681.00	3/30/2010	5/31/2025	183.00	25,020.65	5.35	300,247.80	64.14	0.00	3.50	70,125.00	0.00	0.00															
ny53002	2000	IDD USA, LLC	Office NET/Exclusive	4,795.00	10/17/2012		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	311,457.50	0.00															
ny53002	2100	S7 TECHNOLOGY GROUP LLC	Office NET/Exclusive	4,797.00	10/26/2018	1/31/2026	88.00	24,709.96	5.15	296,519.52	61.81	0.00	0.19	0.00	0.00	0.00															
ny53002	2200	WESTPARK CAPITAL GROUP	Office NET/Exclusive	4,647.00	12/1/2022	4/30/2028	65.00	24,009.50	5.17	288,114.00	62.00	0.00	0.00	0.00	120,047.50	0.00															
ny53002	2300	CABLEVISION LIGHTPATH LLC	Office NET/Exclusive	4,833.00	9/15/2023	2/15/2029	65.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	73,703.25	0.00															
ny53002	2401	JAISAN RECOVERY CORPORATION	Office NET/Exclusive	4,617.00	3/1/2014	7/31/2024	125.00	23,303.72	5.05	279,644.64	60.57	0.00	0.00	0.00	85,277.00	0.00															
ny53002	2500	PHARUS ADVISORS LLC	Office NET/Exclusive	4,845.00	4/29/2022	4/30/2032	121.00	22,923.50	4.73	275,082.00	56.78	0.00	2.49	114,617.50	0.00	0.00															
ny53002	2700	PRIMA GEMS USA, INC.	Office NET/Exclusive	4,848.00	7/1/2023	1/31/2029	67.00	24,140.00	4.98	289,680.00	59.75	0.00	0.00	0.00	121,200.00	0.00															
ny53002	2800	PRESTIGE JEWELRY INTERNATIONAL, INC	Office NET/Exclusive	4,739.00	4/18/2014	1/18/2025	129.00	27,247.11	5.75	326,965.32	68.99	0.00	0.06	0.00	0.00	0.00															
ny53002	2900, 3000, 3200, 3300, 3400, 3500	SPSLC, LLC c/o Dr. David Shafer, MD, FACS	Office NET/Exclusive	23,320.00	7/11/2019	10/31/2032	160.00	124,364.88	5.33	1,492,378.56	64.00	0.00	0.00	120,000.00	0.00	338,622.07															
ny53002	3100	RAPTOR TRADING SYSTEMS INC.	Office NET/Exclusive	4,859.00	6/1/2021	2/28/2029	93.00	24,733.55	5.09	296,802.60	61.08	0.00	0.19	95,560.00	0.00	0.00															
ny53002	3600, 36A, 36B	SPSLC, LLC (storage)	License	1,512.00	12/18/2019	10/31/2032	155.00	2,000.00	1.32	24,000.00	15.87	0.00	0.00	0.00	0.00	0.00															

**Rent Roll**

All Selected Properties From Date: 12/20/2023 By Property

Property	Unit(s)	Lease	Lease Type	Area	Lease From	Lease To	Term	Monthly	Monthly	Annual	Annual	Annual	Annual	Security	LOC Amount/		
															Rent	Rent	Bank Guarantee
															Per Area	Per Area	Per Area
ny53002	BASED	MANHATTAN ENDO	Office NET/Exclusive	144.00	1/9/2012		0.00	264.00	1.83	3,168.00	22.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53002	BASEE	MANHATTAN ENDO	Office NET/Exclusive	108.00	1/11/2012		0.00	198.00	1.83	2,376.00	22.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53002	CAP	CAPTIVATE NETWORK	License	0.00	1/1/2016		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53002	RETA-GR, RETA-LL, RETA-MEZ	Laderach Fifth Avenue LLC	Retail NET/Exclusive	7,644.00	5/20/2019	3/31/2030	131.00	139,098.37	18.20	1,669,180.44	218.36	0.00	-65.51	0.00	0.00	1,267,346.63	
ny53002	RETC-GR, RETC-LL, RETC-MEZ	HAT WORLD, INC.	Retail NET/Exclusive	5,203.00	9/5/2023	9/30/2034	133.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100,000.00	0.00
ny53002	ROOF2	Omnipoint Communications, Inc.	Office NET/Exclusive	64.00	6/1/2009	5/31/2024	180.00	4,703.71	73.50	56,444.52	881.95	0.00	0.00	0.00	0.00	0.00	0.00
ny53002	SUBC	COGET COGNITION, INC	Office NET/Exclusive	146.00	11/5/2001	12/31/2027	314.00	0.00	0.00	0.00	0.00	0.00	0.00	51.55	0.00	0.00	
ny53002	SUBD	RCN Business Solutions	Office NET/Exclusive	0.00	9/21/2001		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53002	0600	VACANT		3,695.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53002	0906	VACANT		1,831.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53002	1400	VACANT		7,300.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53002	1500	VACANT		7,300.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53002	1600	VACANT		7,300.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53002	2600	VACANT		4,825.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Current</b>				<b>327,139.00</b>				<b>1,970,337.64</b>	<b>6.02</b>	<b>23,644,051.68</b>	<b>72.28</b>	<b>0.27</b>	<b>-0.75</b>	<b>1,238,338.01</b>	<b>3,000,427.45</b>		
<b>Total Units</b>			<b>Total Area</b>		<b>Percentage</b>		<b>Monthly Rent</b>		<b>Annual Rent</b>								
Occupied			294,888.00		90.14		1,970,337.64		23,644,051.68								
Vacant			32,251.00		9.86		0.00		0.00								
<b>Total</b>			<b>327,139.00</b>				<b>1,970,337.64</b>		<b>23,644,051.68</b>								
<b>ny53003 - 545 5TH AVENUE, New York</b>																	
<b>Current Leases</b>																	
ny53003	0200, RETLC, RETLD	NBA Media Ventures	Retail Gross/Inclusive	25,562.00	12/19/2014	12/31/2035	253.00	703,125.00	27.51	8,437,500.00	330.08	0.00	0.00	0.00	0.00	0.00	0.00
ny53003	0300, 0301, 0315	GARDNER & THEOBALD INC.	Office NET/Exclusive	8,374.00	10/23/2014	8/23/2025	130.00	36,838.17	4.40	442,058.04	52.79	0.00	0.69	0.00	0.00	0.00	
ny53003	0309	NILETTI CREATIONS LTD	Office NET/Exclusive	1,752.00	3/15/2013	9/15/2028	186.00	8,857.30	5.06	106,287.60	60.67	0.00	3.50	10,608.68	0.00		
ny53003	0316	UKRAINIAN DIAMOND CORP.	Office NET/Exclusive	2,704.00	5/22/2023	8/23/2025	27.00	0.00	0.00	0.00	0.00	0.00	55.00	37,180.00	0.00		
ny53003	0400	SANDEEP DIAMOND CORPORATION	Office NET/Exclusive	13,114.00	1/1/2023	8/31/2034	140.00	57,920.16	4.42	695,041.92	53.00	0.00	0.00	289,600.83	0.00		
ny53003	0500, 0501	Rational Retention LLC	Office NET/Exclusive	8,095.00	12/1/2018	3/31/2026	88.00	30,459.35	3.76	365,512.20	45.15	0.00	0.00	0.00	0.00	0.00	0.00
ny53003	0500A	CAPITAL D. ACQUISITIONS, LLC.	Office NET/Exclusive	2,126.00	11/30/2022	4/30/2026	42.00	9,442.98	4.44	113,315.76	53.30	0.00	0.00	18,425.00	0.00		
ny53003	0501A	MANHATTAN ENDO, LLC	Office NET/Exclusive	1,133.00	8/7/2019	3/31/2029	116.00	6,520.87	5.76	78,250.44	69.06	0.00	0.00	8,463.50	0.00		
ny53003	0510	TRIDENT CORPORATE SERVICES	Office NET/Exclusive	1,752.00	7/29/2005	5/31/2025	239.00	8,336.83	4.76	100,041.96	57.10	0.00	0.00	31,194.00	0.00		
ny53003	0600	MANHATTAN PARKING SYSTEMS GARAGE CORP.	Office NET/Exclusive	3,425.00	12/1/2007	6/30/2028	247.00	17,896.14	5.23	214,753.68	62.70	0.00	3.40	0.00	50,300.00		
ny53003	0609	CAMPUS TRAVEL, INC	Office NET/Exclusive	1,752.00	3/10/2006	8/31/2026	246.00	7,077.41	4.04	84,928.92	48.48	0.00	2.74	6,489.37	0.00		
ny53003	0640A	MYRON TOBACCO INC.	Office NET/Exclusive	3,487.00	12/2/2015	9/6/2028	153.00	15,390.00	4.41	184,680.00	52.96	0.00	2.96	52,663.35	0.00		
ny53003	0701	LABORATORY INSTITUTE OF MERCHANT,	Office NET/Exclusive	13,157.00	5/10/2006	11/30/2031	307.00	69,924.94	5.31	839,099.28	63.78	0.00	0.00	0.00	0.00	348,992.04	
ny53003	0800	THE UNIVERSITY OF OXFORD	Office NET/Exclusive	13,118.00	8/1/2023	7/31/2024	12.00	0.00	0.00	0.00	0.00	0.00	73.18	80,000.00	0.00		
ny53003	0900	H.I.S. INTERNATIONAL TOURS (NY), INC.	Office NET/Exclusive	3,276.00	2/6/2023	9/5/2030	91.00	16,380.00	5.00	196,560.00	60.00	0.00	3.77	96,280.00	0.00		
ny53003	0910	JEWISH FOUNDATION FOR EDUCATION OF WOMEN	Office NET/Exclusive	1,738.00	11/2/2015	5/31/2026	127.00	9,326.31	5.37	111,915.72	64.39	0.00	0.00	36,205.30	0.00		
ny53003	0920	AMERICAN FRIENDS OF THE ISRAEL MUSEUM	Office NET/Exclusive	2,963.00	2/1/2016	4/30/2026	123.00	16,516.70	5.57	198,200.40	66.89	0.00	0.00	0.00	0.00	40,359.51	
ny53003	0940	DIAMOND STANDARD INC.	Office NET/Exclusive	4,407.00	2/1/2023	10/31/2030	93.00	22,035.00	5.00	264,420.00	60.00	0.00	0.00	0.00	0.00	0.00	
ny53003	1000	IDD USA, LLC	Office NET/Exclusive	13,114.00	6/1/2013	5/31/2034	132.00	62,291.50	4.75	747,498.00	57.00	0.00	0.00	0.00	0.00	0.00	
ny53003	1100, 1200	INTERNATIONAL GEMOLOGICAL INSTITUTE INC.	Office NET/Exclusive	20,569.00	11/1/2022	3/31/2039	197.00	0.00	0.00	0.00	0.00	0.00	0.00	949,032.00	0.00		
ny53003	1103	SOURCE FINANCIAL ADVISORS, LLC	Office NET/Exclusive	3,833.00	6/1/2014	1/1/2030	187.00	22,359.17	5.83	268,310.04	70.00	0.00	0.00	0.98	134,150.00		
ny53003	1109	CHILD FUND ALLIANCE	Office NET/Exclusive	1,738.00	12/16/2019	12/31/2026	85.00	8,021.54	4.62	96,258.48	55.38	0.00	3.50	44,111.51	0.00		
ny53003	1400	Applied Therapeutics Inc.	Office NET/Exclusive	6,579.00	10/31/2019	10/31/2024	61.00	42,361.58	6.44	508,338.96	77.27	0.00	0.14	191,887.50	0.00		
ny53003	1404	MDN Rugs LLC	Office NET/Exclusive	1,734.00	9/1/2019	9/30/2024	61.00	5,000.00	2.88	60,000.00	34.60	0.00	4.04	0.00	0.00	0.00	
ny53003	RETLC, RETLGZ, SBSM10	CAPTIVATE NETWORK	License	0.00	1/1/2016		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
ny53003	RETLE, RETLI	HAT WORLD, INC.	Office NET/Exclusive	935.00	9/22/2021		0.00	0.00	0.00	0.00	0.00	0.00	0.00	44.92	0.00		
ny53003	RETTH, RETLI	HAT WORLD, INC.	Office NET/Exclusive	3,872.00	9/1/2022	8/31/2032	120.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100,000.00	0.00	
ny53003	ROOF2	T-Mobile SS124973	Office NET/Exclusive	0.00	12/1/1998		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53003	ROOF5	AT&T CINGULAR FA NO 10097590-SS125783	Office NET/Exclusive	0.00	6/18/2001		0.00	10,960.10	0.00	131,521.20	0.00	0.00	0.00	0.00	0.00	0.00	
ny53003	SBSM2	HOUSE OF GOOD DEEDS	License	130.00	2/1/2023		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53003	SBSM4	RCN Business Solutions	Office NET/Exclusive	0.00	9/21/2001		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53003	SBSM5	COGET COMMUNICATIONS, INC	Office NET/Exclusive	146.00	11/5/2001	12/31/2027	314.00	0.00	0.00	0.00	0.00	0.00	0.00	51.16	0.00		
ny53003	SBSM8	INTERNATIONAL GEMOLOGICAL INSTITUTE INC.	Office NET/Exclusive	3,000.00	11/1/2022	3/31/2039	197.00	0.00	0.00	0.00	0.00	0.00	0.00	20.50	0.00		
ny53003	0602	VACANT		4,410.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53003	1401	VACANT		3,031.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53003	ROOF6	VACANT		0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ny53003	SBSM3	VACANT		0.00			0.00	0.00	0.00	0.00							

**Rent Roll**

All Selected Properties From Date: 12/20/2023 By Property

Property	Unit(s)	Lease	Lease Type	Area	Lease From	Lease To	Term	Monthly Rent	Monthly Rent	Annual Rent	Annual Rec.	Annual Misc	Security Deposit	LOC Amount/ Bank Guarantee			
	<b>Total Units</b>			<b>Total Area</b>				<b>Percentage</b>	<b>Monthly Rent</b>	<b>Annual Rent</b>							
Occupied	43.00			176,321.00				95.89	1,187,041.05	14,244,492.60							
Vacant	5.00			7,561.00				4.11	0.00	0.00							
<b>Total</b>	<b>48.00</b>			<b>183,882.00</b>					<b>1,187,041.05</b>	<b>14,244,492.60</b>							
<b>Grand Total</b>				<b>511,021.00</b>						<b>3,157,378.69</b>	<b>6.18</b>	<b>37,888,544.28</b>	<b>74.14</b>	<b>0.17</b>	<b>2.16</b>	<b>3,417,480.03</b>	<b>3,574,229.00</b>

## **COMPARABLE IMPROVED SALES**

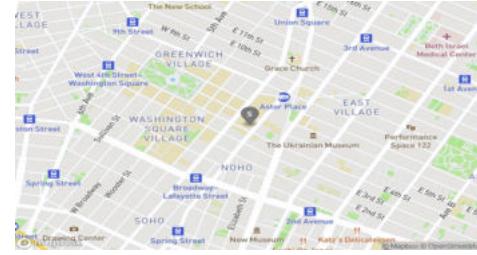
**Sale Comparable #1**
**400 Lafayette Street**

400 Lafayette Street

New York, NY 10003-6900

New York County

BBG Property #757939


**Property Data**
*Improvement Details*

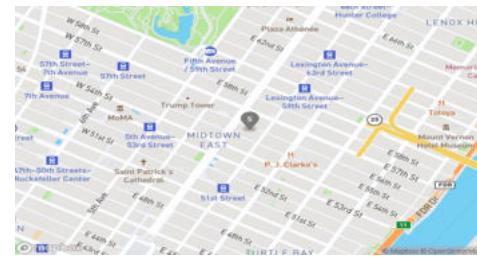
Property Type/Use	Office Professional Office	Lat/Long	40.728254 / -73.9932
Legal	Block 545, Lot 53	Number of Buildings	3
Parcel ID #	Block 545, Lot 53	Year Renovated	N/A
Year Built	1888	Condition	Average
Quality	Average	Construction Details	
Class	Class B	Rentable Area	118,000 SF
Gross Building Area	93,048 SF	Floor Area Ratio	5.15
Number of Stories	5	Census Tract	0057.00
Opportunity Zone	No	Site Size (Net)	18,060 SF (0.41 acres)
Site Size (Gross)	18,060 SF (0.41 acres)		
Flood Zone	Zone X (Unshaded)		
Comments	The subject property consists of three (3), 5-story and basement, elevator-served, mixed-use office buildings with ground floor retail		

**Sale Transaction Data for BBG Event #891691 on 4/18/2023**
**PSF (GBA)**
**PSF (Rentable)**

Transaction Date	4/18/2023	Consideration	\$97,500,000	\$1,047.85	\$826.27
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00
Occupancy at TOS	100%	Cash Equivalent Price	\$97,500,000	\$1,047.85	\$826.27
Property Rights	Fee Simple				
Transaction Component	Real Estate				
Tenancy	Multiple				
Grantor	Sand Associates, L.P				
Grantee	New York University				
Comments	Subject sold on 4/18/2023 for a total consideration of \$97,500,000.				
Verification	6/5/2023				
	Public record				

**Sale Comparable #2**
**Tower 56**

126 East 56th Street  
 New York, NY 10022-3613  
 New York County  
 BBG Property #756685


**Property Data**
**Improvement Details**

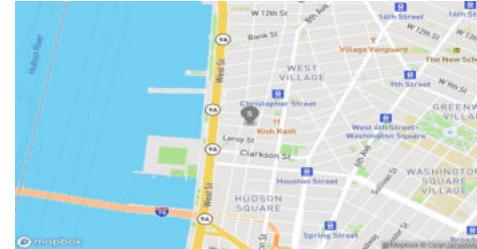
Property Type/Use	Office Professional Office	Lat/Long	40.760369 / -73.9705
Legal	Block 1310   Lot 63		
Parcel ID #	1013100063	Number of Buildings	1
Year Built	1982	Year Renovated	N/A
Quality	Average/Good	Condition	Average
Class	Class B	Construction Details	
Gross Building Area	171,591 SF	Rentable Area	175,133 SF
Number of Stories	33	Floor Area Ratio	28.48
Opportunity Zone	No	Census Tract	0100.00
Site Size (Gross)	6,025 SF (0.14 acres)	Site Size (Net)	6,025 SF (0.14 acres)

**Sale Transaction Data for BBG Event #890093 on 4/4/2023**

			PSF (GBA)	PSF (Rentable)
Transaction Date	4/4/2023	Consideration	\$113,000,000	\$658.54
Sale Status	Closed	Adjustments	\$0	\$0.00
Occupancy at TOS	80%	Cash Equivalent Price	\$113,000,000	\$658.54
Property Rights	Leased Fee			
Transaction Component	Real Estate			
Tenancy	Multiple			
Grantor	Tower 56 Real Estate Owner, LLC			
Grantee	T56 Owners, LLC			
Comments	Property transferred through a REO sale. The office building was 80% occupied at the time of sale and traded at a 5.2% capitalization rate.			
Verification	5/31/2023	Public Record / Listing Broker		

Financial Attributes	In-Place Income	
	Amount	PSF (Rentable)
Net Operating Income	\$5,876,000	\$33.55
Overall Rate	5.20%	

**Sale Comparable #3**  
**95 Morton Street**  
**95 Morton Street**  
**New York, NY 10014**  
**New York County**  
**BBG Property #632247**



## Property Data

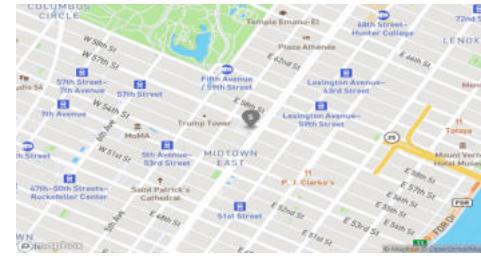
### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.731242 / -74.0085
Legal	Block 603, Lot 28	Number of Buildings	1
Parcel ID #	Block 603, Lot 28	Year Renovated	2017
Year Built	1911	Condition	Good
Quality	Good	Construction Details	
Class	Class B	Rentable Area	216,512 SF
Gross Building Area	154,328 SF	Floor Area Ratio	7.71
Number of Stories	8	Census Tract	0069.00
Opportunity Zone	No	Site Size (Net)	20,018 SF (0.46 acres)
Site Size (Gross)	20,018 SF (0.46 acres)		
Flood Zone	Zone X (Unshaded)		
Comments	The subject property is an 8-story, elevator-served, mixed-use office building with lower-level retail space		

Zola GBA is 154,328 SF  
NRA is 216,512 SF

Sale Transaction Data for BBG Event #777058 on 6/28/2022			PSF (GBA)	PSF (Rentable)
Transaction Date	6/28/2022	Consideration	\$288,237,723	\$1,867.70
Sale Status	Closed	Adjustments	\$0	\$0.00
Occupancy at TOS	100%	Cash Equivalent Price	\$288,237,723	\$1,867.70
Property Rights	Leased Fee			
Transaction Component	Real Estate			
Tenancy	Multiple			
Grantor	95 MORTON LLC			
Grantee	95 MORTON GORP PROPERTY LLC			
Record Info	2022000275859			
Comments	The subject property was sold for \$288,237,723 on June 28, 2022. The building was 100% leased to PayPal at the time of sale.			
Verification	9/29/2022 ACRIS			

**Sale Comparable #4**  
**450 Park Avenue**  
**450 Park Avenue**  
**New York, NY 10022**  
**New York County**  
**BBG Property #556309**



## Property Data

### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.761496 / -73.9714
Legal	Block 1292   Lot 37		
Parcel ID #	1012920037	Number of Buildings	1
Year Built	1972	Year Renovated	1989
Quality	Average	Condition	Average/Good
Class	Class A	Construction Details	
Gross Building Area	296,215 SF	Rentable Area	337,000 SF
Number of Stories	32	Floor Area Ratio	22.15
Opportunity Zone	No	Census Tract	0004.00
Site Size (Gross)	13,375 SF (0.31 acres)	Site Size (Net)	13,375 SF (0.31 acres)
Flood Zone	Zone X (Unshaded)		

Sale Transaction Data for BBG Event #759913 on 6/24/2022				PSF (GBA)	PSF (Rentable)
Transaction Date	6/24/2022	Consideration	\$445,000,000	\$1,502.29	\$1,320.47
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00
Occupancy at TOS	82%	Cash Equivalent Price	\$445,000,000	\$1,502.29	\$1,320.47
Property Rights	Leased Fee				
Transaction Component	Real Estate				
Tenancy	Multiple				
Grantor	Crown Acquisitions				
Grantee	SL Green Realty Corp.				
Comments	450 Park Avenue in New York, a 337,000 square foot office building, was sold on June 24, 2022 for \$445 million. The multi-tenant office building was about 82% leased at sale. SL Green Realty Corp reported acquiring the property in a joint venture with unidentified institutional investors from South Korea and Israel. SL Green holds a 25.1% interest.				
The buyers confirmed the going-in cap rate as about 4%.					
Verification	8/10/2022	Public Records			

Financial Attributes	In-Place Income	
	Amount	PSF (Rentable)
Net Operating Income	\$17,800,000	\$52.82
Overall Rate	4.00%	

**Sale Comparable #5**

**CBS Building**

51 West 52nd Street

New York, NY 10019

New York County

BBG Property #520470



**Property Data**

*Improvement Details*

Property Type/Use	Office Professional Office	Lat/Long	40.761210 / -73.9789
Legal	Block 1268   Lot 1		
Parcel ID #	1012680001	Number of Buildings	1
Year Built	1964	Year Renovated	2017
Quality	Good	Condition	Good
Class	Class A	Construction Details	
Gross Building Area	817,095 SF	Rentable Area	878,260 SF
Number of Stories	38	Floor Area Ratio	17.12
Opportunity Zone	No	Census Tract	0104.00
Site Size (Gross)	47,725 SF (1.10 acres)	Site Size (Net)	47,725 SF (1.10 acres)

Sale Transaction Data for BBG Event #673762 on 10/13/2021				PSF (GBA)	PSF (Rentable)
Transaction Date	10/13/2021	Consideration	\$760,000,000	\$930.12	\$865.35
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00
Occupancy at TOS	96%	Cash Equivalent Price	\$760,000,000	\$930.12	\$865.35
Property Rights	Leased Fee				
Transaction Component	Real Estate				
Tenancy	Multiple				
Grantor	CBS BROADCASTING INC.				
Grantee	51 W. OWNER, LP				
Comments	The iconic "CBS Building" - a 38-story office tower, also known as "Black Rock" - was sold on October 13th, 2021 for a total of \$760 million.				

Designed by Eero Saarinen and owned by ViacomCBS since its delivery to market in 1963, this 491-foot-tall structure has served as headquarters for the CBS broadcasting network for nearly 60 years.

A CBRE Capital Markets team led by Darcy Stacom, Bill Shanahan, and Doug Middleton represented ViacomCBS in the transaction.

Following a two-month contract period, the asset was purchased at a rate of \$865 per square foot by Harbor Group International, LLC ("HGI"), headquartered in Norfolk, Virginia.

HGI invested just over \$200 million in cash in the asset as down-payment. They secured commercial mortgage-backed securities (CMBS) financing through Deutsche Bank AG and Goldman Sachs in the sum of \$420 million, with an additional \$138 million mezzanine loan through Brookfield Real Estate Finance.

The financing was arranged by CBRE's James Millon, Tom Traynor, and P.J. Finley.

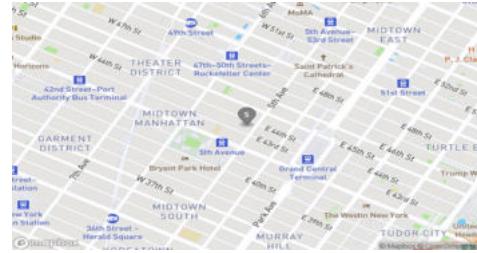
ViacomCBS will continue leasing a portion of the building back from HGI on a short-term basis.

The details of this sale comparable report were originally compiled via public documents from the county register and local news outlets, and further verified by representatives of the buyer.

Verification	12/1/2021	
	Public Record, Knowledgeable Third Party	

Financial Attributes	In-Place Income	
	Amount	PSF (Rentable)
Net Operating Income	\$38,076,000	\$43.35
Overall Rate	5.01%	

**Sale Comparable #6**  
**522 Fifth Avenue**  
 522 5th Avenue  
 New York, NY 10036  
 New York County  
 BBG Property #331796



#### Property Data

##### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.754690 / -73.9806
Legal	Block 1259   Lot 7502	Number of Buildings	1
Parcel ID #	1012597502	Year Renovated	N/A
Year Built	1919	Condition	Average/Good
Quality	Good	Construction Details	
Class	Class A	Rentable Area	379,888 SF
Gross Building Area	379,888 SF	Floor Area Ratio	14.06
Number of Stories	23	Census Tract	0096.00
Opportunity Zone	No	Site Size (Net)	27,025 SF (0.62 acres)
Site Size (Gross)	27,025 SF (0.62 acres)		

Sale Transaction Data for BBG Event #798807 on 9/20/2020			PSF (GBA)	PSF (Rentable)
Transaction Date	9/20/2020	Consideration	\$350,000,000	\$921.32
Sale Status	Closed	Adjustments	\$0	\$0.00
Occupancy at TOS	96%	Cash Equivalent Price	\$350,000,000	\$921.32
Property Rights	Leased Fee			
Grantor	Morgan Stanley & Co. LLC			
Grantee	RFR Realty LLC			
Comments	Sale of a 379,888 SF office building in New York, NY.			
Verification	12/1/2022			
	Public Record			

#### Financial Attributes

#### In-Place Income

	Amount	PSF (Rentable)
Net Operating Income	\$15,750,000	\$41.46
Overall Rate	4.50%	

## APPRAISER QUALIFICATIONS AND LICENSES



**Scott Silverman, MAI**  
Director  
Work: 212.682.7788  
[ssilverman@bbgres.com](mailto:ssilverman@bbgres.com)

## Profile

Scott Silverman is a Director at BBG in the New York office. He has professional real estate experience in institutional investment management and real estate valuation. Mr. Silverman's investment management experience includes institutional retail and office asset management, portfolio management, acquisitions, dispositions, development, budgeting, leasing, and portfolio valuation. Scott's national valuation experience includes fair market value appraisals, fair value financial reporting purchase price allocations, financial analyses, cash flow models, and other real estate consulting services on a wide array of commercial real estate asset classes including multi-family, office, retail, hospitality, industrial, healthcare, mixed use, land, and special use properties.

Prior to joining BBG, Mr. Silverman was responsible for establishing Great American Group's real estate appraisal practice as Senior Associate. Additionally, Mr. Silverman spent time with Clarion Partners as a Financial Analyst and with RSM LLP as a valuation consultant.

In his spare time, Mr. Silverman co-founded a philanthropic real estate networking organization called New York Real Estate Under 30 (NYREu30) to help connect the new generation of real estate professionals while giving back to the community in Manhattan.

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## Professional Affiliations

Appraisal Institute  
MAI Designation

General Certified Appraiser:

State of New York (License #46-52529)  
State of Maryland (License #33666)  
State of Connecticut (License #RCG.0001592)  
State of New Jersey (License #42RG00270200)  
State of Pennsylvania (License #GA004543)  
State of California (License #3009168)  
State of Illinois (License #553.002872)  
State of Florida (License #TP9366)  
Commonwealth of Virginia (License #4001018323)

State of North Carolina (License #A8779)  
State of Texas (License #TX 1381134G)  
State of Georgia (License #424556)  
State of South Carolina (License #8463)  
State of Florida (License #RZ4364)  
State of Alabama (License #G01601)

## Education

Pennsylvania State University  
B.S. Finance, 2015



**Jon DiPietra, MAI**  
Senior Managing Director  
Work: 212.682.5360  
[jdipietra@bbgres.com](mailto:jdipietra@bbgres.com)

## Profile

Jon is currently Senior Managing Director of BBG in New York City, offering 20 years of experience analyzing all major property types throughout the Tri-State Area. Developing a specialty in Market Analysis, Jon has built a broad client base and has completed assignments conducted on behalf of foreign and domestic investment firms including major REITS, leading financial institutions, individual investors, leading law firms, and government agencies. He has been admitted as an expert witness in the New York State Supreme Court (NY County) and has prepared numerous assignments in support of litigation.

Jon began his career as an appraiser in 2001. Gaining training and education, Jon joined Neglia Appraisals in Brooklyn as a commercial appraiser. Later, he was an Assistant Vice President at Sovereign Bank, where he served on the management team of the Appraisal Department. Jon joined Leitner Group (now BBG) in 2007.

Continuing his commitment to the professional development of the next generation, Jon serves as Chairman of the Internship Committee of American Immobiliare, a not-for-profit organization based in New York City which provides a forum for professionals in commercial real estate and has served on the Board of the Metro NY Chapter of the Appraisal Institute.

Assignments of note include: 7 World Trade Center, a 52-story Class-A office building; 650 Fifth Avenue, Nike's new global flagship store; Hallett's Point, a seven building, 2.4 million square foot multi-use development, the TSX Broadway (redevelopment of the Doubletree Hotel into mixed-use hotel, retail and entertainment space), boutique hotel assets in New York including Hotel Indigo and NoMo Soho, several developments with Hudson Yards as well as the Nassau Coliseum redevelopment project.

---

## Professional Affiliations

Appraisal Institute  
MAI Designation

General Certified Appraiser:

State of New York (License #46-46386)  
State of New Jersey (License #42RG00262700)  
State of Connecticut (License #RCG.0001527)  
State of Pennsylvania (License #GA003588)  
State of Maryland (License #04-33247)  
State of New Hampshire (License #NHCGB-1045)  
Commonwealth of Massachusetts (License #100210)  
State of Utah (License #12851082-CG00)

---

## Education

The University of Phoenix  
Bachelor of Science, Business Finance

**Valuation + Assessment**

UNIQUE ID NUMBER  
46000052529

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

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Control  
No. **1533696**

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

EFFECTIVE DATE  
MO | DAY | YR  
03 | 29 | 23

SILVERMAN SCOTT A  
C/O BBG INC  
112 MADISON AVE  
11TH FL  
NEW YORK, NY 10016

EXPIRATION DATE  
MO | DAY | YR  
03 | 28 | 25

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

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

**ROBERT J. RODRIGUEZ**  
SECRETARY OF STATE

UNIQUE ID NUMBER  
6000046386

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

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No. **1548916**

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

EFFECTIVE DATE  
MO. **03** DAY **13** YR. **22**

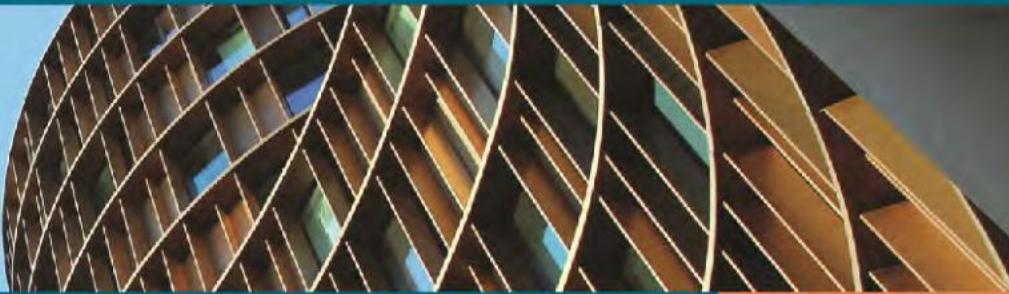
DIPETRA JON A  
C/O JON DIPETRA APPRAISER  
171 68TH ST  
BROOKLYN, NY 11220

EXPIRATION DATE  
MO. **03** DAY **12** YR. **24**

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

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

**ROBERT J. RODRIGUEZ**  
SECRETARY OF STATE



The insight you need. The independence you trust.

**Mixed-Use Office/Retail Building**

245 Fifth Avenue  
New York, New York 10016  
BBG File #0123126218

**Prepared For**

Mr. Yaron Babila  
The Moinian Group  
3 Columbus Circle 26th Floor  
New York, NY 10019

**Report Date**

January 8, 2024

**Prepared By**

BBG, Inc., New York Office  
112 Madison Avenue  
New York, NY 10016  
212-682-0400

Client Manager: Jon DiPietra  
[jdipietra@bbgres.com](mailto:jdipietra@bbgres.com)



January 8, 2024

Mr. Yaron Babila  
Moinian Group  
3 Columbus Circle 26th Floor  
New York, NY 10019

Re: Appraisal of Real Property  
**Mixed-Use Office/Retail Building**  
245 Fifth Avenue  
New York, New York 10016  
**BBG File #0122028660**

Dear Mr. Babila:

In accordance with your authorization (per the engagement letter found in the *Addenda* of this report), an Appraisal Report of the above-referenced property has been prepared.

The subject property consists of a 24-story Class B office building containing  $258,639 \pm$  square feet of gross building area as per New York City records. The total gross leasable area is  $309,836 \pm$  square feet, of which  $296,768 \pm$  square feet is office space,  $13,068 \pm$  square feet is retail space. Additionally, the property contains below-grade storage space. The property is 62.6% economically occupied. The improvements were constructed in 1927 and renovated in 2011 and are in average condition.

The subject is located on the southeast corner of Fifth Avenue and East 28 Street, in the Gramercy submarket of the Midtown South office district, in the Borough of Manhattan, City and State of New York. The site contains a total of  $11,100 \pm$  square feet and is zoned C5-2 Commercial. The site is identified on the tax maps of New York County as Block 857, Lot 76.

We have appraised the above referenced property, the conclusions of which are set forth in the attached appraisal report. This is an Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of USPAP and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. In addition, this appraisal has been prepared in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement). The depth of analysis discussed in this report is specific to the needs of the client and for the intended use stated in the report.

The appraisals are to be used by Moinian in preparation of IFRS financial statements in connection with a potential TASE offering.

We consent to the inclusion of the valuation in its entirety within the Moinian Limited BVI prospectus to be published in the Tel Aviv Stock Exchange. The Moinian Group is also an intended user of this report.

#### **EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)**

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions might have affected the assignment results.

**Extraordinary Assumption(s)** This appraisal employs no extraordinary assumptions.

**Hypothetical Condition(s)** This appraisal employs no hypothetical conditions.

Mr. Babila  
January 8, 2024  
Page 2

Based on the analysis undertaken, the following value opinion(s) have been developed.

MARKET VALUE CONCLUSION(S)				
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion	
Fair Value - As Is	Leased Fee	December 31, 2023	\$227,500,000	
HISTORICAL VALUE CONCLUSIONS				
Period	Dec-23	Jun-23	Dec-22	Dec-21
Discount Rate	7.00%	7.00%	6.75%	6.50%
Terminal Cap Rate	5.50%	5.50%	5.25%	5.00%
Value Conclusion	\$227,500,000	\$227,500,000	\$255,000,000	270,000,000
% Change	0.00%	-10.78%	-5.56%	-6.90%
				N/A

This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinion(s) set forth above to be relied upon by the intended user(s).

BBG, Inc. appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact the Client Manager.

Sincerely,



Jon DiPietra, MAI  
NY Certified General Appraiser  
License #: 46000046386  
212-682-5360  
jdipietra@bbgres.com

Scott Silverman, MAI  
NY Certified General Appraiser  
License #: 46000052529  
212-682-7788  
ssilverman@bbgres.com

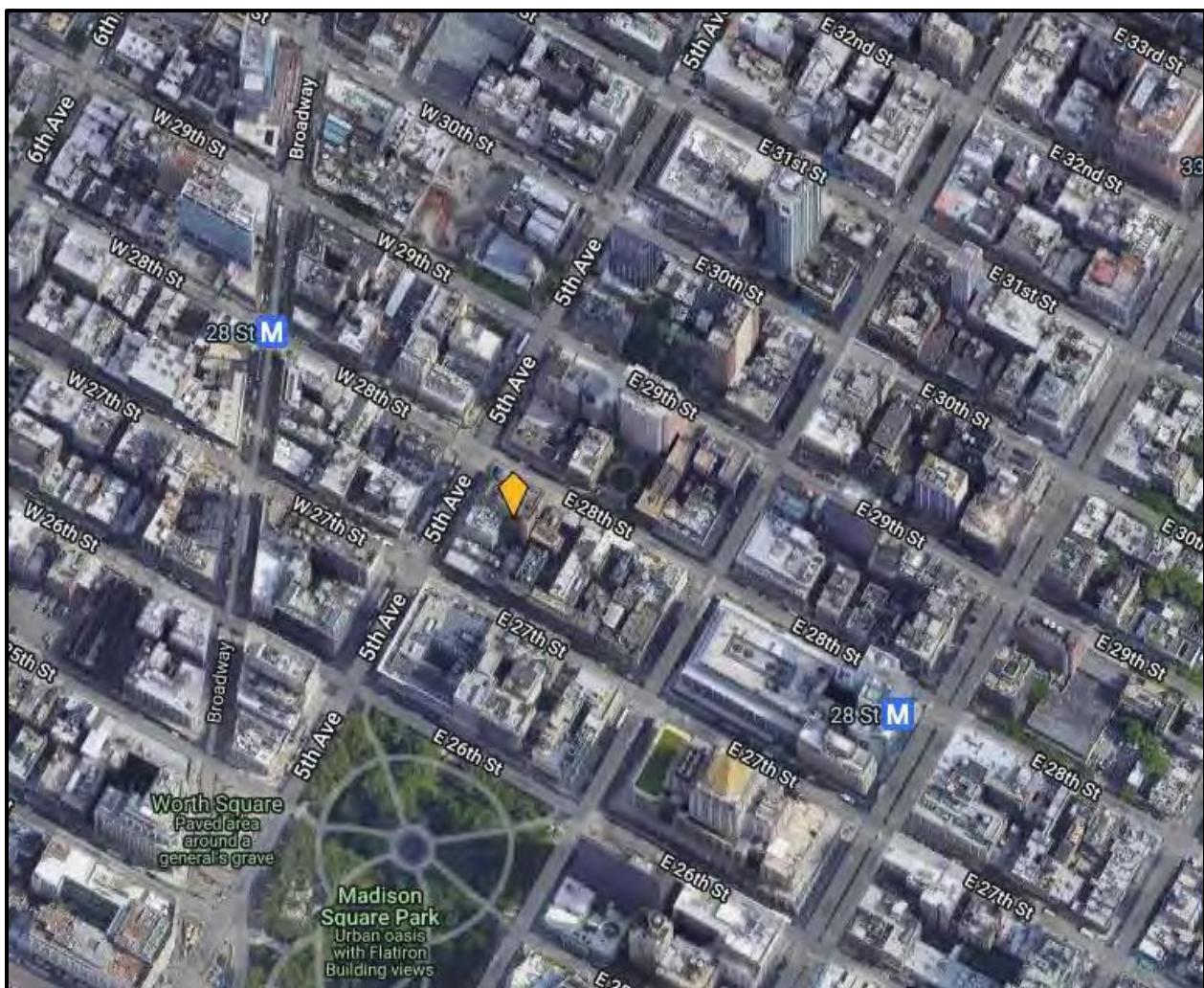
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## SUBJECT PROPERTY



## AERIAL PHOTOGRAPH



# SUMMARY OF SALIENT FACTS

## PROPERTY DATA

<b>Address</b>	245 Fifth Avenue New York, New York 10016
<b>Location</b>	The subject property is located on the southeast corner of 5th Avenue and 28th Street in Manhattan, New York.
<b>Property Description</b>	Office (Professional Office) Multi-Tenant Office and Retail Building
<b>County</b>	New York
<b>Parcel Number</b>	1008570076
<b>Census Tract No.</b>	0056.00
<b>Legal Description</b>	Block 857   Lot 76
<b>Site Area</b>	11,100 square feet (0.25 acres)
<b>Zoning</b>	C5-2; Commercial
<b>Flood Status</b>	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.
<b>Year Built</b>	1927
<b>Year Renovated</b>	2011
<b>Type of Construction</b>	Framed with structural steel columns and beams supporting reinforced concrete slabs.
<b>Number of Buildings</b>	1
<b>Gross Building Area</b>	258,639 square feet
<b>Net Rentable Area</b>	309,836 square feet
<b>Total Number of Tenants</b>	17
<b>Occupancy</b>	62.7%
<b>Overall Condition</b>	Average
<b>Overall Quality</b>	Average
<b>Overall Design/Functionality</b>	Average

## FINANCIAL INDICATORS AND PRO FORMA OPERATING DATA

Financial Indicators		
Current Occupancy		62.65%
Stabilized Occupancy		94.00%
Stabilized Collection Loss		2.00%
Overall Capitalization Rate		5.00%
Pro Forma Operating Data		
	Total	Per SF
Effective Gross Income	\$18,146,485	\$58.57
Operating Expenses	\$8,782,609	\$28.35
Expense Ratio	48%	
Net Operating Income	\$13,501,560	\$43.58

## VALUATION SUMMARY

VALUE INDICATIONS			
<b>As Is as of December 31, 2023</b>			
<b>Cost Approach</b>	Not Developed		
<b>Land Value</b>	Not Developed		
<b>Sales Comparison Approach</b>	\$230,000,000	\$742.33	Per Square Foot (NRA)
<b>Income Capitalization Approach</b>			
<b>Direct Capitalization</b>	\$225,000,000	\$726.19	Per Square Foot (NRA)
<b>Discounted Cash Flow</b>	\$230,000,000	\$742.33	Per Square Foot (NRA)
<b>Approach Reliance</b>	<b>Income Capitalization Approach</b>		
<b>Value Conclusion - As Is</b>	<b>\$227,500,000</b>	<b>\$734.26</b>	<b>Per Square Foot (NRA)</b>
<b>Exposure Time (Months)</b>	12 Months		
<b>Marketing Time (Months)</b>	12 Months		

## PROPERTY TRANSACTION HISTORY

The subject property is currently vested in the name 245 Fifth Owner LLC, who acquired the subject in April 2011. To the best of our knowledge, there have been no other known transactions of the subject property within the three years prior to the effective date of this appraisal. The subject property is not currently on the market for sale.

According to the sponsor provided documentation, the asking rent for the vacant office space in the subject ranges from \$58.00 to \$68.00 per square foot per annum on a Modified Gross basis.

## COMPETENCY

We have experience appraising similar properties and possess the knowledge and competency to produce a credible value opinion. Jon DiPietra, MAI, and Scott Silverman, MAI, have experience appraising similar properties and assignments, while possessing the knowledge and competency to produce credible value opinion. Jon DiPietra, MAI, and Scott Silverman, MAI, are actively engaged in appraisal work in the geographical area of the subject property, and BBG maintains a database of comparable properties for this area. Further, Jon DiPietra, MAI, and Scott Silverman, MAI, are versed in the analytical methods typically employed in appraising this property type. In summary, the appraisers collectively possess adequate knowledge of the property type, geographical location and analytical methods necessary to comply with the competency requirements of USPAP for this appraisal assignment.

# SCOPE OF WORK

## APPRAISAL INFORMATION

<b>Client</b>	The Moinian Group 3 Columbus Circle, 26th Floor New York, NY 10019
<b>Intended User(s)</b>	This appraisal report may only be relied upon by the client and intended user(s) named herein. The intended user of this report is The Moinian Group and its related entities, successors, and/or assigns.
<b>Intended Use</b>	The intended use of this appraisal is for asset valuation purposes.
<b>Property Rights Appraised / Premise</b>	•Fair Value of the Leased Fee interest in the subject property, As Is as of December 31, 2023
<b>Date of Inspection</b>	December 31, 2023
<b>Marketing Time</b>	12 Months
<b>Exposure Time</b>	12 Months
<b>Owner of Record</b>	245 Fifth Owner LLC
<b>Property Contact(s)</b>	Yaron Babila
<b>Most Probable Purchaser</b>	Investor
<b>Highest and Best Use</b>	
<b>If Vacant</b>	Speculative hold for office building development with grade-level retail until there is more clarity on market conditions
<b>As Improved</b>	As currently developed

The scope of work best defines the needs of the client(s) and intended user(s) of the report and dictates what factors an appraiser considered during the valuation process. The scope of work summarized below has been deemed acceptable as it meets or exceeds both the expectations of parties who are regularly intended users for similar assignments and what an appraiser's peers' actions would be in performing the same or a similar assignment. As such, the scope of work summarized below is deemed appropriate for this assignment based on its parameters and will produce credible assignment results. Additional scope details are included in appropriate sections of this report.

## SCOPE OF THE INVESTIGATION

<b>General and Market Data Analyzed</b>	<ul style="list-style-type: none"> <li>▪ Regional economic data and trends</li> <li>▪ Market analysis data specific to the subject property type</li> <li>▪ Published survey data</li> <li>▪ Neighborhood demographic data</li> <li>▪ Comparable cost, sale, rental, expense, and capitalization rate data</li> <li>▪ Floodplain status</li> <li>▪ Zoning information</li> <li>▪ Assessor's information</li> <li>▪ Interviewed professionals knowledgeable about the subject's property type and market</li> </ul>
<b>Inspection Details</b>	Scott Silverman, MAI, completed a follow-up exterior inspection on December 31, 2023.

## PROPERTY DATA RECEIVED

<b>Property Specific Data Requested and Received</b>	Historical operating statements Current year operating statement Rent roll Leases Proforma
--	--

DATA SOURCES	
Subject Historical Expenses	Property Contact
Rent Roll	Property Contact
Leases	
Comparable Improved Sales	CoStar & Public Record
Comparable Improved Leases	CoStar, BBG Internal Data, & Brokers
Demographics Reports	Spotlight
Flood Status	FEMA
Zoning Information	Planning Dept
Tax Data	Assessor's Records
Building Size	Assessor's Records
Site Size	Assessor's Records

**VALUATION METHODOLOGY****Most Probable Buyer**

To apply the most relevant valuation methods and data, the appraiser must first determine the most probable buyer of the subject property. Based on the analyses presented, the most probable buyer of the subject property would be a(n) Investor

**Valuation Methods Utilized**

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value.

**EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)**

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions might have affected the assignment results.

**Extraordinary Assumption(s)** This appraisal employs no extraordinary assumptions.

**Hypothetical Condition(s)** This appraisal employs no hypothetical conditions.

**DEFINITIONS**

Pertinent definitions, including the definition of market value, are included in the glossary, located in the *Addenda* of this report. The following definition of fair value is used by agencies that regulate federally insured financial institutions in the United States:

**Fair Value**

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). That definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value. The IFRS explains that a fair value measurement requires an entity to determine the following:

- The particular asset or liability being measured;
- For a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis;

- The market in which an orderly transaction would take place for the asset or liability; and  
the appropriate valuation technique(s) to use when measuring fair value.
- The appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>[1]</sup>

#### LEVEL OF REPORTING DETAIL

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.

This report is prepared as an **Appraisal Report**. An Appraisal Report must at a minimum summarize the appraiser's analysis and the rationale for the conclusions.

<sup>[1]</sup> (Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

## MARKET ANALYSIS

REGIONAL MAP



## **NEW YORK OFFICE MARKET**

Costar is the source for the following data. The data reflects conditions of 2023 Q3, the most recent data available. The initial discussion provides information on the overall New York Office market, followed by the subject's submarket. The subject is located within the Gramercy Park submarket, which will be discussed later in this report.

CoStar has recently introduced its Houseview Base Case. This comes in addition to several algorithmic forecast scenarios that are based entirely on modeling results using CoStar's internal econometric property sector models based on inputs from Oxford Economics' macroeconomic models in its US States and Metros service published in June 2023.

The Houseview Base Case forecast scenario is based on the Algorithmic Base Case below, where additional interventions are made to the property sector forecasts to account for structural and cyclical impacts in the commercial real estate markets that are not adequately reflected in macroeconomic forecasts. For example, tighter financial conditions have resulted in higher cap rates and steeper valuation losses, while low office utilization rates caused by the adoption of hybrid work arrangements have weakened fundamentals beyond what headline job gains or losses encapsulate. These interventions result in forecasts that are better aligned with the professional views of CoStar's property sector specialists.

Algorithmic Base Case forecast is based on the Oxford Economics baseline forecast, which reflects solid economic growth in the first half of 2023 followed by slowing momentum in the economy as the cumulative impact of Federal Reserve rate hikes and tighter credit conditions cool consumer spending and business investment and hiring. The economy is expected to enter a mild recession in the third quarter of 2023, with overall growth of 1.3% for the year. Job gains have been solid, with almost 1.7 million added in the first half of the year. But momentum in the labor market is expected to fade and job losses are seen to begin in the third quarter, losing about 1 million positions by year end. The unemployment rate rises from its near historic low to end 2023 about 110 basis points higher, rising further in 2024 before falling gently in the following years but remaining above 4% through the end of the forecast period.

Headline and core inflation are expected to ease through the next four quarters, albeit very slowly. The PCE price index is expected to remain above the Fed's target rate until mid- to late-2024. The FOMC has signaled its intent to bring inflation under control and is expected to boost the policy rate to 5.5%-5.75% by the end of the year, holding it within this range for some time. Capital markets remain calm. Spreads briefly rise above 210 basis points in the second half of 2023, then return to less than 200 basis points through the end of the forecast period.

Costar rates office properties using a star rating, in which 1 and 2-star properties generally equate to the more traditional Class C rating; 3-star properties generally equate to Class B; and 4 and 5-star properties generally equate to Class A.

**Class A** – They are characterized by high quality construction and finishes, high occupancy levels, sophisticated amenities, and top rental rates. A+ properties would suggest "trophy" properties with the characteristics noted above.

**Class B** – These properties are regarded as modern (although not necessarily new) buildings, or old (i.e., Class C) structures recently renovated to modern standards. Good locations, reasonably high occupancy levels, and competitive rental rates characterize these buildings.

**Class C** – The lowest quality available in the market are found in Class C buildings. These buildings are generally old, but in fair condition. Rental rates are the lowest within the market and amenities are minimal.

#### KEY INDICATORS AT A GLANCE

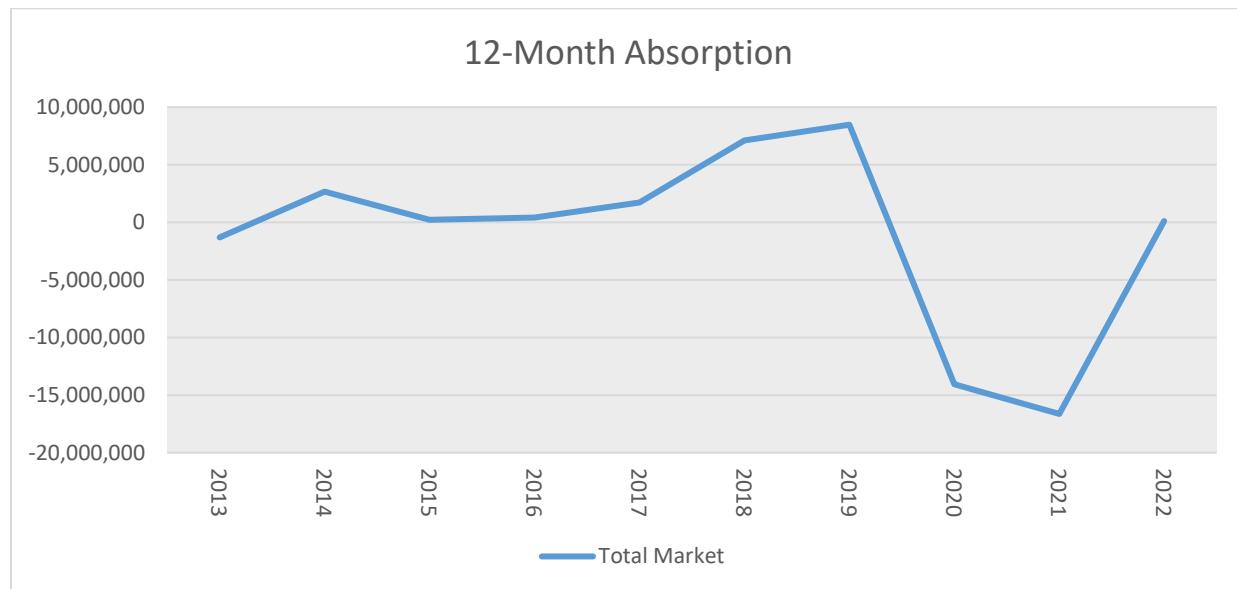
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	13.37%	13.49%	increased 12 Basis Points
Absorption (SF)	-1,078,867	-1,251,767	decreased 172,900 SF
Quoted Rental Rates (\$/SF/Year)	\$56.07	\$56.11	increased \$0.04 PSF
Inventory (SF)	978,672,283	978,610,848	decreased 61,440 SF
Net Deliveries (SF)	3,981,816	-61,435	decreased 4,043,251 SF
Under Construction (SF)	9,839,004	9,924,770	increased 85,766 SF

#### NEW YORK OFFICE MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2023 Q3	978,610,848	13.49%	-1,251,767	-61,435	9,924,770	\$56.11
2023 Q2	978,672,283	13.37%	-1,078,867	3,981,816	9,839,004	\$56.07
2023 Q1	974,690,467	12.91%	-4,321,241	-188,599	13,377,122	\$55.93
2022 Q4	974,879,066	12.48%	3,629,968	5,997,983	13,243,457	\$55.90
2022	974,879,066	12.48%	101,050	7,613,032	13,243,457	\$55.90
2021	967,266,034	11.80%	-16,631,613	2,480,739	19,468,766	\$56.08
2020	964,774,721	9.85%	-14,045,840	2,797,482	17,000,260	\$57.29
2019	961,916,338	8.14%	8,475,868	9,812,462	21,544,012	\$60.07
2018	952,099,476	8.08%	7,107,690	2,577,139	26,695,882	\$58.28
2017	949,477,337	8.58%	1,732,225	810,823	22,457,536	\$57.93
2016	948,606,514	8.71%	417,953	2,162,308	17,763,504	\$56.75
2015	946,440,706	8.53%	231,117	-2,325,634	16,292,043	\$55.93
2014	948,766,340	8.78%	2,676,827	1,315,459	8,989,457	\$52.52

The New York Office market ended the third quarter with a vacancy rate of 13.49%. The vacancy rate increased over the previous quarter, with net absorption totaling -1,251,767 square feet in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$56.11. A total of -61,435 square feet was delivered to the market, with 9,924,770 square feet still under construction at the end of the quarter.

## ABSORPTION



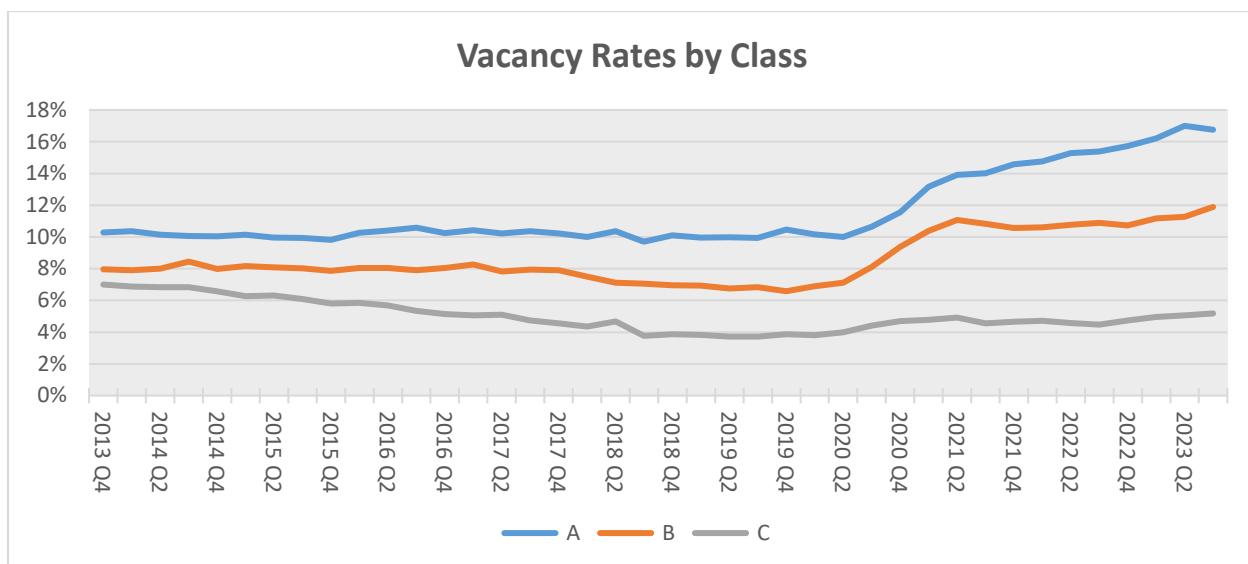
Net absorption for the overall New York Office market was -1,251,767 square feet in the third quarter 2023. That compares to -1,078,867 square feet in the second quarter 2023, -4,321,241 square feet in the first quarter 2023, and 3,629,968 square feet in the fourth quarter 2022. Net absorption in the market over the prior 12 months totaled -3,021,907 square feet.

The Class A (4 & 5 Star) Office market recorded net absorption of 1,078,287 square feet in the third quarter 2023, compared to -574,704 square feet in the second quarter 2023, -2,307,895 square feet in the first quarter 2023, and 3,954,534 square feet in the fourth quarter 2022.

The Class B (3 Star) Office market recorded net absorption of -2,151,407 square feet in the third quarter 2023, compared to -378,570 square feet in the second quarter 2023, -1,760,177 square feet in the first quarter 2023, and 6,116 square feet in the fourth quarter 2022.

The Class C (1 & 2 Star) Office market recorded net absorption of -178,647 square feet in the third quarter 2023, compared to -125,593 square feet in the second quarter 2023, -253,169 square feet in the first quarter 2023, and -330,682 square feet in the fourth quarter 2022.

Net absorption for the Gramercy Park submarket was -132,885 square feet in the third quarter 2023. That compares to -129,319 square feet in the second quarter 2023, -152,665 square feet in the first quarter 2023, and -546,876 square feet in the fourth quarter 2022.

**VACANCY**

Vacancy for the overall New York Office market increased to 13.49% in the third quarter 2023. That compares to 13.37% in the second quarter 2023, 12.91% in the first quarter 2023, and 12.48% in the fourth quarter 2022.

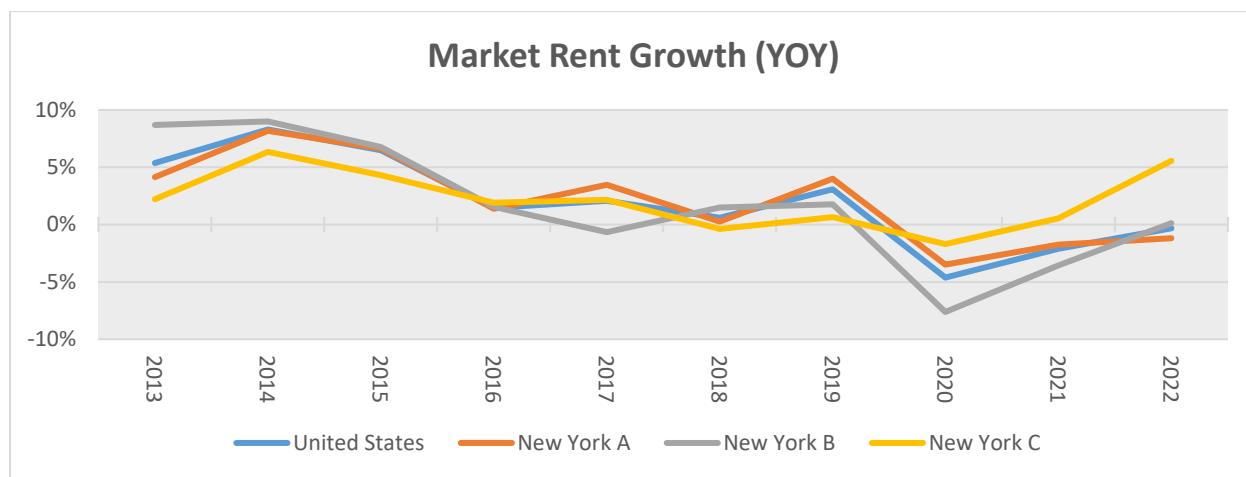
Class A (4 & 5 Star) projects reported a vacancy rate of 16.75% at the end of the third quarter 2023, 17.00% at the end of the second quarter 2023, 16.20% at the end of the first quarter 2023, and 15.73% at the end of the fourth quarter 2022.

Class B (3 Star) projects reported a vacancy rate of 11.89% at the end of the third quarter 2023, 11.27% at the end of the second quarter 2023, 11.17% at the end of the first quarter 2023, and 10.73% at the end of the fourth quarter 2022.

Class C (1 & 2 Star) projects reported a vacancy rate of 5.17% at the end of the third quarter 2023, 5.05% at the end of the second quarter 2023, 4.95% at the end of the first quarter 2023, and 4.73% at the end of the fourth quarter 2022.

The overall vacancy rate in the New York Gramercy Park submarket at the end of the third quarter 2023 was 15.48%. The vacancy rate was 15.03% at the end of the second quarter 2023, 14.58% at the end of the first quarter 2023 and 14.11% at the end of the fourth quarter 2022.

## RENTAL RATES



The rental rates shown below are per square foot per year on a full service gross basis.

The average asking rental rate for available Office space, all classes, was \$56.11 psf at the end of the third quarter 2023 in the New York market area. This represented a 0.1% increase in quoted rental rates from the end of the second quarter 2023, when rents were reported at \$56.07.

The average quoted rate within the Class A (4 & 5 Star) sector was \$70.05 at the end of the third quarter 2023, while Class B (3 Star) rates stood at \$44.04, and Class C (1 & 2 Star) rates at \$35.04. At the end of the second quarter 2023, Class A (4 & 5 Star) rates were \$69.99 , Class-B (3 Star) rates were \$44.00, and Class C (1 & 2 Star) rates were \$35.06.

The average quoted asking rental rate in New York's Gramercy Park district was \$72.30 at the end of the third quarter 2023. In the second quarter 2023, quoted rates were \$72.22.

## INVENTORY & CONSTRUCTION

During the third quarter 2023, a total of -61,435 square feet was completed in the New York market area. This compares to a total of 3,981,816 square feet completed in the second quarter 2023, a total of -188,599 square feet completed in the first quarter 2023, and 5,997,983 square feet completed in the fourth quarter 2022.

There was 9,924,770 square feet of Office space under construction at the end of the third quarter 2023.

SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
Class A (4 & 5 Star)	493,615,719	10,468,412	7,727,855
Class B (3 Star)	361,178,915	-719,598	2,180,771
Class C (1 & 2 Star)	123,816,214	-19,049	16,144
<b>Total</b>	<b>978,610,848</b>	<b>9,729,765</b>	<b>9,924,770</b>

## MARKET OUTLOOK

The New York Office market ended the third quarter 2023 with a vacancy rate of 13.49%. The vacancy rate increased over the previous quarter, with net absorption totaling -1,251,767 square feet in the third quarter 2023. Rental rates increased \$0.04 PSF over the previous quarter and ended at \$56.11. A total of -61,435 square feet was delivered in the quarter, with 9,924,770 square feet still under construction at the end of the quarter.

## NEW YORK RETAIL MARKET

CoStar is the source for the following data. The data reflects conditions of 2023 Q3, the most recent data available. The initial discussion provides information on the overall New York Retail market, followed by the subject's submarket. The subject is located within the Gramercy Park submarket, which will be discussed later in this report.

CoStar has recently introduced its Houseview Base Case. This comes in addition to several algorithmic forecast scenarios that are based entirely on modeling results using CoStar's internal econometric property sector models based on inputs from Oxford Economics' macroeconomic models in its US States and Metros service published in June 2023.

The Houseview Base Case forecast scenario is based on the Algorithmic Base Case below, where additional interventions are made to the property sector forecasts to account for structural and cyclical impacts in the commercial real estate markets that are not adequately reflected in macroeconomic forecasts. For example, tighter financial conditions have resulted in higher cap rates and steeper valuation losses, while low office utilization rates caused by the adoption of hybrid work arrangements have weakened fundamentals beyond what headline job gains or losses encapsulate. These interventions result in forecasts that are better aligned with the professional views of CoStar's property sector specialists.

Algorithmic Base Case forecast is based on the Oxford Economics baseline forecast, which reflects solid economic growth in the first half of 2023 followed by slowing momentum in the economy as the cumulative impact of Federal Reserve rate hikes and tighter credit conditions cool consumer spending and business investment and hiring. The economy is expected to enter a mild recession in the third quarter of 2023, with overall growth of 1.3% for the year.

Job gains have been solid, with almost 1.7 million added in the first half of the year. But momentum in the labor market is expected to fade and job losses are seen to begin in the third quarter, losing about 1 million positions by year end. The unemployment rate rises from its near historic low to end 2023 about 110 basis points higher, rising further in 2024 before falling gently in the following years but remaining above 4% through the end of the forecast period.

Headline and core inflation are expected to ease through the next four quarters, albeit very slowly. The PCE price index is expected to remain above the Fed's target rate until mid- to late-2024. The FOMC has signaled its intent to bring inflation under control and is expected to boost the policy rate to 5.5%-5.75% by the end of the year, holding it within this range for some time. Capital markets remain calm. Spreads briefly rise above 210 basis points in the second half of 2023, then return to less than 200 basis points through the end of the forecast period.

CoStar provides statistics related to the retail market based on the following subtypes: Mall, Neighborhood Center, Power Center, Strip Center, General Retail and Other.

### KEY INDICATORS AT A GLANCE

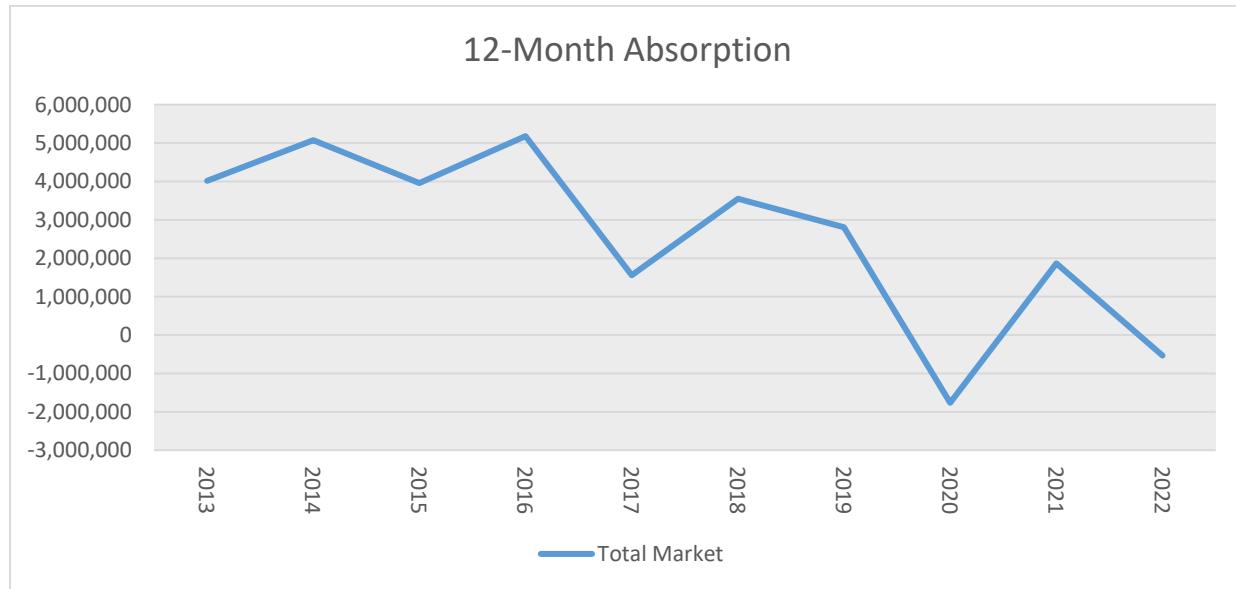
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	4.21%	4.15%	decreased 6 Basis Points
Absorption (SF)	12,065	683,996	increased 671,931 SF
Quoted Rental Rates (\$/SF/Year)	\$47.06	\$47.26	increased \$0.20 PSF
Inventory (SF)	632,463,431	632,778,347	increased 314,944 SF
Net Deliveries (SF)	265,246	314,916	increased 49,670 SF
Under Construction (SF)	3,016,693	3,040,962	increased 24,269 SF

## NEW YORK RETAIL MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2023 Q3	632,778,347	4.15%	683,996	314,916	3,040,962	\$47.26
2023 Q2	632,463,431	4.21%	12,065	265,246	3,016,693	\$47.06
2023 Q1	632,198,185	4.18%	-304,549	250,390	3,212,794	\$46.73
2022 Q4	631,947,795	4.09%	-7,469	-264,725	3,164,859	\$46.57
2022	631,947,795	4.09%	-536,845	-149,709	3,164,859	\$46.57
2021	632,091,820	4.03%	1,864,068	789,586	2,751,754	\$45.35
2020	631,290,588	4.20%	-1,764,452	2,663,144	2,887,278	\$44.31
2019	628,610,956	3.51%	2,805,592	3,857,941	4,192,273	\$44.31
2018	624,677,949	3.36%	3,551,412	1,893,575	8,044,273	\$43.57
2017	622,701,253	3.62%	1,559,609	1,855,599	6,745,314	\$42.99
2016	620,836,216	3.59%	5,179,983	2,866,583	6,483,462	\$42.09
2015	617,965,417	3.97%	3,955,303	2,045,344	6,221,824	\$41.28
2014	615,920,073	4.30%	5,073,164	2,071,476	4,725,255	\$40.06

The New York Retail market ended the third quarter with a vacancy rate of 4.15%. The vacancy rate decreased over the previous quarter, with net absorption totaling 683,996 square feet in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$47.26. A total of 314,916 square feet was delivered to the market, with 3,040,962 square feet still under construction at the end of the quarter.

### ABSORPTION



Net absorption for the overall New York Retail market was 683,996 square feet in the third quarter 2023. That compares to 12,065 square feet in the second quarter 2023, -304,549 square feet in the first quarter 2023, and -7,469 square feet in the fourth quarter 2022. Net absorption in the market over the prior 12 months totaled 384,043 square feet.

The Mall subtype recorded net absorption of 181,557 square feet in the third quarter 2023, compared to -88,534 square feet in the second quarter 2023, -755,198 square feet in the first quarter 2023, and 88,615 square feet in the fourth quarter 2022.

Neighborhood Centers recorded net absorption of 96,917 square feet in the third quarter 2023, compared to 47,521 square feet in the second quarter 2023, 259,575 square feet in the first quarter 2023, and 180,863 square feet in the fourth quarter 2022.

Power Centers recorded net absorption of -84,751 square feet in the third quarter 2023, compared to 15,560 square feet in the second quarter 2023, -4,938 square feet in the first quarter 2023, and -97,006 square feet in the fourth quarter 2022.

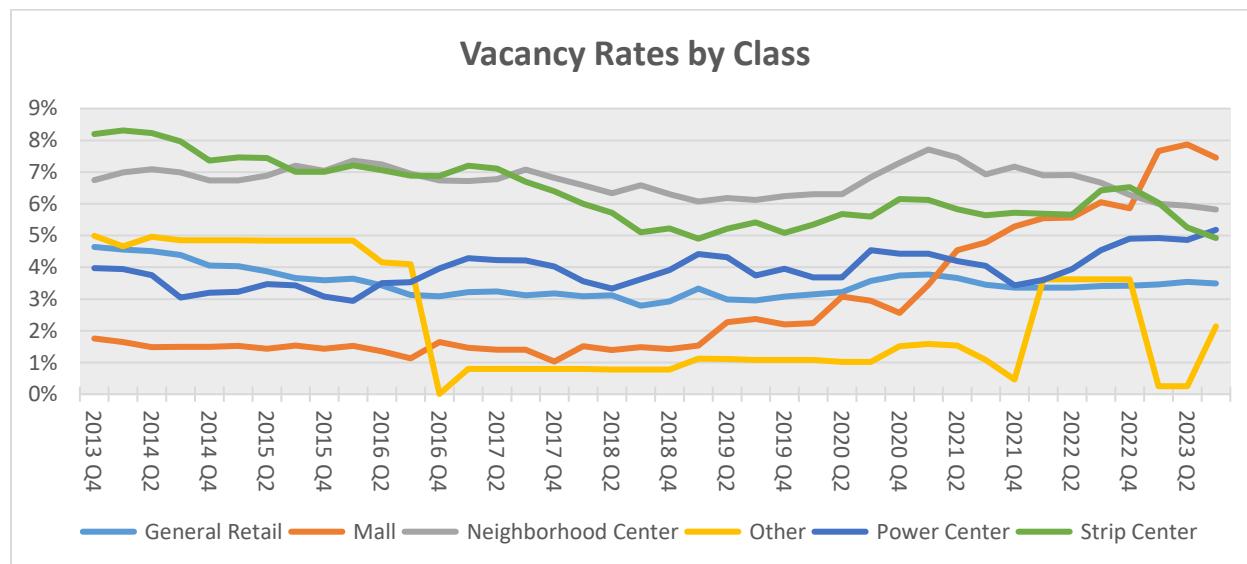
Strip Centers recorded net absorption of 57,450 square feet in the third quarter 2023, compared to 130,246 square feet in the second quarter 2023, 81,540 square feet in the first quarter 2023, and 41,358 square feet in the fourth quarter 2022.

General Retail recorded net absorption of 499,620 square feet in the third quarter 2023, compared to -93,850 square feet in the second quarter 2023, -8,298 square feet in the first quarter 2023, and -223,789 square feet in the fourth quarter 2022.

Finally, Other retail subtypes recorded net absorption of -67,919 square feet in the third quarter 2023, compared to 0 square feet in the second quarter 2023, 121,070 square feet in the first quarter 2023, and 0 square feet in the fourth quarter 2022.

Net absorption for the Gramercy Park submarket was -3,900 square feet in the third quarter 2023. That compares to 11,875 square feet in the second quarter 2023, 9,261 square feet in the first quarter 2023, and -19,490 square feet in the fourth quarter 2022.

## VACANCY



Vacancy for the overall New York Retail market was 4.15% in the third quarter 2023. That compares to 4.21% in the second quarter 2023, 4.18% in the first quarter 2023, and 4.09% in the fourth quarter 2022.

The Mall subtype recorded vacancy of 7.45% in the third quarter 2023, compared to 7.87% in the second quarter 2023, 7.66% in the first quarter 2023, and 5.86% in the fourth quarter 2022.

Neighborhood Centers recorded vacancy of 5.82% in the third quarter 2023, compared to 5.94% in the second quarter 2023, 6.00% in the first quarter 2023, and 6.28% in the fourth quarter 2022.

Power Centers recorded vacancy of 5.18% in the third quarter 2023, compared to 4.86% in the second quarter 2023, 4.92% in the first quarter 2023, and 4.90% in the fourth quarter 2022.

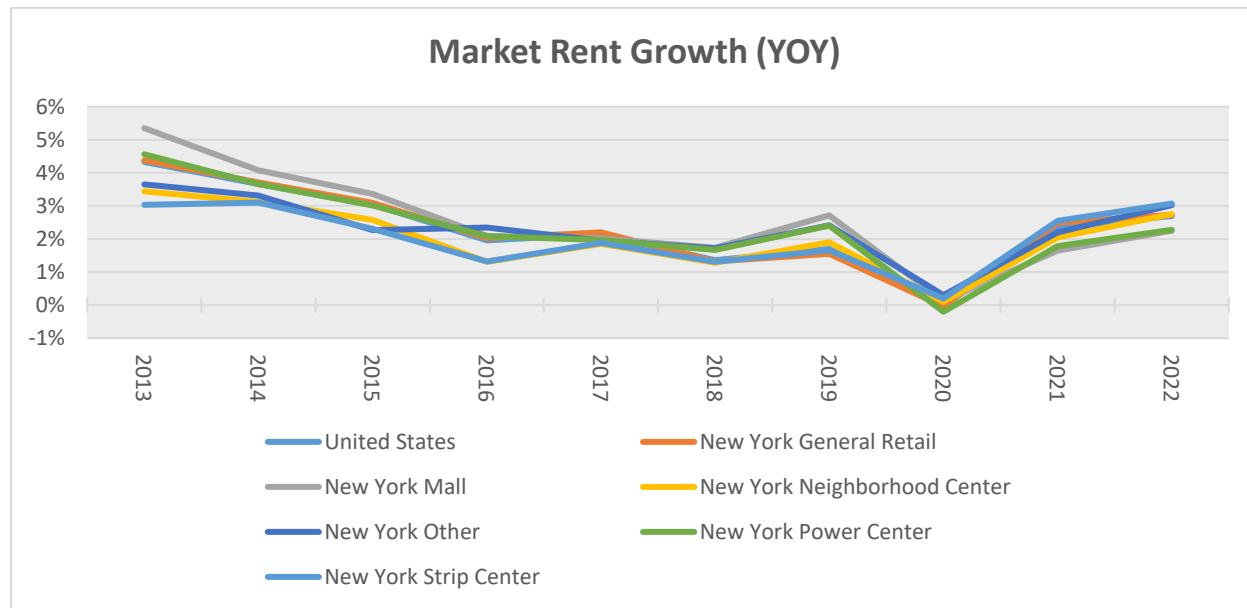
Strip Centers recorded vacancy of 4.92% in the third quarter 2023, compared to 5.25% in the second quarter 2023, 6.03% in the first quarter 2023, and 6.52% in the fourth quarter 2022.

General Retail recorded vacancy of 3.49% in the third quarter 2023, compared to 3.54% in the second quarter 2023, 3.46% in the first quarter 2023, and 3.42% in the fourth quarter 2022.

Finally, Other retail subtypes recorded vacancy of 2.14% in the third quarter 2023, compared to 0.25% in the second quarter 2023, 0.25% in the first quarter 2023, and 3.62% in the fourth quarter 2022.

Vacancy for the Gramercy Park submarket was 2.78% in the third quarter 2023. That compares to 2.63% in the second quarter 2023, 3.09% in the first quarter 2023, and 3.46% in the fourth quarter 2022.

## RENTAL RATES



The rental rates shown below are per square foot per year on a NNN basis.

The average asking rental rate for available Retail space, all subtypes, was \$47.26 psf at the end of the third quarter 2023 in the New York market area. Average asking rental rates reported a 0.4% increase from the end of the second quarter 2023, when rents were reported at \$47.06.

The average quoted rate within the Mall subtype was \$50.71 at the end of the third quarter 2023, while Neighborhood Center rates stood at \$38.01, Power Center rates at \$36.86, Strip Center rates at \$30.70, General Retail rates at \$49.78, and Other retail rates at \$36.99. At the end of the second quarter 2023, Mall subtype rates were \$50.42, Neighborhood Center rates stood at \$37.65, Power Center rates at \$36.60, Strip Center rates at \$30.49, General Retail rates at \$49.63, and Other retail rates at \$36.66.

The average quoted asking rental rate in New York's Gramercy Park submarket was \$114.82 at the end of the third quarter 2023. In the second quarter 2023, quoted rates were \$114.51.

## INVENTORY & CONSTRUCTION

During the third quarter 2023, a total of 314,916 square feet was completed in the New York market area. This compares to a total of 265,246 square feet completed in the second quarter 2023, a total of 250,390 square feet completed in the first quarter 2023, and -264,725 square feet completed in the fourth quarter 2022.

There was 3,040,962 square feet of Retail space under construction at the end of the third quarter 2023.

SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
Mall	42,057,911	18,300	202,847
Neighborhood Center	79,322,293	-96,903	255,110
Power Center	27,029,278	0	2,400
Strip Center	16,649,981	65,442	87,163
General Retail	463,257,119	578,988	2,441,417
Other	3,597,501	0	0
<b>Total</b>	<b>632,778,347</b>	<b>565,827</b>	<b>3,040,962</b>

## MARKET OUTLOOK

The New York Retail market ended the third quarter 2023 with a vacancy rate of 4.15%. The vacancy rate decreased over the previous quarter, with net absorption totaling 683,996 square feet in the third quarter 2023. Rental rates increased \$0.20 PSF over the previous quarter and ended at \$47.26. A total of 314,916 square feet was delivered in the quarter, with 3,040,962 square feet still under construction at the end of the quarter.

## SUBMARKET ANALYSIS

### SUBMARKET MAP



### KEY INDICATORS AT A GLANCE

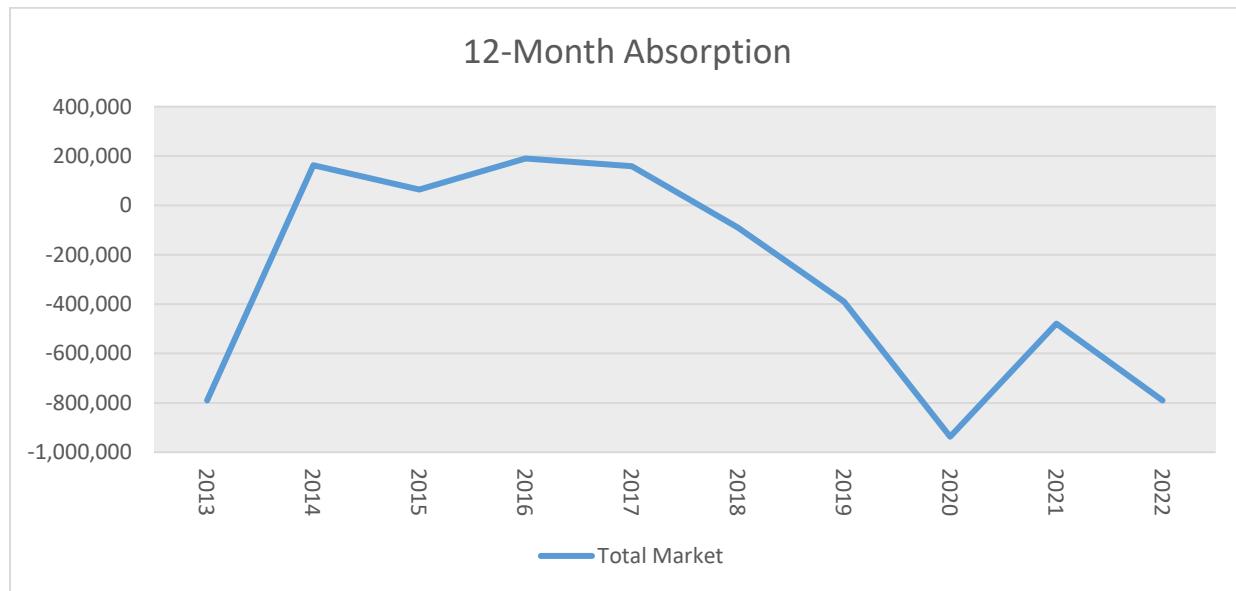
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	15.03%	15.48%	increased 45 Basis Points
Absorption (SF)	-129,319	-132,885	decreased 3,566 SF
Quoted Rental Rates (\$/SF/Year)	\$72.22	\$72.30	increased \$0.08 PSF
Inventory (SF)	29,156,546	29,156,546	no change SF
Net Deliveries (SF)	0	0	no change SF
Under Construction (SF)	0	0	no change SF

## GRAMERCY PARK OFFICE MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2023 Q3	29,156,546	15.48%	-132,885	0	0	\$72.30
2023 Q2	29,156,546	15.03%	-129,319	0	0	\$72.22
2023 Q1	29,156,546	14.58%	-152,665	-17,023	0	\$72.12
2022 Q4	29,173,569	14.11%	-546,876	0	0	\$72.20
2022	29,173,569	14.11%	-789,544	262,342	0	\$72.20
2021	28,911,227	10.60%	-479,661	-21,885	262,342	\$72.51
2020	28,933,112	9.01%	-937,141	52,721	262,342	\$74.28
2019	28,880,391	5.60%	-389,957	28,000	335,665	\$80.89
2018	28,852,391	4.16%	-89,956	-15,691	101,323	\$78.50
2017	28,868,082	3.90%	158,993	-73,775	101,323	\$78.40
2016	28,941,857	4.69%	190,041	82,729	28,000	\$79.35
2015	28,859,128	5.08%	64,689	-127,134	82,729	\$80.47
2014	28,986,262	5.72%	162,389	-44,140	0	\$74.48

The Gramercy Park Office market ended the third quarter with a vacancy rate of 15.48%. The vacancy rate increased over the previous quarter, with net absorption totaling -132,885 square feet in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$72.30. A total of 0 square feet was delivered to the market, with 0 square feet still under construction at the end of the quarter.

### ABSORPTION



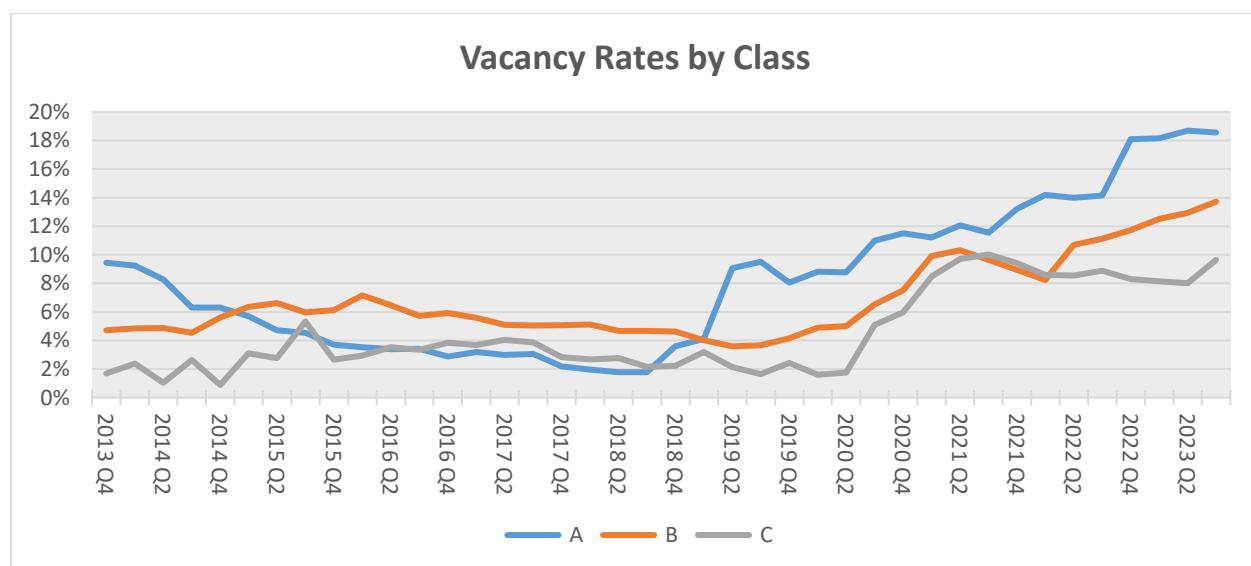
Net absorption for the overall Gramercy Park Office market was -132,885 square feet in the third quarter 2023. That compares to -129,319 square feet in the second quarter 2023, -152,665 square feet in the first quarter 2023, and -546,876 square feet in the fourth quarter 2022. Net absorption in the market over the prior 12 months totaled -961,745 square feet.

The Class A (4 & 5 Star) Office market recorded net absorption of 15,138 square feet in the third quarter 2023, compared to -62,017 square feet in the second quarter 2023, -7,109 square feet in the first quarter 2023, and -449,340 square feet in the fourth quarter 2022.

The Class B (3 Star) Office market recorded net absorption of -132,766 square feet in the third quarter 2023, compared to -68,673 square feet in the second quarter 2023, -146,890 square feet in the first quarter 2023, and -102,983 square feet in the fourth quarter 2022.

The Class C (1 & 2 Star) Office market recorded net absorption of -15,257 square feet in the third quarter 2023, compared to 1,371 square feet in the second quarter 2023, 1,334 square feet in the first quarter 2023, and 5,447 square feet in the fourth quarter 2022.

## VACANCY



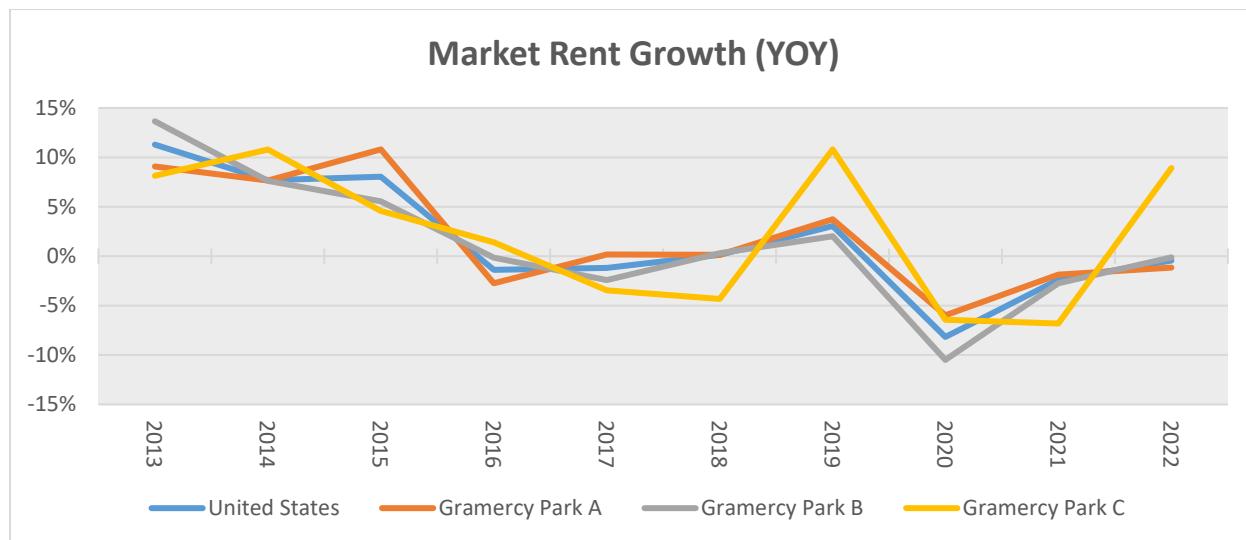
Vacancy for the overall Gramercy Park Office market increased to 15.48% in the third quarter 2023. That compares to 15.03% in the second quarter 2023, 14.58% in the first quarter 2023, and 14.11% in the fourth quarter 2022.

Class A (4 & 5 Star) projects reported a vacancy rate of 18.56% at the end of the third quarter 2023, 18.69% at the end of the second quarter 2023, 18.15% at the end of the first quarter 2023, and 18.08% at the end of the fourth quarter 2022.

Class B (3 Star) projects reported a vacancy rate of 13.72% at the end of the third quarter 2023, 12.93% at the end of the second quarter 2023, 12.52% at the end of the first quarter 2023, and 11.73% at the end of the fourth quarter 2022.

Class C (1 & 2 Star) projects reported a vacancy rate of 9.64% at the end of the third quarter 2023, 8.00% at the end of the second quarter 2023, 8.15% at the end of the first quarter 2023, and 8.29% at the end of the fourth quarter 2022.

## RENTAL RATES



The rental rates shown below are per square foot per year on a full service gross basis.

The average asking rental rate for available Office space, all classes, was \$72.30 psf at the end of the third quarter 2023 in the Gramercy Park market area. This represented a 0.1% increase in quoted rental rates from the end of the second quarter 2023, when rents were reported at \$72.22.

The average quoted rate within the Class A (4 & 5 Star) sector was \$93.56 at the end of the third quarter 2023, while Class B (3 Star) rates stood at \$58.72, and Class C (1 & 2 Star) rates at \$56.49. At the end of the second quarter 2023, Class A (4 & 5 Star) rates were \$93.51, Class-B (3 Star) rates were \$58.61, and Class C (1 & 2 Star) rates were \$56.49.

## INVENTORY & CONSTRUCTION

During the third quarter 2023, a total of 0 square feet was completed in the Gramercy Park market area. This compares to a total of 0 square feet completed in the second quarter 2023, a total of -17,023 square feet completed in the first quarter 2023, and 0 square feet completed in the fourth quarter 2022.

There were 0 square feet of Office space under construction at the end of the third quarter 2023.

SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
Class A (4 & 5 Star)	11,429,520	0	0
Class B (3 Star)	16,800,742	-17,023	0
Class C (1 & 2 Star)	926,284	0	0
<b>Total</b>	<b>29,156,546</b>	<b>-17,023</b>	<b>0</b>

## GRAMERCY PARK MARKET OUTLOOK

The Gramercy Park Office market ended the third quarter 2023 with a vacancy rate of 15.48%. The vacancy rate increased over the previous quarter, with net absorption totaling -132,885 square feet in the third quarter 2023. Rental rates increased \$0.08 PSF over the previous quarter and ended at \$72.30. A total of 0 square feet was delivered in the quarter, with 0 square feet still under construction at the end of the quarter.

## GRAMERCY PARK RETAIL MARKET

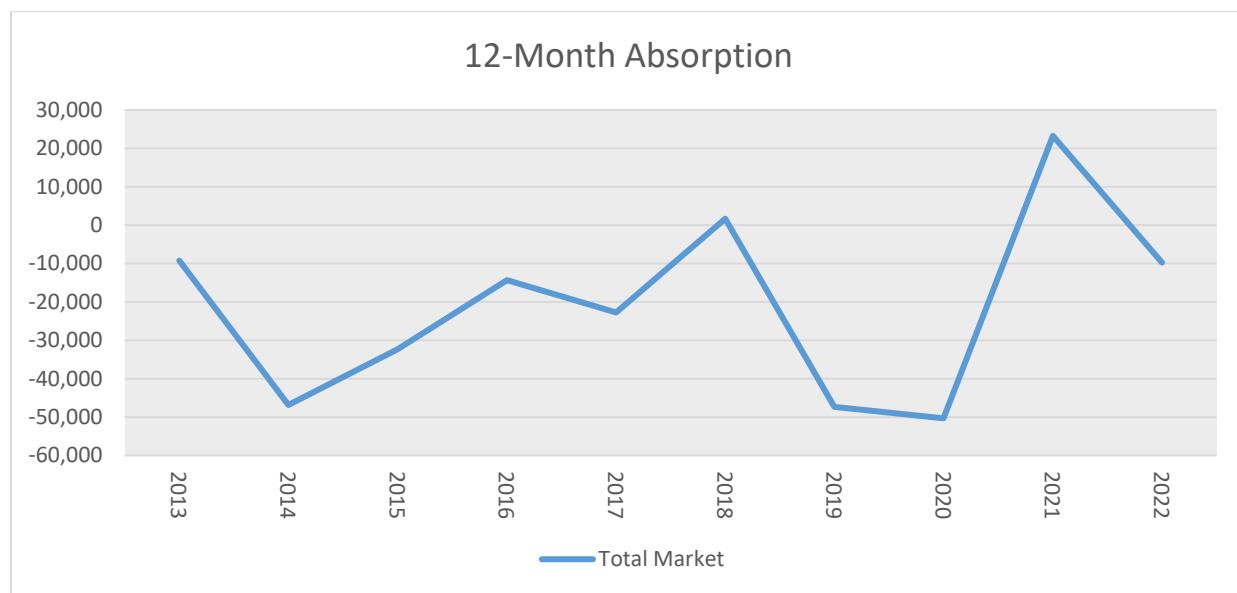
### KEY INDICATORS AT A GLANCE

	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	2.63%	2.78%	increased 15 Basis Points
Absorption (SF)	11,875	-3,900	decreased 15,775 SF
Quoted Rental Rates (\$/SF/Year)	\$114.51	\$114.82	increased \$0.31 PSF
Inventory (SF)	2,545,827	2,545,827	no change SF
Net Deliveries (SF)	0	0	no change SF
Under Construction (SF)	0	0	no change SF

### GRAMERCY PARK RETAIL MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2023 Q3	2,545,827	2.78%	-3,900	0	0	\$114.82
2023 Q2	2,545,827	2.63%	11,875	0	0	\$114.51
2023 Q1	2,545,827	3.09%	9,261	0	0	\$114.08
2022 Q4	2,545,827	3.46%	-19,490	0	0	\$114.06
2022	2,545,827	3.46%	-9,712	0	0	\$114.06
2021	2,545,827	3.08%	23,253	-10,620	0	\$111.61
2020	2,556,447	4.39%	-50,320	-16,547	0	\$109.29
2019	2,572,994	3.05%	-47,296	0	0	\$109.23
2018	2,572,994	1.21%	1,688	-16,742	0	\$106.44
2017	2,589,736	1.91%	-22,712	0	0	\$104.75
2016	2,589,736	1.04%	-14,357	-11,389	0	\$102.40
2015	2,601,125	0.93%	-32,296	-27,983	0	\$99.83
2014	2,629,108	0.76%	-46,845	-54,333	0	\$95.98

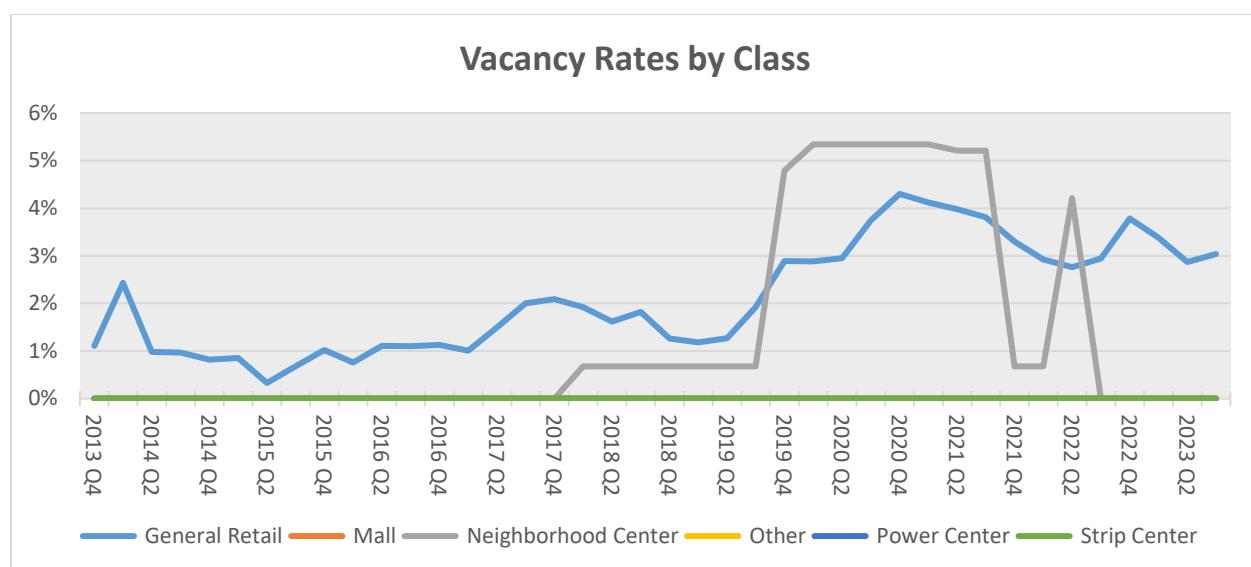
The Gramercy Park Retail market ended the third quarter with a vacancy rate of 2.78%. The vacancy rate increased over the previous quarter, with net absorption totaling -3,900 square feet in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$114.82. A total of 0 square feet was delivered to the market, with 0 square feet still under construction at the end of the quarter.

**ABSORPTION**

Net absorption for the overall Gramercy Park Retail market was -3,900 square feet in the third quarter 2023. That compares to 11,875 square feet in the second quarter 2023, 9,261 square feet in the first quarter 2023, and -19,490 square feet in the fourth quarter 2022. Net absorption in the market over the prior 12 months totaled -2,254 square feet.

The Neighborhood Center subtype Retail market recorded net absorption of 0 square feet in the third quarter 2023, compared to 0 square feet in the second quarter 2023, 0 square feet in the first quarter 2023, and 0 square feet in the fourth quarter 2022.

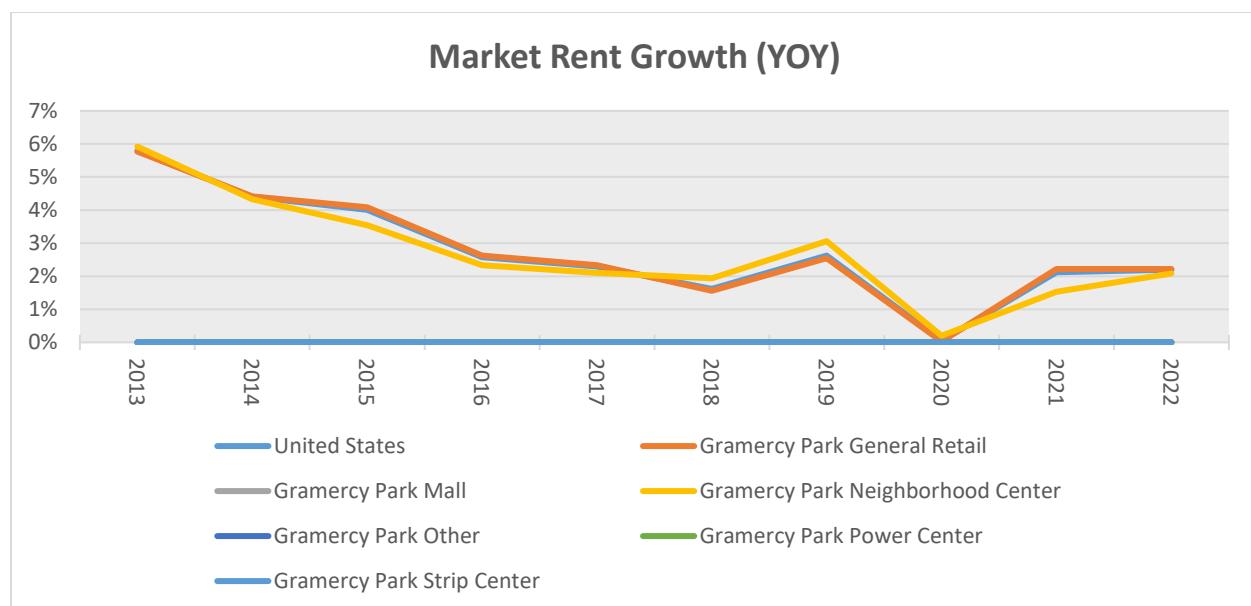
General Retail recorded net absorption of -3,900 square feet in the third quarter 2023, compared to 11,875 square feet in the second quarter 2023, 9,261 square feet in the first quarter 2023, and -19,490 square feet in the fourth quarter 2022.

**VACANCY**

Vacancy for the overall Gramercy Park Retail market increased to 2.78% in the third quarter 2023. That compares to 2.63% in the second quarter 2023, 3.09% in the first quarter 2023, and 3.46% in the fourth quarter 2022.

Neighborhood Center subtype projects reported a vacancy rate of 0.00% at the end of the third quarter 2023, 0.00% at the end of the second quarter 2023, 0.00% at the end of the first quarter 2023, and 0.00% at the end of the fourth quarter 2022.

General Retail recorded vacancy of 3.04% in the third quarter 2023, compared to 2.87% in the second quarter 2023, 3.38% in the first quarter 2023, and 3.78% in the fourth quarter 2022.

**RENTAL RATES**

The rental rates shown below are per square foot per year on a NNN basis.

The average asking rental rate for available Retail space, all classes, was \$114.82 psf at the end of the third quarter 2023 in the Gramercy Park market area. This represented a 0.3% increase in quoted rental rates from the end of the second quarter 2023, when rents were reported at \$114.51.

The average quoted rate within the Neighborhood Center subtype stood at \$199.96 at the end of the third quarter 2023, General Retail rates at \$106.98. At the end of the second quarter 2023, Neighborhood Center rates were \$199.27, General Retail rates were \$106.70.

### **INVENTORY & CONSTRUCTION**

During the third quarter 2023, a total of 0 square feet was completed in the Gramercy Park market area. This compares to a total of 0 square feet completed in the second quarter 2023, a total of 0 square feet completed in the first quarter 2023, and 0 square feet completed in the fourth quarter 2022.

There were 0 square feet of Retail space under construction at the end of the third quarter 2023.

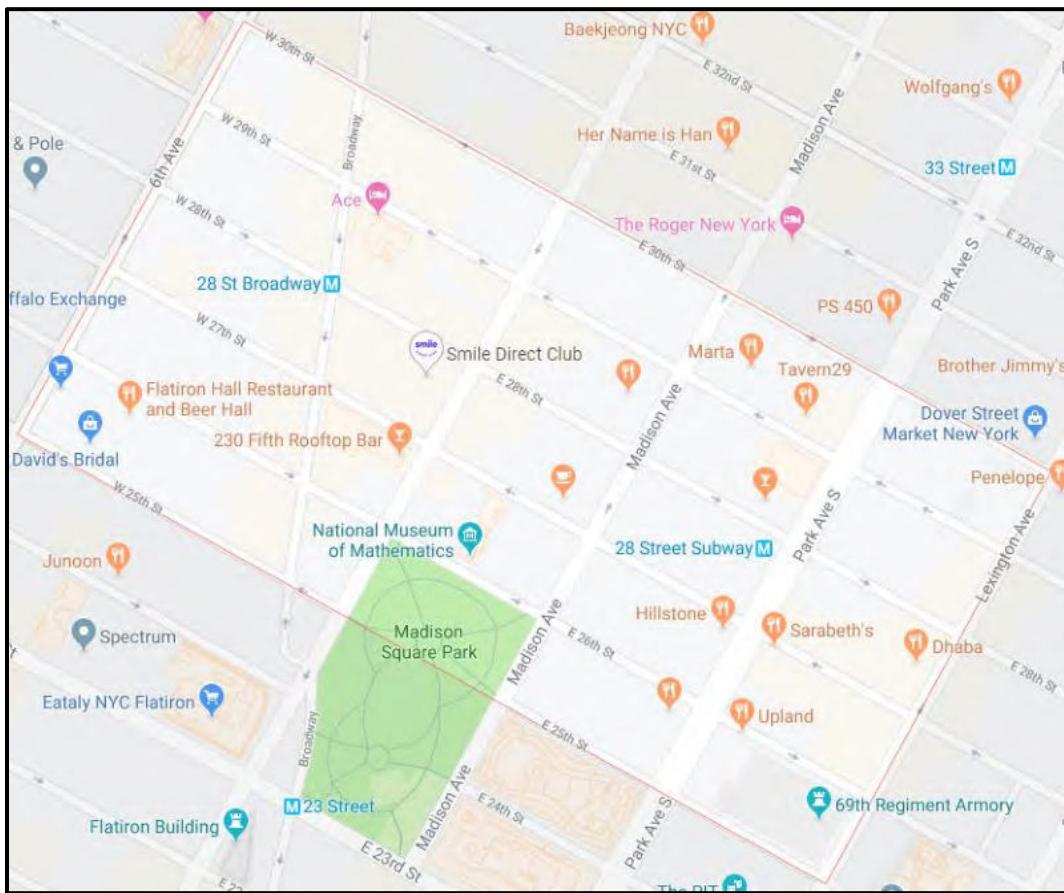
SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
Neighborhood Center	214,800	0	0
General Retail	2,331,027	0	0

### **GRAMERCY PARK MARKET OUTLOOK**

The Gramercy Park Retail market ended the third quarter 2023 with a vacancy rate of 2.78%. The vacancy rate increased over the previous quarter, with net absorption totaling -3,900 square feet in the third quarter 2023. Rental rates increased \$0.31 PSF over the previous quarter and ended at \$114.82. A total of 0 square feet was delivered in the quarter, with 0 square feet still under construction at the end of the quarter.

# NEIGHBORHOOD ANALYSIS

## LOCATION IDENTIFICATION:



## NEIGHBORHOOD DESCRIPTION

NoMad ("North of Madison Square Park"), also known as Madison Square North, is a neighborhood centered on the Madison Square North Historic District in the borough of Manhattan in New York City.

The name NoMad, which has been in use since 1999, is derived from the area's location north of Madison Square Park. The neighborhood is bordered by East 25th Street to the south, East 29th or East 30th Street to the north, Sixth Avenue (Avenue of the Americas) to the west and Madison or Lexington Avenue to the east. The surrounding neighborhoods are Chelsea to the west, Midtown South to the northwest, Murray Hill to the northeast, Rose Hill to the east, and the Flatiron District to the south. NoMad is part of Manhattan Community District 5.

NoMad is served by four New York City Subway stations. The 23rd Street and 28th Street stations on the BMT Broadway Line offer service on the N, Q, R, and W trains at Broadway. The 23rd Street and 28th Street stations of the IRT Lexington Avenue Line are both located on Park Avenue South, offering service on the 6 trains.

The area is served by New York City Bus routes M1, M2 and M3 on Park and Madison Avenues (northbound) and Fifth Avenues (southbound). M55 service also runs southbound on Fifth Avenue, while northbound M55 and M7 service runs on nearby Sixth Avenue. The M101, M102, M103 routes run on Third and Lexington Avenues, northbound and southbound, respectively. There is also M23 SBS crosstown bus service on 23rd Street.

## CULTURE

The neighborhood was once the home of Delmonico's, New York elite society's favorite restaurant and the birthplace of Lobster Newburg. Today it has numerous restaurants serving a wide range of cuisines, including San Rocco, Hill Country Barbecue, Bamiyan Afghan Restaurant, Antique Cafe, SD26, A Voce, Country, Ben & Jack's Steakhouse and Illi. Eataly, a 44,000-square-foot Italian food market comprising Italian restaurants, cafes and wine and food shops opened in Summer 2010.

NoMad is home to the Museum of Sex, the New York Comedy Club and Tada! Youth Theater and is also a center for antique galleries and one of the city's largest collections of weekend flea markets. Nightspots and clubs include the Breslin Lobby Bar, Jay-Z's 40/40, the rooftop bar at 230 Fifth Avenue, Gstaad, Hillstone's, and the Park Avenue Country Club. The noted Rizzoli Bookstore announced in September 2014 it will be reopening its New York City flagship in NoMad.

## SPECIFIC SUBJECT LOCATION

The following table reflects significant locations in the subject's area:

DISTANCE TO SUPPORTIVE USES / ACCESS			
Type	Distance	Direction	
<b>Interstate/Freeways</b>			
FDR Drive	1.1 miles	E	
Queens Midtown Tunnel	1.2 miles	E	
<b>Transportation Centers</b>			
Grand Central Station	0.8 miles	NE	
LaGuardia Airport	6.3 miles	E	
<b>Shopping Facilities</b>			
Rockefeller Center Mall	1.1 miles	NE	
The Shops at Columbus Circle	1.7 miles	N	
<b>Education Centers</b>			
New York University	1.1 miles	SW	
Columbia University	4.5 miles	N	
<b>Landmarks / Other</b>			
Empire State Building	0.3 miles	N	
Madison Square Garden	0.5 miles	NW	

# Manhattan Community District 5

 See MN 5's profile online at  
communityprofiles.planning.nyc.gov

Neighborhoods<sup>1</sup>: Flatiron, Gramercy Park, Herald Square, Midtown, Midtown South, Murray Hill, Times Square, Union Square

POPULATION & DENSITY		
2000 <sup>2</sup>	2010 <sup>3</sup>	2000-2010
44,028	51,673	+17%
2013-2017 Estimate <sup>4</sup>		N/A
Square Miles		1.6
Population Density		32,296/sq mi



**COMMUNITY BOARD PERSPECTIVES**

Top 3 pressing issues identified by Manhattan Community Board 5 in 2019:

1. Traffic
2. Trash removal & cleanliness
3. Homelessness

To learn more, please read Manhattan CD 5's Statements of Community District Needs and Community Board Budget Requests for Fiscal Year 2021.

Website: [www.cb5.org](http://www.cb5.org)  
Email: [office@cb5.org](mailto:office@cb5.org)

Land Use Category	# Lots	% Lot Area
1 & 2 Family Bldgs	15	0%
Multifamily Walk-up	77	1%
Multifamily Elevator	187	5%
Mixed Use	769	14%
Commercial	1,641	66%
Industrial	15	0%
Transportation/Utility	22	3%
Public/Institutional	113	7%
Open Space	6	2%
Parking	39	1%
Vacant	88	1%
Other	8	0%

## A Snapshot of Key Community Indicators

COMMUNITY ASSETS <sup>5</sup>	
Public Schools	15
Public Libraries	7
Hospitals and Clinics	17
Parks	10
Click to visit the NYC Facilities Explorer	

RENT BURDEN <sup>6, 7</sup>	
Manhattan CD 5	34%
of households spend 35% or more of their income on rent	
Manhattan	37%
NYC	45%

ACCESS TO PARKS <sup>7</sup>	
Manhattan CD 5	95%
of residents live within walking distance of a park or open space	
Citywide Target	85%

MEAN COMMUTE TO WORK <sup>8, 9</sup>	
Manhattan CD 5	27 minutes
Manhattan	32 minutes
NYC	41 minutes

LIMITED ENGLISH PROFICIENCY <sup>10</sup>	
Manhattan CD 5	10%
of residents 5 years or older have limited English proficiency	
Manhattan	16%
NYC	23%

CRIME RATE <sup>11</sup>	
Manhattan CD 5	87.2
major felonies were reported per 1,000 residents in 2017	
Manhattan	15.7
NYC	11.8

EDUCATIONAL ATTAINMENT <sup>12, 13</sup>	
Manhattan CD 5	74%
of residents 25 years or older have earned a bachelor's degree or higher	
Manhattan	61%
NYC	37%

UNEMPLOYMENT <sup>14, 15</sup>	
Manhattan CD 5	3.7%
of the civilian labor force was unemployed on average from 2013 to 2017	
Manhattan	4.2%
NYC	4.9%

NYCgov POVERTY MEASURE <sup>16</sup>	
Manhattan CD 5	11%
of residents have incomes below the NYCgov poverty threshold. See the federal poverty rate here.	
Manhattan	14%
NYC	20%

1 Neighborhoods may be in multiple districts. Names and boundaries are not officially designated. <sup>2</sup>2000 US Census. <sup>3</sup>2010 US Census. <sup>4</sup>American Community Survey 2013-2017 5-Year Estimates, calculated for Public Use Microdata Areas (PUMAs). PUMAs are geographic aggregations of community districts. MN 5 shares PUMA 3807 with MN 4, and the ACS population estimate cannot be reliably disaggregated. <sup>5</sup>NYC Dept of City Planning Facilities Database (2019). <sup>6</sup>Differences of less than 3 percentage points are not statistically meaningful. <sup>7</sup>NYC Dept of Parks and Recreation (DPR) (2015). DPR considers walking distance to be 1/4 mile for parks less than 6 acres, and 1/2 mile for larger parks and pools. <sup>8</sup>Differences of less than 2 minutes are not statistically meaningful. <sup>9</sup>NYPD CompStat, Homicide Complaint Data (2018). <sup>10</sup>Differences of less than 2 percentage points are not statistically meaningful. <sup>11</sup>2013-2017 NYCgov Poverty Measure by PUMA. This metric from the Mayor's Office for Economic Opportunity accounts for NYC's high cost of housing, as well as other costs of living and anti-poverty benefits.

**Moody's ANALYTICS**

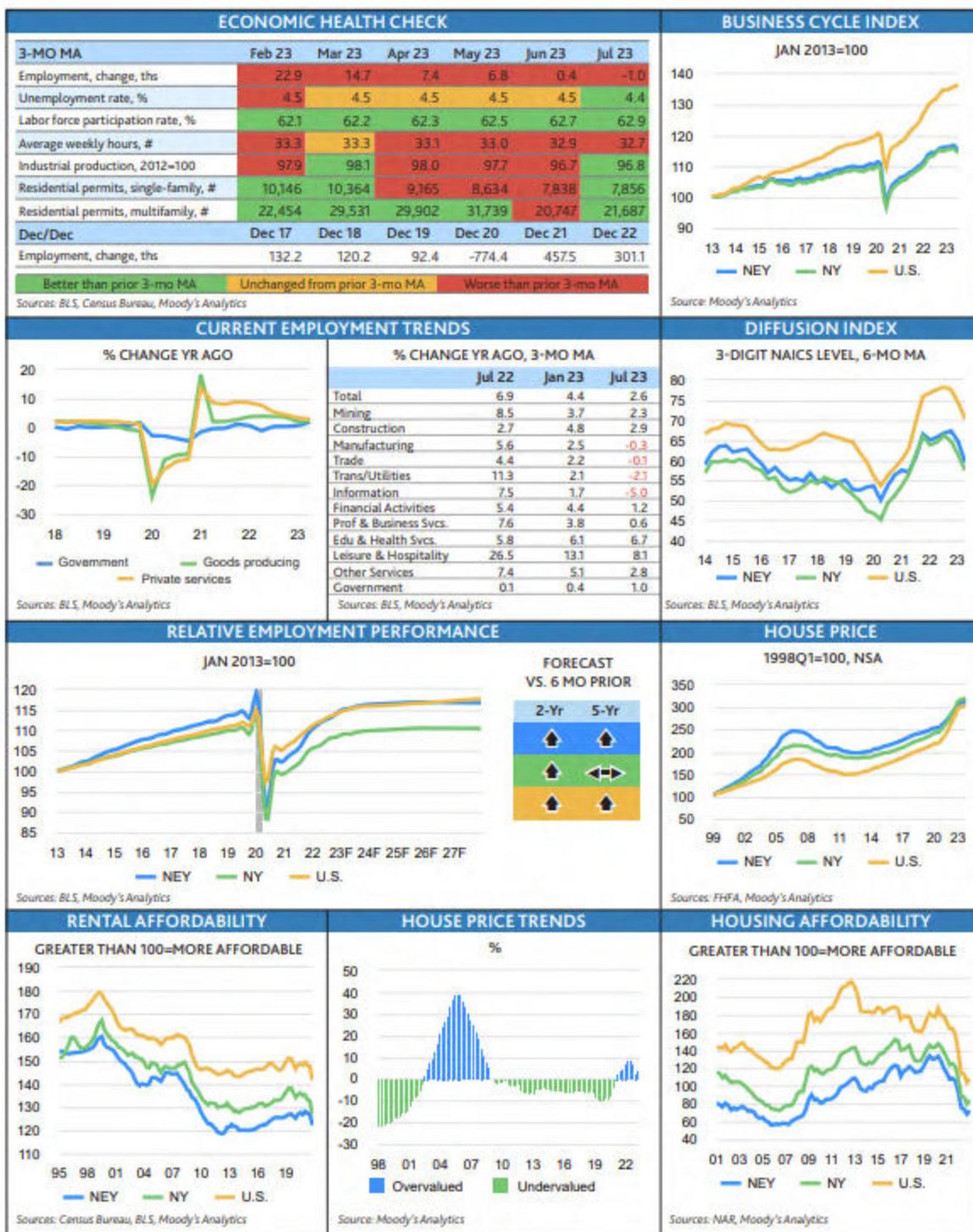
## NEW YORK-JERSEY CITY-WHITE PLAINS NY-NJ

Data Bullet® MSA code: IUSA\_DMNEY

<b>ECONOMIC DRIVERS</b>			<b>EMPLOYMENT GROWTH RANK</b>		<b>RELATIVE COSTS</b>		<b>VITALITY</b>		<b>QUALITY OF LIFE</b>			
 <b>FINANCIAL CENTER</b>  <b>TOURIST DESTINATION</b>  <b>MEDICAL CENTER</b>	<b>2022-2024</b> <b>122</b> 2nd quintile	<b>2022-2027</b> <b>225</b> 3rd quintile	<b>LIVING</b> <b>120%</b> U.S.=100%	<b>BUSINESS</b> <b>154%</b>	<b>RELATIVE</b> <b>0.33</b> Rank: 99	<b>RELATIVE</b> <b>0.33</b> Rank: 99	<b>QUALITY OF LIFE</b> <b>112</b> Best=1, Worst=378					
<b>BUSINESS CYCLE STATUS</b>			<b>ANALYSIS</b>									
			<p><b>Recent Performance.</b> New York City-Jersey City-White Plains is slumping. After growing every month since 2020 ended, payrolls declined in three of the past five months as of August. This is driven by a bloodletting in office-using industries since late spring, with finance and professional services falling sharply amid diminished in-person work. The unemployment rate has crept higher over the past year, and while inflation has moderated, NEY's once-sizeable advantage over the rest of the U.S. has vanished. Single-family house prices are rising again after a mild contraction, but the condo market is noticeably weaker on a year-over-year basis.</p> <p><b>Finance.</b> The pivotal securities industry will rebound, but long-term hurdles remain. Rapidly rising interest rates have crippled dealmaking for more than a year, weighing on bank profits. Wall Street bonuses were sharply lower this spring, since then, many firms have resorted to layoffs. Major employers such as Goldman Sachs, JPMorgan and Morgan Stanley have shed thousands of jobs over the past year, contributing to an overall decline in NEY's payrolls. Yet the picture should brighten soon, as interest rates have likely peaked. This will provide some stability, as will slow-but-steady growth in equity prices.</p> <p>Still, the longer-run outlook is hardly sanguine. The movement of banking jobs into less-expensive Sun Belt locales has intensified since the pandemic. As the nation's talent pool grows more diffuse across regions, it will prove difficult for NEY to compete with lower-cost economies in states such as Florida, North Carolina and Texas. This will suppress consumer spending and tax collections, affecting the long-term outlook.</p> <p><b>Tech.</b> NEY's tech sector will stabilize, albeit with residual scarring from the past year. A slew of layoffs since last fall has weighed on what had been New York City's most dynamic source of growth. But a diverse tech economy, with many jobs embedded in other industries such as finance</p> <p>or life sciences, prevented the type of decline seen in other hubs, including the Bay Area.</p> <p>While tech softness has hardly been crippling, the impact on the office market is noticeable; more than a third of space available for sublet comes from tech, according to Newmark Group. Major companies such as Meta are seeking to shed space in Manhattan, reversing earlier expansion plans. A robust pool of educated workers will find a floor under payrolls, but growth in tech will be more restrained in the coming years.</p> <p><b>Demographics.</b> Out-migration and a diminished daytime population will prove long-term drags. Increased out-migration since the pandemic has given way to a more gradual decline based on real-time data from Equifax, but there is no evidence that those who previously left NEY are returning in meaningful numbers. Instead, growth is being driven by a continued uptick in migration among young adults. This trend has supported the apartment market, although with many new movers earning lower salaries than their predecessors, trouble may lie ahead for NEY's surfeit of luxury properties. Combine the need to improve affordability with weekday transit usage and office occupancy that remain at about half of their pre-pandemic levels, and the potential conversion of offices to apartments remains a hot topic. This poses significant challenges, both bureaucratic and practical, but the recent launch of an office conversion accelerator suggests that city leaders will try to make it happen.</p> <p><b>New York City-Jersey City-White Plains</b> will emerge from its slump and resume growing at a modest clip. Finance and tech will steady in the short run as interest rates stabilize. But the longer-term outlook is darker, as persistently high costs drive out-migration and reduced daytime populations upend real estate.</p>									
<b>STRENGTHS &amp; WEAKNESSES</b>			<b>RISK EXPOSURE</b> <b>2023-2028</b> <b>391</b> 5th quintile <small>Most=1 Least=403</small>									
<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>Financial capital of the world.</li> <li>High per capita income and limited exposure to manufacturing.</li> <li>Strong international immigration.</li> </ul> <p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>High costs, including taxes, housing, office rents and energy.</li> <li>Rapidly aging infrastructure.</li> <li>Troubled fiscal health made worse by population losses.</li> </ul>			<p><b>UPSIDE</b></p> <ul style="list-style-type: none"> <li>Return of international travelers and robust demand for in-person events drive rapid growth in consumer industries.</li> <li>New construction and office conversions improve housing affordability.</li> </ul> <p><b>DOWNSIDE</b></p> <ul style="list-style-type: none"> <li>Interest rates rise again, and equity market reaction drives more Wall Street layoffs.</li> <li>Permanent shift to remote work decimates Manhattan office market.</li> </ul>									
<b>MOODY'S RATING</b>			<b>1-866-275-3266</b> Adam Kamins August 2023 <a href="mailto:helpconomy@moody's.com">helpconomy@moody's.com</a>									
<b>Aa2</b> <b>CITY AS OF NOV 17, 2022</b>	<b>INDICATORS</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>					
1,095.8 1.4 7,007.6 1.8 4.4 6.6 69.1 14,807.3 0.5 -7.8 7,212 33,942	1,130.5 3.2 7,240.6 1.6 4.0 3.9 72.1 14,860.1 0.4 -31.6 6,989 32,008	1,166.7 3.2 6,513.7 1.7 3.7 3.8 74.9 14,903.0 0.3 -30.3 7,850 42,629	1,116.9 -4.3 -10.0 11.0 8.3 5.1 76.4 14,832.0 -0.5 -128.8 8,956 36,593	1,182.2 5.8 6,714.5 3.1 4.7 5.1 76.6 14,550.2 -1.9 -320.3 8,521 35,333	1,230.8 4.1 7,137.6 6.3 1.2 6.2 78.0 14,502.7 -0.3 -101.2 37,995	Gross metro product (C125 bil) % change Total employment (ths) % change Unemployment rate (%) Personal income growth (%) Median household income (\$ ths) Population (ths) % change Net migration (ths) Single-family permits (#) Multifamily permits (#) FHFA house price index (% change)	1,262.6 2.6 7,335.3 2.8 4.4 4.1 82.4 14,530.9 0.2 -33.0 8,311 28,430	1,275.9 1.1 7,387.9 0.7 4.3 4.7 85.5 14,551.0 0.1 -40.2 8,476 33,311	1,296.7 1.6 7,408.5 0.3 4.4 3.8 88.1 14,564.4 0.1 -45.2 9,873 31,573	1,324.9 2.2 7,412.1 0.0 4.5 3.9 91.1 14,572.9 0.1 -47.9 10,497 30,462	1,354.2 2.2 7,407.7 -0.1 4.5 3.7 94.1 14,577.6 0.0 -49.6 10,319 28,942	1,383.6 2.2 7,403.6 -0.1 4.5 3.6 97.1 14,577.8 0.0 -51.7 9,980 28,396
4.5 4.2 3.1 3.4 8.3 10.5												

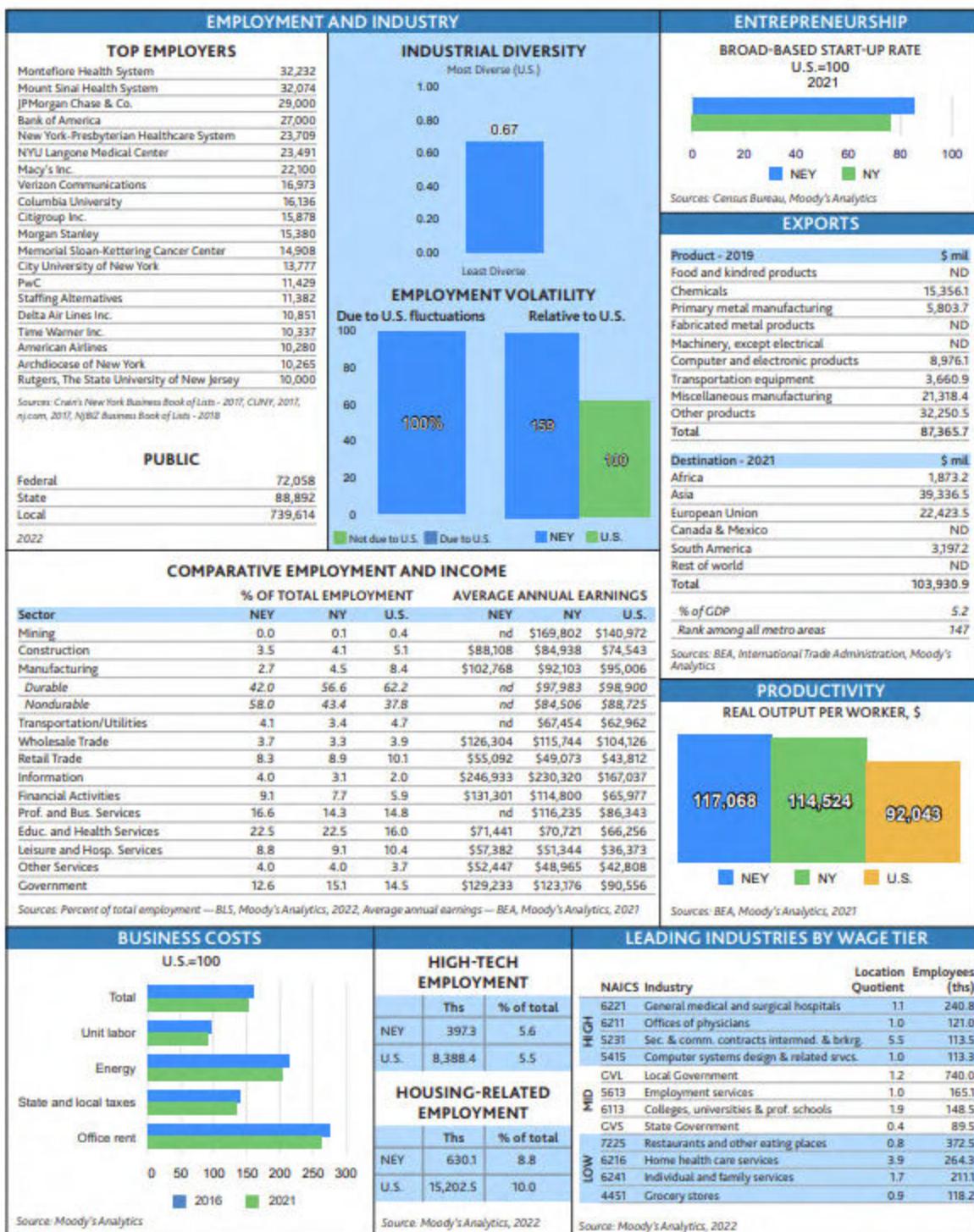
MOODY'S ANALYTICS / Précis® U.S. Metro / August 2023

## PRÉCIS® U.S. METRO • New York-Jersey City-White Plains NY-NJ

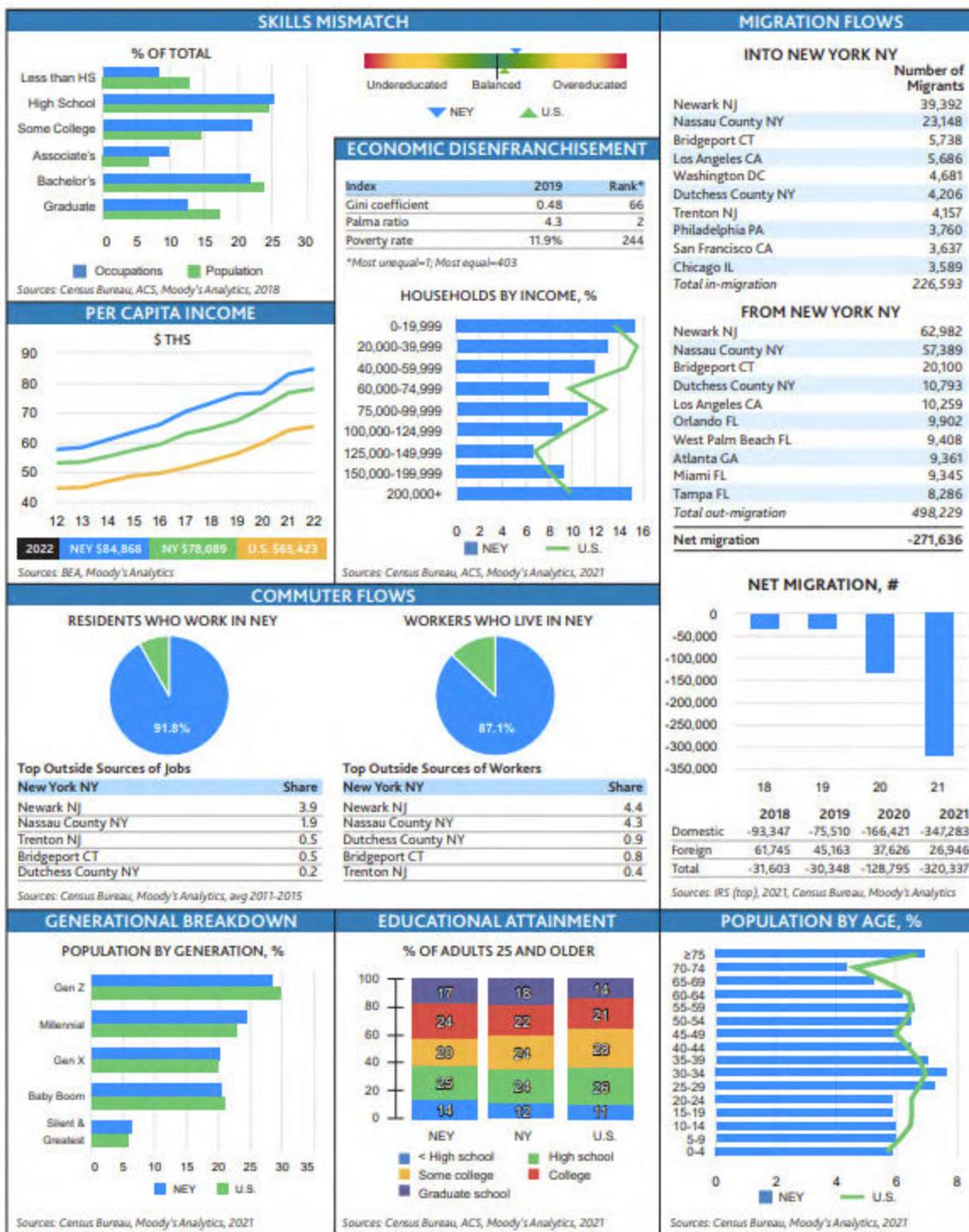


MOODY'S ANALYTICS / Précis® U.S. Metro / August 2023

## PRÉCIS® U.S. METRO • New York-Jersey City-White Plains NY-NJ

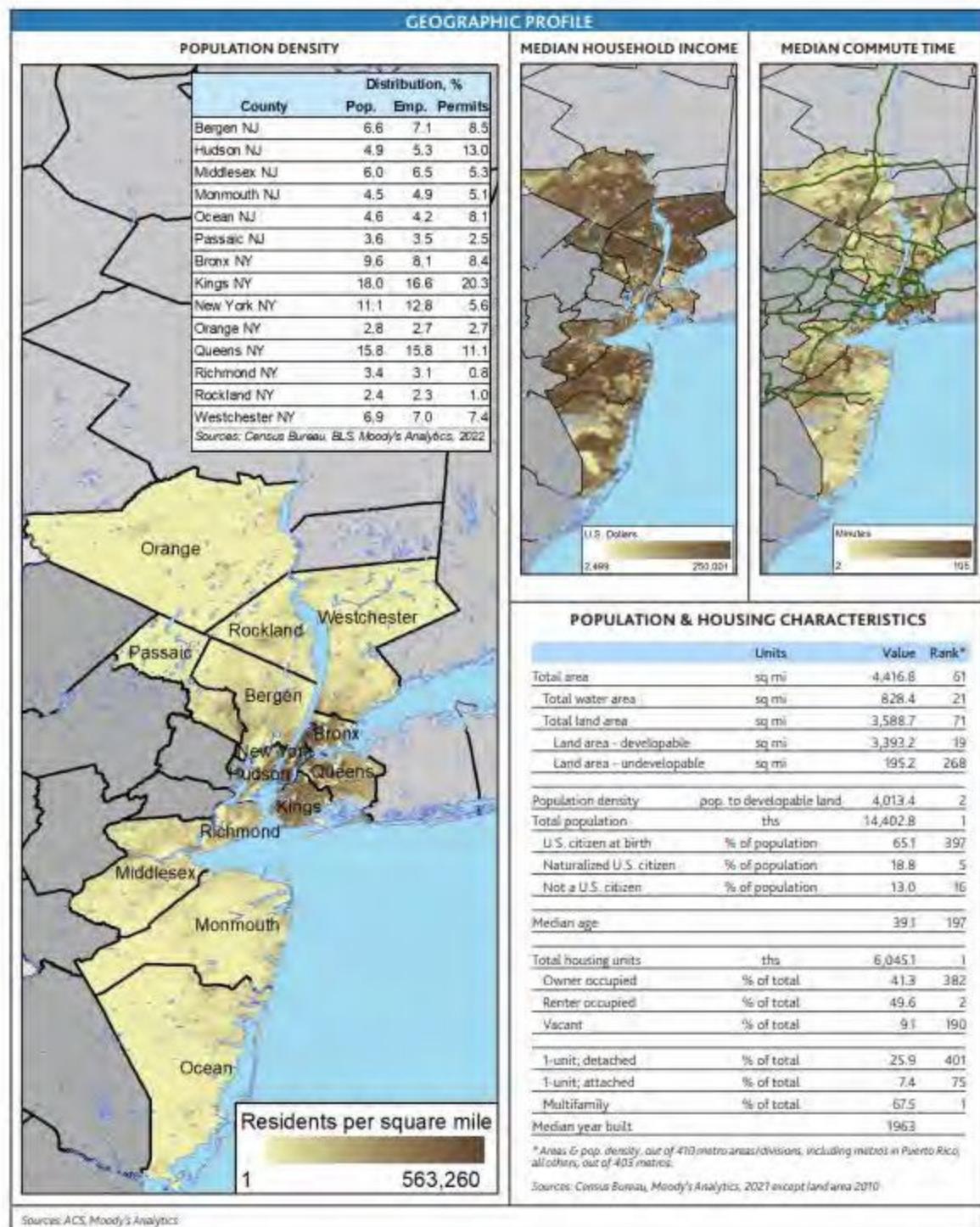


## PRÉCIS® U.S. METRO • New York-Jersey City-White Plains NY-NJ



MOODY'S ANALYTICS / Précis® U.S. Metro / August 2023

## PRÉCIS® U.S. METRO • New York-Jersey City-White Plains NY-NJ



MOODY'S ANALYTICS / PRECIS U.S. METRO / AUGUST 2022

## DEMOGRAPHIC OVERVIEW

The following demographic profile, assembled by Environics Analytics, a nationally recognized compiler of demographic data, reflects the subject's zip code (10016) and market (New York County). The area is projected to have a 2023 population of 58,291 in 32,775 household units. The current projections, as forecasted by Environics Analytics, are as follows:

### UNIVERSE TOTALS

Description	10016			New York County		
	2024 Estimate	% Change 2020-2024	% Change 2024-2029	2024 Estimate	% Change 2020-2024	% Change 2024-2029
<b>Universe Totals</b>						
Population	58,291	-5.28%	-0.43%	1,605,293	-5.25%	-0.40%
Households	32,775	-5.75%	-0.67%	774,203	-5.33%	-0.30%
Families	8,366	22.71%	-0.62%	312,184	10.76%	-0.34%
Housing Units	39,358			903,678		

### HOUSEHOLD INCOME

The estimated average household income is \$195,286, while the median income is \$131,175. Approximately 13.1% of households have an income of less than \$25,000, while 45.0% of the households earn over \$150,000 per year.

Description	HOUSEHOLDS BY HOUSEHOLD INCOME			
	10016	% of Total	New York County	% of Total
2024 Est. Households by Household Income	32,775		774,203	
Income < \$15,000	2,920	8.9%	106,472	13.8%
Income \$15,000 - \$24,999	1,375	4.2%	50,939	6.6%
Income \$25,000 - \$34,999	1,426	4.4%	43,488	5.6%
Income \$35,000 - \$49,999	1,352	4.1%	54,707	7.1%
Income \$50,000 - \$74,999	2,258	6.9%	83,421	10.8%
Income \$75,000 - \$99,999	3,175	9.7%	73,519	9.5%
Income \$100,000 - \$124,999	3,258	9.9%	59,351	7.7%
Income \$125,000 - \$149,999	2,262	6.9%	44,862	5.8%
Income \$150,000 - \$199,999	3,964	12.1%	66,533	8.6%
Income \$200,000 - \$249,999	2,215	6.8%	35,249	4.6%
Income \$250,000 - \$499,999	3,937	12.0%	69,568	9.0%
Income \$500,000+	4,633	14.1%	86,094	11.1%
2024 Est. Average Household Income	\$195,286		\$157,467	
2024 Est. Median Household Income	\$131,175		\$90,851	

### POPULATION CHARACTERISTICS

The neighborhood has an average age of 39 and a median age near 34. 21.57% of the area population is aged 54 and over, while 8.90% is younger than 18 years old.

**AGE CHARACTERISTICS**

Description	2024 EST. POPULATION BY AGE			
	10016	% of Total	New York County	% of Total
Age 0-17	5,183	8.90%	219,010	13.65%
Age 18-34	25,996	44.60%	501,875	31.26%
Age 35-54	14,539	24.95%	425,548	26.51%
54 and above	12,573	21.57%	458,860	28.59%
2024 Est. Median Age	34		38	
2024 Est. Average Age	39		42	

In terms of household size, 52.0% of households are single persons, 33.6% have two persons, and 8.9% have 3 persons. Only 1.3% of households have five or more.

**HOUSEHOLDS BY SIZE**

Description	2024 EST. HOUSEHOLDS BY HOUSEHOLD SIZE			
	10016	% of Total	New York County	% of Total
1-person	17,043	52.0%	346,939	44.8%
2-person	11,018	33.6%	244,239	31.6%
3-person	2,921	8.9%	91,535	11.8%
4-person	1,365	4.2%	58,561	7.6%
5-person	304	0.9%	20,474	2.7%
6-person	84	0.3%	7,456	1.0%
7-or-more-person	40	0.1%	4,999	0.7%

**EDUCATIONAL ATTAINMENT**

The population is relatively well educated. 3.1% have not earned a high school diploma in contrast to 43.39% with a bachelor's degree and 39.0% with advanced degrees.

Description	EDUCATIONAL ATTAINMENT			
	10016	% of Total	New York County	% of Total
2024 Est. Pop Age 25+ by Edu. Attainment	47,420		1,254,601	
Less than 9th grade	734	1.55%	77,253	6.16%
Some High School, no diploma	741	1.56%	63,702	5.08%
High School Graduate (or GED)	2,186	4.61%	156,080	12.44%
Some College, no degree	3,477	7.33%	129,479	10.32%
Associate Degree	1,209	2.55%	48,073	3.83%
Bachelor's Degree	20,574	43.39%	407,412	32.47%
Master's Degree	11,247	23.72%	231,981	18.49%
Professional School Degree	5,200	10.97%	95,512	7.61%
Doctorate Degree	2,052	4.33%	45,109	3.60%

**EMPLOYMENT DYNAMICS**

According to Environics Analytics, 91.31% of workers are characterized as "white collar," while 2.56% are engaged in "blue collar" activities. 6.14% of the employed population works in the service and farm sectors. Within these broad categories, the largest employment sectors in the city are Business/Financial Operations (20.8%), Management (19.5%), and Sales/Related (9.2%).

**OCCUPATION CLASSIFICATION**

Description	OCCUPATION CLASSIFICATION			
	10016	% of Total	New York County	% of Total
2024 Est. Pop 16+ by Occupation Classification	39,766		889,049	
White Collar	36,309	91.31%	715,640	80.50%
Blue Collar	1,017	2.56%	54,269	6.10%
Service and Farm	2,440	6.14%	119,140	13.40%

**OCCUPATION BREAKDOWN**

Description	OCCUPATION			
	10016	% of Total	New York County	% of Total
2024 Est. Civ. Employed Pop 16+ by Occupation	39,766		889,049	
Architect/Engineer	342	0.86%	13,184	1.48%
Arts/Entertainment/Sports	2,567	6.46%	62,029	6.98%
Building Grounds Maintenance	143	0.36%	21,925	2.47%
Business/Financial Operations	8,259	20.77%	98,334	11.06%
Community/Social Services	463	1.16%	15,892	1.79%
Computer/Mathematical	2,962	7.45%	44,560	5.01%
Construction/Extraction	343	0.86%	11,280	1.27%
Education/Training/Library	1,503	3.78%	61,278	6.89%
Farming/Fishing/Forestry	2	0.01%	349	0.04%
Food Prep/Serving	599	1.51%	30,014	3.38%
Health Practitioner/Technician	3,198	8.04%	52,021	5.85%
Healthcare Support	519	1.31%	27,519	3.10%
Maintenance Repair	34	0.09%	4,666	0.52%
Legal	1,913	4.81%	39,212	4.41%
Life/Physical/Social Science	849	2.13%	20,543	2.31%
Management	7,755	19.50%	152,841	17.19%
Office/Admin. Support	2,856	7.18%	71,991	8.10%
Production	313	0.79%	9,424	1.06%
Protective Services	414	1.04%	12,486	1.40%
Sales/Related	3,642	9.16%	83,755	9.42%
Personal Care/Service	763	1.92%	26,847	3.02%
Transportation/Moving	327	0.82%	28,899	3.25%

**TRANSIT DYNAMICS**

There are good links to employment centers via public transport and the local highway network. Based on its urban location, roughly 4.81% of the employed drove alone to work. Given strong public transit service, 26.38% traveled by public transportation. The average travel time is roughly 27 minutes. Within this, roughly 19.5% of workers travel less than 15 minutes, while 66% live within 30 minutes of their jobs. The remaining workers travel in excess of a half hour. 5.9% work an hour or more away from home.

**TRANSPORTATION TO WORK**

TRANSPORTATION TO WORK				
Description	10016	% of Total	New York County	% of Total
2024 Est. Workers Age 16+ by Transp. to Work	39,510		871,839	
Drove Alone	1,902	4.81%	49,151	5.64%
Car Pooled	248	0.63%	13,554	1.55%
Public Transportation	10,423	26.38%	370,355	42.48%
Walked	13,453	34.05%	152,110	17.45%
Bicycle	1,102	2.79%	21,407	2.46%
Other Means	1,118	2.83%	27,582	3.16%
Worked at Home	11,264	28.51%	237,680	27.26%

**TRAVEL TIME TO WORK**

TRAVEL TIME TO WORK				
Description	10016	% of Total	New York County	% of Total
2024 Est. Workers Age 16+ by Travel Time to Work	32,385		724,612	
Less than 15 Minutes	6,301	19.5%	95,659	13.2%
15 - 29 Minutes	14,990	46.3%	230,542	31.8%
30 - 44 Minutes	7,351	22.7%	231,884	32.0%
45 - 59 Minutes	1,819	5.6%	84,177	11.6%
60 or more Minutes	1,924	5.9%	82,350	11.4%
2024 Est. Avg Travel Time to Work in Minutes	27		35	

**HOUSING DYNAMICS**

Housing units are mostly renter occupied (75.66%), with 24.34% owner occupied. Reflecting this dynamic, the distribution of housing units is skewed towards single unit and two- to four-unit homes which makes up 4.2% of the total.

**TENURE OF OCCUPIED HOUSING UNITS**

OCCUPIED HOUSING UNITS BY TENURE				
Description	10016	% of Total	New York County	% of Total
2024 Est. Occupied Housing Units by Tenure	32,775		774,203	
Owner Occupied	7,976	24.34%	180,189	23.27%
Renter Occupied	24,799	75.66%	594,014	76.73%

**HOUSING BY UNITS IN STRUCTURE**

HOUSING UNITS BY UNITS IN STRUCTURE				
Description	10016	% of Total	New York County	% of Total
2024 Est. Housing Units by Units in Structure	39,358		903,678	
1 Unit Attached	505	1.28%	10,734	1.19%
1 Unit Detached	131	0.33%	6,819	0.75%
2 Units	127	0.32%	7,914	0.88%
3 or 4 Units	906	2.30%	19,194	2.12%
5 to 19 Units	4,020	10.21%	146,735	16.24%
20 to 49 Units	4,614	11.72%	198,243	21.94%
50 or More Units	29,033	73.77%	512,751	56.74%
Mobile Home or Trailer	0	0.00%	693	0.08%
Boat, RV, Van, etc.	22	0.06%	595	0.07%

New development in the neighborhood represents 0.72% of the total stock added in this period. Given the overwhelming presence of older housing stock, the median year built is 1966.

#### HOUSING BY YEAR STRUCTURE BUILT

HOUSING UNITS BY YEAR STRUCTURE BUILT				
Description	10016	% of Total	New York County	% of Total
2024 Est. Housing Units by Year Structure Built	39,358		903,678	
Built 2020 or Later	285	0.72%	9,197	1.02%
Built 2010 to 2019	2,230	5.67%	42,208	4.67%
Built 2000 to 2009	2,335	5.93%	59,839	6.62%
Built 1990 to 1999	2,287	5.81%	34,023	3.76%
Built 1980 to 1989	6,858	17.42%	58,547	6.48%
Built 1970 to 1979	3,517	8.94%	68,567	7.59%
Built 1960 to 1969	6,300	16.01%	117,757	13.03%
Built 1950 to 1959	3,508	8.91%	82,442	9.12%
Built 1940 to 1949	1,410	3.58%	57,384	6.35%
Built 1939 or Earlier	10,628	27.00%	373,714	41.35%

The median owner-occupied home value is \$1,052,549, with 52.8% of homes valued at \$1,000,000 or more.

#### OWNER OCCUPIED HOUSING VALUES

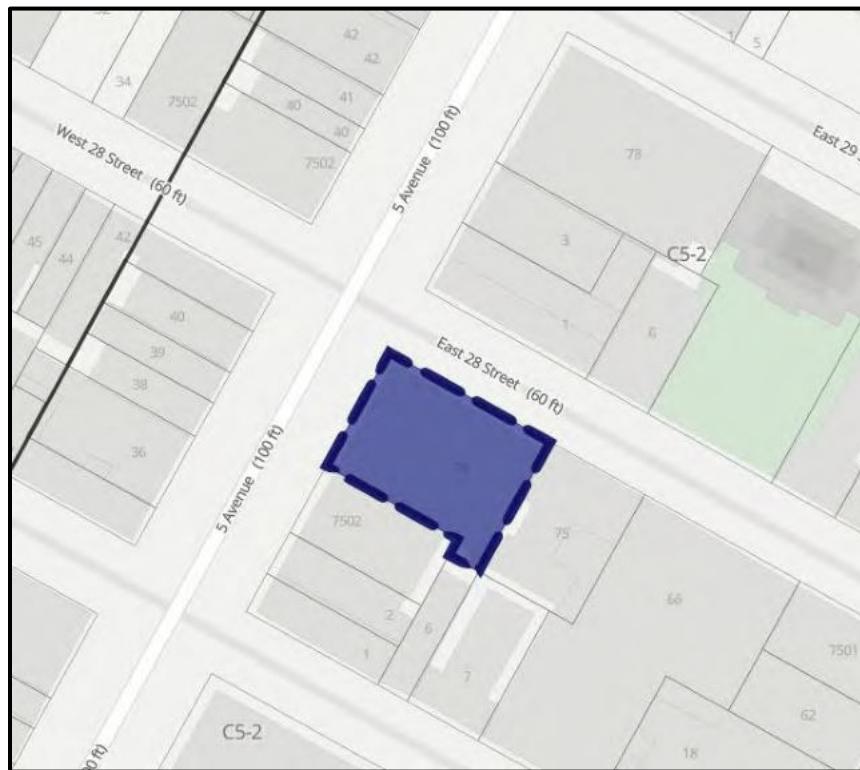
OWNER-OCCUPIED HOUSING UNITS BY VALUE				
Description	10016	% of Total	New York County	% of Total
2024 Est. Owner-Occupied Housing Units by Value	7,976		180,189	
Value Less than \$20,000	42	0.53%	2,150	1.19%
Value \$20,000 - \$39,999	0	0.00%	1,368	0.76%
Value \$40,000 - \$59,999	1	0.01%	1,588	0.88%
Value \$60,000 - \$79,999	3	0.04%	762	0.42%
Value \$80,000 - \$99,999	13	0.16%	528	0.29%
Value \$100,000 - \$149,999	19	0.24%	2,299	1.28%
Value \$150,000 - \$199,999	31	0.39%	960	0.53%
Value \$200,000 - \$299,999	153	1.92%	2,651	1.47%
Value \$300,000 - \$399,999	360	4.51%	4,803	2.67%
Value \$400,000 - \$499,999	537	6.73%	6,330	3.51%
Value \$500,000 - \$749,999	1,435	17.99%	24,787	13.76%
Value \$750,000 - \$999,999	1,171	14.68%	27,364	15.19%
Value \$1,000,000 - \$1,499,999	1,786	22.39%	33,225	18.44%
Value \$1,500,000 - \$1,999,999	1,017	12.75%	18,678	10.37%
Value \$2,000,000 or more	1,408	17.65%	52,696	29.24%
2024 Est. Median All Owner-Occupied Housing Value	\$1,052,549		\$1,180,153	

# SITE DESCRIPTION

## GENERAL SITE DESCRIPTION OVERVIEW

<b>Location</b>	The subject property is located on the southeast corner of 5th Avenue and 28th Street in Manhattan, New York.		
<b>Parcel Number</b>	1008570076		
<b>Legal Description</b>	Block 857   Lot 76		
<b>Site Area</b>	11,100 square feet (0.25 acres)		
<b>Configuration</b>	Generally Rectangular		
<b>Topography</b>	Generally level		
<b>Drainage</b>	Appears adequate		
<b>Utilities/Municipal Services</b>	All available to site.		
<b>Floodplain</b>	<b>Zone</b>	<b>Map</b>	<b>Date</b>
	Zone X (Unshaded)	3604970201F	September 5, 2007
	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.		
<b>Census Tract No.</b>	0056.00		
<b>Soil/Subsoil Conditions</b>	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.		
<b>Environmental Concerns</b>	No unusual conditions observed. No studies provided. Site is assumed to be free of any environmental concerns.		
<b>Land Use Restrictions</b>	A title report was not provided, however, we are unaware of any detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.		
<b>Hazards/Nuisances</b>	None noted.		
<b>Frontage</b>	125' East 28th Street, 86.83' 5th Avenue		
<b>Access</b>	The subject contains one retail entrance and one office entrance on Madison Avenue.		

## ZONING SUMMARY



### ZONING

<b>Designation</b>	C5-2
<b>Description</b>	Commercial
<b>Zoning Intent</b>	C5 is a central commercial district with continuous retail frontage intended for offices and retail establishments that serve the entire metropolitan region. Famous shopping streets, such as Fifth Avenue, Madison Avenue and East 57th Street are C5 districts. Parts of Lower Manhattan, Downtown Brooklyn and Long Island City are also within C5 districts.
	The maximum commercial floor area ratio (FAR) ranges from 4.0 to 15.0, and the maximum residential FAR is 10.0. Floor area may be increased by a bonus for a public plaza or Inclusionary Housing.
<b>Compliance</b>	The subject is a legal conforming use in this zoning district.

Restricted Commercial District						
C5	C5-1	C5-2	C5-3 C5-5	C5-4	C5-1A	C5-2A
<b>Commercial FAR</b>	4.0	10.0	15.0	10.0	4.0	10.0
<b>Residential District Equivalent</b>	R10	R10	R10	R10		R10A
<b>Required Accessory Parking PRC-B</b>			None			
<b>Permitted Sign Regulations (surface area)</b>	3 X street frontage (200 sf total)	3 X street frontage (200 sf total)	3 X street frontage (200 sf total)	5 X street frontage (500 sf total)	3 X street frontage (200 sf total)	

## CONFORMITY

We note that the subject conforms in terms of use, as offices are listed as an allowable use category in this district.

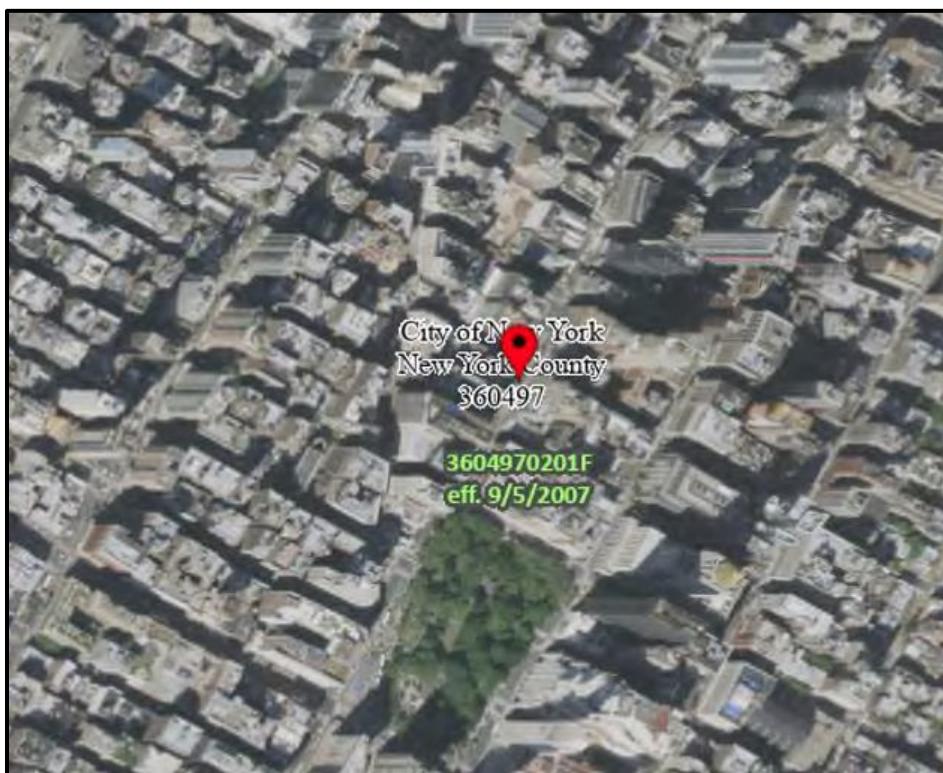
**Conclusion:** The subject property appears to be a legal conforming building with pre-existing non-compliant bulk with an FAR of 23.3.

### Notes:

It should be noted that zoning ordinances are complex and often require the assistance of an architect or zoning lawyer. For a more definitive interpretation of the Zoning Resolution, one of these sources should be consulted.

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

## FLOOD MAP



### Conclusion:

According to the Federal Emergency Management Agency, the subject is located on flood panel number 3604970201F, which has an effective date of 5-Sep-2007. The subject is reported to be located within Flood Insurance Zone X (Unshaded), which is not located in the 100-year flood plain.

The subject site benefits from good location characteristics for office with grade level retail uses. There are no known factors which could prevent the site from being developed to its highest and best use, as if vacant, or adverse to the existing use of the site.

# IMPROVEMENTS DESCRIPTION

## GENERAL IMPROVEMENT DESCRIPTION OVERVIEW

<b>Address</b>	245 Fifth Avenue New York, New York 10016
<b>Property Description</b>	Office (Professional Office) Multi-Tenant Office and Retail Building
<b>Year Built</b>	1927
<b>Year Renovated</b>	2011
<b>Number of Buildings</b>	1
<b>Number of Stories</b>	24
<b>Building Construction Class</b>	Class B
<b>Net Rentable Area</b>	309,836 square feet
<b>Gross Building Area</b>	258,639 square feet
<b>Floor-Area Ratio</b>	23.30
<b>Elevator(s)</b>	The building contains a total of 2 freight and 12 passenger elevators
<b>Total Parking Spaces</b>	0
<b>Comments</b>	The subject's gross building area is 258,639± square feet above-grade. Based on the information provided and current leases, BBG has calculated the leasable area to be approximately 309,836± square feet which is 19.79% greater than the gross building area. Within Manhattan, "leasable" office area is generally not defined by "usable" area, rather it accounts for common area elements shared by tenants. Add-on factors within the market generally range 0 to 30% with some buildings having add-on factors up to 35% and most Class A and B office buildings having a total leasable area that is greater than the actual gross building area. Based on the foregoing, the subject property's leasable area conforms to market standards and is considered reasonable.

## CONSTRUCTION DETAIL

<b>General Layout</b>	The subject is a high-rise mixed-use building demised for multiple tenants
<b>Foundation</b>	Poured concrete slab
<b>Construction</b>	Framed with structural steel columns and beams supporting reinforced concrete slabs.
<b>Floor Structure</b>	Reinforced concrete slabs
<b>Exterior Walls</b>	Concrete block and masonry
<b>Roof Type</b>	Flat roofing system consisting of built-up assemblies
<b>Roof Cover</b>	Waterproof membrane
<b>Windows</b>	Aluminum and steel framed double hung thermopane windows

### INTERIOR DETAIL

<b>Interior Walls</b>	Drywall
<b>Ceilings</b>	Acoustic tile, drywall, and exposed ceilings
<b>Floor Coverings</b>	Carpet, tile, and marble flooring
<b>Lobby Finishes</b>	The lobby features marble floors and walls, decorative coved ceilings and is lit by decorative chandeliers. The lobby is attractive and in good condition.
<b>Office Finishes</b>	Upper floor finishes vary from tenant to tenant and include sealed concrete, hardwood, carpeted and tiled flooring, painted plaster, gypsum or glass partition walls, and acoustic tiled or exposed painted ceilings with hung lighting. Finishes were found to be in average to excellent condition.
<b>Common Hallways</b>	Finishes include sealed concrete and marble tiled floors, painted walls and painted sheetrock or acoustic tiled ceilings with recessed lighting. Finishes range and fall at the middle to upper end of the competitive range.
<b>Basement</b>	The basement contains retail space, as well as tenant and building storage and mechanicals.
<b>Retail Finishes</b>	Retail stores are finished according to the concept of each individual tenant. Finishes include carpeted, hardwood, or tiled floors, acoustic tiled or painted ceilings, and painted or wallpapered walls. Lighting is provided by decorative fluorescent and incandescent fixtures. Interiors are in good condition.
<b>Lighting</b>	Fluorescent and Incandescent
<b>Restrooms</b>	Tile flooring, vanity sinks, fluorescent panel lighting

### MECHANICAL DETAIL

<b>Heating</b>	The building contains one (1) boiler fired by #2 oil. Steam is distributed throughout the building by way of two pipe cast iron radiators which may be individually adjusted
<b>Cooling</b>	Air conditioning is provided at each tenant floor level by packaged, electric driven units that range in total capacity from 20 to 30 tons per tenant.
<b>Plumbing</b>	Assumed to code and adequate.
<b>Electrical</b>	Typical commercial service with 120/220 volt service.
<b>Fire Protection</b>	The building is fully sprinklered with a wet system and has a Class "E" system.

### SITE IMPROVEMENTS

<b>Parking Type</b>	None
<b>Landscaping</b>	None, the building covers the entire site

**SUMMARY**

<b>Building Condition</b>	Average We did not inspect the roof of the building(s) nor make a detailed inspection of the mechanical systems. We are not qualified to render an opinion as to the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical systems.
<b>Building Quality</b>	Average
<b>Design and Functionality</b>	Average
<b>Actual Age</b>	95 years
<b>Expected Economic Life</b>	60 years
<b>Effective Age</b>	20 years
<b>Remaining Economic Life</b>	40 years

# PROPERTY TAX ANALYSIS

## TAX MAP



## PROPERTY ASSESSMENT AND TAX DATA

The subject property is designated on the New York City tax maps as Block 857 | Lot 76. Increases in assessed value for residential and commercial properties are phased in over a five-year transitional period. The "Transitional" assessed value represents the phased-in, and the "Actual" assessed value represents the future or target assessment when the transitional or phase-in period is over. The taxes will be based on the lower of the transitional or actual assessed values.

### TAX RATES

The City of New York has four tax categories for real properties, of which the subject is **Class 4**. The following is a historical analysis of tax rates

Year	Class 1	Class 2	Class 3	Class 4
2009/2010	17.088	13.241	12.743	10.426
2010/2011	17.364	13.353	12.631	10.312
2011/2012	18.205	13.433	12.473	10.152
2012/2013	18.569	13.181	12.477	10.288
2013/2014	19.191	13.145	11.902	10.323
2014/2015	19.157	12.855	11.125	10.684
2015/2016	19.554	12.883	10.813	10.656
2016/2017	19.991	12.892	10.943	10.574
2017/2018	19.991	12.719	11.891	10.514
2018/2019	20.919	12.612	12.093	10.514
2019/2020	21.167	12.473	12.536	10.537
2020/2021	21.045	12.267	12.826	10.694
2021/2022	19.963	12.235	12.289	10.755
2022/2023	20.309	12.267	12.755	10.646
2023/2024	20.085	12.502	12.094	10.592

The city's tax year runs on a fiscal year from July to June. Properties in New York City are assessed every year. Increases in assessed value for commercial properties are phased in over a five-year transitional period. The "Transitional" assessed value represents the phase-in, and the "Actual" assessed value represents the future or target assessment when the transitional or phase-in period is over.

According to the State of New York, Department of Treasury, Division of Taxation, the equalization ratio for New York County for the 2023 tax year is 45.00%. The equalized value is \$110,943,733 or \$428.95 per square foot. The following table summarizes the subject's real property taxation and our projection of real property taxes.

REAL ESTATE ASSESSMENT AND TAXES - 2023/24						
Tax ID No.	Actual AV		Transitional AV		Tax Class	
	Land	Total	Land	Total		
Block 857   Lot 76 2021/22 Final	\$5,850,000	\$44,421,300	\$5,850,000	\$43,861,110	IV	
Annual Change	\$0	\$5,763,600	\$0	\$3,311,190		
Block 857   Lot 76 2022/23 Final	\$5,850,000	\$50,184,900	\$5,850,000	\$47,172,300	IV	
Annual Change	\$0	\$3,057,300	\$0	\$2,752,380		
Block 857   Lot 76 2023/24 Final	\$5,850,000	\$53,242,200	\$5,850,000	\$49,924,680	IV	
<b>Applicable Assessed Value</b>	<b>\$49,924,680</b>					

REAL ESTATE ASSESSMENT AND TAXES					
Tax ID No. Block 857, Lot 76	2021/2022	2022/2023	2023/2024	Pro Forma	
Land	\$5,850,000	\$5,850,000	\$5,850,000		
Building	\$38,011,110	\$41,322,300	\$44,074,680		
Tax Value Subtotal	\$43,861,110	\$47,172,300	\$49,924,680	\$49,924,680	
General Tax Rate	per \$100	10.7550	10.6460	10.5920	10.5920
<b>Property Taxes</b>	<b>\$4,717,262</b>	<b>\$5,021,963</b>	<b>\$5,288,022</b>	<b>\$5,288,022</b>	
Special/Direct Assessments	\$0	\$0	\$0	\$0	
<b>Total Taxes</b>	<b>\$4,717,262</b>	<b>\$5,021,963</b>	<b>\$5,288,022</b>	<b>\$5,288,022</b>	
<b>Total Taxes PSF</b>	<b>\$18.24</b>	<b>\$19.42</b>	<b>\$20.45</b>	<b>\$20.45</b>	

## TAX COMPARABLES

The following chart summarizes the tax comparables.

REAL ESTATE TAX COMPARABLES						
Property Address	Year Built	Bldg Size (GBA - SF)	Tax Value	Tax Value Per SF	Taxes	Taxes Per SF
<b>Subject Property</b>	<b>1927</b>	<b>258,639</b>	\$49,924,680	\$193.03	\$5,288,022	\$20.45
387-93 Park Avenue South	1910	183,913	\$37,276,200	\$202.68	\$3,948,295	\$21.47
1227 Broadway	2017	412,612	\$72,314,100	\$175.26	\$7,659,509	\$18.56
386-88 Park Avenue South	1927	232,133	\$40,180,950	\$173.09	\$4,255,966	\$18.33
<b>Comps Low</b>	1910	183,913		\$173.09		\$18.33
<b>Comps High</b>	2017	412,612		\$202.68		\$21.47
<b>Comps Average</b>	1951	276,219		\$183.68		\$19.46

## CONCLUSION

The subject's current tax value appears reasonable and the pro forma taxes are estimated utilizing the subject's current tax value.

## BUSINESS IMPROVEMENT DISTRICT

The subject property is situated within the Flatiron/23<sup>rd</sup> Street Business Improvement District as designated by New York City. The Flatiron/23<sup>rd</sup> Street BID tax is a supplemental real estate tax levied on commercial buildings located in which private commercial real estate owners pay a nominal supplemental tax used to augment public services and provide special amenities to the area. According to the most recent tax bill, the annualized BID taxes allocated to the subject property are \$43,184. The BID taxes for 2023/2024 includes a supplemental charge. BID taxes are projected to increase at 3% per annum.

Total real estate tax and BID taxes are projected to be \$5,331,206.

# HIGHEST AND BEST USE

## INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, is it appropriate to proceed with the analysis with such an assumption.

## HIGHEST AND BEST USE CRITERIA

The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

### HIGHEST AND BEST USE AS VACANT

#### LEGALLY PERMISSIBLE

The subject property is located in a C5-2 Commercial zoning district with commercial uses permissible as of right. No known zoning changes to uses other than these are currently being considered or anticipated. The commercial nature of the area, combined with the generally good condition of the area's improvements and the current and expected trends in supply and demand, all support the current zoning. It is our opinion that the site, if vacant, could be developed for the above legally permitted uses.

#### PHYSICALLY POSSIBLE

The subject site, containing approximately 11,100± square feet, is good size and level with good street access and exposure, good street improvements, all necessary available utilities, and no apparent easements or encroachments that would hinder or prevent development. The subject site size is within the range of improved sites in the area and is not considered to restrict the utility of the subject in relation to competing sites. Any of the above legally permitted uses, therefore, are considered physically possible.

#### FINANCIALLY FEASIBLE

The subject is located within a predominantly commercial section of its neighborhood where there is a continuing demand for office-use. General market conditions are such that holding for new office building construction with grade-level retail until there is more clarity in market conditions.

#### MAXIMALLY PRODUCTIVE

All legally permissible, physically possible and financially feasible uses of the site, as vacant, have been presented and examined. In conclusion, it is our opinion that the highest and best use of the subject, as vacant, is speculative hold for office building development with grade-level retail until there is more clarity in market conditions.

## HIGHEST AND BEST USE AS IMPROVED

### LEGALLY PERMISSIBLE

As described in the Zoning Summary section of this report, the site is zoned C5-2 Commercial, which permits most commercial uses as of right. In the Zoning section of this appraisal, we determined that the existing improvements represent a conforming use with pre-existing legal non-complying bulk.

### PHYSICALLY POSSIBLE

As noted in the Improvements Analysis section, the site is improved with a 24-story Class B mixed-use building containing approximately  $258,639 \pm$  square feet of gross building area and  $309,836 \pm$  square feet of rentable area situated on a  $11,100 \pm$  square foot site. Physically, the subject conforms to its surrounding uses. We noted no significant items of deferred maintenance or functional issues. The subject's layout and design can accommodate a variety of office-oriented uses. Overall, the building appeals to general office and retail users and functions well for its intended use.

### FINANCIALLY FEASIBLE

Financial feasibility as an income-producing investment is based on the amount of rental income it can generate net of the required operating expenses. If the resulting net operating income motivates continued operation, then the land is being put to a productive and financially feasible use. The subject is capable of producing positive net cash flow to an investor. The existing improvements provide contributory value to the site, and there is no alternate use that would result in a greater value. Therefore, utilization of the existing improvements is financially feasible.

### MAXIMALLY PRODUCTIVE

The maximally productive use should conform to neighborhood trends and be consistent with existing nearby land uses. Demolition of the existing improvements and redevelopment of the site with an alternative or more profitable use is not economically feasible. The single use that produces the greatest return on investment and usually the highest price and value is typically the highest and best use. As shown in the applicable valuation sections, properties like the subject have been acquired and continue to be used for mixed purposes. None of the comparable properties were acquired for conversion to an alternative use. This provides evidence suggesting that the current use is maximally productive.

## VALUATION PROCESS

Valuation in the appraisal process generally involves three techniques, including the Cost Approach, Sales Comparison Approach and the Income Capitalization Approach.

These three valuation methods are defined in the following table:

VALUATION METHODS	DEFINITION
<b>Cost Approach</b>	In this approach, value is based on adding the contributing value of any improvements (after deductions for accrued depreciation) to the value of the land as if it were vacant based on its highest and best use. If the interest appraised is other than fee simple, additional adjustments may be necessary for non-realty interest and/or the impact of existing leases or contracts.
<b>Sales Comparison Approach</b>	In this approach, recent sales of similar properties in the marketplace are compared directly to the subject property. This comparison is typically accomplished by extracting "units of comparison", for example, price per square foot, and then analyzing these units of comparison for differences between each comparable and the subject. The reliability of an indication found by this method depends on the quality of the comparable data found in the marketplace.
<b>Income Capitalization Approach</b>	In this approach, a property is viewed through the eyes of a typical investor, whose primary objective is to earn a profit on the investment principally through the receipt of expected income generated from operations and the ultimate resale of the property at the end of a holding period.

### VALUATION METHODS UTILIZED

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value.

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

# INCOME CAPITALIZATION APPROACH

## GENERAL PROCESS

In the Income Capitalization Approach, the appraiser concludes to a value indication for the subject by converting a projected net operating income into a single present value by using either the direct capitalization or yield capitalization method.

In direct capitalization, the estimated net operating income is divided by a market-driven capitalization rate to provide an indication of value. In yield capitalization, a series of income streams are discounted over a holding period to estimate a present value. The yield capitalization approach is referred to as a discounted cash flow analysis, and is most useful for properties that are not stabilized or expect to have large fluctuations in the income stream over a holding period.

The Income Capitalization Approach to value requires the following sequential steps:

- |  |   |
|--|---|
| <b>Estimate Economic Gross Income</b>    | Estimate the economic gross income for the subject's space based on existing leases and market data.  |
| <b>Estimate Effective Gross Income</b>   | Estimate a proper vacancy and credit loss for the subject's market, then deduct this rent loss from the estimated economic gross income to arrive at an effective gross income.   |
| <b>Estimate the Net Operating Income</b> | Calculate the net operating income by deducting the estimated operating expenses (fixed and variable) and a provision for replacement of short-lived building components from the estimated effective gross income.   |
| <b>Value Indication</b>                  | Convert the net operating income into a value indication by using a market-derived capitalization rate in the case of direct capitalization and/or a market-derived discount rate in the yield capitalization analysis (discounted cash flow analysis). The yield capitalization approach also forecasts the anticipated future income streams and estimates a reversion price at the end of a presumed holding period. These future income streams are then discounted to a present value using a market-extracted discount rate based on investor expectations based on the risks associated with a property. |

## INCOME ANALYSIS – RENT ROLL

Following is a reconstructed rent roll for the subject property. The subject property is currently 63.9% economically occupied by 17 tenants. The subject leases are structured as Modified Gross whereas the tenants are responsible for the reimbursement of the increase in real estate taxes above a fixed base year, as well as fixed electric reimbursement of \$1.75 per square foot of rentable area. Additionally, all tenants are directly responsible for insurance premiums and non-structural repairs & maintenance associated with their space. We note that the subject is currently occupied by two month-to-month tenants occupying the Avenue retail space, and suite 2401 on the 24<sup>th</sup> floor. Given the nature of the leases, both units are determined to be economically vacant.

RENT ROLL													
Tenant Name	Suite	Area (SF)	Start Date	End Date	Mos. Remain	Contract Rent/SF	Annual Rent	Expense Structure	Tenancy Type	Capitalize @ Mkt	Market \$/SF/Yr	Annual Mkt. Rent	Capitalized Rent
UPS GROUND	GRADE	1,140	Nov - 2003	Jan-30	73	\$115.02	\$131,123	Modified Gross	Retail - Street Access	\$125.00	\$142,500	\$131,123	
UPS GROUND	MEZZ	422	Dec - 2009	Jan-30	73	---	---	None	Retail - Street Access	---	---	---	---
ROCK PAPER SCISSORS	2300	10,289	Dec - 2012	Jul-28	55	\$72.00	\$740,808	Modified Gross	Office	\$72.00	\$740,808	\$740,808	
WEDNESDAY NEW YORK LLC	2500	8,916	May - 2014	Feb-25	14	\$94.58	\$843,275	Modified Gross	Office	\$74.00	\$659,784	\$843,275	
INTEGRATIVE NUTRITION	0700	13,196	Feb - 2015	Nov-25	23	\$74.88	\$988,116	Modified Gross	Office	\$68.00	\$897,328	\$988,116	
NYC AND VICINITY CARPENTERS	0901	3,432	Feb - 2015	Aug-25	20	\$74.31	\$255,032	Modified Gross	Office	\$68.00	\$233,376	\$255,032	
ENIGMA TECHNOLOGIES	1602	7,298	Nov - 2015	Feb-26	26	\$74.05	\$540,417	Modified Gross	Office	\$68.00	\$496,264	\$540,417	
ENIGMA TECHNOLOGIES	1700	13,627	Nov - 2015	Feb-26	26	\$74.05	\$1,009,079	Modified Gross	Office	\$68.00	\$926,636	\$1,009,079	
ENIGMA TECHNOLOGIES	1800	13,627	Nov - 2015	Feb-26	26	\$74.05	\$1,009,079	Modified Gross	Office	\$68.00	\$926,636	\$1,009,079	
INTEGRATIVE NUTRITION	0800	13,196	Dec - 2015	Nov-25	23	\$74.88	\$988,116	Modified Gross	Office	\$68.00	\$897,328	\$988,116	
FRAME LA BRANDS	1901/1902	11,591	Mar - 2016	Nov-25	23	\$90.84	\$1,052,926	Modified Gross	Office	\$72.00	\$834,552	\$1,052,926	
WEDNESDAY NEW YORK	2600	4,667	Mar - 2016	Feb-25	14	\$94.58	\$441,405	Modified Gross	Office	\$74.00	\$345,358	\$441,405	
The HON Company	1200	8,578	Mar - 2017	Sep-24	9	\$78.32	\$671,829	Modified Gross	Office	\$68.00	\$583,304	\$671,829	
PAYFONE INC.	2000	11,933	Sep - 2019	Nov-29	71	\$74.69	\$891,276	Modified Gross	Office	\$72.00	\$859,176	\$891,276	
QUAKER EQUITIES	1401/02/03/04	13,754	Oct - 2019	Sep-25	21	\$67.39	\$926,882	Modified Gross	Office	\$68.00	\$935,272	\$926,882	
LINA NoMad LLC	0300	13,104	Dec - 2021	Jun-30	78	\$58.69	\$769,074	Modified Gross	Office	\$66.00	\$864,864	\$769,074	
AVO JACK, LLC	0001, 0101, MZ01	2,084	Apr - 2022	Apr-37	160	\$120.92	\$251,997	Modified Gross	Retail - Street Access	\$125.00	\$260,500	\$251,997	
VALLEY NATIONAL BANK	1502/ 2200	15,317	May - 2017	May-37	161	\$71.00	\$1,087,507	Modified Gross	Office	\$72.00	\$1,102,824	\$1,087,507	
IMAGINARY VENTURE CAPITAL MANAGEMENT LP	1101/ 1102/ 1104	13,637	Sep - 2022	Nov-26	35	\$68.60	\$935,498	Modified Gross	Office	\$72.00	\$981,864	\$935,498	
CALCIUM USA, LLC	1001	2,838	Feb - 2023	Jan-29	61	\$63.00	\$178,794	Modified Gross	Office	\$68.00	\$192,984	\$178,794	
SYNTHESIA, INC	1600	6,490	Apr - 2023	Jan-29	61	\$69.00	\$447,810	Modified Gross	Office	\$68.00	\$441,320	\$447,810	
TAXBIT INC.	1204	5,385	Apr - 2023	Jun-26	30	\$64.00	\$344,640	Modified Gross	Office	\$68.00	\$366,180	\$344,640	
Vacant Office	0200	14,209	---	---	---	---	---	Office	Yes	\$62.00	\$880,958	\$880,958	
Vacant Office	0400	13,627	---	---	---	---	---	Office	Yes	\$62.00	\$844,874	\$844,874	
Vacant Office	0500	13,627	---	---	---	---	---	Office	Yes	\$62.00	\$844,874	\$844,874	
Vacant Office	0601	13,627	---	---	---	---	---	Office	Yes	\$62.00	\$844,874	\$844,874	
Vacant Office	0902	3,708	---	---	---	---	---	Office	Yes	\$64.00	\$872,128	\$872,128	
Vacant Office	0903	1,723	---	---	---	---	---	Office	Yes	\$64.00	\$237,312	\$237,312	
Vacant Office	1004	4,456	---	---	---	---	---	Office	Yes	\$64.00	\$285,184	\$285,184	
Vacant Office	1002	4,400	---	---	---	---	---	Office	Yes	\$64.00	\$281,600	\$281,600	
Vacant Office	1003	2,141	---	---	---	---	---	Office	Yes	\$64.00	\$137,024	\$137,024	
Vacant Office	1501	8,578	---	---	---	---	---	Office	Yes	\$64.00	\$548,992	\$548,992	
Vacant Office	0904	4,764	---	---	---	---	---	Office	Yes	\$64.00	\$304,896	\$304,896	
Vacant Office	2100	11,933	---	---	---	---	---	Office	Yes	\$72.00	\$859,176	\$859,176	
MTM Tenant - Vacant	0102, MZ02, 0017	9,422	---	---	---	---	---	Retail - Avenue Access	Yes	\$185.00	\$1,743,070	\$1,743,070	
MTM Tenant - Vacant	2401	9,100	---	---	---	---	---	Office	Yes	\$74.00	\$673,400	\$673,400	
<b>Totals/Avg.</b>	<b>Occupied</b>	<b>194,099</b>	<b>62.6%</b>			<b>\$74.73</b>	<b>\$14,504,685</b>			<b>\$74.39</b>	<b>\$23,047,220</b>	<b>\$23,863,047</b>	
	<b>Vacant</b>	<b>115,737</b>	<b>37.4%</b>										
	<b>Total</b>	<b>309,836</b>	<b>100.0%</b>										

## RECENT LEASING ACTIVITY

Subject leases signed within the past 12 months are shown below.

SUMMARY OF RECENT LEASES								
Tenant Name	Suite	Area (SF)	Tenancy Type	New/ Renewal	Term (mos)	Start Date	Annual Rent/SF	Expense Structure
CALCIUM USA, LLC	1001	2,838	Office	New	72	Feb - 2023	\$63.00	Modified Gross
SYNTHEZIA, INC	1600	6,490	Office	New	70	Apr - 2023	\$69.00	Modified Gross
TAXBIT INC.	1204	5,385	Office	New	39	Apr - 2023	\$64.00	Modified Gross

## TENANCY BY SPACE TYPE

Following is a summary of leases at the subject property, categorized by space type.

TENANCY BY SPACE TYPE			
Tenancy Type	Total Area (SF)	Contract Rent *	
		\$/SF	Annual \$
Office	296,768	\$73.25	\$21,736,857
Retail - Street Access	3,646	\$105.08	\$383,120
Retail - Avenue Access	9,422	\$185.00	\$1,743,070
<b>Total/Avg.</b>	<b>309,836</b>	<b>\$77.02</b>	<b>\$23,863,047</b>

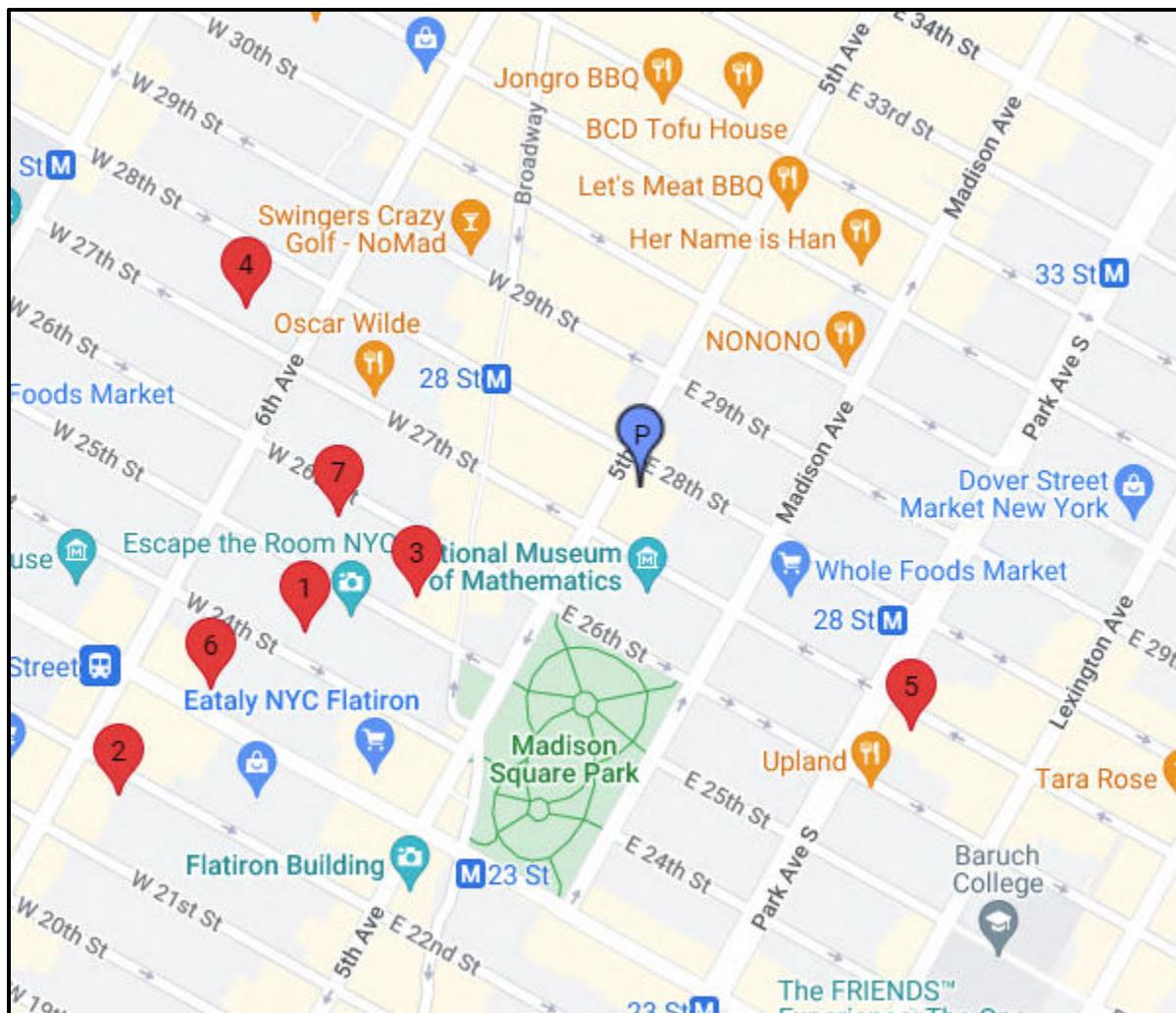
\* Includes vacant suites at market rates

## MARKET RENT

### COMPETING OFFICE SPACE

To estimate the market rental rate of the office space in the subject, the rental rates of similar properties in the subject and surrounding areas have been analyzed. These rental rates are summarized below, and the pertinent details of each are located in the Exhibits section of this report.

### COMPARABLE LEASE MAP AND LEASE SURVEY



COMPARABLE LEASE SURVEY												
Comp No.	Property Name / Location	Bldg. Size (SF Net)	Year Built	Overall Occup. %	Tenant	Lease Start	Lease End Date	Lease Term	Unit Size (SF)	Lease Rate (\$/SF/Yr)	Expense Structure	Tenancy Type
Lease 1	27 West 24th Street New York, NY	94,075	1907	0.0%	Vericred Inc. (LOI)	Mar-2023	Apr-2025	26 mos.	5,414	\$66.49	Modified Gross	Office   Office
Lease 2	56 West 22nd Street New York, NY	55,200	1908	100.0%	Sharma Brands	Nov-2022	Nov-2027	60 mos.	5,508	\$82.00	Modified Gross	Office   Office
Lease 3	11 West 25th Street New York, NY	26,504	1913	87.0%	Confidential	Oct-2022	Oct-2027	60 mos.	2,500	\$62.00	Modified Gross	Office   Office
Lease 4	109 West 27th Street New York, NY	43,968	1908	93.0%	Coinlist	Sep-2022	Sep-2027	60 mos.	4,722	\$82.00	Modified Gross	Office   Office
Lease 5	381 Park Avenue South New York, NY	209,041	1910	72.0%	FGS Design, LLC	Jun-2022	Jun-2029	84 mos.	2,900	\$64.00	Modified Gross	Office   Office
Lease 6	61 West 23rd Street New York, NY	46,900	1920	100.0%	Action Network	Jun-2022	Mar-2033	120 mos.	8,367	\$78.00	Modified Gross	Office   Office
Lease 7	30 West 26th Street New York, NY	88,000	1909	88.0%	Confidential	Jun-2022	Jun-2032	120 mos.	8,000	\$70.00	Modified Gross	Office   Office
Minimum		1907	0.0%							\$62.00		
Maximum		1920	100.0%							\$82.00		
Average		1911	77.1%							\$72.07		
Subject		316,105	1927	63.9%								

## SUMMARY AND MARKET RENT CONCLUSION

The office rents range from \$57.75 to \$77.90 per square foot. In the development of our opinion of market rent, we have considered the following:

**Market Conditions:** Retail rents in the submarket appreciated steadily through 2016 and experienced declines throughout the Covid-19 Pandemic in 2020 and 2021. The comparable leases all were signed between June 2022 and March 2023 and are all reflective of current market conditions for similar retail space in the submarket.

**Location:** In terms of location, the subject is located in close proximity to public transportation and local amenities. The comparable leases are all located within the Gramercy Park/Chelsea submarkets and considered similar to the subject.

**Unit Size:** The comparable rentals range in size from 2,900 to 8,367 square feet. This is similar to the subject's range of sizes.

**Utility/Condition:** Overall, the subject is similar to the comparables. The improvements were constructed in 1927 with a renovation in 2011.

Considering the subject's location and condition, as well as its recently leasing activity, and our projections for tenant improvements and free rent, the appraiser concluded at the following market rents. We note that our distinction of large office space includes units greater than 10,000± square feet, while small office space includes spaces smaller than 10,000± square feet.

Office - Large	Market Rent PSF
Floors 2-6	\$62.00
Floors 7-18	\$64.00
Floors 19-23	\$72.00
Floors 24-25	\$74.00
Expense Structure	Modified Gross + Electric
Average Leave Term	10 years
TI - New /Renew al	\$40 / 20
Free Rent (Months)	6 / 3
Leasing Commissions	35% / 17.5%
Office - Small	Market Rent PSF
Floors 7-18	\$64.00
Floors 19-23	\$70.00
Floors 26	\$74.00
Expense Structure	Modified Gross + Electric
Average Leave Term	5 years
TI - New /Renew al	\$40 / 20
Free Rent (Months)	6 / 3
Leasing Commissions	19% / 9.5%

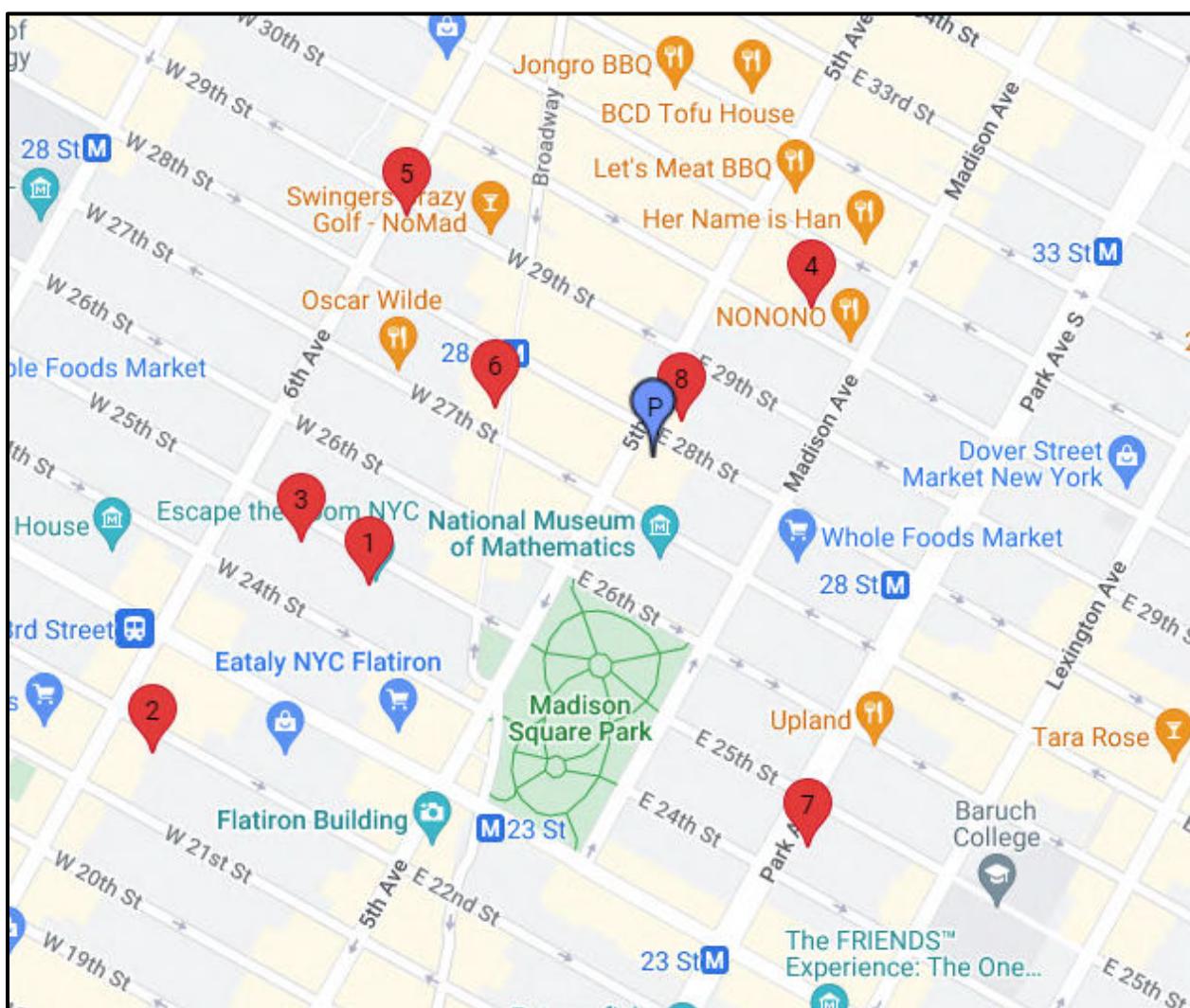
## MARKET RENT

### COMPETING RETAIL SPACE

To estimate the market rental rate of the retail space in the subject, the rental rates of similar properties in the subject and surrounding areas have been analyzed. These rental rates are summarized below, and the pertinent details of each are located in the Exhibits section of this report.

The retail space has been analyzed for comparable units located on Avenues and Streets. Traditionally Avenue retail leases at a significant premium to Street retail units.

### COMPARABLE LEASE MAP AND LEASE SURVEY



COMPARABLE LEASE SURVEY												
Comp No.	Property Name / Location	Bldg. Size (SF Net)	Year Built	Overall Occ. %	Tenant	Lease Start	Lease End Date	Lease Term	Unit Size (SF)	Lease Rate (\$/SF/Yr)	Expense Structure	Tenancy Type
Lease 1	24 West 25th Street New York, NY	133,561	1911	91.0%	Janet Mandell Showroom	Apr-2023	May-2033	120 mos.	5,000	\$150.00	Modified Gross	Retail - Street Access
Lease 2	56 West 22nd Street New York, NY	66,190	1908	67.0%	Grandma's House Restaurant Group	Dec-2022	Dec-2034	144 mos.	6,500	\$135.00	Modified Gross	Retail - Street Access
Lease 3	40 West 25th Street New York, NY	128,965	1913	92.0%	Hearts of Gold	Dec-2022	Dec-2032	120 mos.	6,671	\$110.00	Modified Gross	Retail - Street Access
Lease 4	13 East 30th Street New York, NY	10,246	1920	100.0%	Confidential	Aug-2022	Aug-2027	60 mos.	1,200	\$120.00	Modified Gross	Retail - Street Access
Lease 5	832 Sixth Avenue New York, NY	4,988	1915	100.0%	Confidential	Apr-2023	Apr-2028	60 mos.	900	\$165.00	Modified Gross	Retail - Avenue Access
Lease 6	1165 Broadway New York, NY	43,000	1907	74.0%	Traditas	Sep-2022	Sep-2027	60 mos.	1,097	\$183.00	Modified Gross	Retail - Avenue Access
Lease 7	331 Park Avenue South New York, NY	45,000	1914	85.0%	Confidential	Aug-2022	Jul-2032	120 mos.	2,216	\$204.00	Modified Gross	Retail - Avenue Access
Lease 8	253 5th Avenue New York, NY	48,535	1916	100.0%	Confidential	Apr-2022	Apr-2027	60 mos.	300	\$200.00	Modified Gross	Retail - Avenue Access
		Minimum	1907	67.0%								\$110.00
		Maximum	1920	100.0%								\$204.00
		Average	1913	88.6%								\$158.38
		<b>Subject</b>	316,105	1927	63.9%							

## SUMMARY AND MARKET RENT CONCLUSION

The retail rents range from \$110.00 to \$204.00 per square foot. In the development of our opinion of market rent, we have considered the following:

**Market Conditions:** Retail rents in the submarket appreciated steadily through 2016 and experienced declines throughout the Covid-19 Pandemic in 2020 and 2021. The comparable leases all were signed between April 2022 and April 2023 and are all reflective of current market conditions for similar retail space in the submarket.

**Location:** In terms of location, the subject is located in close proximity to public transportation and local amenities. The comparable leases are all located within the Gramercy Park/Chelsea submarkets and considered similar to the subject.

**Unit Size:** The comparable rentals range in size from 300 to 6,500 square feet. This is similar to the subject's range of sizes.

**Functional Utility/Condition:** With respect to physical utility, the asset is appealing for small retail tenants to obtain a presence of a strong retail neighborhood.

**Corner Influence:** The subject property is located along the corner of Fifth Avenue and 28<sup>th</sup> Street. The corner units will typically lease for higher than the Avenue units which will typically lease higher than the street side units.

Based on the foregoing, we have projected a market rent of \$215.00 per square foot for the subject corner retail unit, and \$185.00 for the mid-block space. We have projected a rent of \$125.00 per square foot for the subject retail unit located on the side street. Lastly, we have projected market rent at \$35 per square foot for the mezzanine space. Below we summarize the retail rent conclusions:

Retail	Market Rent PSF
Corner	\$215.00
Avenue	\$185.00
Mezzanine	\$35.00
Side Street	\$125.00
Expense Structure	Modified Gross + Electric
Average Leave Term	10 years
TI - New /Renew al	\$0 / 0
Free Rent (Months)	6 / 3
Leasing Commissions	35% / 17.5%

## TENANT IMPROVEMENTS AND LEASING COMMISSIONS

According to the 3Q2023 PriceWaterHouseCoopers Survey, investors model tenant improvement allowance at \$10 to \$140 per square foot for new deals, and \$10 to \$45 per square foot for renewals within the Manhattan Office Market. Based on the ranges provided by PwC and the inspection of the subject property, \$40 per square foot will be projected for new office leases, and \$20 per square foot will be projected for renewal office leases.

Retail space throughout New York City is typically leased without a notable tenant improvement allowance from the landlord. Rent abatements are typically given in lieu of tenant improvement allowances. That said, we have no projected TI's for the retail space.

Leasing commissions are based upon the following market-oriented schedule for new leases with 10-year terms: 5.0% Year 1; 4.0% Year 2; 3.5% for Years 3-4, 3.0% for Years 5-7, and 2.0% for Years 8-10. There are half commissions on renewal leases. The leasing expenditures were analyzed on a lease-by-lease basis. Commissions are to be paid in the year of occupancy.

## CONCESSIONS

According to the 3Q2023 PriceWaterHouseCoopers Survey, free rent in the Manhattan Office Market ranges from 1 month to 14 months with an average of 8 months. Office space will receive 6 months free rent for new deals and 3 months for renewals. The retail spaces will receive 6 months for new tenants and 3 months for renewals. According to the recent lease signings in the market for the office and retail space, the projection is in line with the property and the market.

## RENEWAL PROBABILITY AND SPACE ABSORPTION

According to the 3Q2023 PriceWaterHouseCoopers Survey, investors model tenant retention (renewal probability) probability at 50% to 85% within the Manhattan Office Market. Downtime between leases typically ranges from 2 to 24-months as per the survey. We estimate a renewal probability factor of 50% for the first two years of the analysis, and retuning to 70% thereafter. Downtime between leases at 12 months for the first two years and returning to 8 months thereafter.

## LEASE UP AND VACANT SPACE

The subject currently has 115,737 ± square feet of vacant office and retail space. We have assumed that the vacant units will be subject to leasing commissions, free rent and tenant improvement allowances as applicable.

## POTENTIAL GROSS RENTAL INCOME CONCLUSION

Potential gross rental income based on contract rents, with market rents applied to vacant and/or owner-occupied space, and potential gross rental income based on market rents is shown in the following table.

POTENTIAL GROSS RENTAL INCOME					
Tenancy Type	Total Area (SF)	Contract Rent *		Market Rent	
		\$/SF	Annual \$	\$/SF	Annual \$
Office	296,768	\$73.25	\$21,736,857	\$70.43	\$20,901,150
Retail - Street Access	3,646	\$105.08	\$383,120	\$110.53	\$403,000
Retail - Avenue Access	9,422	\$185.00	\$1,743,070	\$185.00	\$1,743,070
<b>Total/Avg.</b>	<b>309,836</b>	<b>\$77.02</b>	<b>\$23,863,047</b>	<b>\$74.39</b>	<b>\$23,047,220</b>

\* Includes vacant suites at market rates

As shown above, the property is 61.0% occupied. Based on the summary of rents above, the contract rent in place at the subject is approximately 3.54% above market, therefore, the subject is determined to be leased slightly above market.

## VACANCY AND COLLECTION LOSS

Occupancy data for the market, submarket, lease comparables and the subject, as well as the concluded occupancy/vacancy for the subject, is shown in the following table.

VACANCY CONCLUSION	
New York Office Market Occupancy	86.51%
New York Retail Market Occupancy	95.85%
Gramercy Park Office Market Occupancy	84.52%
Gramercy Park Retail Market Occupancy	96.85%
Lease Comparable Average Occupancy	83.3%
Sales Comparable Average Occupancy	70.3%
Subject's Current Occupancy	62.7%
<b>Subject's Stabilized Occupancy</b>	<b>94.0%</b>
<b>Subject's Stabilized Vacancy Loss</b>	<b>6.0%</b>

A total vacancy loss for the subject property of 8% is projected, however, based on current market conditions in the office market, we project a vacancy level of 20% for the subject property in years 1 & 2, returning to 6% thereafter. We also estimate a nominal level of collection loss of 2.0%.

## OTHER INCOME

Historically, the subject property has benefited from miscellaneous income from tenant services, late fees, HVAC reimbursement, additional admin fees, and other miscellaneous income sources. The total amount has varied from year to year. We note that the provided T-12 includes a substantial miscellaneous revenue amount. The increased amount is due to significant late fees which totaled \$485,800. In determining a miscellaneous income projection, we rely on all of the historical operating history provided, and project an additional revenue amount of \$300,000.

## SUBJECT'S HISTORICAL INCOME AND EXPENSES

Typically, the best source of information to estimate pro forma operations for the property is the actual historical performance of the subject. The property contact supplied us with the 2021 and 2022 historical operating history, as well as the 2024 Client Budget and T-12 as of October 2023. The subject property's operating history, budget, and T-12 were analyzed and compared to the expense ranges indicated by the expense comparables.

HISTORICAL & PRO FORMA OPERATING ANALYSIS									
	2021		2022		T-12		2024 Budget		
	Total	per SF							
<b>INCOME</b>									
Gross Potential Rent	\$17,170,903	\$55.42	\$15,817,087	\$51.05	\$15,634,095	\$50.46	\$18,253,179	\$58.91	
Recoveries	1,470,233	\$4.75	1,163,336	\$3.75	1,352,583	\$4.37	1,482,615	\$4.79	
Abatement/Concession	(400,109)	-\$1.29	(1,142,072)	-\$3.69	(1,408,846)	-\$4.55	(2,460,214)	-\$7.94	
Miscellaneous	288,155	\$0.93	328,297	\$1.06	485,800	\$1.57	95,446	\$0.31	
<b>Potential Gross Income</b>	<b>\$18,529,182</b>	<b>\$59.80</b>	<b>\$16,166,648</b>	<b>\$52.18</b>	<b>\$16,063,632</b>	<b>\$51.85</b>	<b>\$17,371,026</b>	<b>\$56.07</b>	
<b>EFFECTIVE GROSS INCOME (EGI)</b>	<b>\$18,529,182</b>	<b>\$59.80</b>	<b>\$16,166,648</b>	<b>\$52.18</b>	<b>\$16,063,632</b>	<b>\$51.85</b>	<b>\$17,371,026</b>	<b>\$56.07</b>	
<b>EXPENSES</b>									
Real Estate Taxes	\$4,652,104	\$15.01	\$4,932,564	\$15.92	\$5,149,864	\$16.62	\$5,484,105	\$17.70	
Insurance	\$237,139	\$0.77	\$287,129	\$0.93	\$283,675	\$0.92	\$300,536	\$0.97	
Utilities	\$710,945	\$2.29	\$1,134,068	\$3.66	\$802,261	\$2.59	\$945,368	\$3.05	
Repairs & Maintenance	\$360,766	\$1.16	\$509,264	\$1.64	\$412,778	\$1.33	\$669,940	\$2.16	
Administrative & General	\$440,121	\$1.42	\$419,025	\$1.35	\$542,096	\$1.75	\$632,410	\$2.04	
Management	\$361,092	\$1.17	\$265,165	\$0.86	\$159,967	\$0.52	\$194,350	\$0.63	
<b>TOTAL EXPENSES</b>	<b>\$6,762,167</b>	<b>\$21.82</b>	<b>\$7,547,215</b>	<b>\$24.36</b>	<b>\$7,350,641</b>	<b>\$23.72</b>	<b>\$8,226,709</b>	<b>\$26.55</b>	
<b>NET OPERATING INCOME (NOI)</b>	<b>\$11,767,015</b>	<b>\$37.98</b>	<b>\$8,619,433</b>	<b>\$27.82</b>	<b>\$8,712,991</b>	<b>\$28.12</b>	<b>\$9,144,317</b>	<b>\$29.51</b>	

We note the potential gross income presented in the historical income and budget above is significantly lower than our PGI projection. This is due to the sponsor's exclusion of vacant space in the top line potential gross income amount.

## COMPARABLE EXPENSE DATA

A summary of expense comparables is presented below.

Comparable No.	EXPENSE COMPARABLES							
	1	2	3	4				
Address	228-32 Fifth Avenue	79-87 Madison Avenue	121-27 West 27th Street	104-12 East 25th Street				
State	NY	NY	NY	NY				
Zip	10001	10010	10001	10010				
Rentable Area	404,245	224,449	113,129	114,146				
Year Operations	2022	2022	2022	2022				
<b>EXPENSES</b>								
Insurance	\$428,056	\$1.06	\$130,816	\$0.58	\$108,385	\$0.96	\$68,881	\$0.60
Utilities	\$1,012,659	\$2.51	\$362,257	\$1.61	\$113,821	\$1.01	\$363,978	\$3.19
Repairs & Maintenance	\$1,456,946	\$3.60	\$399,520	\$1.78	\$179,522	\$1.59	\$480,611	\$4.21
Administrative & General	\$1,355,876	\$3.35	\$391,399	\$1.74	\$156,714	\$1.39	\$258,895	\$2.27
Management	\$283,531	\$0.70	\$679,638	\$3.03	\$216,000	\$1.91	\$111,126	\$0.97
<b>Total Expenses</b>	<b>\$4,537,068</b>	<b>\$11.22</b>	<b>\$1,963,630</b>	<b>\$8.75</b>	<b>\$774,442</b>	<b>\$6.85</b>	<b>\$1,283,491</b>	<b>\$11.24</b>

## OPERATING EXPENSE SUMMARY

Expense Item	OPERATING EXPENSE COMPARISON AND CONCLUSION							
	Range	Average	2021	2022	T-12	Budget	BBG Forecast	
Real Estate Taxes			\$15.01	\$15.92	\$16.62	\$17.70		\$17.21
			\$4,652,104	\$4,932,564	\$5,149,864	\$5,484,105		\$5,331,206
Insurance	\$0.58–\$1.06	\$0.80	\$0.77	\$0.93	\$0.92	\$0.97		\$0.95
			\$237,139	\$287,129	\$283,675	\$300,536		\$294,344
Utilities	\$1.01–\$3.19	\$2.08	\$2.29	\$3.66	\$2.59	\$3.05		\$2.80
			\$710,945	\$1,134,068	\$802,261	\$945,368		\$867,541
Repairs & Maintenance	\$1.59–\$4.21	\$2.80	\$1.16	\$1.64	\$1.33	\$2.16		\$2.00
			\$360,766	\$509,264	\$412,778	\$669,940		\$619,672
Administrative & General	\$1.39–\$3.35	\$2.19	\$1.42	\$1.35	\$1.75	\$2.04		\$2.00
			\$440,121	\$419,025	\$542,096	\$632,410		\$619,672
Management	\$0.70–\$3.03	\$1.65	\$1.17	\$0.86	\$0.52	\$0.63		\$0.97
			\$361,092	\$265,165	\$159,967	\$194,350		\$301,916
Replacement Reserves								\$0.25
								\$64,660
<b>Total Operating Expenses Per SF</b>	<b>\$6.85–\$11.24</b>	<b>\$9.52</b>	<b>\$21.82</b>	<b>\$24.36</b>	<b>\$23.72</b>	<b>\$26.55</b>		<b>\$26.18</b>
<b>Total Operating Expenses</b>			<b>\$6,762,167</b>	<b>\$7,547,215</b>	<b>\$7,350,641</b>	<b>\$8,226,709</b>		<b>\$8,099,010</b>

## OPERATING EXPENSE ANALYSIS AND PROJECTIONS

The following is a summary of expenses as applied to the subject property. The expenses have been analyzed on a per square foot basis. Since the subject is leased with modified gross structures, the expenses are incurred by both the landlord and tenants. The tenants reimburse a fixed \$1.75 per square foot of rentable area for electric, and the majority of office tenants are responsible for monthly water and sprinkler charges. All tenants are responsible for insurance coverages for their individual units, and the landlord holds an additional premium above the tenants. All tenants are responsible for the repair & maintenance of their individual units, and the separate repair & maintenance charge represents the maintenance and repair of the subject's common areas incurred by the landlord.

Real Estate Taxes - The subject's 2023/2024 real estate tax payment amounts to \$5,331,206, which is inclusive of both the base taxes and BID taxes. Based on the Modified Gross lease structures, the tenants reimburse for their fixed shares of the increase over their respective base years.

Insurance - This category includes property and casualty insurance that is required or typical at the subject and similar properties. We conclude to a rounded \$0.95 per square foot, or \$294,344. The landlord is not reimbursed for insurance premiums.

Utilities - Utility costs generally include electricity, water, sewer and gas. We have projected this expense at \$2.80 per square foot, or \$867,541, which includes water and sewer expenses.

Repairs & Maintenance – Repairs & Maintenance expenses address the structure of the property and any miscellaneous maintenance needed for the tenant. An expense amount of \$2.00 per square foot, or \$619,672 is projected.

Administrative & General - These costs are associated with the overall operations of a property and do not fall within a specific expense silo. We project an expense of \$2.00 per square foot or \$619,672 .

Management/Legal Fee - Based on the multi-tenant status of the subject, it is reasonable to project the annual management fee to be 2.0% of effective gross income. Management is based on the collection of income from the tenant, administrative and other costs like professional fees. Based on the current estimated effective gross income of 15,185,455 management costs will be projected at \$301,916.

Replacement Reserves - This account accrues funds for the eventual repair/replacement of building components outside of CAM. Based upon our experience with similar properties and the age of the subject, and its condition, we have estimated this expense at \$0.25 per square foot or \$64,660.

# DISCOUNTED CASH FLOW

## GENERAL PROCESS

Value estimates for a variety of ownership interests may be calculated by forecasting cash flows over a typical holding period and discounting those cash flows to a present value estimate by using a typical discount rate. This valuation approach is referred to as yield capitalization or discounted cash-flow analysis. The discount rate used in this approach addresses the expected profitability of the investment.

By definition, Discounted Cash Flow is a method of estimating property value by discounting all expected future cash flows over a holding period, to a present value using a discount rate that is typical for investors in the marketplace for the interest being valued.

## SUMMARY OF ASSUMPTIONS

The following table provides a summary of all assumptions used in the discounted cash flow analysis. Most of the Discounted Cash Flow components summarized below were discussed and supported in the previously presented Direct Capitalization section. Support for assumptions not previously discussed are provided after the summary.

DISCOUNTED CASH FLOW ASSUMPTION CONCLUSIONS						
Forecast	Assumptions					
DCF Software	ARGUS Enterprise 14.0					
Holding Period	10 years					
Current Occupancy	62.7%					
Stabilized Occupancy	94%					
Income Annual Change	3.00%					
Expense Annual Change	3.00%					
Discount Rate - As Is	7.00%					
Reversion	Cap Year 11					
Terminal Capitalization Rate	5.50%					
Selling and Marketing Cost (% of reversion)	5.00%					
	Office	Retail Corner	Retail Avenue	Retail Mezzanine	Retail Side Street	Storage
<b>Market Rent (\$ PSF)</b>		\$215.00	\$185.00	\$35.00	\$125.00	\$25.00
Concluded Market Rent (\$/SF) Large Office						
<i>Floors 2-6</i>	\$62.00					
<i>Floors 7-18</i>	\$64.00					
<i>Floors 19-23</i>	\$72.00					
<i>Floors 24-25</i>	\$74.00					
Concluded Market Rent (\$/SF) Small Office						
<i>Floors 7-18</i>	\$64.00					
<i>Floors 19-23</i>	\$70.00					
<i>Floors 26</i>	\$74.00					
Expense Structure	Modified Gross	Modified Gross 10 years	Modified Gross 10 years	Modified Gross 10 years	Modified Gross 10 years	Gross 5 years
Average Lease Term (years)						
<i>Large Office (&gt; 10,000 SF)</i>	10 years					
<i>Small Office (&lt; 10,000 SF)</i>	5 years					
Tenant Improvements - New (\$/PSF)	\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Tenant Improvements - Renewal (\$/PSF)	\$25.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Leasing Commissions		35% / 17.5%	35% / 17.5%	35% / 17.5%	35% / 17.5%	19% / 9.5%
<i>Large Office (&gt; 10,000 SF)</i>	35% / 17.5%					
<i>Small Office (&lt; 10,000 SF)</i>	19% / 9.5%					
Concessions	6 / 3	6 / 3	6 / 3	6 / 3	6 / 3	6 / 3
Renewal Probability	50% Y1-2, 70% Y3+	50% Y1-2, 70% Y3+	50% Y1-2, 70% Y3+	50% Y1-2, 70% Y3+	50% Y1-2, 70% Y3+	50% Y1-2, 70% Y3+
Downtime Between Leases (mos.)	12 mos 1-2, 8 mos Y3+	12 mos 1-2, 8 mos Y3+	12 mos 1-2, 8 mos Y3+	12 mos 1-2, 8 mos Y3+	12 mos 1-2, 8 mos Y3+	12 mos 1-2, 8 mos Y3+

## HOLDING PERIOD

According to the PriceWaterHouseCoopers (PwC) Investors Survey for the 1Q2023 typical holding periods for Manhattan office buildings range from 3 to 12 Years. With regard to the subject property, there is nominal turnover and lease up occurring throughout years 1 through 10, with a significant amount of roll in year 11. Thus, we have utilized a 10-year holding period with the reversion based in Year 11, which is a year of stabilized operations without significant tenant turnover.

## LEASE EXPIRATION

The following table provides a summary of lease expiry (first term only) for the subject property. Properties with a significant amount of rollover up front may be deemed higher risk than those with more rollover towards the latter half of the anticipated holding period. The subject property contains rollover risk in years two and three as 39% of the property is currently set to roll in those years. There is also rollover risk following the end of the holding period as 25% of the property is currently set to roll after year 10.

CONTRACT LEASE EXPIRATION SCHEDULE				
Year	SF Expiring	% of Property	Cumulative SF	Cumulative %
1	8,578	3%	8,578	3%
2	68,752	22%	77,330	25%
3	53,574	17%	130,904	42%
4	0	0%	130,904	42%
5	10,289	3%	141,193	46%
6	46,267	15%	187,460	61%
7	24,097	8%	211,557	68%
8	2,986	1%	214,543	69%
9	0	0%	214,543	69%
10+	95,293	31%	309,836	100%

*Expirations include first term contract rent only*

## GROWTH RATES

The following table provides a summary of historical and forecast inflation estimates, along with growth rate assumptions for both market rent(s) and expenses according to investor survey data.

INCOME/EXPENSE GROWTH RATES				
Survey/Investment Type	Annual Rate	Survey/Investment Type	Annual Rate	
Bureau of Labor Statistics (BLS)		Mortgage Bankers Association (MBA)		
CPI-U Past 10 Years	2.59%	2022 CPI Forecast	7.50%	
CPI-U Past 5 Years	3.88%	2023 CPI Forecast	2.60%	
CPI-U Past 3 Years	5.03%	2024 CPI Forecast	2.30%	
CPI-U Past 1 Year	7.75%	2025 CPI Forecast	2.20%	
Survey/Investment Type	Market Rent Change	Average	Expense Change	Average
PwC Real Estate Investor Survey (4Q23)				
CBD Office	0.00% - 3.00%	1.50%	0.00% - 4.00%	2.70%
Strip Center	0.00% - 3.00%	1.08%	0.00% - 3.00%	2.42%
Manhattan Office Market	0.00% - 3.00%	1.30%	1.00% - 8.00%	3.65%
Situs RERC Real Estate Report (3Q23)				
CBD Office	0.00% - 3.00%	1.90%	2.50% - 5.00%	3.50%
Neigh/Community	1.00% - 4.00%	2.90%	2.50% - 5.00%	3.40%
<b>Subject's Conclusions</b>	<b>Income Growth Rate</b>	<b>3.00%</b>	<b>Expense Growth Rate</b>	<b>3.00%</b>

## TERMINAL CAPITALIZATION RATE

The following table provides a summary of terminal capitalization rates according to investor survey data.

TERMINAL CAPITALIZATION RATES		
Survey/Investment Type	Terminal OAR Range	Average
PwC Real Estate Investor Survey (4Q23)		
CBD Office	5.50% - 10.50%	7.15%
Strip Center	5.25% - 10.00%	7.46%
Manhattan Office Market	4.50% - 6.50%	5.65%
Situs RERC Real Estate Report (3Q23)		
CBD Office	6.00% - 8.80%	7.20%
Neigh/Community	6.00% - 8.30%	6.90%
<b>Subject's Estimated Terminal Capitalization Rate</b>		<b>5.50%</b>

Terminal capitalization rates are typically 25 to 100 basis points above the going-in capitalization rate. We conclude to a terminal capitalization rate at 50 basis points above the concluded going-in capitalization rate. Please note, the hold period is selected based on a year with stabilized occupancy.

## DISCOUNT RATE

In order to develop an indication of value by the Income Approach, it is necessary to establish an acceptable yield rate to discount the annual cash flows and the reversion value. We begin with a general discussion, and then will focus on the specific factors that influence the yield for the property.

This is a competitive rate of return reflecting the inherent risks, illiquidity, potential benefits, and availability of tax shelter of property ownership relative to prospective rates of return for alternative investment opportunities.

Typical investors require a rate of return for investment quality property such as the subject which is greater than the safe or "risk-less" rate offered by long-term treasury bonds.

The difference between an investor's required rate of return and the safe rate is basically the premium necessary to compensate the investor for the added risks of lack of liquidity offered by a real estate investment. To support our opinion of an equity yield rate acceptable to a typical investor in the subject interest, we have begun with an analysis of competitive investment yields:

SURVEY OF COMPETITIVE RATES	
Federal Funds Rate	5.33%
Prime Rate	8.50%
10-year Treasury Bond	3.84%
30-year Treasury Bond	3.98%
Corporate Bonds (Aaa)	5.28%
Corporate Bonds (Baa)	5.46%

*Source: Federal Reserve/Moody's – December 2023*

- The **Federal Funds Rate** is a foundational rate determining the cost of funds by Federal Reserve banks to depository institutions.
- The **Prime Rate** is a base rate posted by large banks for loans to corporations. It is a rate for business loans to banks' most creditworthy customers. It is no longer a lending rate per se, but a base rate from which other rates are adjusted.
- The **10, 20 and the 30-Year Treasury Bonds** are long-term obligations that are guaranteed by the federal government. We note that yields are below the historical average, reflecting sustained demand for the perceived surety in the U.S. Government's ability to repay these securities. Yields generally decline in Treasury's when there is a "flight to quality" caused by events such as the recent credit meltdown and global recession. However, recent economic conditions resulting from Russia's invasion of Ukraine and supply chain disruptions from China, coupled with Fed guidance continue to apply upward pressure on inflation and weigh on global economic activity. The Fed indicated at the December 2022 FOMC meeting that it will hold consistent with previous guidance to increase monthly holdings of Treasury securities at a cap of \$30 billion and holdings of MBS at a cap of \$17.5 billion per month. Starting in September 2022 the FOMC began rolling over at auction securities maturing in each month for Treasuries that exceed a cap of \$60 billion and reinvesting into agency mortgage-backed (MBS) the amount of principal payments from the Federal reserve's holdings of agency debt and agency MBS received in each calendar month that exceeds a cap of \$35 billion. It is also important to note that the 2/10-year treasury yields have remained inverted since July 2022. The inverted 2/10 treasury yields are historically an indicator of economic uncertainty as a flight to safety in the near term outweighs that in the long-term.
- Corporate Bonds offered by **Aaa** and **Baa** credit rated organizations are priced roughly 93 and 216 bps respectively over Treasuries, indicating the market's perception of minimal risk. **Baa** debt is issued by weaker corporate borrowers and exhibits corresponding risk, liquidity, and pricing characteristics compared to higher-grade obligations.

**Conclusion:** As we know from the December 2023 FOMC meeting, the Federal Reserve decided to maintain the federal funds target range at 5.25% - 5.50%. The fed funds rate has a strong correlation to short-term interest rates, which can affect the 10-year treasury rate and substantially affect 30-year mortgage rates. Additionally, the Federal Reserve Bank of Cleveland estimated a 30-year expected inflation rate of 2.50%, which is above the benchmarked 2% target in the Federal Reserve's dual mandate. The Fed also indicated in the December 2023 FOMC meeting that the overnight repurchase and reverse repurchase agreement operations will continue to be limited at \$500 bn and \$160 bn, respectively, and can be temporarily increased at the discretion of the Chair. Repo rates have risen from approximately 4.3% to 5.4% since the beginning of 2023 indicating a flight towards lending on government securities.

The values used as comparison points to widely published capital markets trading data (reported below) is that reported by the Real Estate Research Corporation (R.E.R.C.) and PWC Real Estate investment surveys. These offerings summarize expected rates of return, including capitalization rates and income and expense growth rates, from a representative sample of institutional investors.

These published rates generally reflect the primary value indications on an unleveraged basis since the capital structures of organizations vary so greatly. Overall property yields are presented first:

The following table provides a summary of discount rates according to investor survey data.

DISCOUNT RATES			
Survey/Investment Type	IRR Range	Average	
PwC Real Estate Investor Survey (4Q23)			
CBD Office	6.50% - 12.00%	8.61%	
Strip Center	7.00% - 11.00%	8.71%	
Manhattan Office Market	5.25% - 8.00%	6.80%	
Situs RERC Real Estate Report (3Q23)			
CBD Office	7.00% - 10.00%	8.00%	
Neigh/Community	7.00% - 8.50%	7.60%	
<b>Subject's Estimated Discount Rate - As Is</b>		<b>7.00%</b>	

#### Required Real Estate Yields Vis-À-Vis Capital Market Returns

	3Q 2023	2Q 2023	3Q 2022	3Q 2021	3Q 2020	3Q 2019
Real Estate Yield (%)	7.9	7.7	7.3	7.6	7.8	7.6
Moody's Baa Corporate (%)	6.0	5.7	5.4	3.2	3.3	4.0
Moody's Aaa Corporate (%)	4.9	4.6	4.2	2.5	2.2	3.1
10-Year Treasurys (%)	4.2	3.6	3.1	1.3	0.7	1.8
<b>Yield Spread (Percentage Points)</b>						
Moody's Baa Corporate (%)	1.9	2.0	1.9	4.4	4.5	3.8
Moody's Aaa Corporate (%)	3.0	3.1	3.1	5.1	5.6	4.7
10-Year Treasurys (%)	3.8	4.1	4.2	6.3	7.2	6.0

Sources: RERC, Federal Reserve, Moody's, 3Q 2023

Liquidity is an extreme concern to all investors, as transactional volume is growing significantly in most markets. Of all the property types, most credit is available for residential transactions, though the capital markets are deep for "Core-class" office and retail projects with strong tenancy. These effects are measured below, as overall yields for real estate are affected by numerous external factors.

- Location:** the better the location, the lower the IRR. The subject property is in a desirable location in the NoMad neighborhood of Manhattan, New York. There are strong demographic factors and macro trends.
- Leasing Schedule:** the subject's spaces are leased to diverse tenants who are set to expire their base lease between 2024 and 2037. The landlord has aggressively leased up space at the property over the last two years, however, there is still uncertainty, and the associated renewal risk will be captured in our selection of the discount rate.
- Tenant Credit Quality:** The subject property is leased to a variety of tenants, none of which are credit rated tenants.

- **Physical Characteristics of the Subject Property:** The newer the property, the higher the quality of construction and finishes, and the better the design and layout of the physical plant, the lower the IRR. The subject was constructed in 1927 with a renovation in 2011 and is in average condition (similar to most buildings in the area).
- **Degree of Forecasted Cash Flow Growth:** the greater the growth forecasted, the higher the IRR. The degree of cash flow growth is based on well-documented historic trends and current economic conditions. The subject is encumbered by slightly above-market level leases with annual increases for most tenants.
- **Amount of Equity Investment Required:** the greater the required equity investment (that portion of the total acquisition cost not typically funded by conventional financing), the higher the IRR. Acquisition of mixed-use buildings typically requires 25% to 35% equity, offering the opportunity to use significant leverage to increase investment return.
- **Length of Projection Period:** the longer the projection period, the higher the IRR. The holding period is forecasted to be 10 years, which is typical for the investor surveys.
- **Type of Investment:** the riskier the perceived return on investment for a particular type of real estate, the higher the IRR. Office and retail investors typically require average returns as compared to other asset classes.

Based on the factors described above, it is our opinion that an investor would require an overall yield rate near the mid-point of the market range.

The summation approach was applied to account for yield expectations associated with these investment considerations. A 5.50% basic rate was used based on the return exhibited by corporate and utility bonds. The basic rate is increased for liquidity, asset management, and risk. This results in a 7.00% discount rate. Based on the foregoing, it is our opinion that this pre-tax discount or yield rate would be required by a typical investor for a property like the subject.

## DISCOUNTED CASH FLOW SUMMARY

	DISCOUNTED CASH FLOW											
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
For the Years Ending	Nov-2024	Nov-2025	Nov-2026	Nov-2027	Nov-2028	Nov-2029	Nov-2030	Nov-2031	Nov-2032	Nov-2033	Nov-2034	
<b>Rental Revenue</b>												
Potential Base Rent	22,835,092	23,178,028	22,900,237	23,456,409	24,121,592	24,785,184	25,673,250	27,008,346	27,968,767	28,781,897	29,625,978	
Absorption & Turnover Vacancy	-8,294,981	-5,300,643	-1,798,360	-158,950	-138,964	-303,724	-630,792	-391,841	0	0	-320,562	
Free Rent	-393,024	-2,589,228	-4,168,435	-337,374	-138,964	-618,883	-1,072,522	-928,927	-102,434	0	-383,716	
Scheduled Base Rent	14,147,087	15,288,156	16,933,443	22,960,085	23,843,663	23,862,578	23,969,937	25,687,577	27,866,334	28,781,897	28,921,699	
Total Rental Revenue	14,147,087	15,288,156	16,933,443	22,960,085	23,843,663	23,862,578	23,969,937	25,687,577	27,866,334	28,781,897	28,921,699	
<b>Other Tenant Revenue</b>												
Real Estate Taxes	605,494	627,734	457,804	667,453	931,929	975,074	910,817	962,479	1,130,414	1,348,811	1,540,126	
Utilities	347,918	417,630	526,209	587,338	606,057	619,412	631,332	656,139	686,859	707,465	719,924	
Total Expense Recoveries	953,412	1,045,364	984,014	1,254,790	1,537,986	1,594,486	1,542,149	1,618,618	1,817,273	2,056,276	2,260,050	
Total Other Tenant Revenue	953,412	1,045,364	984,014	1,254,790	1,537,986	1,594,486	1,542,149	1,618,618	1,817,273	2,056,276	2,260,050	
Total Tenant Revenue	15,100,500	16,333,520	17,917,457	24,214,875	25,381,649	25,457,064	25,512,086	27,306,195	29,683,607	30,838,173	31,181,749	
<b>Other Revenue</b>												
Miscellaneous Income	300,000	309,000	318,270	327,818	337,653	347,782	358,216	368,962	380,031	391,432	403,175	
Total Other Revenue	300,000	309,000	318,270	327,818	337,653	347,782	358,216	368,962	380,031	391,432	403,175	
Potential Gross Revenue	15,400,500	16,642,520	18,235,727	24,542,694	25,719,301	25,804,846	25,870,302	27,675,157	30,063,638	31,229,604	31,584,924	
<b>Vacancy &amp; Credit Loss</b>												
Vacancy Allowance	0	0	0	-1,303,480	-1,392,272	-1,241,924	-937,781	-1,270,041	-1,781,016	-1,850,290	-1,569,577	
Credit Loss	-304,714	-329,435	-361,177	-487,188	-510,588	-512,180	-516,743	-553,503	-601,273	-624,592	-631,698	
Total Vacancy & Credit Loss	-304,714	-329,435	-361,177	-1,790,668	-1,902,861	-1,754,104	-1,454,524	-1,823,544	-2,382,289	-2,474,882	-2,201,275	
Effective Gross Revenue	15,185,455	16,498,556	18,146,485	22,777,254	23,816,441	24,183,150	24,547,955	26,113,878	27,723,594	28,754,722	29,463,612	
<b>Operating Expenses</b>												
Real Estate Taxes	5,288,022	5,552,423	5,830,044	6,121,546	6,427,624	6,620,453	6,819,066	7,023,638	7,234,347	7,451,378	7,674,919	
BID Taxes	43,184	45,343	47,610	49,991	52,490	54,065	55,687	57,358	59,078	60,851	62,676	
Insurance	294,344	303,174	312,270	321,638	331,287	341,225	351,462	362,006	372,866	384,052	395,574	
Utilities	867,541	893,567	920,374	947,985	976,425	1,005,718	1,035,889	1,066,966	1,098,975	1,131,944	1,165,903	
Repairs & Maintenance	619,672	638,262	657,410	677,132	697,446	718,370	739,921	762,118	784,982	808,531	832,787	
Administrative & General	619,672	638,262	657,410	677,132	697,446	718,370	739,921	762,118	784,982	808,531	832,787	
Management	301,916	326,262	357,491	455,041	476,329	481,015	488,316	517,032	553,627	575,094	587,673	
Total Operating Expenses	8,034,351	8,397,294	8,782,609	9,250,466	9,659,047	9,939,215	10,230,262	10,551,237	10,888,858	11,220,382	11,552,319	
Net Operating Income	7,061,435	7,915,791	9,091,941	13,501,560	14,157,393	14,111,527	14,185,516	15,300,376	16,792,491	17,534,340	17,831,330	
<b>Leasing Costs</b>												
Tenant Improvements	697,360	2,271,710	4,536,363	376,155	292,320	654,384	1,287,991	1,042,410	0	0	607,445	
Leasing Commissions	268,296	2,225,268	2,773,296	249,432	186,121	161,251	641,550	256,866	0	0	149,684	
Total Leasing Costs	965,656	4,496,978	7,309,659	625,587	478,441	815,635	1,929,541	1,299,276	0	0	757,129	
<b>Capital Expenditures</b>												
Capital Reserves	64,660	66,600	68,598	70,655	72,775	74,958	77,207	79,523	81,909	84,366	86,897	
Total Capital Expenditures	64,660	66,600	68,598	70,655	72,775	74,958	77,207	79,523	81,909	84,366	86,897	
Total Leasing & Capital Costs	1,030,316	4,563,578	7,378,257	696,242	551,216	890,593	2,006,748	1,378,800	81,909	84,366	844,026	
Cash Flow Before Debt Service	6,031,120	3,352,213	1,713,684	12,805,317	13,606,177	13,220,934	12,178,768	13,921,577	16,710,582	17,449,974	16,987,303	

## PRESENT VALUE SUMMARY

PRESENT VALUE REPORT					
Analysis <u>Period</u>	Period <u>Ending</u>	Cash Flow	P.V. of Cash Flow @ 6.50%	P.V. of Cash Flow @ 7.00%	P.V. of Cash Flow @ 7.50%
		<u>Before Debt Service</u>			
Year 1	Nov-2024	6,031,120	5,663,023	5,636,560	5,610,344
Year 2	Nov-2025	3,352,213	2,955,509	2,927,952	2,900,779
Year 3	Nov-2026	1,713,684	1,418,671	1,398,876	1,379,448
Year 4	Nov-2027	12,805,317	9,953,869	9,769,115	9,588,628
Year 5	Nov-2028	13,606,177	9,930,888	9,701,016	9,477,500
Year 6	Nov-2029	13,220,934	9,060,757	8,809,667	8,566,656
Year 7	Nov-2030	12,178,768	7,837,113	7,584,325	7,340,812
Year 8	Nov-2031	13,921,577	8,411,851	8,102,484	7,805,859
Year 9	Nov-2032	16,710,582	9,480,803	9,089,450	8,715,963
Year 10	Nov-2033	17,449,974	9,296,055	8,870,682	8,466,621
Totals		110,990,345	74,008,540	71,890,128	69,852,612
Property Resale @ 5.50% Cap Rate		307,995,693	164,077,325	156,569,393	149,437,640
Total Unleveraged Present Value			238,085,865	228,459,520	219,290,252

## VALUE INDICATION FROM DISCOUNTED CASH FLOW

Our conclusion via the Discounted Cash Flow Method is as follows.

DISCOUNTED CASH FLOW METHOD VALUE CONCLUSION - AS IS		
Discount Rate (0.50% Spread)	Value	\$/SF
Based on Low-Range of 6.50%	\$238,085,865	\$768
Based on Most Probable Rate of 7.00%	\$228,459,520	\$737
Based on High-Range of 7.50%	\$219,290,252	\$708
<b>Reconciled Value</b>	<b>\$228,459,520</b>	<b>\$737</b>
<b>Rounded to nearest \$5,000,000</b>	<b>\$230,000,000</b>	<b>\$742</b>

## PRO FORMA OPERATIONS

Following is a summary of the income and expense projections for the subject which is a summation of the preceding analysis. The subject is forecasted to stabilize in November 2026. The proforma will reflect the Year 4 operations from the Argus Cash Flow.

DISCOUNTED CASH FLOW	Forecast Year 4
<u>For the Years Ending</u>	<u>Nov-2027</u>
<b>Rental Revenue</b>	
Potential Base Rent	23,456,409
Absorption & Turnover Vacancy	-158,950
Free Rent	-337,374
Scheduled Base Rent	22,960,085
Total Rental Revenue	22,960,085
<b>Other Tenant Revenue</b>	
Real Estate Taxes	667,453
Utilities	587,338
Total Expense Recoveries	1,254,790
Total Other Tenant Revenue	1,254,790
Total Tenant Revenue	24,214,875
<b>Other Revenue</b>	
Miscellaneous Income	327,818
Total Other Revenue	327,818
Potential Gross Revenue	24,542,694
<b>Vacancy &amp; Credit Loss</b>	
Vacancy Allowance	-1,303,480
Credit Loss	-487,188
Total Vacancy & Credit Loss	-1,790,668
Effective Gross Revenue	22,752,025
<b>Operating Expenses</b>	
Real Estate Taxes	6,121,546
BID Taxes	49,991
Insurance	321,638
Utilities	947,985
Administrative & General	677,132
Repairs & Maintenance	677,132
Management	455,041
Total Operating Expenses	9,250,466
Net Operating Income	13,501,560

## DIRECT CAPITALIZATION

Direct capitalization is a method used to convert a projected single year's income expectancy into an indication of value. Dividing a property's net operating income by an appropriate market-derived capitalization rate provides a value indication. This capitalization rate is known as the overall rate.

There are several methods that can be used in deriving an overall rate that can be used to capitalize the net operating income that was projected in the previous Pro Forma Operating Statement.

## MARKET DERIVATION

When adequate data is available, the overall rate is best derived from the comparable sales employed in the Sales Comparison Approach. The following table summarizes capitalization rates extracted from the comparable sales transactions.

MARKET DERIVED CAPITALIZATION RATE SUMMARY			
No.	Property / Location	Date of Sale	Capitalization Rate
1	147 Madison Avenue New York, NY	02/06/2023	---
2	1330 6th Avenue New York, NY	11/17/2022	---
3	1 Park Avenue New York, NY	07/01/2021	4.07%
4	635 6th Avenue New York, NY	06/17/2021	5.50%
<b>Additional Cap Rate Comparables</b>			
1	55 W 19th Street New York, NY	Listing	5.40%
2	90 Maiden Lane New York, NY	Listing	4.87%
3	450 Park Avenue New York, NY	Jun-22	4.00%
4	1375 Broadway New York, NY	Jul-20	4.80%
<hr/>			
Low			4.00%
High			5.50%
Median			4.84%
Average			4.77%
<hr/>			
<b>Appraiser's Concluded Range</b>			<b>4.75% - 5.25%</b>

The sales above indicate a wide range of capitalization rates from 4.00% to 5.50% with an average of 4.77%. The subject property is currently leased reasonably at market and is additionally located along a highly trafficked main avenue. Therefore, the subject should achieve a capitalization rate toward the average of the sales. Based on the data available and the analyses presented, the subject warrants a capitalization rate between 4.75% - 5.25%.

## INVESTOR SURVEYS

INVESTOR SURVEYS		
Survey/Investment Type	OAR Range	Average
PwC Real Estate Investor Survey (4Q23)		
CBD Office	4.50% - 10.00%	6.78%
Strip Center	5.25% - 10.00%	7.50%
Manhattan Office Market	4.00% - 6.25%	5.23%
Situs RERC Real Estate Report (3Q23)		
CBD Office	5.80% - 8.50%	6.80%
Neigh/Community	5.50% - 7.80%	6.40%
RealtyRates.com Investor Survey (4Q23)		
CBD	6.58% - 13.24%	9.40%
Office	5.86% - 13.24%	9.22%
Retail	5.83% - 14.13%	9.77%
<b>Indicated OAR:</b>	<b>4.00% - 14.13%</b>	<b>7.64%</b>

The Investor Surveys are a secondary consideration in our selection of the cap rate.

## CAPITALIZATION RATE SUMMARY AND CONCLUSIONS

The capitalization rates derived from the various techniques are summarized in the following table.

SUMMARY CAPITALIZATION RATE AND CONCLUSION	
Method	Capitalization Rate
Market Extraction	4.75% - 5.25%
Investor Surveys	7.64%
<b>Primary Weight</b>	<b>Market Extraction</b>
<b>Secondary Weight</b>	<b>Investor Surveys</b>
<b>Capitalization Rate Conclusion</b>	<b>5.00%</b>

Typically, most weight is placed on the rates derived from sources most closely associated with the subject's immediate market, that is, comparable sales, particularly if the comparable sales have a similar risk profile to the subject property. Based on the data available and the analyses presented, we conclude to a 5.00% capitalization rate. However, the range would be from 4.75% - 5.25%.

## VALUE INDICATION FROM DIRECT CAPITALIZATION

An opinion of market value is indicated by the Direct Capitalization Method by dividing the net operating income (NOI), derived earlier in this section by the appropriate capitalization rate. Our conclusion via the Direct Capitalization Method is as follows.

Due to the property not currently operating at stabilization, a lease up adjustment is required.

LEASE UP ADJUSTMENT				
	Year 1	Year 2	Year 3	NPV (7.00% IRR)
Absorption & Turnover Vacancy	\$8,294,981	\$5,300,643	\$1,798,360	\$13,850,103
Free Rent	\$393,024	\$2,589,228	\$4,168,435	\$6,031,529
Tenant Improvements	\$697,360	\$2,271,710	\$4,536,363	\$6,338,961
Leasing Commissions	\$268,296	\$2,225,268	\$2,773,296	\$4,458,215
<b>Subtotal</b>				\$30,678,809
Entrepreneurial Incentive (as % of Stabilized Value)	5%			\$13,500,000
<b>Total Lease Up Adjustment</b>				<b>\$44,178,809</b>
<b>Rounded (Nearest \$1,000,000)</b>				<b>\$44,000,000</b>

Our conclusion via the Direct Capitalization Method is as follows.

DIRECT CAPITALIZATION METHOD VALUE CONCLUSION - AS IS		
NET OPERATING INCOME	\$13,501,560	\$43.58
<b>Sensitivity Analysis (0.25% OAR Spread)</b>	<b>Value</b>	<b>\$/SF</b>
Based on Low-Range of 4.75%	\$284,243,362	\$917.40
Based on Most Probable Rate of 5.00%	\$270,031,194	\$871.53
Based on High-Range of 5.25%	\$257,172,565	\$830.03
<b>Indicated As Stabilized Value</b>	<b>\$270,031,194</b>	
less Lease Up Adjustment	(44,000,000)	
<b>Indicated As Is Value</b>	<b>\$226,031,194</b>	<b>\$729.52</b>
<b>Rounded to nearest \$5,000,000</b>	<b>\$225,000,000</b>	<b>\$726.19</b>

# SALES COMPARISON APPROACH

## METHODOLOGY

In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold properties in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

<b>Unit of Comparison</b>	A unit of comparison (i.e. price per square foot, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
<b>Search for Sales</b>	Research must be done to locate comparable sales, listings and contracts of properties that are similar to the subject. Similarities may include property type, size, physical condition, location and the date of the sale.
<b>Confirmation</b>	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
<b>Comparison</b>	Each of the improved sales that is chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
<b>Reconciliation</b>	Once the comparables have been adjusted, a value must be concluded based on the indications produced from the analysis of the comparables.

## UNITS OF COMPARISON

UNITS OF MEASURE	
X	1. <b>Per Square Foot of Net Rentable Area:</b> For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of the corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area.
	2. <b>Per Square Foot of Usable Area:</b> The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
	3. <b>Per Square foot of Gross Leasable Area:</b> Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.
	4. <b>Per Square Foot of Gross Building Area:</b> Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.
	5. <b>Per Unit:</b> Total number of dwelling units in the property. Typically used for apartment properties.

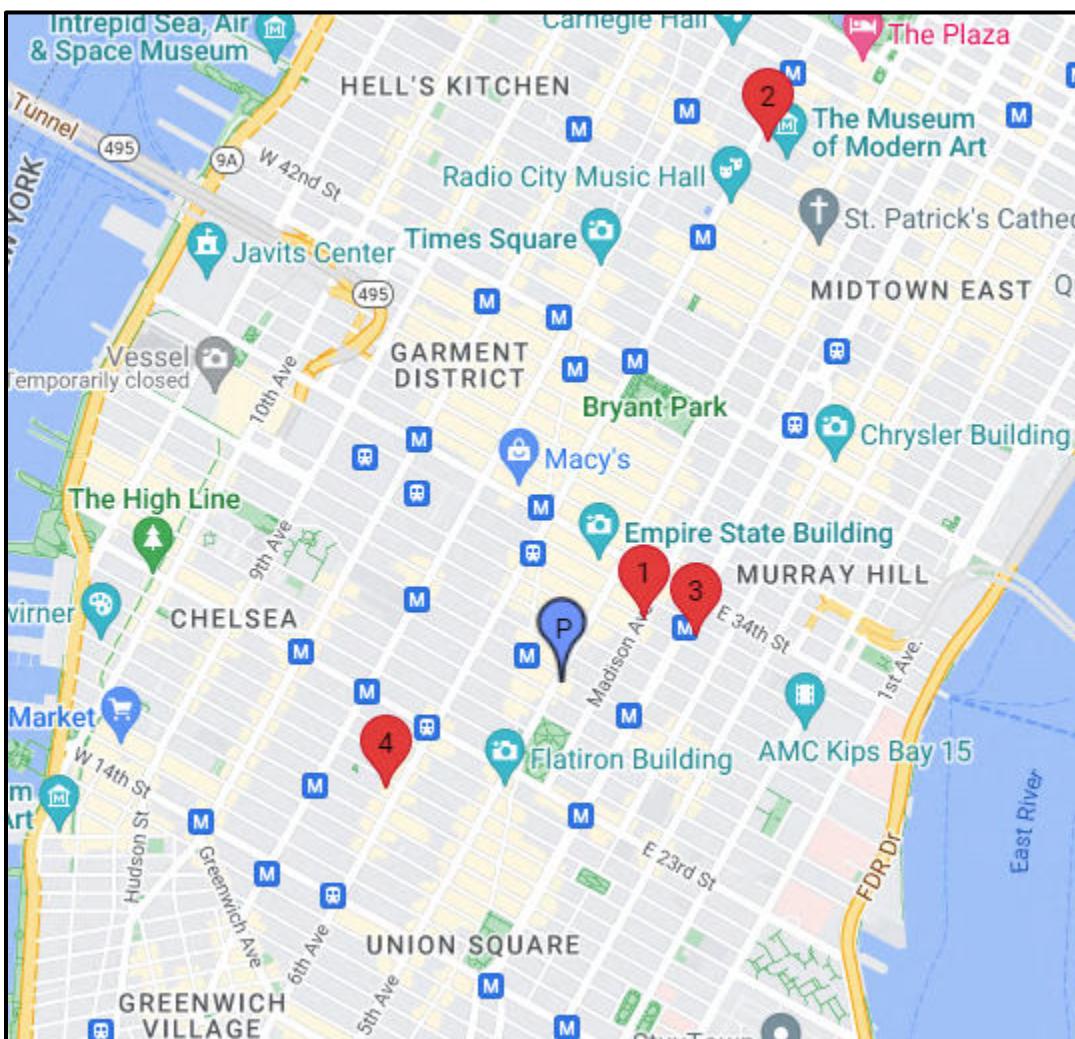
## SALE OF THE SUBJECT PROPERTY

The subject property is currently vested in the name 245 Fifth Owner LLC, who acquired the subject in April 2011. To the best of our knowledge, there have been no other known transactions of the subject property within the three years prior to the effective date of this appraisal. The subject property is not currently on the market for sale.

## COMPARABLE IMPROVED SALES

On the following pages, we present a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process.

## COMPARABLE IMPROVED SALES MAP



## COMPARABLE IMPROVED SALES SUMMARY

SUMMARY OF IMPROVED SALES												
Comp No.	Property / Location	Property Use	Date of Sale	Transaction Status	Property Rights	Year Built / Renovated	Bldg. Size (SF Net)	Occup.	Sale Price	\$/SF	NOI PSF	Overall Rate
1	147 Madison Avenue New York, NY	Professional Office	Feb-23	Closed	Fee Simple	1917 / 1988	114,776	0%	\$77,000,000	\$671	----	----
2	1330 6th Avenue New York, NY	Professional Office	Nov-22	Closed	Leased Fee	1965 / 2010	459,500	88%	\$320,000,000	\$696	----	----
3	1 Park Avenue New York, NY	Professional Office	Jul-21	Closed	Leased Fee	1925 / 2000	945,685	99%	\$875,000,000	\$925	\$37.64	4.07%
4	635 6th Avenue New York, NY	Professional Office	Jun-21	Closed	Leased Fee	1902 / 2014	267,000	94%	\$325,000,000	\$1,217	\$66.95	5.50%
<b>Subj.</b> Mixed-Use Office/Retail Building		-----	-----	-----	Leased Fee	1927 / 2011	309,836	63%	-----	-----	\$43.58	-----
<b>Subj.</b> 245 Fifth Avenue New York, New York		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

## COMPARABLE IMPROVED SALES ADJUSTMENT GRID

Comparable Sale Summaries and Adjustments						
Property / Location	Subject	Comp 1	Comp 2	Comp 3	Comp 4	
Property / Location	Mixed-Use Office/Retail Building 245 Fifth Avenue New York, New York	147 Madison Avenue New York, NY	1330 6th Avenue New York, NY	1 Park Avenue New York, NY	635 6th Avenue New York, NY	
Transaction Status	-----	Closed	Closed	Closed	Closed	
Date of Sale	-----	Feb-23	Nov-22	Jul-21	Jun-21	
Bldg. Size (SF Net)	309,836	114,776	459,500	945,685	267,000	
Occup.	63%	0%	88%	99%	94%	
Sale Price	-----	\$77,000,000	\$320,000,000	\$875,000,000	\$325,000,000	
NOI PSF	-----	-----	-----	\$37.64	\$66.95	
Overall Rate	-----	-----	-----	4.07%	5.50%	
Unadjusted Price per SF (Net)	-----	\$671	\$696	\$925	\$1,217	
Transactional Adjustments						
Property Rights Conveyed Adjustment	Leased Fee	Fee Simple 0%	Leased Fee 0%	Leased Fee 0%	Leased Fee 0%	
Financing Adjustment	Assumed Cash	Similar 0%	Similar 0%	Similar 0%	Similar 0%	
Terms/Conditions of Sale Adjustment	Arm's Length	Arm's Length 0%	Arm's Length 0%	Arm's Length 0%	Arm's Length 0%	
Expenditures After Sale Adjustment	None	None 0%	None 0%	None 0%	None 0%	
Market Conditions Adjustment	Nov-26	Feb-23 3%	Nov-22 3%	Jul-21 -12%	Jun-21 -12%	
Total Transactional Adjustments		3%	3%	-12%	-12%	
Adjusted Price per SF (Net)		\$691	\$717	\$814	\$1,071	
Property Adjustments						
Location	Average	Similar 0%	Similar 0%	Similar 0%	Similar 0%	
Property Size SF (Net)	309,836	114,776 -10%	459,500 5%	945,685 10%	267,000 0%	
Condition	Average	Inferior 10%	Similar 0%	Superior -10%	Similar 0%	
Quality	Average	Similar 0%	Similar 0%	Similar 0%	Similar 0%	
NOI/SF (Net)	\$43.58	----- 0%	----- 0%	\$37.64 8%	\$66.95 -17%	
Economics / Tenancy	(Assumes Stabilized)	62.7% 25%	0.0% 25%	88.0% 10%	99.0% 0%	
Occupancy	Mixed-Use	Similar 0%	Similar 0%	Similar 0%	Similar 0%	
Functional Utility	Corner Exposure	Corner Exposure 0%	Corner Exposure 0%	Corner Exposure 0%	Corner Exposure 0%	
Site Utility		25%	15%	8%	-17%	
Total Property Adjustments		\$864	\$825	\$879	\$889	
Indication for Subject						

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$671	\$825
Maximum	\$1,217	\$889
Average	\$877	\$864
Median	\$811	\$872
Standard Deviation	\$220	\$24

## **ADJUSTMENT PROCESS**

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

## **DISCUSSION OF ADJUSTMENTS**

### **TRANSACTIONAL ADJUSTMENTS**

#### **PROPERTY RIGHTS CONVEYED**

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

#### **FINANCING TERMS**

This category accounts for differences in financing terms associated with the transaction. Financing arrangements that may require an adjustment include mortgage assumptions (at favorable interest rates), seller buydowns, installment sales, wrap-around loans, or any other atypical financing arrangements that do not represent cash-equivalent terms.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

#### **TERMS/CONDITIONS OF SALE**

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. This may include such factors as seller distress (short sale, REO, auction) or buyer motivation (assemblage, etc.). In some situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein to account for any disparity between asking prices and the achievable sale price anticipated.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

#### **EXPENDITURES IMMEDIATELY AFTER SALE**

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

#### **MARKET CONDITIONS**

This time-adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand

factors, rental rates, vacancy rates and/or capitalization rates. Market fundamentals have dramatically deteriorated since the Fed began its tightening cycle in July 2022. For sales which occurred prior to July 2022, a downward adjustment of 15% has been applied to account for the mark to market of interest rate policy. Additionally, we have forecasted no growth for the next two years based on the current market sentiment, then 3% per annum thereafter through the forecasted stabilized date. The adjustments were made according to the following table.

MARKET CONDITION ADJUSTMENT CALCULATION						
Sale No.	Date of Sale	Adjustment to Dec 2023	2024	2025	2026	Total % Adjustment
1	Feb-23	0%	0%	0%	3%	<b>3%</b>
2	Nov-22	0%	0%	0%	3%	<b>3%</b>
3	Jul-21	-15%	0%	0%	3%	<b>-12%</b>
4	Jun-21	-15%	0%	0%	3%	<b>-12%</b>

## PROPERTY ADJUSTMENTS

### LOCATION

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

### PROPERTY SIZE SF (NET)

Normally, all other characteristics being equal, the unit value of a property is affected by its size. Building size and price per square foot typically have an inverse relationship. Larger buildings tend to achieve lower pricing on a per-unit basis due to their economies of scale, and smaller pool of prospective buyers.

Comparable No. 1 is smaller than the subject and received a downward adjustment of 10%. Comparable No. 2 is larger than the subject and received an upward adjustment of 5%. Comparable No. 3 is larger than the subject and received an upward adjustment of 10%.

### CONDITION

Older properties that have been well maintained could be considered to be in better condition than newer properties that have not been well maintained or that have incurred deferred maintenance.

Comparable No. 1 was judged inferior to the subject and received an upward adjustment of 10%. Comparable No. 3 was regarded superior to the subject and received a downward adjustment of 10%.

### QUALITY

Quality adjustments reflect differences in the quality and durability of construction materials, design, building classification, finish-out, et cetera.

Comparable No. 1 was judged inferior to the subject and received an upward adjustment of 10%.

## ECONOMICS / TENANCY

The variance in achievable rental rates is regarded as a reasonable means with which to reflect locational differences attributable to local/regional market economics. The following adjustments are based upon differences in NOI as compared to the subject. The absolute variance is discounted 50% to avoid double counting.

Comparable No. 3 was judged inferior to the subject and received an upward adjustment of 8%. Comparable No. 4 was regarded superior to the subject and received a downward adjustment of 17%.

LOCATION/INCOME ADJUSTMENT ANALYSIS			
Sale No.	Comp NOI (\$/SF)	Subject NOI (\$/SF)	Variance (50% Discount)
1	-----	\$43.58	0%
2	-----	\$43.58	0%
3	\$37.64	\$43.58	8%
4	\$66.95	\$43.58	-17%

## OCCUPANCY

All other factors being equal, properties that exhibit higher occupancy command premiums over those with lower occupancy ratios.

Comparable No. 1 was sold 100% vacant to an investor and received an upward adjustment of 25%. Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 10%.

## FUNCTIONAL UTILITY

Adjustments for functional utility may include differences for architectural style, converted usage, building efficiency, "smart" systems and other items.

All of the comparables were considered similar to the subject because they are mixed-use buildings, and no adjustments were required for this category.

## SITE UTILITY

Site utility adjustments may allow for differences in site features such as how the improvements are laid-out on the site, retention ponds, access, exposure, slope or other factors.

All of the comparables contain corner exposure similar to the subject and no adjustments were required for this category.

## SUMMARY OF PROPERTY ADJUSTMENTS

Comparable No. 1 was judged inferior to the subject and received an upward adjustment of 25%. Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 15%. Comparable No. 3 was judged inferior to the subject and received an upward adjustment of 8%. Comparable No. 4 was regarded superior to the subject and received a downward adjustment of 17%.

## SALES COMPARISON APPROACH CONCLUSION

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$671	\$825
Maximum	\$1,217	\$889
Average	\$877	\$864
Median	\$811	\$872
Standard Deviation	\$220	\$24

The indicated unadjusted range of the comparable sales is from \$671 to \$1,217 per square foot, with an average of \$877 per square foot. Based on the unadjusted unit prices, the standard deviation is \$220. After adjustments, the comparable sales exhibited a range between \$825 and \$889 with an average of \$864 per square foot. After adjustments, the standard deviation declined to \$24, which indicates a tightening of the unit prices relative to the mean and provides a higher degree of confidence in the adjustments applied. Primary weight was given to comparable No. 3 for receiving the least magnitude of overall adjustments. Based on the data available and the analyses presented, the indicated value of the subject property by the Sales Comparison Approach is \$880.00 per square foot, calculated in the following table.

Due to the property not currently operating at stabilization, a lease up adjustment is required.

LEASE UP ADJUSTMENT				
	Year 1	Year 2	Year 3	NPV (7.00% IRR)
Absorption & Turnover Vacancy	\$8,294,981	\$5,300,643	\$1,798,360	\$13,850,103
Free Rent	\$393,024	\$2,589,228	\$4,168,435	\$6,031,529
Tenant Improvements	\$697,360	\$2,271,710	\$4,536,363	\$6,338,961
Leasing Commissions	\$268,296	\$2,225,268	\$2,773,296	\$4,458,215
<b>Subtotal</b>				\$30,678,809
Entrepreneurial Incentive (as % of Stabilized Value)	5%			\$13,500,000
<b>Total Lease Up Adjustment</b>				<b>\$44,178,809</b>
<b>Rounded (Nearest \$1,000,000)</b>				<b>\$44,000,000</b>

Our conclusion via the Sales Comparison Approach is as follows.

SALES COMPARISON APPROACH VALUE CONCLUSION	
Indicated Value per SF	\$880.00
per SF (Net)	x 309,836
<b>Indicated Stabilized Value</b>	<b>\$272,655,680</b>
Less: Lease Up Adjustment	(44,000,000)
<b>Indicated As Is Value</b>	<b>\$228,655,680</b>
Rounded to nearest \$5,000,000	\$230,000,000
Per SF (Net)	\$742

# RECONCILIATION AND FINAL VALUE

## SUMMARY OF VALUE INDICATIONS

VALUE INDICATIONS			
<b>As Is as of December 31, 2023</b>			
<b>Cost Approach</b>	Not Developed		
<b>Land Value</b>	Not Developed		
<b>Sales Comparison Approach</b>	\$230,000,000	\$742.33	Per Square Foot (NRA)
<b>Income Capitalization Approach</b>			
<b>Direct Capitalization</b>	\$225,000,000	\$726.19	Per Square Foot (NRA)
<b>Discounted Cash Flow</b>	\$230,000,000	\$742.33	Per Square Foot (NRA)
<b>Approach Reliance</b>	<b>Income Capitalization Approach</b>		
<b>Value Conclusion - As Is</b>	<b>\$227,500,000</b>	<b>\$734.26</b>	<b>Per Square Foot (NRA)</b>
<b>Exposure Time (Months)</b>	12 Months		
<b>Marketing Time (Months)</b>	12 Months		

## MARKET VALUE - VALUATION RELIANCE

**The Cost Approach** is traditionally a good indicator of value when properties being appraised are new or close to new. The subject improvements were constructed beginning in 1927 and suffer from accrued physical depreciation as a result of age and normal wear. The improvements also suffer from functional obsolescence due to inadequacies in design that are less than current market standards. Difficulty in estimating all forms of accrued depreciation limits the reliability of this Approach. Further, investors in the subject market do not typically use the cost approach for income producing retail properties as an indication of value. The Cost Approach, therefore, has not been utilized in this report.

**The Income Capitalization Approach** is considered to be a good indicator of value when market rents, stabilized expenses, capitalization rates, discount rates and vacancy rates are based on reliable market data. For our analysis, income and expenses were derived from actual and market figures and were considered reliable. Vacancy rates were based on a neighborhood survey and were considered to be reflective of market demand for the subject property. The capitalization and discount rates were derived from reliable market surveys of investor criteria. There was a significant quantity of quality data available for the development of this approach.

**The Sales Comparison Approach** is considered a reliable indicator of value when few differences exist between the sales and the subject, and the sales data collected is considered to be reliable and accurate. The sales used to estimate the value of the subject property were considered to be comparable in most respects, although adjustments were required. The difficulty in measuring the differentiation between tenant quality and lease terms results in limited reliability of this approach. Overall, the indicated value estimate by this Approach is considered to be a good indicator and is given secondary weight in the final value estimate.

Overall, the Income Capitalization Approach is considered a better indicator of value than the Sales Comparison Approach. The value indicated by the Income Capitalization Approach reflects a prudent investor's analysis of an income-producing property. Since the subject property is income-producing by nature, an analysis of income, expenses, overall capitalization rates and yield rates is considered to be an appropriate method. The presence of long-term leased space in the subject increases the need to analyze income as it relates to value.

## FINAL OPINION(S) OF VALUE

Based on the inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Fair Value - As Is	Leased Fee	December 31, 2023	\$227,500,000

## MARKETING TIME AND EXPOSURE TIME

Financing for properties like the subject purchased for investment purposes is limited, which has reduced the pool of potential buyers for this property type. Therefore, we do not believe the limited availability of financing has any negative impact on the marketability of the subject, and we believe it would sell within 12 months at the appraised market value.

The exposure time is also estimated at less than twelve months; however; it could be slightly longer than the marketing time depending on any improvement in the market.

# CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of New York.
9. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Jon DiPietra, MAI has and Scott Silverman, MAI has and completed the continuing education program for Designated Members of the Appraisal Institute.
12. Jon DiPietra, MAI has not and Scott Silverman, MAI has, made a personal inspection of the property that is the subject of this report.
13. Rose Segan and Justin Weinberg provided significant real property appraisal assistance to the person signing this certification in the form of market research and analysis and report writing.
14. Jon DiPietra, MAI has and Scott Silverman, MAI has previously appraised the property that is the subject of this report in December 2021 for \$270,000,000, December 2022 for \$255,000,000, and June 2023 for \$227,500,000.



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# STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
  - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
  - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
  - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
  - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
  - e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.

- f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in 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 noncompliance with the requirements of ADA was not considered in estimating the value of the property.
  - g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
  - h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
  - i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
  - j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
  - k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
  - l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
  - m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment

records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
- 5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that

may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.

- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

## Overview

### BBG OVERVIEW

BBG is one of the nation's largest real estate due diligence firms with more than 45 offices across the country serving more than 3,000 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

### THE BBG DIFFERENCE

**National Footprint.** BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

**Customer-focused Growth.** BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

**Qualified Team.** Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

**Unbiased Independence.** By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

**Innovative Technology.** BBG has made significant analytics and IT investments to continually improve our data and report quality.

### SERVICES

#### Valuation

- + Single Asset Valuation
- + Portfolio Valuation
- + Institutional Asset Valuation
- + Appraisal Review
- + Appraisal Management
- + Lease and Cost Analysis
- + Insurance Valuation
- + Arbitration & Consulting
- + Feasibility Studies
- + Highest and Best Use Studies
- + Evaluation
- + Investment analysis
- + Tax appeals
- + Litigation Support
- + Manufactured Housing and Campgrounds

#### Advisory

- + ASC 805 Business combinations
- + ASC 840 Leases
- + Purchase Price Allocations
- + Portfolio Valuations for reporting net asset values (NAV)
- + Public and non-traded REIT valuations
- + Valuations for litigation and litigation support
- + Sale-leaseback valuation analysis
- + Valuations for bankruptcy/fresh start accounting
- + Cost segregation analysis

#### Assessment

- + Environmental due diligence
- + Property condition consulting
- + Small loan services
- + Energy consulting
- + Environmental consulting
- + Zoning
- + ALTA Surveys

## Valuation + Assessment

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## GLOSSARY

**Appraisal:** (noun) the act or process of developing an opinion of value; an opinion of value. (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.<sup>7</sup>

**Appraisal Practice:** valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.<sup>7</sup>

**Appraisal Review:** (noun) the act or process of developing an opinion about the quality of another appraiser's work (i.e., a report, part of a report, a workfile, or some combination of these), that was performed as part of an appraisal or appraisal review assignment; (adjective) of or pertaining to an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.<sup>7</sup>

**Appraiser:** one who is expected to perform valuation services competently and in a manner that is independent, impartial and objective.<sup>7</sup>

**Appraiser's Peers:** other appraisers who have expertise and competency in a similar type of assignment.<sup>7</sup>

**Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.<sup>1</sup>

**Asset:**

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

**Asset:** A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.<sup>2</sup>

**Assignment:** a valuation service that is provided by an appraiser as a consequence of an agreement with a client.<sup>7</sup>

**Assignment Conditions:** Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulation, jurisdictional exceptions, and other conditions that affect the scope of work.<sup>7</sup>

**Assignment Elements:** Specific information needed to identify the appraisal or appraisal review problem: client and any other intended users, intended use of the appraiser's opinions and conclusions, type and definition of value; effective date of the appraiser's opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions.<sup>7</sup>

**Assignment Results:** An appraiser's opinions or conclusions, not limited to value, that were developed when performing an appraisal assignment, an appraisal review assignment, or a valuation service other than an appraisal or appraisal review.<sup>7</sup>

**Bias:** a preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an assignment.<sup>7</sup>

**Business Enterprise:** an entity pursuing an economic activity.<sup>7</sup>

**Business Equity:** the interests, benefits, and rights inherent in the ownership of a business enterprise or a part thereof in any form (including, but not necessarily limited to, capital stock, partnership interests, cooperatives, sole proprietorships, options, and warrants).<sup>7</sup>

**Capital Expenditure:** Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. Also referred to as Cap Ex.<sup>1</sup>

**Cash Equivalency Analysis:** An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.<sup>1</sup>

**Client:** the party or parties (i.e., individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.<sup>7</sup>

**Condominium Ownership:** A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real estate.<sup>1</sup>

**Confidential Information:**

**1:** information that is either:

- Identified by the client as confidential when providing it to a valuer and that is not available from any other source, or
- Classified as confidential or private by applicable law or regulation.

**2:** Information that is either

- Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- Classified as confidential or private by applicable law or regulation \*
- NOTICE: For example, pursuant to the passage of the Gramm-Leach-Bliley Act in November 1999, some public agencies have adopted privacy regulations that affect appraisers. The Federal Trade Commission (FTC) issued two rules. The first rule (16 CFR 313) focuses on the protection of "non-public personal information" provided by consumers to those involved in financial activities "found to be closely related to banking or usual in connection with the transaction of banking." These activities include "appraising real or personal property." The second rule (16 CFR 314) requires appraisers to safeguard customer non-public personal information. Significant liability exists for appraisers should they fail to comply with these FTC rules.<sup>7</sup>

**Cost:** the actual or estimated amount required to create, reproduce, replace or obtain a property.<sup>7</sup>

**Cost Approach:** A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.<sup>1</sup>

**Credible:** worthy of belief.<sup>7</sup>

**Deferred Maintenance:** Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.<sup>1</sup>

**Disposition Value:** The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.<sup>1</sup>

**Economic Life:** The period over which improvements to real estate contribute to property value.<sup>1</sup>

**Effective Date:** the date to which the appraiser's analysis, opinions and conclusions apply, also referred to as date of value.<sup>7</sup>

**Effective Gross Income Multiplier (EGIM):** The ratio between the sale price (or value) of a property and its effective gross income.<sup>1</sup>

**Effective Rent:** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.<sup>1</sup>

**Exposure Time:** an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effect date of the appraisal.<sup>7</sup>

**Extraordinary Assumption:** an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.<sup>7</sup>

**Fair Market Value:**

1. In nontechnical usage, a term that is equivalent to the contemporary usage of market value.
2. As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. For example, one definition of *fair market value* provided by the Internal Revenue Service for certain purposes is as follows: The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includable in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate. (IRS Regulation §20.2031-1)<sup>1</sup>

**Fair Share:**

1. A share of a fund or deposit that is divided or distributed proportionately.
2. A share of a burden or obligation that is divided proportionately; e.g., a tenant in a multitenant building or development may be required to pay a pro rata share of the building's operating expenses based on the number of square feet the tenant occupies. In a shopping center, the tenant's share of operating costs is often stated as a fraction, with the gross leasable area of the tenant's premises as the numerator and the gross leasable area or gross leased area of the entire shopping center as the denominator.
3. The share of a trade area that a retail facility is likely to capture; assumes that capture is a function of property size as a proportion of the overall inventory of competitive space in the trade area, i.e., that the facility captures a "fair share" of the trade area.<sup>1</sup>

**Fair Value:**

1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).<sup>1</sup>
3. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.<sup>2</sup>

**Feasibility Analysis:** a study of the cost benefit relationship of an economic endeavor.<sup>1</sup>

**Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>1</sup>

**Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.<sup>1</sup>

**Going Concern:**

1. An established and operating business having an indefinite future life.
2. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.<sup>1</sup>

**Gross Building Area (GBA):**

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.<sup>1</sup>

**Highest and Best Use:**

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS).
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)<sup>1</sup>

**Hypothetical Condition:** a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.<sup>7</sup>

**Income Capitalization Approach:** Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.<sup>1</sup>

**Inspection:** Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector.<sup>1</sup>

**Insurable Value:** A type of value for insurance purposes.<sup>1</sup>

**Intangible Property (intangible Assets):** Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.<sup>7</sup>

**Intended Use:** the user(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.<sup>7</sup>

**Intended User:** the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.<sup>7</sup>

**Internal Rate of Return ("IRR"):** The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y).<sup>1</sup>

**Investment Value:** 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS)<sup>1</sup>

**Jurisdictional Exception:** an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.<sup>7</sup>

**Leasehold Interest:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.<sup>1</sup>

**Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.<sup>1</sup>

**Liquidation Value:** The most probable price that a specified interest in real

property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.<sup>1</sup>

**Load Factor:** A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of usable area from the rentable area and then dividing the difference by the usable area:<sup>1</sup>

Load Factor =

$$\frac{(\text{Rentable Area} - \text{Useable Area})}{\text{Useable Area}}$$

**Market Value:** a type of value stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraiser as applicable in an appraisal.

**Market Value "As If Complete" On The Appraisal Date:** Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

**Market Value "As Is" On The Appraisal Date:** Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

**Market Value of the Total Assets of the Business:** The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future.<sup>4</sup>

**Marketing Time:** An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.).<sup>3</sup>

**Mass Appraisal:** the process of valuing a universe of properties as of a given date using standard methodology, employing common data and allowing for statistical testing.<sup>7</sup>

**Mass Appraisal Model:** a mathematical expression of how supply and demand factors interact in a market.<sup>7</sup>

**Misleading:** intentionally or unintentionally misrepresenting, misstating or concealing relevant facts or conclusions.<sup>7</sup>

**Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also lease.<sup>1</sup>

**Net Rentable Area (NRA):** 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.<sup>5</sup>

**Penetration Ratio (Rate):** The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.<sup>1</sup>

**Personal Inspection:** a physical observation performed to assist in identifying relevant property characteristics in a valuation service.<sup>7</sup>

**Personal Property:** any tangible or intangible article that is subject to ownership and not classified as real property, including identifiable tangible objects that are considered by the general public as being "personal", such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails or designs for digital tokens.<sup>7</sup>

**Physical Characteristics:** attributes of a property that are observable or measurable as a matter of fact, as distinguished from opinions and conclusions, which are the result of some level of analysis or judgement.<sup>7</sup>

**Price:** the amount asked, offered or paid for a property.<sup>7</sup>

**Prospective opinion of value.** A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.<sup>1</sup>

**Real Estate:** an identified parcel or tract of land, including improvements, if any.<sup>7</sup>

**Real Property:** the interests, benefits and rights inherent in the ownership of real estate.<sup>7</sup>

**Reconciliation:** A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value.<sup>1</sup>

**Relevant Characteristics:** features that may affect a property's value or marketability such as legal, economic or physical characteristics.<sup>7</sup>

**Reliable Measurement:** [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.<sup>2</sup>

**Remaining Economic Life:** The estimated period over which existing improvements are expected to contribute eco-nomically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.<sup>1</sup>

**Replacement Cost:** The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.<sup>1</sup>

**Report:** any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment.<sup>7</sup>

**Retrospective Value Opinion:** A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."<sup>1</sup>

**Sales Comparison Approach:** The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of

comparable sales is available.<sup>1</sup>

**Scope of Work:** the type and extent of research and analyses in an appraisal or appraisal review assignment.<sup>7</sup>

**Signature:** personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses and the conclusions in the report.<sup>7</sup>

**Stabilized value:** A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

**Substitution:** The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.<sup>3</sup>

**Total Assets of a Business:** Total assets of a business is defined by the Appraisal Institute as “the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit).”

**Use Value:**

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually.<sup>1</sup>

**Valuation Service:** a service pertaining to an aspect of property value, regardless of the type of service and whether it is performed by appraisers or by others.<sup>7</sup>

**Value:** the monetary relationship between properties and those who buy and sell, or use those properties, expressed as an opinion of the worth of a property at a given time.<sup>7</sup>

**Workfile:** data, information and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP.<sup>7</sup>

<sup>1</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). <sup>2</sup>Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser*, IFRS Website, [www.ifrs-ebooks.com/index.html](http://www.ifrs-ebooks.com/index.html). <sup>3</sup>Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). <sup>4</sup> This definition is taken from “Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon,” *Journal of Real Estate Appraisal*, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. <sup>5</sup>Financial Publishing Company, *The Real Estate Dictionary*, 7 ed. <sup>6</sup> U.S. Treasury Regulations. <sup>7</sup>USPAP 2020-2021

## LETTER OF ENGAGEMENT



December 6, 2023

Mr. Yaron Babila  
Moinian Group  
3 Columbus Circle, 26th Floor  
New York, NY 10019  
212-808-4000  
ybabilia@moiniangroup.com

RE: 535-545 Fifth Avenue  
572-580 Eleventh Avenue  
123 Linden Boulevard, Brooklyn  
245 Fifth Avenue  
1428 Fulton Street, Brooklyn  
3 Columbus Circle

123 Washington Street  
90 Washington Street  
Gramercy Portfolio  
72 Madison Avenue  
650 N.E. 2<sup>nd</sup> Avenue, Miami

Dear Mr. Babila:

We are pleased to submit this proposal and our terms and conditions for the appraisal of the above-referenced real estate.

## PROPOSAL SPECIFICATIONS

**Valuation Premise:**

Provide an updated opinion of value of each referenced property as of December 31, 2023 in individual reports.

**Property Rights Appraised:**

Leased fee interest

**Intended Use:**

Asset valuation for proposed financing in preparation of IFRS financial statements in connection with a potential TASE offering.

**Intended Users:**

Moinian Group

**Scope of Work:**

The appraisals will include any approach to value that is applicable and necessary to the assignment.

**Appraisal Standards:**

Uniform Standards of Professional Appraisal Practice (USPAP) and Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.

**Fee:**

\$108,000

**Payment Terms:**

Full payment is due upon delivery of the final reports or within 30 days of your receipt of our draft reports, whichever is sooner. If draft reports are requested, the full fee is considered earned upon delivery of our draft report. BBG will look to Moinian Group for payment of our fee.

December 6, 2023

Page 2 of 7

**Report Copies:**

PDF delivery of draft and/or final reports. Hard copies will be furnished upon request.

**Delivery Date:**

Delivery of the appraisal conclusions and/or reports will be during early January 2023, pending timely receipt of your written authorization to proceed and any necessary data.

**Acceptance Date:**

Date of execution

The attached terms and conditions of the engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contract or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by BBG, Inc. and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such terms and conditions of the engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgement and acceptance of the terms and conditions of the engagement, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

Client acknowledges and agrees that BBG may anonymize all property and operational information ("Client Data") provided and aggregate with other anonymized data from other clients and/or other sources and use such aggregated anonymized client data in existing or future BBG product offerings. BBG shall process the client data in a manner that renders the form and source of the client data unidentifiable to any other client or third party.

Thank you for the opportunity to quote this deal. Please let me know if you need pricing on a Phase I, PCA, Seismic Risk Assessment (SRA), Zoning, ALTA surveys, Energy Services, Indoor Air Quality, or Construction Risk Management Services.

Sincerely,



Jon DiPietra, MAI  
Managing Director  
As Agent for BBG, Inc.



Date

## **Terms and Limiting Conditions of the Engagement**

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The Terms and Conditions of the Engagement are deemed part of the attached Proposal Specifications and Appraisal Services Agreement and are incorporated fully therein, and shall apply to any appraisal reports, contract or orders into which they are incorporated.

### **A) Definitions. In the Terms and Conditions of the Engagement:**

1. "BBG, Inc." means BBG, Inc. and its agents, successors, assigns, servants, employees, principals, affiliated companies and all those in privity with them.
2. "Appraiser" means the appraiser(s) performing part or all of the appraisal services and/or signing an appraisal report.
3. "Appraisal Services Agreement" means any written agreement with Client for performance of the appraisal services by Appraiser, including any agreement entered into electronically.
4. "Client" means any party identified expressly as a client in an Appraisal Services Agreement and also any party identified expressly as a client by the Appraiser in an appraisal report.
5. "Appraisal" means the appraisal or consulting report(s) prepared by BBG, Inc.

### **B) Venue and Jurisdiction**

**THIS APPRAISAL SERVICES AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC SUBSTANTIVE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION. IF ANY ACTION RELATING TO THIS APPRAISAL SERVICES AGREEMENT OR THE CONTEMPLATED TRANSACTIONS IS BROUGHT BY A PARTY HERETO AGAINST ANY OTHER PARTY HERETO, THE PREVAILING PARTY IN SUCH ACTION WILL BE ENTITLED TO RECOVER ALL REASONABLE EXPENSES RELATING THERETO (INCLUDING ATTORNEYS' FEES AND EXPENSES) FROM THE NON-PREVAILING PARTY.**

Each party to this Appraisal Services Agreement (a) hereby irrevocably submits to the exclusive jurisdiction and venue of the state courts located in New York County, New York (or, if but only if such court lacks jurisdiction, the United States District Court for the Southern District of New York) for the purpose of any Action between any of the parties hereto arising in whole or in part under or in connection with this Appraisal Services Agreement, any Ancillary Agreement, or the Contemplated Transactions, (b) hereby waives and agrees not to assert any claim that he, she or it is not subject personally to the jurisdiction of the above-named courts or that any such Action brought in the above-named courts should be dismissed on grounds of forum non conveniens. Notwithstanding the foregoing, a party hereto may commence any Action in a court other than the above-named courts solely for the purpose of enforcing an order or judgment issued by the above-named courts.

### **C) Limitations of Liability**

It is expressly agreed that in any action which may be brought against BBG, Inc., arising out of, relating to, or in any way pertaining to this engagement, this Appraisal Services Agreement, this Appraisal, or any information or opinions contained therein, BBG, Inc. shall not be responsible or liable for any incidental or consequential losses, unless the Appraisal was fraudulent or prepared with gross negligence. It is further agreed that the collective liability of BBG, Inc. in any such action shall not exceed the fees paid for the preparation of the respective Appraisal unless the Appraisal was fraudulent or prepared with gross negligence. Finally, it is agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

Client hereby agrees to indemnify, defend, protect and hold BBG, Inc. harmless from and against all claims, damages, losses and expenses, including attorneys' fees, expenses and costs, incurred upon investigating and defending any claim, action or proceeding arising from, or in any way connected to, relating to, or in any way pertaining to this engagement, this Appraisal Services Agreement, the Appraisal, or any information or opinions contained therein. Further, you acknowledge that any opinions and conclusions expressed by professionals employed by BBG, Inc. related to the Appraisal are representations made by them as employees and not as individuals. BBG, Inc.'s responsibility is limited to you a Client, and use of BBG, Inc.'s product by third parties shall be solely at the risk of you and/or third parties. BBG, Inc. acknowledges that Client will be the end-user of, and can rely upon, the opinion and conclusions of BBG, Inc. for this Appraisal.

### **D) Confidentiality**

The parties agree that (i) this Appraisal Services Agreement and the terms contained herein, (ii) valuation conclusions, (iii) the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof, and (iv) all information regarding the Site of whatever nature made available to either party by the other (including BBG, Inc.'s final report and all prior drafts of same) and methods of each party revealed during the performance of the Services (altogether, collectively, the "Confidential Information") shall be treated as strictly confidential. Accordingly, neither party nor any employee, agent or affiliate thereof shall disclose the same to any third party without the written consent of other party and approval of Appraiser; provided, however, that, a party shall not hereby be precluded from disclosure of Confidential Information that may be compelled by legal requirements, or from disclosing this Appraisal Services Agreement (and the terms contained

## **Terms and Limiting Conditions of the Engagement**

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herein) to its attorneys, accountants, auditors, lenders, and other professionals who may be bound to that party by duties of confidence.

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number and financial account numbers.

### **E) General Assumptions and Limiting Conditions**

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that the Appraiser may comment on, analyze, or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
  - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
  - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
  - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
  - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way, except as stated.
  - e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
  - f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of

## **Terms and Limiting Conditions of the Engagement**

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- the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report or oral report.
  - g) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
  - h) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's or Consultant's inspection.
  - i) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
  - j) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
  - k) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
  - l) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

## **Terms and Limiting Conditions of the Engagement**

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- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the effective date.
- 5) Any value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser or Consultant. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.

## **Terms and Limiting Conditions of the Engagement**

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- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work. A payment agreement must be reached in advance of the Appraiser providing such services.
- 13) Client shall not disseminate, distribute, make available, or otherwise provide any appraisal report prepared hereunder to any third party (including, without limitation, incorporating or referencing the report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the report provided that either Appraiser has received an acceptable release from such third party with respect to such report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the report to such third party, (b) any third party service provider (including rating agencies and auditors) using the report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of a report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend, and hold Appraiser and its affiliates and their officers, directors, employees, contractors, agents, and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and, collectively, the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages, and expenses (collectively, "Damages") claimed against, sustained, or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the report.

## RENT ROLL

## Tenant Rent Roll

0123126218 - 245 Fifth Avenue (4) (Amounts in USD)

Dec, 2023 through Nov, 2024

Grouped By - None

1/8/2024 11:09:42 AM

Tenant Name	Suite	Lease Type	Lease Status	Area	Lease Start Date	Lease End Date	Potential Base Rent	Absorption & Turnover Rent	Free Rent	Scheduled Base Rent	Expense Recoveries	Potential Gross Revenue	Tenant Improvements	Leasing Commissions	Net Cash Flow		
UPS GROUND	MEZZ	Office	Contract	422	12/1/2009	1/31/2030	0	0	0	0	0	0	0	0	0		
UPS GROUND	GRADE	Retail	Contract	1,140	11/1/2003	1/31/2030	133,750	0	0	133,750	31,058	164,808	0	0	0	164,808	
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	194	6/1/2018	5/31/2038	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	146	7/1/2018	6/30/2038	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	218	8/1/2018	7/31/2038	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	215	10/1/2018	9/30/2038	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	129	12/1/2018	11/30/2038	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	127	1/1/2019	12/31/2038	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	226	1/1/2019	12/31/2038	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	113	1/1/2019	12/31/2038	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	319	6/1/2019	5/31/2039	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	268	6/1/2019	5/31/2039	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	241	6/1/2019	5/31/2039	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	145	4/1/2019	3/31/2039	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	141	4/1/2019	3/31/2039	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	129	6/1/2018	5/31/2038	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	63	7/1/2019	6/30/2039	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	2,685	8/1/2019	7/31/2039	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	262	8/1/2019	7/31/2039	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	197	8/1/2019	7/31/2039	0	0	0	0	0	0	0	0	0		
**BLDG/VACANT STORAGE	BSMT	Office	Speculative	216	6/1/2018	5/31/2038	0	0	0	0	0	0	0	0	0		
WEDNESDAY NEW YORK	2600	Office	Contract	4,667	3/1/2016	2/28/2025	487,328	0	0	487,328	36,039	523,367	0	0	0	523,367	
WEDNESDAY NEW YORK LLC	2500	Office	Contract	8,916	5/1/2014	2/28/2025	806,379	0	0	806,379	78,701	885,079	0	0	0	885,079	
ROCK PAPER SCISSORS	2300	Office	Contract	10,289	12/1/2012	7/31/2028	745,747	0	0	745,747	113,447	859,194	0	0	0	859,194	
PAYFONE INC.	2000	Office	Speculative	11,933	9/1/2019	11/30/2029	891,250	0	0	891,250	70,351	961,601	0	0	0	961,601	
FRAME LA BRANDS	1901/1902	Office	Contract	11,591	3/1/2016	11/30/2025	1,061,693	0	0	1,061,693	90,312	1,152,005	0	0	0	1,152,005	
ENIGMA TECHNOLOGIES	1800	Office	Contract	13,627	11/1/2015	2/28/2026	1,033,063	0	0	1,033,063	64,414	1,097,477	0	0	0	1,097,477	
ENIGMA TECHNOLOGIES	1700	Office	Contract	13,627	11/1/2015	2/28/2026	1,033,063	0	0	1,033,063	64,414	1,097,477	0	0	0	1,097,477	
ENIGMA TECHNOLOGIES	1602	Office	Contract	7,298	11/1/2015	2/28/2026	531,586	0	0	531,586	53,339	584,925	0	0	0	584,925	
SYNTHESIA, INC	1600	Office	Contract	6,490	4/1/2023	1/31/2029	373,175	0	0	373,175	11,358	384,533	0	0	0	384,533	
VALLEY NATIONAL BANK	1502/ 2200	Office	Contract	15,317	5/17/2022	5/31/2037	1,087,507	0	0	1,087,507	26,805	1,114,312	0	0	0	1,114,312	
QUAKER EQUITIES	1401/02/03/04	Office	Contract	13,754	10/1/2019	12/31/2025	682,755	0	0	682,755	44,377	727,132	0	0	0	727,132	
TAXBIT INC.	1204	Office	Contract	5,385	4/1/2023	6/30/2026	347,871	0	0	347,871	9,424	357,295	0	0	0	357,295	
The HON Company	1200	Office	Contract	8,578	3/1/2017	9/30/2024	631,331	91,499	0	539,833	52,625	592,458	0	0	0	592,458	
IMAGINARY VENTURE CAPITAL MANAGEMENT LP	1101/ 1102/ 1104	Office	Contract	13,637	9/1/2012	11/30/2026	934,848	0	0	934,848	23,865	958,713	0	0	0	958,713	
CALCIUM USA, LLC	1001	Office	Contract	2,838	2/1/2023	1/31/2029	148,995	0	0	148,995	6,454	155,449	0	0	0	155,449	
CARPENTER CONTRACTOR ALLIANCE OF METROPOLITAN NEW YORK, INC.	0901	Office	Contract	3,432	2/27/2015	8/31/2025	256,929	0	0	256,929	25,613	282,542	0	0	0	282,542	
INTEGRATIVE NUTRITION	0800	Office	Contract	13,196	12/1/2015	11/30/2025	988,057	0	0	988,057	56,745	1,044,802	0	0	0	1,044,802	
INTEGRATIVE NUTRITION	0700	Office	Contract	13,196	2/1/2015	11/30/2025	1,006,583	0	0	1,006,583	56,745	1,063,328	0	0	0	1,063,328	
LINA NoMad LLC	0300	Office	Contract	13,104	12/1/2021	6/30/2030	790,211	0	0	790,211	22,932	813,143	0	0	0	813,143	
AVO JACK, LLC	0101	Retail	Contract	2,084	4/24/2022	4/23/2037	266,467	0	0	266,467	3,647	270,114	0	0	0	270,114	
Vacant 2401 (1 of 1)		Auto Lease-Up	Office		Speculative	4/1/2026	3/31/2036										
Vacant 2100 (1 of 1)		Auto Lease-Up	Office		Speculative	12/1/2025	11/30/2035										
Vacant 1501 (1 of 1)		Auto Lease-Up	Office		Speculative	8,578	6/1/2024	5/31/2029	548,992	274,496	274,496	0	7,506	7,506	343,120	132,009	-467,623
Vacant 1004 (2 of 2)		Auto Lease-Up	Office		Speculative	1,618	8/1/2024	7/31/2029	103,552	69,035	34,517	0	944	944	64,720	24,900	-88,676
Vacant 1004 (1 of 2)		Auto Lease-Up	Office		Speculative	2,838	8/1/2024	7/31/2029	181,632	121,088	60,544	0	1,656	1,656	113,520	43,675	-155,539
Vacant 1003 (1 of 1)		Auto Lease-Up	Office		Speculative	2/1/2025	1/31/2030										
Vacant 1002 (1 of 1)		Auto Lease-Up	Office		Speculative	4,400	11/1/2024	10/31/2029	281,600	258,133	23,467	0	642	642	176,000	67,713	-243,071
Vacant 0904 (1 of 1)		Auto Lease-Up	Office		Speculative	2/1/2025	1/31/2030										
Vacant 0903 (1 of 1)		Auto Lease-Up	Office		Speculative	6/1/2025	5/31/2030										
Vacant 0902 (1 of 1)		Auto Lease-Up	Office		Speculative	10/1/2025	9/30/2030										
Vacant 0601 (1 of 1)		Auto Lease-Up	Office		Speculative	6/1/2026	5/31/2036										
Vacant 0500 (1 of 1)		Auto Lease-Up	Office		Speculative	12/1/2025	11/30/2035										
Vacant 0400 (1 of 1)		Auto Lease-Up	Office		Speculative	8/1/2025	7/31/2035										
Vacant 0200 (1 of 1)		Auto Lease-Up	Office		Speculative	4/1/2025	3/31/2035										
Vacant 0102, MZ02, 0017 (1 of 1)		Auto Lease-Up	Retail		Speculative	12/1/2024	11/30/2034										

217,989

15,354,362

814,251

393,024

14,147,087

953,412

15,100,500

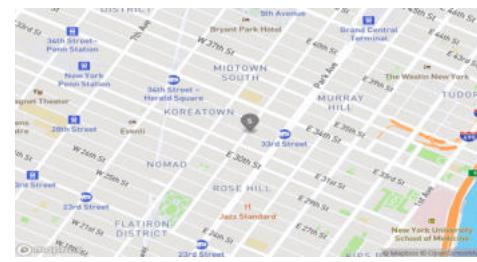
697,360

268,296

14,134,844

## **COMPARABLE IMPROVED SALES**

**Sale Comparable #1**  
**Office Building**  
 147 Madison Avenue  
 New York, NY 10016  
 New York County  
 BBG Property #692660



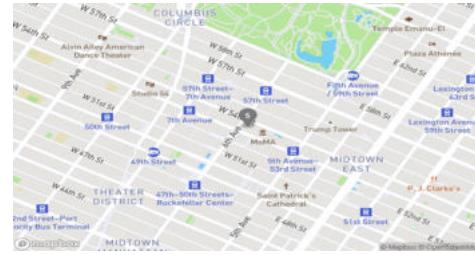
## Property Data

### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.746498 / -73.9837
Legal	Block 861   Lot 57		
Parcel ID #	1008610057	Number of Buildings	1
Year Built	1917	Year Renovated	1988
Quality	Average	Condition	Average
Class	Class B	Construction Details	
Gross Building Area	119,006 SF	Rentable Area	114,776 SF
Number of Stories	12	Floor Area Ratio	17.20
Opportunity Zone	No	Census Tract	0074.00
Site Size (Gross)	6,917 SF (0.16 acres)	Site Size (Net)	6,917 SF (0.16 acres)

Sale Transaction Data for BBG Event #829301 on 2/6/2023			PSF (GBA)	PSF (Rentable)
Transaction Date	2/6/2023	Consideration	\$77,000,000	\$647.03
Sale Status	Closed	Adjustments	\$0	\$0.00
Occupancy at TOS	0%	Cash Equivalent Price	\$77,000,000	\$647.03
Property Rights	Fee Simple			
Transaction Component	Real Estate			
Tenancy	Vacant			
Grantor	COLUMBIA REIT- 149 MADISON, LLC			
Grantee	149 MADISON SPE LLC			
Comments	Sold vacant.			
Verification	3/9/2023			
Public Record, CoStar, Seller's Press Release				

**Sale Comparable #2**  
**1330 Avenue of the Americas**  
 1330 6th Avenue  
 New York, NY 10019  
 New York County  
 BBG Property #682370



#### Property Data

##### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.761931 / -73.9784
Legal	Block 1269   Lot 1	Number of Buildings	1
Parcel ID #	1012690001	Year Renovated	2010
Year Built	1965	Condition	Average
Quality	Average	Construction Details	
Class	Class A	Rentable Area	459,500 SF
Gross Building Area	500,177 SF	Floor Area Ratio	23.15
Number of Stories	39	Census Tract	0104.00
Opportunity Zone	No	Site Size (Net)	21,606 SF (0.50 acres)
Site Size (Gross)	21,606 SF (0.50 acres)	Flood Zone	Zone X (Unshaded)

Sale Transaction Data for BBG Event #817252 on 11/17/2022			PSF (GBA)	PSF (Rentable)
Transaction Date	11/17/2022	Consideration	\$320,000,000	\$639.77
Sale Status	Closed	Adjustments	\$0	\$0.00
Occupancy at TOS	88%	Cash Equivalent Price	\$320,000,000	\$639.77
Property Rights	Leased Fee			
Grantor	RXR 1330 OWNER LLC			
Grantee	1330 CE26 LLC			
Comments	Sale of office building.			
Verification	2/1/2023	Public Record		

**Sale Comparable #3**
**One Park Avenue**

1 Park Avenue

New York, NY 10016

New York County

BBG Property #174346

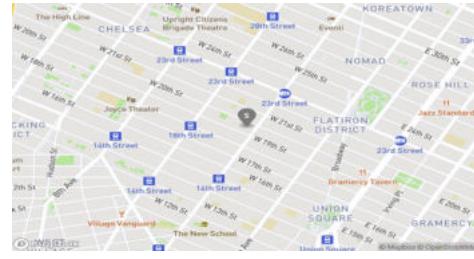

**Property Data**
*Improvement Details*

Property Type/Use	Office Professional Office	Lat/Long	40.745910 / -73.9815
Legal	Block 888 Lot 1	Number of Buildings	1
Parcel ID #	0888-0001	Year Renovated	2000
Year Built	1925	Condition	Good
Quality	Good	Construction Details	Brick, stone
Class	Class A	Rentable Area	945,685 SF
Gross Building Area	945,685 SF	Floor Area Ratio	20.82
Number of Stories	18	Census Tract	0072.00
Opportunity Zone	No	Site Size (Net)	45,425 SF (1.04 acres)
Site Size (Gross)	45,425 SF (1.04 acres)		

Sale Transaction Data for BBG Event #751852 on 7/1/2021				PSF (GBA)	PSF (Rentable)
Transaction Date	7/1/2021	Consideration	\$875,000,000	\$925.26	\$925.26
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00
Occupancy at TOS	99%	Cash Equivalent Price	\$875,000,000	\$925.26	\$925.26
Property Rights	Leased Fee				
Grantor	<b>Canada Pension Plan Investment Board</b>				
Grantee	<b>Vornado Realty Trust</b>				
Verification	7/14/2022	Public Records			

Financial Attributes	In-Place Income	
	Amount	PSF (Rentable)
Net Operating Income	\$35,600,000	\$0.00
Overall Rate	4.07%	

**Sale Comparable #4**  
**635-641 Avenue of Americas**  
**635 6th Avenue**  
**New York, NY 10011**  
**New York County**  
**BBG Property #528430**



#### Property Data

##### Improvement Details

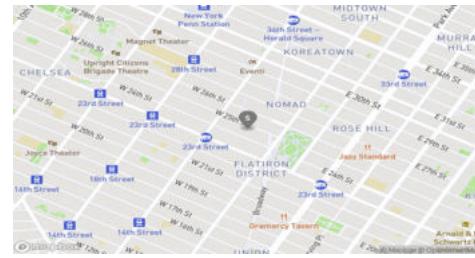
Property Type/Use	Office Professional Office	Lat/Long	40.740970 / -73.9948
Legal	Block 795   Lot 37 Block 795   Lot 44		
Parcel ID #	1007950037 1007950044	Number of Buildings	2
Year Built	1902	Year Renovated	2014
Quality	Average/Good	Condition	Average/Good
Class	Class A	Construction Details	
Gross Building Area	267,000 SF	Rentable Area	267,000 SF
Number of Stories	8	Floor Area Ratio	9.49
Opportunity Zone	No	Census Tract	0087.00
Site Size (Gross)	28,147 SF (0.65 acres)	Site Size (Net)	28,147 SF (0.65 acres)

Sale Transaction Data for BBG Event #701075 on 6/17/2021				PSF (GBA)	PSF (Rentable)
Transaction Date	6/17/2021	Consideration	\$325,000,000	\$1,217.23	\$1,217.23
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00
Occupancy at TOS	94%	Cash Equivalent Price	\$325,000,000	\$1,217.23	\$1,217.23
Property Rights	<b>Leased Fee</b>				
Grantor	<b>635 OWNER LLC</b> <b>641 SIXTH FEE OWNER LLC</b>				
Grantee	<b>635 AOA OWNER, LLC</b> <b>641 AOA OWNER, LLC</b>				
Comments	This transfer represents the sale of two office buildings located at 635 & 641 Avenue Of The Americas in New York, NY 10011 which sold on approximately June 10, 2021 for a Gross Sale Price of \$325,000,000 and equates to a Price Per Square Foot of \$1,217. 641 Avenue of the Americas is approximately 159,146 SF and 8-stories. 635 Avenue Of The Americas is approximately 107,854 SF and 8-stories. The property is currently 94% leased and anchored by multi-national enterprise software company, Infor, through 2030, following a recently executed renewal and extension. A Cap Rate of 5.5% has been reported from the NOI of approximately \$17,875,000.				
Verification	<b>4/5/2023</b> <b>Public Record, Broker</b>				

Financial Attributes	In-Place Income	
	Amount	PSF (Rentable)
Net Operating Income	\$17,875,000	\$66.95
Overall Rate	5.50%	

## COMPARABLE RENTS

**Lease Comparable #1**  
**24 West 25th Street**  
**24 West 25th Street**  
**New York, NY**  
**New York County**  
**BBG Property #716733**



## Property Data

### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.743293 / -73.9904
Legal	Block 826, Lot 57		
Parcel ID #		Number of Buildings	2
Year Built	1911	Year Renovated	2013
Quality	Average	Condition	Average
Class	Class B	Construction Details	
Gross Building Area	133,561 SF	Rentable Area	0 SF
Number of Stories	12	Floor Area Ratio	13.53
Opportunity Zone	No	Census Tract	0058.00
Site Size (Gross)	9,875 SF (0.23 acres)	Site Size (Net)	9,875 SF (0.23 acres)

### Leases

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
4/4/2023	BSMT, P GRND	Janet Mandell Showroom	5,000 SF  \$150.00 Modified Gross	120  N/A	N/A  N/A	91%  N/A	7/5/2023  Broker

**Lease Comparable #2**  
**56 West 22nd Street**  
56 West 22nd Street  
New York, NY 10010  
New York County  
BBG Property #510774



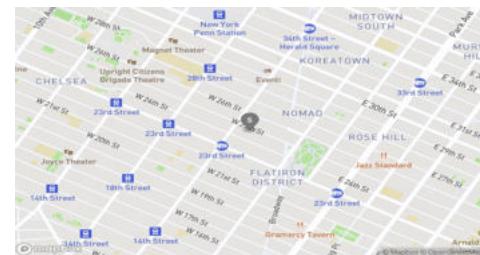
**Property Data**
*Improvement Details*

Property Type/Use	Office Professional Office	Lat/Long	40.741841 / -73.9929
Legal	Block 823 Lot 73		
Parcel ID #	1008230073	Number of Buildings	1
Year Built	1908	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class B	Construction Details	
Gross Building Area	55,200 SF	Rentable Area	55,200 SF
Number of Stories	12	Floor Area Ratio	12.02
Opportunity Zone	No	Census Tract	58
Site Size (Gross)	4,592 SF (0.11 acres)	Site Size (Net)	4,592 SF (0.11 acres)
Flood Zone	Zone X (Unshaded)		

**Leases**

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
12/20/2022	LL & GRND	Grandma's House Restaurant Group	6,500 SF \$135.00 Modified Gross	144 N/A	N/A N/A	67%	3/16/2023 Broker

**Lease Comparable #3**  
**40 West 25th Street**  
40 West 25th Street  
New York, NY 10010  
New York County  
BBG Property #92914



**Property Data**
*Improvement Details*

Property Type/Use	Office Professional Office	Lat/Long	40.743670 / -73.9912
Legal	Block: 826 Lot: 65		
Parcel ID #	0826-0065	Number of Buildings	2
Year Built	1913	Year Renovated	2012
Quality	Average	Condition	Average
Class	Class B	Construction Details	
Gross Building Area	128,965 SF	Rentable Area	0 SF
Number of Stories	12	Floor Area Ratio	12.62
Opportunity Zone	No	Census Tract	0058.00
Site Size (Gross)	10,221 SF (0.23 acres)	Site Size (Net)	10,221 SF (0.23 acres)
Project Amenities	Elevator, On-Site Office		
Unit Amenities	Standard Appliances		
Comments	.8 Miles to Penn Station.		

**Leases**

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
12/1/2022	Ground	Hearts of Gold	6,671 SF \$80.00 Modified Gross	120 N/A	N/A N/A	92%	12/22/2022 Broker

**Sale Comparable #4**

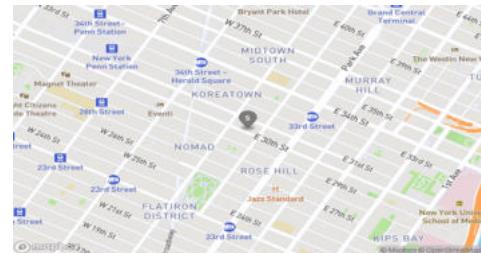
**13 East 30th Street**

13 East 30th Street

New York, NY 10016

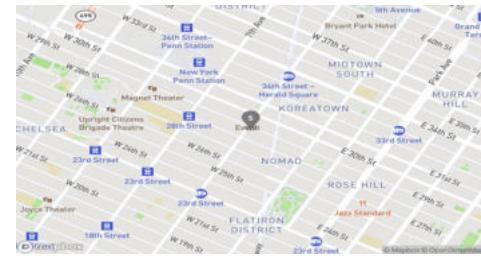
New York County

BBG Property #191136



Property Data					
Improvement Details					
Property Type/Use	Multifamily Condominium	Lat/Long		40.745680 / -73.9854	
Legal	Block 860   Lot 1101				
Parcel ID #			Number of Buildings	1	
Year Built	1920		Year Renovated	2004	
Quality	Average		Condition	Average	
Class	Class C		Construction Details		
Gross Building Area	10,246 SF		Rentable Area	10,246 SF	
Multifamily Units	0				
Number of Stories	7		Floor Area Ratio	5.61	
HAP Contract	No HAP in place		Income Restricted	Property is not income restricted	
Opportunity Zone	No		Census Tract		
Site Size (Gross)	1,826 SF (0.04 acres)		Site Size (Net)	1,826 SF (0.04 acres)	
Leases					
Commence	Suite	Tenant	Leased Area Rent \$/SF/Year	Term (Mos) TI (PSF)	Free Rent (Mos) Escalations Occupancy
8/24/2022	Ground Floor	Confidential	1,200 SF \$120.00 Modified Gross	60 N/A	N/A N/A 100%
					1/4/2023 Confidential

**Sale Comparable #5**  
**832 Sixth Avenue**  
 832 Sixth Avenue  
 New York, NY 10001  
 New York County  
 BBG Property #28898



#### Property Data

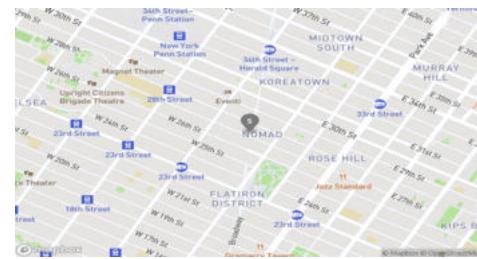
##### Improvement Details

Property Type/Use	Multifamily Apartments	Lat/Long	40.746470 / -73.9900
Legal	Block 830, Lot 78	Number of Buildings	1
Parcel ID #	1008300078	Year Renovated	2000
Year Built	1915	Condition	Average
Quality	Average	Construction Details	
Class	Class C	Rentable Area	3,000 SF
Gross Building Area	4,988 SF	Floor Area Ratio	2.80
Multifamily Units	0	Income Restricted	Property is not income restricted
Number of Stories	3	Census Tract	0076.00
HAP Contract	No HAP in place	Site Size (Net)	1,781 SF (0.04 acres)
Opportunity Zone	No	Unit Amenities	Laundry Appliances

##### Leases

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
4/4/2023	Ground	Confidential	900 SF \$165.00 Modified Gross	60 N/A	N/A N/A	100% N/A	7/6/2023 Confidential

**Lease Comparable #6**  
**1165 Broadway**  
 1165 Broadway  
 New York, NY 10001  
 New York County  
 BBG Property #646545



## Property Data

### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.744811 / -73.9890
Legal	Block 829   Lot 22	Number of Buildings	1
Parcel ID #		Year Renovated	2019
Year Built	1907	Condition	Average
Quality	Average	Construction Details	
Class	Class B	Rentable Area	43,000 SF
Gross Building Area	43,000 SF	Floor Area Ratio	4.97
Number of Stories	5	Census Tract	0058.00
Opportunity Zone	No	Site Size (Net)	8,650 SF (0.20 acres)
Site Size (Gross)	8,650 SF (0.20 acres)		
Flood Zone	Zone X (Unshaded)		

### Leases

Commencement	Suite	Tenant	Leased Area Rent \$/SF/Year	Term (Mos) TI (PSF)	Free Rent (Mos) Escalations	Occupancy	Verification
9/4/2022	Ground Floor	Traditas	1,097 SF \$183.00 Modified Gross	60 N/A	N/A N/A	74%	10/20/2022 Broker

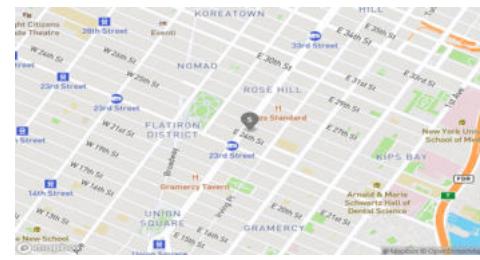
**Lease Comparable #7**
**331 Park Avenue South**

331 Park Avenue South

New York, NY 10010-2904

New York County

BBG Property #757870


**Property Data**
*Improvement Details*

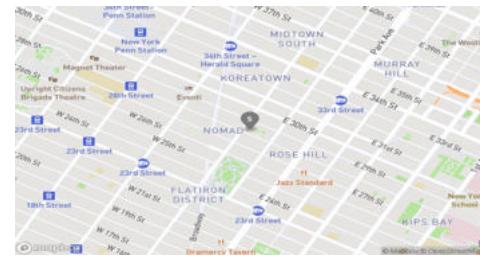
Property Type/Use	Office Professional Office	Lat/Long	40.741023 / -73.9854
Legal	Block 880   Lot 4		
Parcel ID #	1008800004	Number of Buildings	1
Year Built	1914	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class B	Construction Details	
Gross Building Area	45,000 SF	Rentable Area	45,000 SF
Number of Stories	12	Floor Area Ratio	14.00
Opportunity Zone	No	Census Tract	0068.00
Site Size (Gross)	3,215 SF (0.07 acres)	Site Size (Net)	3,215 SF (0.07 acres)
Comments	ZoLa GBA - 36,9021 sf.		

**Leases**

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
8/1/2022	N/A	Confidential	2,216 SF \$204.00 Modified Gross	120 N/A	N/A N/A	85%	6/4/2023 Broker

Includes additional basement space of 1,209 sf. Ground floor only rental rate.

**Lease Comparable #8**  
**253 Fifth Avenue**  
253 5th Avenue  
New York, NY 10016  
New York County  
BBG Property #678086



## Property Data

### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.744705 / -73.9868
Legal	Block 858   Lot 1	Number of Buildings	1
Parcel ID #		Year Renovated	N/A
Year Built	1916	Condition	Average
Quality	Average	Construction Details	
Class	Class B	Rentable Area	48,535 SF
Gross Building Area	48,535 SF	Floor Area Ratio	6.54
Number of Stories	7	Census Tract	
Opportunity Zone	No	Site Size (Net)	7,425 SF (0.17 acres)
Site Size (Gross)	7,425 SF (0.17 acres)		

## Leases

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
4/27/2022	Ground	Confidential	300 SF \$200.00 Modified Gross	60 N/A	N/A N/A	100%	1/18/2023 Confidential

**Lease Comparable #1**

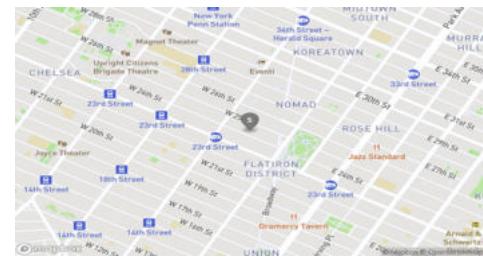
**27 W. 24th Street**

27 West 24th Street

New York, NY 10010

New York County

BBG Property #357621



## Property Data

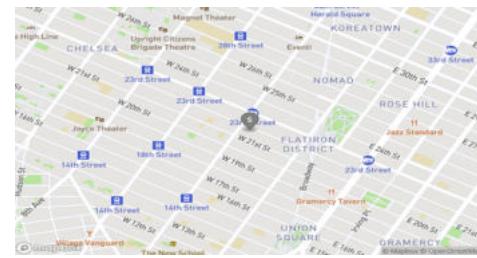
### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.743190 / -73.9908
Legal	Block 826, Lot 19		
Parcel ID #	0826-0019	Number of Buildings	1
Year Built	1907	Year Renovated	1989
Quality	Average	Condition	Average
Class	Class B	Construction Details	Brick, stone
Gross Building Area	94,075 SF	Rentable Area	0 SF
Number of Stories	11	Floor Area Ratio	9.53
Opportunity Zone	No	Census Tract	0058.00
Site Size (Gross)	9,875 SF (0.23 acres)	Site Size (Net)	9,875 SF (0.23 acres)
Flood Zone	Zone X (Unshaded)		

### Leases

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
3/1/2023	1001	Vericred Inc. (LOI)	5,414 SF \$66.49 Modified Gross	26 N/A	N/A N/A	0% 0%	12/22/2022 Lease

**Lease Comparable #2**  
**56 West 22nd Street**  
56 West 22nd Street  
New York, NY 10010  
New York County  
BBG Property #528242



## Property Data

### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.741840 / -73.9929
Legal	Block 823   Lot 73	Number of Buildings	1
Parcel ID #	1008230073	Year Renovated	N/A
Year Built	1908	Condition	Average
Quality	Average	Construction Details	
Class	Class B	Rentable Area	55,200 SF
Gross Building Area	55,200 SF	Floor Area Ratio	12.02
Number of Stories	12	Census Tract	0058.00
Opportunity Zone	No	Site Size (Net)	4,592 SF (0.11 acres)
Site Size (Gross)	4,592 SF (0.11 acres)		

## Leases

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
11/15/2022	11th Floor	Sharma Brands	5,508 SF \$82.00 Modified Gross	60 N/A	N/A N/A	100%	1/9/2023 Brooker

## **Lease Comparable #3**

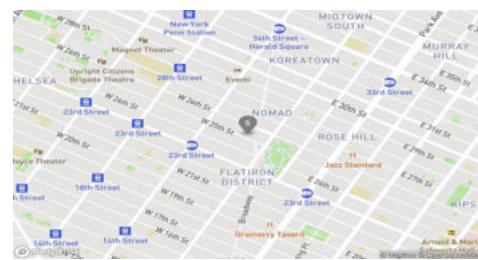
11 West 25th Street

11 West 25th Street

New York, NY 10010

New York County

BBG Property #669472



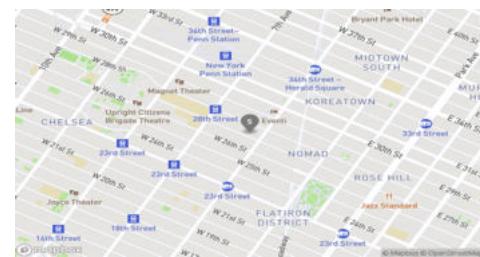
**Property Data**
*Improvement Details*

Property Type/Use	Office Professional Office	Lat/Long	40.743484 / -73.9896
Parcel ID #		Number of Buildings	1
Year Built	1913	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class B	Construction Details	
Gross Building Area	26,504 SF	Rentable Area	26,504 SF
Number of Stories	12	Floor Area Ratio	10.73
Opportunity Zone	No	Census Tract	0058.00
Site Size (Gross)	2,469 SF (0.06 acres)	Site Size (Net)	2,469 SF (0.06 acres)

**Leases**

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
10/21/2022	11th Floor	Confidential	2,500 SF \$62.00 Modified Gross	60 N/A	N/A N/A	87%	12/5/2022 Broker

**Lease Comparable #4**  
**109 West 27th Street**  
109 West 27th Street  
New York, NY 10001  
New York County  
BBG Property #673397



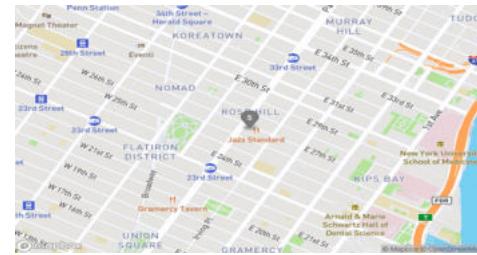
**Property Data**
*Improvement Details*

Property Type/Use	Office Professional Office	Lat/Long	40.745880 / -73.9915
Legal	Block 803, Lot 29	Number of Buildings	1
Parcel ID #		Year Renovated	2021
Year Built	1908	Condition	Average
Quality	Average	Construction Details	
Class	Class B	Rentable Area	0 SF
Gross Building Area	43,968 SF	Floor Area Ratio	11.13
Number of Stories	11	Census Tract	0095.00
Opportunity Zone	No	Site Size (Net)	3,950 SF (0.09 acres)
Site Size (Gross)	3,950 SF (0.09 acres)		
Flood Zone	Zone X (Unshaded)		

**Leases**

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
9/19/2022	11	Coinlist	4,722 SF \$82.00 Modified Gross	60 N/A	N/A N/A	93%	1/10/2023 Lease

**Lease Comparable #5**  
**381 Park Avenue South**  
 381 Park Avenue South  
 New York, NY 10016  
 New York County  
 BBG Property #669482



## Property Data

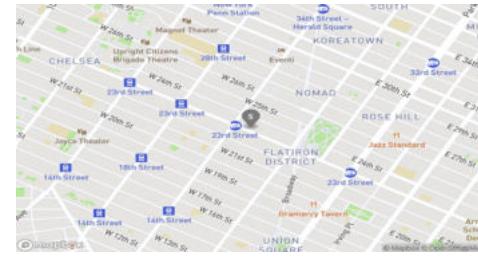
### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.742380 / -73.9842
Legal	Block 882   Lot 85	Number of Buildings	1
Parcel ID #		Year Renovated	N/A
Year Built	1910	Condition	Average
Quality	Average	Construction Details	
Class	Class B	Rentable Area	209,041 SF
Gross Building Area	209,041 SF	Floor Area Ratio	16.79
Number of Stories	16	Census Tract	0068.00
Opportunity Zone	No	Site Size (Net)	12,449 SF (0.29 acres)
Site Size (Gross)	12,449 SF (0.29 acres)		

### Leases

Commence	Suite	Tenant	Leased Area Rent \$/SF/Year	Term (Mos) TI (PSF)	Free Rent (Mos) Escalations	Occupancy	Verification
6/29/2022	915	FGS Design, LLC	2,900 SF \$64.00 Modified Gross	84 N/A	N/A N/A	72%	12/5/2022 Broker

**Lease Comparable #6**  
**61 West 23rd Street**  
**61 West 23rd Street**  
**New York, NY 10010**  
**New York County**  
**BBG Property #410221**



## Property Data

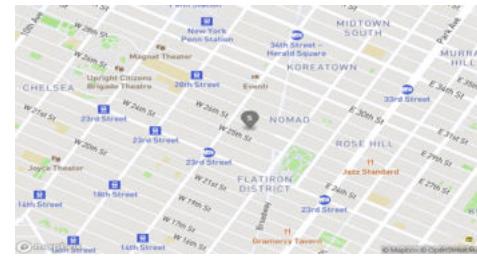
### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.742720 / -73.9919
Legal	Block 825   Lot 9	Number of Buildings	1
Parcel ID #		Year Renovated	N/A
Year Built	1920	Condition	Average
Quality	Average	Construction Details	
Class	Class B	Rentable Area	46,900 SF
Gross Building Area	46,900 SF	Floor Area Ratio	6.38
Number of Stories	7	Census Tract	
Opportunity Zone	No	Site Size (Net)	7,356 SF (0.17 acres)
Site Size (Gross)	7,356 SF (0.17 acres)		

### Leases

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
6/22/2022	2nd floor	Action Network	8,367 SF \$78.00 Modified Gross	120 N/A	N/A N/A	100%	6/2/2023 Confidential

**Lease Comparable #7**  
**30 West 26th Street**  
**30 West 26th Street**  
**New York, NY 10010**  
**New York County**  
**BBG Property #619529**



## Property Data

### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.744150 / -73.9905
Legal	Block 827   Lot 64		
Parcel ID #	1008270064	Number of Buildings	1
Year Built	1909	Year Renovated	1990
Quality	Average	Condition	Average
Class	Class C	Construction Details	
Gross Building Area	88,000 SF	Rentable Area	88,000 SF
Number of Stories	12	Floor Area Ratio	12.63
Opportunity Zone	No	Census Tract	0058.00
Site Size (Gross)	6,970 SF (0.16 acres)	Site Size (Net)	6,970 SF (0.16 acres)
Flood Zone	Zone X (Unshaded)		

### Leases

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
6/1/2022	1200	Confidential	8,000 SF \$70.00 Modified Gross	120 N/A	N/A N/A	88%	12/22/2022 Broker

## APPRAISER QUALIFICATIONS AND LICENSES



**Scott Silverman, MAI**  
Director  
**Work: 212.682.7788**  
**ssilverman@bbgres.com**

## Profile

Scott Silverman is a Director at BBG in the New York office. He has professional real estate experience in institutional investment management and real estate valuation. Mr. Silverman's investment management experience includes institutional retail and office asset management, portfolio management, acquisitions, dispositions, development, budgeting, leasing, and portfolio valuation. Scott's national valuation experience includes fair market value appraisals, fair value financial reporting purchase price allocations, financial analyses, cash flow models, and other real estate consulting services on a wide array of commercial real estate asset classes including multi-family, office, retail, hospitality, industrial, healthcare, mixed use, land, and special use properties.

Prior to joining BBG, Mr. Silverman was responsible for establishing Great American Group's real estate appraisal practice as Senior Associate. Additionally, Mr. Silverman spent time with Clarion Partners as a Financial Analyst and with RSM LLP as a valuation consultant.

In his spare time, Mr. Silverman co-founded a philanthropic real estate networking organization called New York Real Estate Under 30 (NYREu30) to help connect the new generation of real estate professionals while giving back to the community in Manhattan.

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## Professional Affiliations

Appraisal Institute  
MAI Designation

General Certified Appraiser:

State of New York (License #46-52529)  
State of Maryland (License #33666)  
State of Connecticut (License #RCG.0001592)  
State of New Jersey (License #42RG00270200)  
State of Pennsylvania (License #GA004543)  
State of California (License #3009168)  
State of Illinois (License #553.002872)  
State of Florida (License #TP9366)  
Commonwealth of Virginia (License #4001018323)

State of North Carolina (License #A8779)  
State of Texas (License #TX 1381134G)  
State of Georgia (License #424556)  
State of South Carolina (License #8463)  
State of Florida (License #RZ4364)  
State of Alabama (License #G01601)

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## Education

Pennsylvania State University  
B.S. Finance, 2015



**Jon DiPietra, MAI**  
Senior Managing Director  
Work: 212.682.5360  
[jdipietra@bbgres.com](mailto:jdipietra@bbgres.com)

## Profile

Jon is currently Senior Managing Director of BBG in New York City, offering 20 years of experience analyzing all major property types throughout the Tri-State Area. Developing a specialty in Market Analysis, Jon has built a broad client base and has completed assignments conducted on behalf of foreign and domestic investment firms including major REITS, leading financial institutions, individual investors, leading law firms, and government agencies. He has been admitted as an expert witness in the New York State Supreme Court (NY County) and has prepared numerous assignments in support of litigation.

Jon began his career as an appraiser in 2001. Gaining training and education, Jon joined Neglia Appraisals in Brooklyn as a commercial appraiser. Later, he was an Assistant Vice President at Sovereign Bank, where he served on the management team of the Appraisal Department. Jon joined Leitner Group (now BBG) in 2007.

Continuing his commitment to the professional development of the next generation, Jon serves as Chairman of the Internship Committee of American Immobiliare, a not-for-profit organization based in New York City which provides a forum for professionals in commercial real estate and has served on the Board of the Metro NY Chapter of the Appraisal Institute.

Assignments of note include: 7 World Trade Center, a 52-story Class-A office building; 650 Fifth Avenue, Nike's new global flagship store; Hallett's Point, a seven building, 2.4 million square foot multi-use development, the TSX Broadway (redevelopment of the Doubletree Hotel into mixed-use hotel, retail and entertainment space), boutique hotel assets in New York including Hotel Indigo and NoMo Soho, several developments with Hudson Yards as well as the Nassau Coliseum redevelopment project.

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## Professional Affiliations

Appraisal Institute  
MAI Designation

General Certified Appraiser:

State of New York (License #46-46386)  
State of New Jersey (License #42RG00262700)  
State of Connecticut (License #RCG.0001527)  
State of Pennsylvania (License #GA003588)  
State of Maryland (License #04-33247)  
State of New Hampshire (License #NHCGB-1045)  
Commonwealth of Massachusetts (License #100210)  
State of Utah (License #12851082-CG00)

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## Education

The University of Phoenix  
Bachelor of Science, Business Finance

**Valuation + Assessment**

UNIQUE ID NUMBER  
46000052529

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

FOR OFFICE USE ONLY  
Control  
No. **1533696**

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

EFFECTIVE DATE  
MO. **03** DAY **29** YR **23**

SILVERMAN SCOTT A  
C/O BBG INC  
112 MADISON AVE  
11TH FL  
NEW YORK, NY 10016

EXPIRATION DATE  
MO. **03** DAY **28** YR **25**

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

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

**ROBERT J. RODRIGUEZ**  
SECRETARY OF STATE

UNIQUE ID NUMBER  
6000046396

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

FOR OFFICE USE ONLY  
Control  
No. **1548916**

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

EFFECTIVE DATE  
MO. **03** DAY **13** YR. **22**

DIPETRA JON A  
C/O JON DIPETRA APPRAISER  
171 68TH ST  
BROOKLYN, NY 11220

EXPIRATION DATE  
MO. **03** DAY **12** YR. **24**

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

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

**ROBERT J. RODRIGUEZ**  
SECRETARY OF STATE



The insight you need. The independence you trust.

**Class A Office Building**

3 Columbus Circle  
New York, New York 10019

BBG File #0123126223

**Prepared For**

Mr. Yaron Babila  
Moinian Group  
3 Columbus Circle 26th Floor  
New York, NY 10019

**Report Date**

January 5, 2024

**Prepared By**

BBG, Inc., New York Office  
112 Madison Avenue  
New York, NY 10016  
212-682-0400

Client Manager: Jon DiPietra, MAI  
[jdipietra@bbgres.com](mailto:jdipietra@bbgres.com)

January 5, 2024

Mr. Yaron Babila  
Moinian Group  
3 Columbus Circle 26th Floor  
New York, NY 10019

Re: Appraisal of Real Property  
3 Columbus Circle  
New York, New York 10019  
**BBG File #0123126223**

Dear Mr. Babila:

In accordance with your authorization (per the engagement letter found in the *Addenda* of this report), an Appraisal Report of the above-referenced property has been prepared.

The subject property, 3 Columbus Circle A.K.A. 1775 Broadway, consists of a 25-story Class A commercial condominium building containing  $654,582\pm$  square feet of above grade gross building area. The improvements, originally constructed in 1927 and renovated in 2011, are in good condition. The subject property contains a total of  $752,834\pm$  square feet of leasable area of which  $673,431\pm$  square feet is office space,  $74,701\pm$  square feet is retail space and  $4,702\pm$  square feet is storage space. The subject is presently 96.0% occupied.

The subject property encompasses the entire city block bound by West 58th Street to the north, Broadway to the east, West 57th Street to the south, and Eighth Avenue to the west in the Columbus Center District of Midtown Manhattan, City and State of New York. It is identified as Block 1029, Lots 1001- 1021.

We have appraised the above referenced property, the conclusions of which are set forth in the attached appraisal report. This is an Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of USPAP and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. In addition, this appraisal has been prepared in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement). The depth of analysis discussed in this report is specific to the needs of the client and for the intended use stated in the report.

In addition, this report is intended to be in compliance with additional requirements of Moinian Group (client) as applicable. This report is intended to be used by the intended user(s) named herein; no other party may rely upon the opinions presented in this report. The intended use of this appraisal is for asset valuation purposes for proposed financing in preparation of IFRS financial statements in connection with a potential TASE offering. We consent to the inclusion of the valuation in its entirety within the Moinian Limited BVI prospectus to be published in the Tel Aviv Stock Exchange. The intended user of this report is Moinian Group and its related entities, successors, and/or assigns.

#### **EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)**

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions might have affected the assignment results.

**Extraordinary Assumption(s)**      The subject property is comprised of multiple condominium units, which could be sold individually. This appraisal employs the extraordinary assumption that the client has requested the consolidation of multiple condominium units and to be appraised in one appraisal as one economic unit.

**Hypothetical Condition(s)**      This appraisal employs no hypothetical conditions.

Mr. Babila  
January 5, 2024  
Page 2

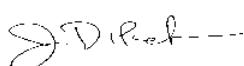
Based on the analysis undertaken, the following value opinion has been developed.

MARKET VALUE CONCLUSION(S)				
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion	
Fair Value - As Is	Leased Fee	December 31, 2023	\$1,040,000,000	
HISTORICAL VALUE CONCLUSIONS				
Period	Dec-23	Dec-22	Dec-21	Dec-20
Discount Rate	7.00%	6.75%	6.50%	6.50%
Terminal Cap Rate	5.50%	5.25%	5.00%	5.00%
Value Conclusion	\$1,040,000,000	\$1,100,000,000	1,150,000,000	1,100,000,000
% Change	-5.45%	-4.35%	4.55%	N/A

This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinion set forth above to be relied upon by the intended user(s).

BBG, Inc. appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact the Client Manager.

Sincerely,



Jon DiPietra, MAI  
NY Certified General Appraiser  
License #: 46000046386  
212-682-5360  
jdipietra@bbgres.com



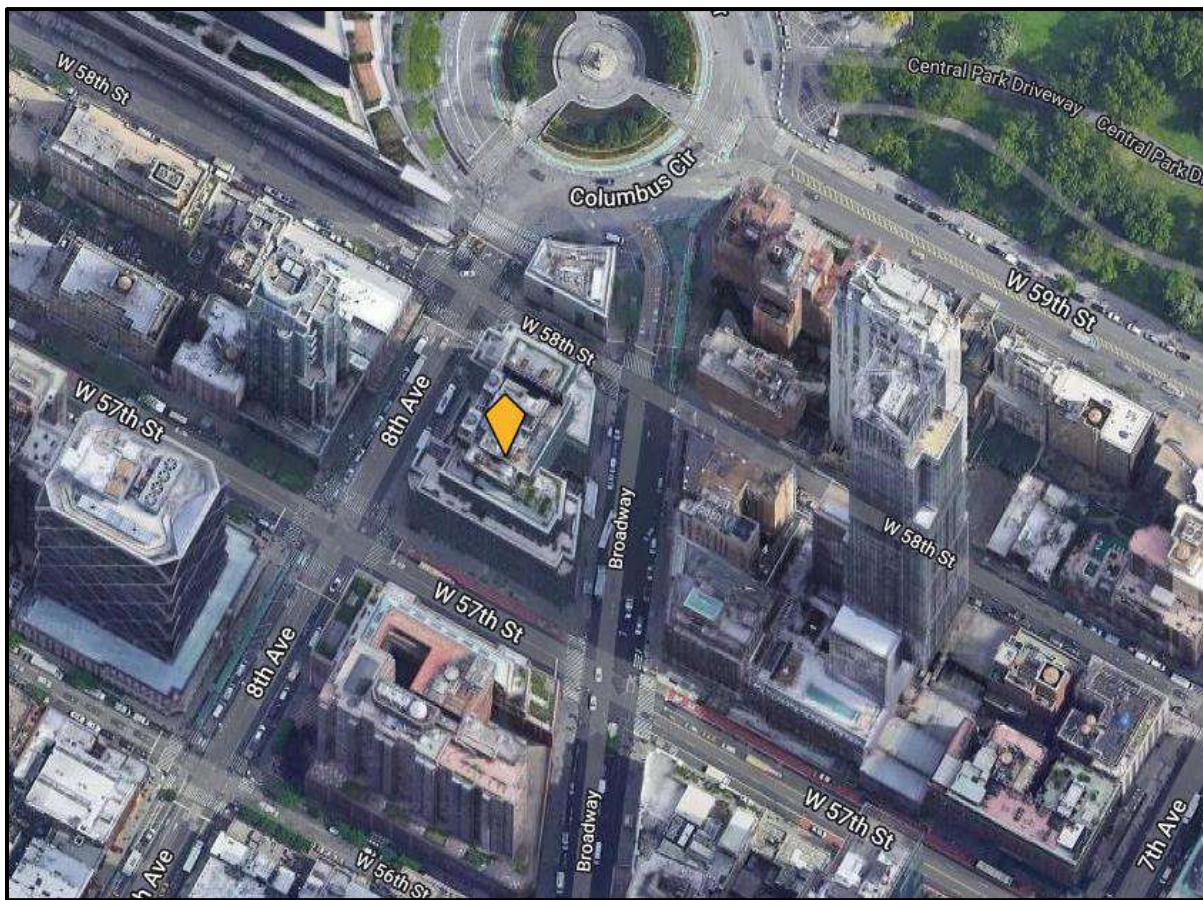
Scott Silverman, MAI  
NY Certified General Appraiser  
License #: 46000052529  
212-682-7788  
ssilverman@bbgres.com

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## SUBJECT PROPERTY



**AERIAL PHOTOGRAPH****COMPETENCY**

We have experience appraising similar properties and possess the knowledge and competency to produce a credible value opinion. Jon DiPietra, MAI and Scott Silverman, MAI have experience appraising similar properties and assignments, while possessing the knowledge and competency to produce credible value opinion. Jon DiPietra, MAI and Scott Silverman, MAI are actively engaged in appraisal work in the geographical area of the subject property, and BBG maintains a database of comparable properties for this area. Further, Jon DiPietra, MAI and Scott Silverman, MAI are versed in the analytical methods typically employed in appraising this property type. In summary, the appraisers collectively possess adequate knowledge of the property type, geographical location and analytical methods necessary to comply with the competency requirements of USPAP for this appraisal assignment.

# SUMMARY OF SALIENT FACTS

## PROPERTY DATA

<b>Property Name</b>	Class A Office Building
<b>Address</b>	3 Columbus Circle
<b>Location</b>	New York, New York 10019
<b>Property Description</b>	The subject property is a full block bound by West 58th Street to the north, Broadway to the east, West 57th Street to the south, and Eighth Avenue to the west in Columbus Circle.
<b>County</b>	Office (Condominium)
<b>Parcel Number</b>	Multi-Tenant Office Condominium Building
<b>Census Tract No.</b>	New York
<b>Legal Description</b>	1010297501
<b>Site Area</b>	0137.00
<b>Zoning</b>	Block 1029, Lots 1001-1021
<b>Flood Status</b>	32,375 square feet (0.74 acres)
<b>Year Built</b>	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.
<b>Year Renovated</b>	1927
<b>Type of Construction</b>	2011
<b>Number of Buildings</b>	Framed with structural steel columns and beams
<b>Gross Building Area</b>	1
<b>Net Rentable Area</b>	654,582 square feet
<b>Total Number of Tenants</b>	752,834 square feet
<b>Occupancy</b>	42
<b>Overall Condition</b>	96.0%
<b>Overall Quality</b>	Good/Excellent
<b>Overall Design/Functionality</b>	Good/Excellent

## FINANCIAL INDICATORS AND PRO FORMA OPERATING DATA

Financial Indicators		
Current Occupancy		95.95%
Stabilized Occupancy		97.00%
Stabilized Collection Loss		1.50%
Implied Overall Capitalization Rate		5.85%
Pro Forma Operating Data		
	Total	Per SF
Effective Gross Income	\$83,666,402	\$111.14
Operating Expenses	\$22,839,801	\$30.34
Expense Ratio	27%	
Net Operating Income	\$60,826,602	\$80.80

## VALUATION SUMMARY

VALUE INDICATIONS			
<b>As Is as of December 31, 2023</b>			
<b>Cost Approach</b>	Not Developed		
<b>Land Value</b>	Not Developed		
<b>Sales Comparison Approach</b>	\$1,040,000,000	\$1,381	Per Square Foot (NRA)
<b>Income Capitalization Approach</b>			
<b>Discounted Cash Flow</b>	\$1,040,000,000	\$1,381	Per Square Foot (NRA)
<b>Approach Reliance</b>	DCF		
<b>Value Conclusion - As Is</b>	<b>\$1,040,000,000</b>	<b>\$1,381</b>	<b>Per Square Foot (NRA)</b>
<b>Exposure Time (Months)</b>	12 Months		
<b>Marketing Time (Months)</b>	12 Months		

## PROPERTY TRANSACTION HISTORY

Recent Transaction	
<b>Sale Date</b>	March 12, 2019
<b>Sale Price</b>	\$215,600,000
<b>per SF NRA</b>	\$286
<b>Grantor</b>	285-3CC, LLC
<b>Grantee</b>	3 Columbus Circle LLC
<b>Comments</b>	Transaction of Block 1029, Lot 1011

According to public records, Lots 1001-1010 and 1012-1021 (all but the 3rd through 8th floors) are owned by Devash LLC who acquired the asset in 2000. In August 2018 the Moinian Group purchased S. L. Green's 48.9% interest in these tax lots based on a property value of \$820,000,000 as reported by the client. Public records do not indicate a purchase price although news sources report proceeds of \$233 million (after debt) to S.L. Green.

On March 12, 2019, the Moinian Group (3 Columbus Circle LLC) purchased Lot 1011 (Floors 3-8) from Young & Rubicam (285-3CC, LLC) who then leased back their space for a recorded consideration of \$215,600,000. Adding the purchase price to the previous valuation of \$820,000,000 totals \$1,035,600,000 which is within 0.5% of our current valuation of \$1,040,000,000. The slight increase is reasonable given market conditions and that very little vacancy remains.

To the best of our knowledge, there have been no other transfers of ownership in the previous three years, and we are unaware of any bids, offers, or options to purchase this asset.

According to documentation provided by property management the vacant Minor Office spaces are currently being marketed between \$72-\$75 per square foot with Base Year + Electric lease structures.

# SCOPE OF WORK

## APPRAISAL INFORMATION

<b>Client</b>	The Moinian Group 3 Columbus Circle, 26th Floor New York, NY 10019
<b>Intended User(s)</b>	This appraisal report may only be relied upon by the client and intended user(s) named herein. The intended user of this report is The Moinian Group and its related entities, successors, and/or
<b>Intended Use</b>	The intended use of this appraisal is for asset valuation purposes for proposed financing in preparation of IFRS financial statements in connection with a potential TASE offering.
<b>Property Rights Appraised / Premise</b>	•Fair Value of the Leased Fee interest in the subject property, As Is as of December 31, 2023
<b>Date of Inspection</b>	December 20, 2023
<b>Marketing Time</b>	12 Months
<b>Exposure Time</b>	12 Months
<b>Owner of Record</b>	DEVASH LLC, 3 Columbus Circle LLC
<b>Property Contact(s)</b>	Yaron Babila
<b>Most Probable Purchaser</b>	Investor
<b>Highest and Best Use</b>	
<b>If Vacant</b>	Hold for office building with street-level retail development until there is more clarity on market conditions.
<b>As Improved</b>	As currently developed

The scope of work best defines the needs of the client(s) and intended user(s) of the report and dictates what factors an appraiser considered during the valuation process. The scope of work summarized below has been deemed acceptable as it meets or exceeds both the expectations of parties who are regularly intended users for similar assignments and what an appraiser's peers' actions would be in performing the same or a similar assignment. As such, the scope of work summarized below is deemed appropriate for this assignment based on its parameters and will produce credible assignment results. Additional scope details are included in appropriate sections of this report.

## SCOPE OF THE INVESTIGATION

<b>General and Market Data Analyzed</b>	<ul style="list-style-type: none"> <li>▪ Regional economic data and trends</li> <li>▪ Market analysis data specific to the subject property type</li> <li>▪ Published survey data</li> <li>▪ Neighborhood demographic data</li> <li>▪ Comparable cost, sale, rental, expense, and capitalization rate data</li> <li>▪ Floodplain status</li> <li>▪ Zoning information</li> <li>▪ Assessor's information</li> <li>▪ Interviewed professionals knowledgeable about the subject's property type and market</li> </ul>
<b>Inspection Details</b>	Scott Silverman, MAI completed a follow-up exterior inspection on December 20, 2023.

## PROPERTY DATA RECEIVED

<b>Property Specific Data Requested and Received</b>	Historical operating statements Current year operating statement Rent roll Leases Proforma
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Data Sources	DATA SOURCES
Subject Historical Expenses	Property Contact
Rent Roll	Property Contact
Comparable Improved Sales	CoStar & Public Record
Comparable Improved Leases	CoStar, BBG Internal Data, & Brokers
Demographics Reports	Spotlight
Flood Status	FEMA
Zoning Information	Planning Dept
Tax Data	Assessor's Records
Building Size	Assessor's Records
Site Size	Assessor's Records

VALUATION METHODOLOGY	
<b>Most Probable Buyer</b>	To apply the most relevant valuation methods and data, the appraiser must first determine the most probable buyer of the subject property. Based on the analyses presented, the most probable buyer of the subject property would be a(n) Investor
<b>Valuation Methods Utilized</b>	This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value.

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)	
The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions might have affected the assignment results.	
<b>Extraordinary Assumption(s)</b>	The subject property is comprised of multiple condominium units, which could be sold individually. This appraisal employs the extraordinary assumption that the client has requested the consolidation of multiple condominium units and to be appraised in one appraisal as one economic unit.
<b>Hypothetical Condition(s)</b>	This appraisal employs no hypothetical conditions.

DEFINITIONS	
Pertinent definitions, including the definition of fair value, are included in the glossary, located in the <i>Addenda</i> of this report. The following is the definition of fair value:	
<b>Fair Value</b>	IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). That definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value. The IFRS explains that a fair value measurement requires an entity to determine the following:

- The particular asset or liability being measured;
- For a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis;

- The market in which an orderly transaction would take place for the asset or liability; and
- The appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. <sup>[1]</sup>

#### LEVEL OF REPORTING DETAIL

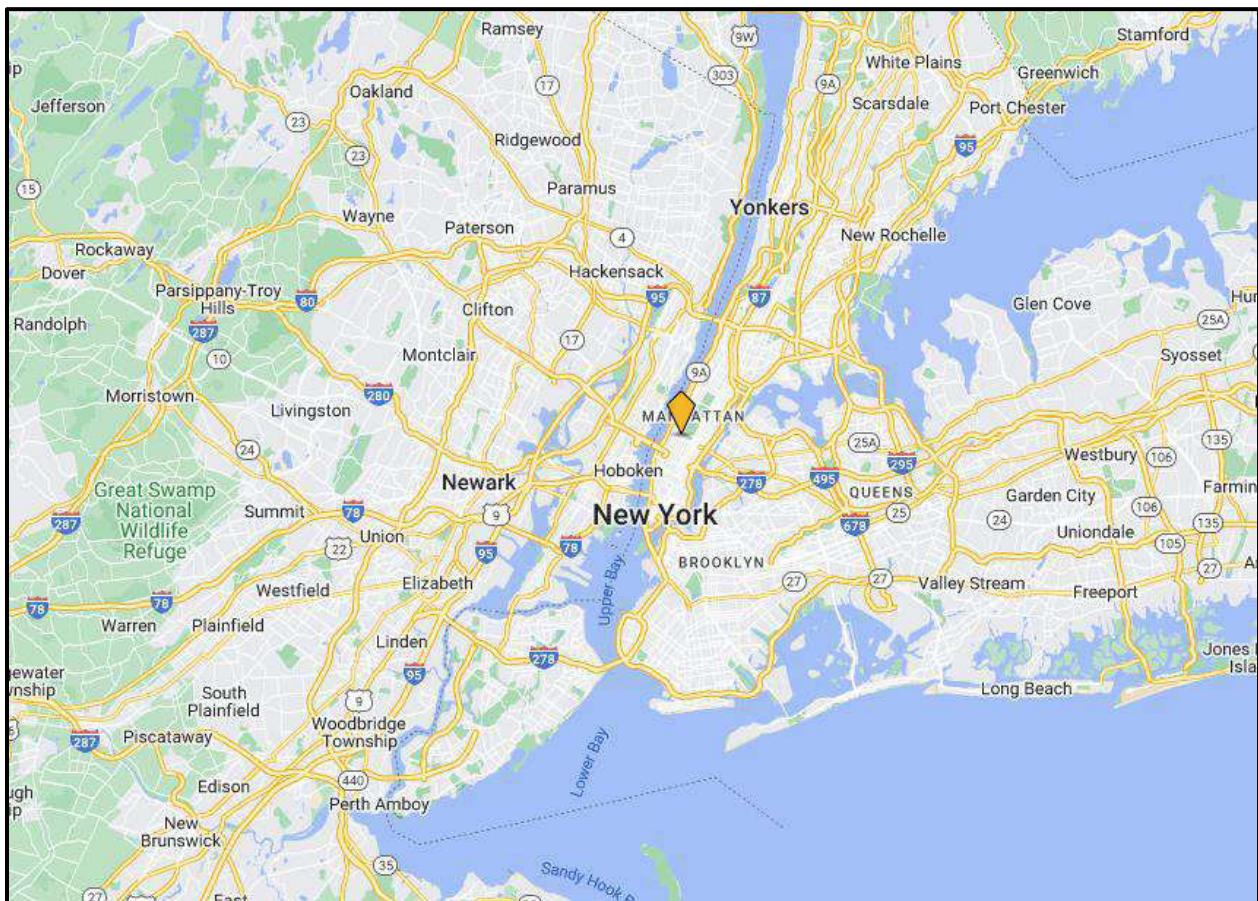
Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.

This report is prepared as an **Appraisal Report**. An Appraisal Report must at a minimum summarize the appraiser's analysis and the rationale for the conclusions.

<sup>[1]</sup> (Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

# MARKET ANALYSIS

## REGIONAL MAP



## NEW YORK OFFICE MARKET

CoStar is the source for the following data. The data reflects conditions of 2023 Q3, the most recent data available. The initial discussion provides information on the overall New York Office market, followed by the subject's submarket. The subject is located within the Columbus Circle submarket, which will be discussed later in this report.

CoStar has recently introduced its Houseview Base Case. This comes in addition to several algorithmic forecast scenarios that are based entirely on modeling results using CoStar's internal econometric property sector models based on inputs from Oxford Economics' macroeconomic models in its US States and Metros service published in June 2023.

The Houseview Base Case forecast scenario is based on the Algorithmic Base Case below, where additional interventions are made to the property sector forecasts to account for structural and cyclical impacts in the commercial real estate markets that are not adequately reflected in macroeconomic forecasts. For example, tighter financial conditions have resulted in higher cap rates and steeper valuation losses, while low office utilization rates caused by the adoption of hybrid work arrangements have weakened fundamentals beyond what headline job gains or losses encapsulate. These interventions result in forecasts that are better aligned with the professional views of CoStar's property sector specialists.

Algorithmic Base Case forecast is based on the Oxford Economics baseline forecast, which reflects solid economic growth in the first half of 2023 followed by slowing momentum in the economy as the cumulative impact of Federal Reserve rate hikes and tighter credit conditions cool consumer spending and business investment and hiring. The economy is expected to enter a mild recession in the third quarter of 2023, with overall growth of 1.3% for the year.

Job gains have been solid, with almost 1.7 million added in the first half of the year. But momentum in the labor market is expected to fade and job losses are seen to begin in the third quarter, losing about 1 million positions by year end. The unemployment rate rises from its near historic low to end 2023 about 110 basis points higher, rising further in 2024 before falling gently in the following years but remaining above 4% through the end of the forecast period.

Headline and core inflation are expected to ease through the next four quarters, albeit very slowly. The PCE price index is expected to remain above the Fed's target rate until mid- to late-2024. The FOMC has signaled its intent to bring inflation under control and is expected to boost the policy rate to 5.5%-5.75% by the end of the year, holding it within this range for some time. Capital markets remain calm. Spreads briefly rise above 210 basis points in the second half of 2023, then return to less than 200 basis points through the end of the forecast period.

Costar rates office properties using a star rating, in which 1 and 2-star properties generally equate to the more traditional Class C rating; 3-star properties generally equate to Class B; and 4 and 5-star properties generally equate to Class A.

**Class A** – They are characterized by high quality construction and finishes, high occupancy levels, sophisticated amenities, and top rental rates. A+ properties would suggest "trophy" properties with the characteristics noted above.

**Class B** – These properties are regarded as modern (although not necessarily new) buildings, or old (i.e., Class C) structures recently renovated to modern standards. Good locations, reasonably high occupancy levels, and competitive rental rates characterize these buildings.

**Class C** – The lowest quality available in the market are found in Class C buildings. These buildings are generally old, but in fair condition. Rental rates are the lowest within the market and amenities are minimal.

#### KEY INDICATORS AT A GLANCE

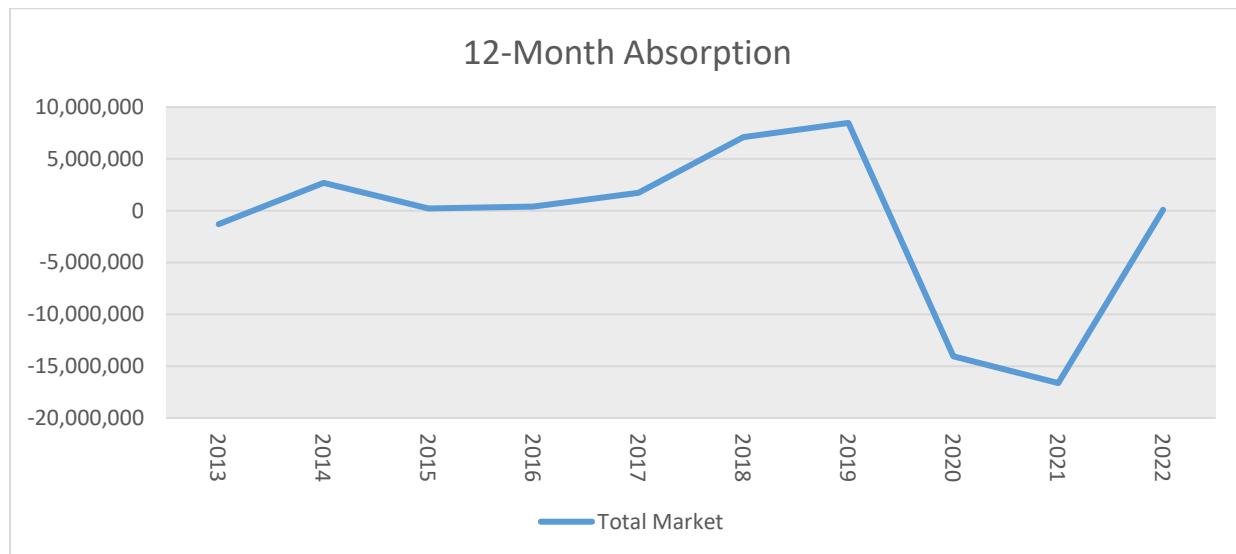
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	13.37%	13.49%	increased 12 Basis Points
Absorption (SF)	-1,078,867	-1,251,767	decreased 172,900 SF
Quoted Rental Rates (\$/SF/Year)	\$56.07	\$56.11	increased \$0.04 PSF
Inventory (SF)	978,672,283	978,610,848	decreased 61,440 SF
Net Deliveries (SF)	3,981,816	-61,435	decreased 4,043,251 SF
Under Construction (SF)	9,839,004	9,924,770	increased 85,766 SF

## NEW YORK OFFICE MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2023 Q3	978,610,848	13.49%	-1,251,767	-61,435	9,924,770	\$56.11
2023 Q2	978,672,283	13.37%	-1,078,867	3,981,816	9,839,004	\$56.07
2023 Q1	974,690,467	12.91%	-4,321,241	-188,599	13,377,122	\$55.93
2022 Q4	974,879,066	12.48%	3,629,968	5,997,983	13,243,457	\$55.90
2022	974,879,066	12.48%	101,050	7,613,032	13,243,457	\$55.90
2021	967,266,034	11.80%	-16,631,613	2,480,739	19,468,766	\$56.08
2020	964,774,721	9.85%	-14,045,840	2,797,482	17,000,260	\$57.29
2019	961,916,338	8.14%	8,475,868	9,812,462	21,544,012	\$60.07
2018	952,099,476	8.08%	7,107,690	2,577,139	26,695,882	\$58.28
2017	949,477,337	8.58%	1,732,225	810,823	22,457,536	\$57.93
2016	948,606,514	8.71%	417,953	2,162,308	17,763,504	\$56.75
2015	946,440,706	8.53%	231,117	-2,325,634	16,292,043	\$55.93
2014	948,766,340	8.78%	2,676,827	1,315,459	8,989,457	\$52.52

The New York Office market ended the third quarter with a vacancy rate of 13.49%. The vacancy rate increased over the previous quarter, with net absorption totaling -1,251,767 square feet in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$56.11. A total of -61,435 square feet was delivered to the market, with 9,924,770 square feet still under construction at the end of the quarter.

### ABSORPTION



Net absorption for the overall New York Office market was -1,251,767 square feet in the third quarter 2023. That compares to -1,078,867 square feet in the second quarter 2023, -4,321,241 square feet in the first quarter 2023, and 3,629,968 square feet in the fourth quarter 2022. Net absorption in the market over the prior 12 months totaled -3,021,907 square feet.

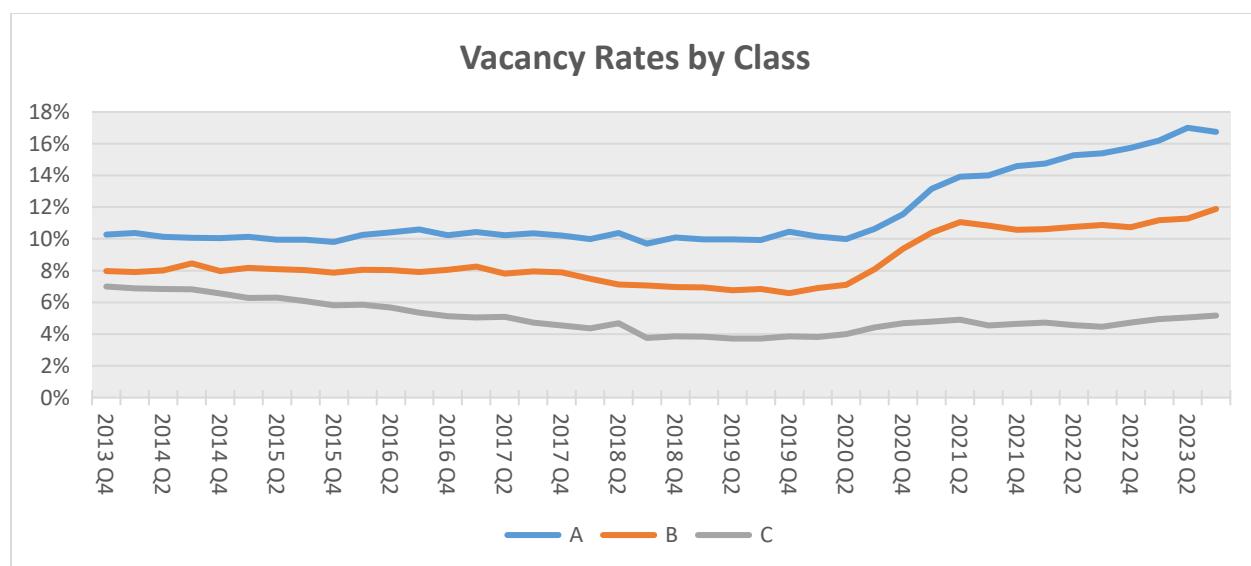
The Class A (4 & 5 Star) Office market recorded net absorption of 1,078,287 square feet in the third quarter 2023, compared to -574,704 square feet in the second quarter 2023, -2,307,895 square feet in the first quarter 2023, and 3,954,534 square feet in the fourth quarter 2022.

The Class B (3 Star) Office market recorded net absorption of -2,151,407 square feet in the third quarter 2023, compared to -378,570 square feet in the second quarter 2023, -1,760,177 square feet in the first quarter 2023, and 6,116 square feet in the fourth quarter 2022.

The Class C (1 & 2 Star) Office market recorded net absorption of -178,647 square feet in the third quarter 2023, compared to -125,593 square feet in the second quarter 2023, -253,169 square feet in the first quarter 2023, and -330,682 square feet in the fourth quarter 2022.

Net absorption for the Columbus Circle submarket was 209,469 square feet in the third quarter 2023. That compares to 15,886 square feet in the second quarter 2023, -105,765 square feet in the first quarter 2023, and 7,857 square feet in the fourth quarter 2022.

## VACANCY



Vacancy for the overall New York Office market increased to 13.49% in the third quarter 2023. That compares to 13.37% in the second quarter 2023, 12.91% in the first quarter 2023, and 12.48% in the fourth quarter 2022.

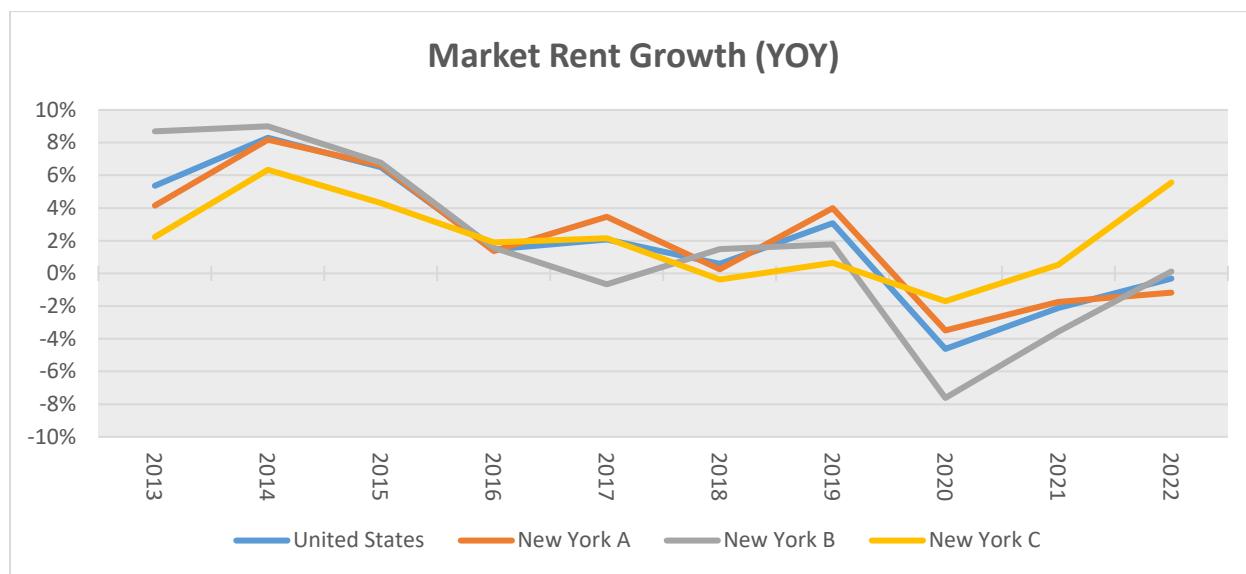
Class A (4 & 5 Star) projects reported a vacancy rate of 16.75% at the end of the third quarter 2023, 17.00% at the end of the second quarter 2023, 16.20% at the end of the first quarter 2023, and 15.73% at the end of the fourth quarter 2022.

Class B (3 Star) projects reported a vacancy rate of 11.89% at the end of the third quarter 2023, 11.27% at the end of the second quarter 2023, 11.17% at the end of the first quarter 2023, and 10.73% at the end of the fourth quarter 2022.

Class C (1 & 2 Star) projects reported a vacancy rate of 5.17% at the end of the third quarter 2023, 5.05% at the end of the second quarter 2023, 4.95% at the end of the first quarter 2023, and 4.73% at the end of the fourth quarter 2022.

The overall vacancy rate in the New York Columbus Circle submarket at the end of the third quarter 2023 was 9.45%. The vacancy rate was 10.02% at the end of the second quarter 2023, 10.07% at the end of the first quarter 2023 and 9.78% at the end of the fourth quarter 2022.

## RENTAL RATES



The rental rates shown below are per square foot per year on a full-service gross basis.

The average asking rental rate for available Office space, all classes, was \$56.11 psf at the end of the third quarter 2023 in the New York market area. This represented a 0.1% increase in quoted rental rates from the end of the second quarter 2023, when rents were reported at \$56.07.

The average quoted rate within the Class A (4 & 5 Star) sector was \$70.05 at the end of the third quarter 2023, while Class B (3 Star) rates stood at \$44.04, and Class C (1 & 2 Star) rates at \$35.04. At the end of the second quarter 2023, Class A (4 & 5 Star) rates were \$69.99 , Class-B (3 Star) rates were \$44.00, and Class C (1 & 2 Star) rates were \$35.06.

The average quoted asking rental rate in New York's Columbus Circle district was \$74.66 at the end of the third quarter 2023. In the second quarter 2023, quoted rates were \$74.66.

## INVENTORY & CONSTRUCTION

During the third quarter 2023, a total of -61,435 square feet was completed in the New York market area. This compares to a total of 3,981,816 square feet completed in the second quarter 2023, a total of -188,599 square feet completed in the first quarter 2023, and 5,997,983 square feet completed in the fourth quarter 2022. There was 9,924,770 square feet of Office space under construction at the end of the third quarter 2023.

SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
Class A (4 & 5 Star)	493,615,719	10,468,412	7,727,855
Class B (3 Star)	361,178,915	-719,598	2,180,771
Class C (1 & 2 Star)	123,816,214	-19,049	16,144
<b>Total</b>	<b>978,610,848</b>	<b>9,729,765</b>	<b>9,924,770</b>

## MARKET OUTLOOK

The New York Office market ended the third quarter 2023 with a vacancy rate of 13.49%. The vacancy rate increased over the previous quarter, with net absorption totaling -1,251,767 square feet in the third quarter 2023. Rental rates increased \$0.04 PSF over the previous quarter and ended at \$56.11. A total of -61,435 square feet was delivered in the quarter, with 9,924,770 square feet still under construction at the end of the quarter.

## NEW YORK RETAIL MARKET

Costar is the source for the following data. The data reflects conditions of 2023 Q3, the most recent data available. The initial discussion provides information on the overall New York Retail market, followed by the subject's submarket. The subject is located within the Columbus Circle submarket, which will be discussed later in this report.

CoStar has recently introduced its Houseview Base Case. This comes in addition to several algorithmic forecast scenarios that are based entirely on modeling results using CoStar's internal econometric property sector models based on inputs from Oxford Economics' macroeconomic models in its US States and Metros service published in

June 2023.

The Houseview Base Case forecast scenario is based on the Algorithmic Base Case below, where additional interventions are made to the property sector forecasts to account for structural and cyclical impacts in the commercial real estate markets that are not adequately reflected in macroeconomic forecasts. For example, tighter financial conditions have resulted in higher cap rates and steeper valuation losses, while low office utilization rates caused by the adoption of hybrid work arrangements have weakened fundamentals beyond what headline job gains or losses encapsulate. These interventions result in forecasts that are better aligned with the professional views of CoStar's property sector specialists.

Algorithmic Base Case forecast is based on the Oxford Economics baseline forecast, which reflects solid economic growth in the first half of 2023 followed by slowing momentum in the economy as the cumulative impact of Federal Reserve rate hikes and tighter credit conditions cool consumer spending and business investment and hiring. The economy is expected to enter a mild recession in the third quarter of 2023, with overall growth of 1.3% for the year.

Job gains have been solid, with almost 1.7 million added in the first half of the year. But momentum in the labor market is expected to fade and job losses are seen to begin in the third quarter, losing about 1 million positions by year end. The unemployment rate rises from its near historic low to end 2023 about 110 basis points higher, rising further in 2024 before falling gently in the following years but remaining above 4% through the end of the forecast period.

Headline and core inflation are expected to ease through the next four quarters, albeit very slowly. The PCE price index is expected to remain above the Fed's target rate until mid- to late-2024. The FOMC has signaled its intent to bring inflation under control and is expected to boost the policy rate to 5.5%-5.75% by the end of the year, holding it within this range for some time. Capital markets remain calm. Spreads briefly rise above 210 basis points in the second half of 2023, then return to less than 200 basis points through the end of the forecast period.

Costar provides statistics related to the retail market based on the following subtypes: Mall, Neighborhood Center, Power Center, Strip Center, General Retail and Other.

### KEY INDICATORS AT A GLANCE

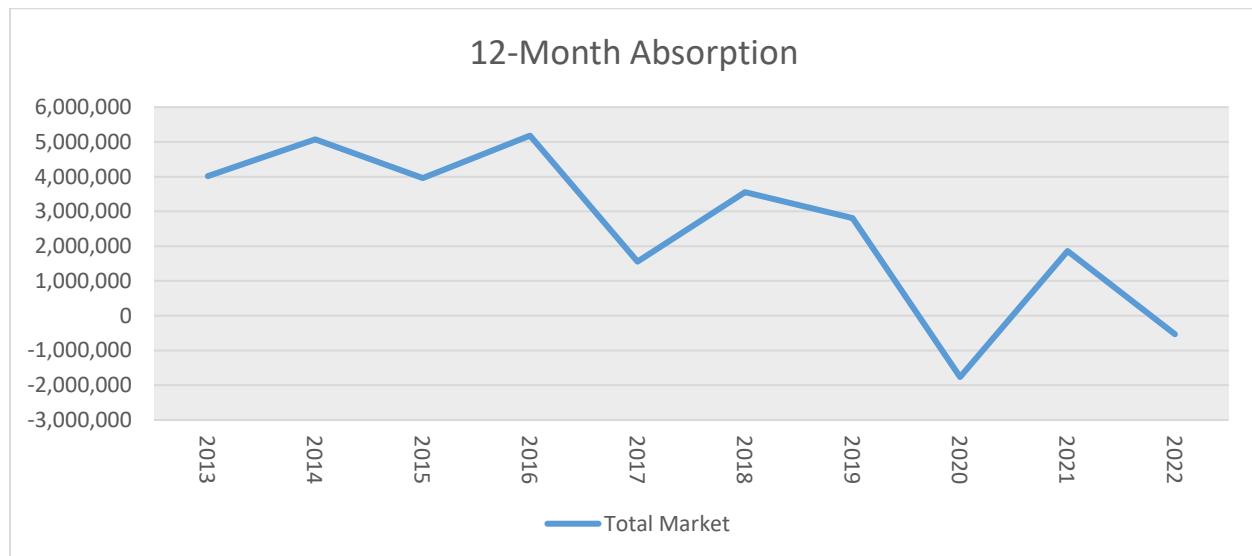
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	4.21%	4.15%	decreased 6 Basis Points
Absorption (SF)	12,065	683,996	increased 671,931 SF
Quoted Rental Rates (\$/SF/Year)	\$47.06	\$47.26	increased \$0.20 PSF
Inventory (SF)	632,463,431	632,778,347	increased 314,944 SF
Net Deliveries (SF)	265,246	314,916	increased 49,670 SF
Under Construction (SF)	3,016,693	3,040,962	increased 24,269 SF

## NEW YORK RETAIL MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2023 Q3	632,778,347	4.15%	683,996	314,916	3,040,962	\$47.26
2023 Q2	632,463,431	4.21%	12,065	265,246	3,016,693	\$47.06
2023 Q1	632,198,185	4.18%	-304,549	250,390	3,212,794	\$46.73
2022 Q4	631,947,795	4.09%	-7,469	-264,725	3,164,859	\$46.57
2022	631,947,795	4.09%	-536,845	-149,709	3,164,859	\$46.57
2021	632,091,820	4.03%	1,864,068	789,586	2,751,754	\$45.35
2020	631,290,588	4.20%	-1,764,452	2,663,144	2,887,278	\$44.31
2019	628,610,956	3.51%	2,805,592	3,857,941	4,192,273	\$44.31
2018	624,677,949	3.36%	3,551,412	1,893,575	8,044,273	\$43.57
2017	622,701,253	3.62%	1,559,609	1,855,599	6,745,314	\$42.99
2016	620,836,216	3.59%	5,179,983	2,866,583	6,483,462	\$42.09
2015	617,965,417	3.97%	3,955,303	2,045,344	6,221,824	\$41.28
2014	615,920,073	4.30%	5,073,164	2,071,476	4,725,255	\$40.06

The New York Retail market ended the third quarter with a vacancy rate of 4.15%. The vacancy rate decreased over the previous quarter, with net absorption totaling 683,996 square feet in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$47.26. A total of 314,916 square feet was delivered to the market, with 3,040,962 square feet still under construction at the end of the quarter.

### ABSORPTION



Net absorption for the overall New York Retail market was 683,996 square feet in the third quarter 2023. That compares to 12,065 square feet in the second quarter 2023, -304,549 square feet in the first quarter 2023, and -7,469 square feet in the fourth quarter 2022. Net absorption in the market over the prior 12 months totaled 384,043 square feet.

The Mall subtype recorded net absorption of 181,557 square feet in the third quarter 2023, compared to -88,534 square feet in the second quarter 2023, -755,198 square feet in the first quarter 2023, and 88,615 square feet in the fourth quarter 2022.

Neighborhood Centers recorded net absorption of 96,917 square feet in the third quarter 2023, compared to 47,521 square feet in the second quarter 2023, 259,575 square feet in the first quarter 2023, and 180,863 square feet in the fourth quarter 2022.

Power Centers recorded net absorption of -84,751 square feet in the third quarter 2023, compared to 15,560 square feet in the second quarter 2023, -4,938 square feet in the first quarter 2023, and -97,006 square feet in the fourth quarter 2022.

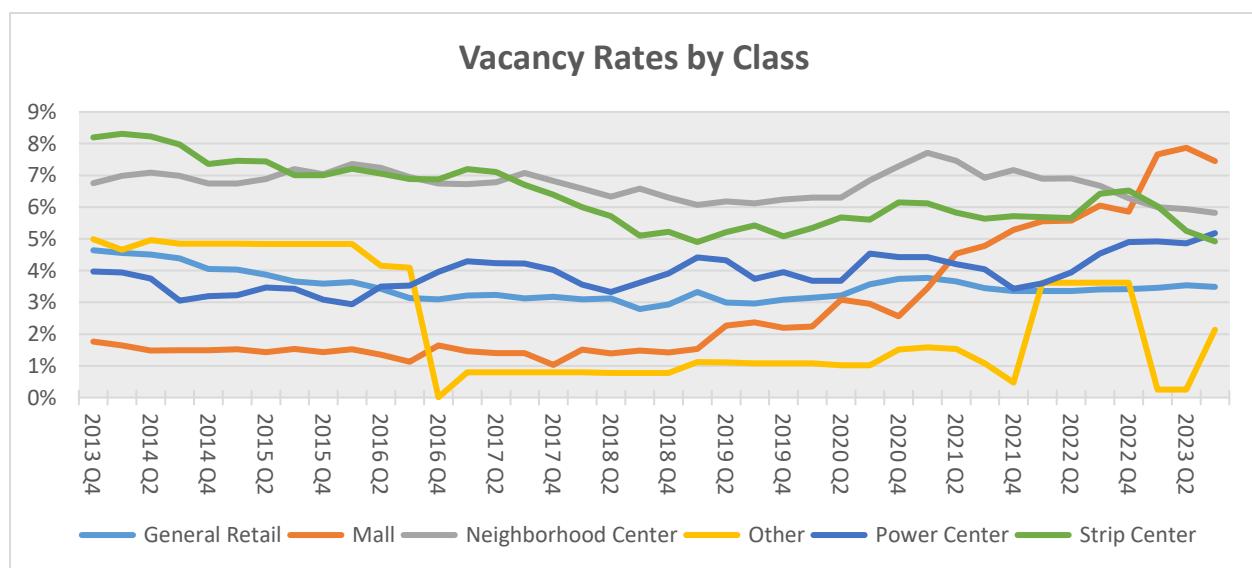
Strip Centers recorded net absorption of 57,450 square feet in the third quarter 2023, compared to 130,246 square feet in the second quarter 2023, 81,540 square feet in the first quarter 2023, and 41,358 square feet in the fourth quarter 2022.

General Retail recorded net absorption of 499,620 square feet in the third quarter 2023, compared to -93,850 square feet in the second quarter 2023, -8,298 square feet in the first quarter 2023, and -223,789 square feet in the fourth quarter 2022.

Finally, Other retail subtypes recorded net absorption of -67,919 square feet in the third quarter 2023, compared to 0 square feet in the second quarter 2023, 121,070 square feet in the first quarter 2023, and 0 square feet in the fourth quarter 2022.

Net absorption for the Columbus Circle submarket was 11,850 square feet in the third quarter 2023. That compares to -59,714 square feet in the second quarter 2023, -54,001 square feet in the first quarter 2023, and 10,135 square feet in the fourth quarter 2022.

## VACANCY



Vacancy for the overall New York Retail market was 4.15% in the third quarter 2023. That compares to 4.21% in the second quarter 2023, 4.18% in the first quarter 2023, and 4.09% in the fourth quarter 2022.

The Mall subtype recorded vacancy of 7.45% in the third quarter 2023, compared to 7.87% in the second quarter 2023, 7.66% in the first quarter 2023, and 5.86% in the fourth quarter 2022.

Neighborhood Centers recorded vacancy of 5.82% in the third quarter 2023, compared to 5.94% in the second quarter 2023, 6.00% in the first quarter 2023, and 6.28% in the fourth quarter 2022.

Power Centers recorded vacancy of 5.18% in the third quarter 2023, compared to 4.86% in the second quarter 2023, 4.92% in the first quarter 2023, and 4.90% in the fourth quarter 2022.

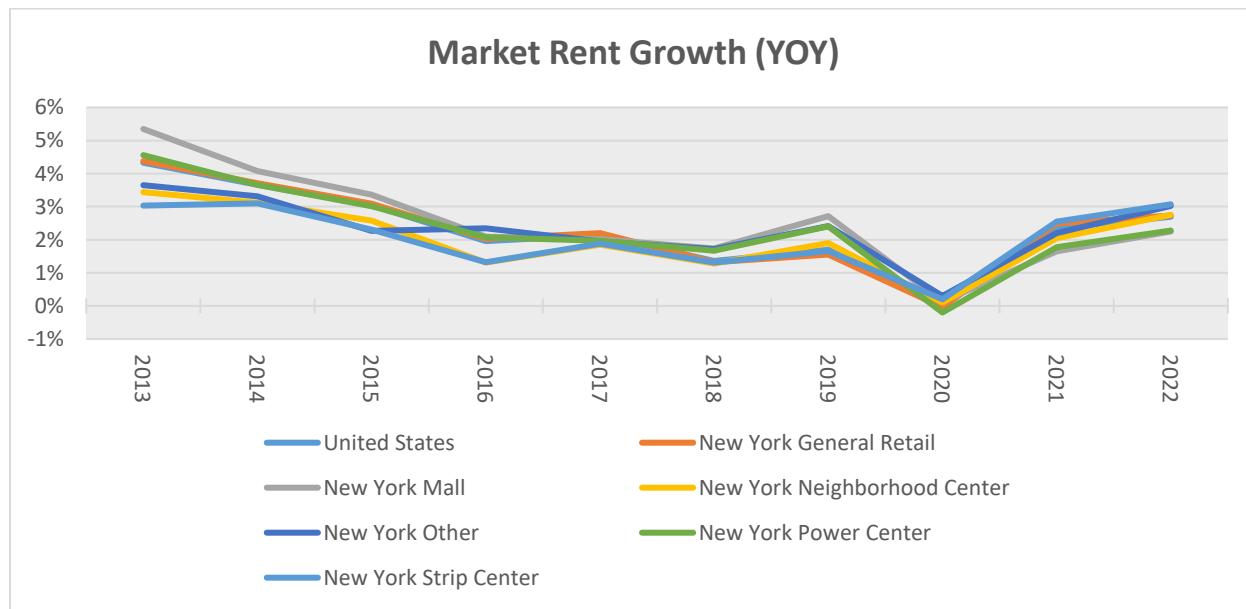
Strip Centers recorded vacancy of 4.92% in the third quarter 2023, compared to 5.25% in the second quarter 2023, 6.03% in the first quarter 2023, and 6.52% in the fourth quarter 2022.

General Retail recorded vacancy of 3.49% in the third quarter 2023, compared to 3.54% in the second quarter 2023, 3.46% in the first quarter 2023, and 3.42% in the fourth quarter 2022.

Finally, Other retail subtypes recorded vacancy of 2.14% in the third quarter 2023, compared to 0.25% in the second quarter 2023, 0.25% in the first quarter 2023, and 3.62% in the fourth quarter 2022.

Vacancy for the Columbus Circle submarket was 6.12% in the third quarter 2023. That compares to 6.58% in the second quarter 2023, 4.26% in the first quarter 2023, and 2.16% in the fourth quarter 2022.

## RENTAL RATES



The rental rates shown below are per square foot per year on a NNN basis.

The average asking rental rate for available Retail space, all subtypes, was \$47.26 psf at the end of the third quarter 2023 in the New York market area. Average asking rental rates reported a 0.4% increase from the end of the second quarter 2023, when rents were reported at \$47.06.

The average quoted rate within the Mall subtype was \$50.71 at the end of the third quarter 2023, while Neighborhood Center rates stood at \$38.01, Power Center rates at \$36.86, Strip Center rates at \$30.70, General Retail rates at \$49.78, and Other retail rates at \$36.99. At the end of the second quarter 2023, Mall subtype rates were \$50.42, Neighborhood Center rates stood at \$37.65, Power Center rates at \$36.60, Strip Center rates at \$30.49, General Retail rates at \$49.63, and Other retail rates at \$36.66.

The average quoted asking rental rate in New York's Columbus Circle submarket was \$146.74 at the end of the third quarter 2023. In the second quarter 2023, quoted rates were \$146.27.

## INVENTORY & CONSTRUCTION

During the third quarter 2023, a total of 314,916 square feet was completed in the New York market area. This compares to a total of 265,246 square feet completed in the second quarter 2023, a total of 250,390 square feet completed in the first quarter 2023, and -264,725 square feet completed in the fourth quarter 2022. There was 3,040,962 square feet of Retail space under construction at the end of the third quarter 2023.

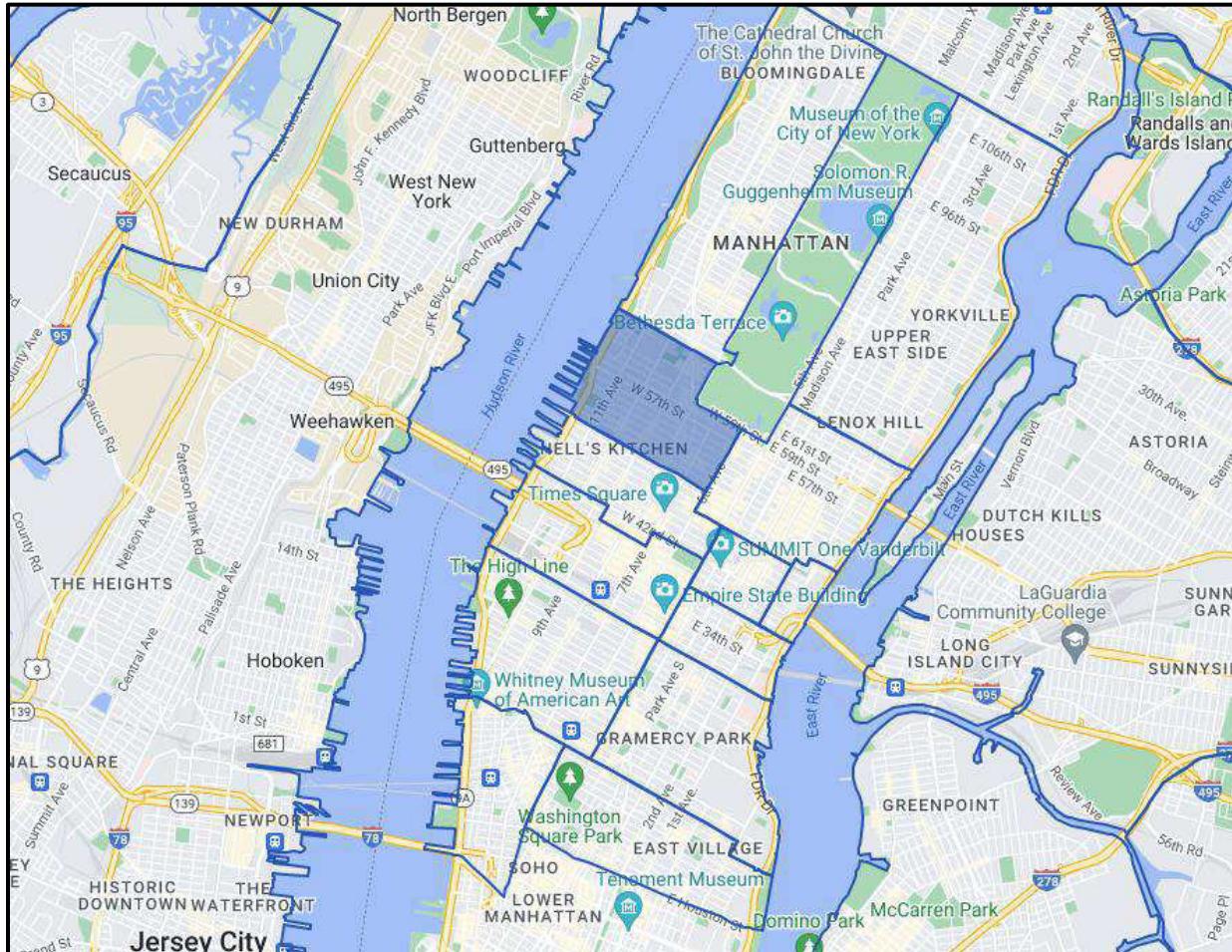
SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
Mall	42,057,911	18,300	202,847
Neighborhood Center	79,322,293	-96,903	255,110
Power Center	27,029,278	0	2,400
Strip Center	16,649,981	65,442	87,163
General Retail	463,257,119	578,988	2,441,417
Other	3,597,501	0	0
<b>Total</b>	<b>632,778,347</b>	<b>565,827</b>	<b>3,040,962</b>

## MARKET OUTLOOK

The New York Retail market ended the third quarter 2023 with a vacancy rate of 4.15%. The vacancy rate decreased over the previous quarter, with net absorption totaling 683,996 square feet in the third quarter 2023. Rental rates increased \$0.20 PSF over the previous quarter and ended at \$47.26. A total of 314,916 square feet was delivered in the quarter, with 3,040,962 square feet still under construction at the end of the quarter.

## SUBMARKET ANALYSIS

### SUBMARKET MAP



### COLUMBUS CIRCLE OFFICE MARKET

#### KEY INDICATORS AT A GLANCE

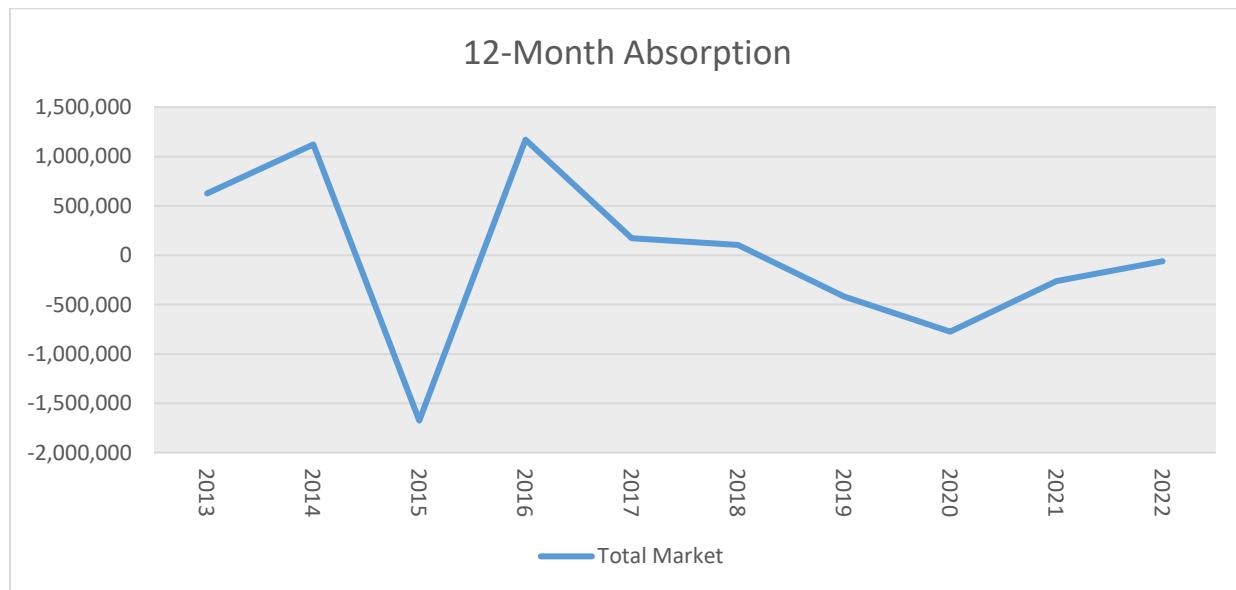
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	10.02%	9.45%	decreased 57 Basis Points
Absorption (SF)	15,886	209,469	increased 193,583 SF
Quoted Rental Rates (\$/SF/Year)	\$74.66	\$74.66	no change PSF
Inventory (SF)	36,315,176	36,315,176	no change SF
Net Deliveries (SF)	0	0	no change SF
Under Construction (SF)	260,000	260,000	no change SF

## COLUMBUS CIRCLE OFFICE MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2023 Q3	36,315,176	9.45%	209,469	0	260,000	\$74.66
2023 Q2	36,315,176	10.02%	15,886	0	260,000	\$74.66
2023 Q1	36,315,176	10.07%	-105,765	0	260,000	\$74.40
2022 Q4	36,315,176	9.78%	7,857	0	260,000	\$74.31
2022	36,315,176	9.78%	-62,438	0	260,000	\$74.31
2021	36,315,176	9.60%	-260,761	-122,648	0	\$75.43
2020	36,437,824	9.19%	-773,366	75,600	0	\$77.01
2019	36,362,224	6.88%	-417,686	-156,000	90,000	\$80.41
2018	36,518,224	6.13%	105,455	-44,526	90,000	\$78.23
2017	36,562,750	6.53%	172,623	51,717	0	\$79.06
2016	36,511,033	6.87%	1,170,263	0	87,717	\$76.42
2015	36,511,033	10.08%	-1,674,922	-280,629	87,717	\$74.80
2014	36,791,662	6.21%	1,121,166	966,979	0	\$71.38

The Columbus Circle Office market ended the third quarter with a vacancy rate of 9.45%. The vacancy rate decreased over the previous quarter, with net absorption totaling 209,469 square feet in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$74.66. A total of 0 square feet was delivered to the market, with 260,000 square feet still under construction at the end of the quarter.

### ABSORPTION



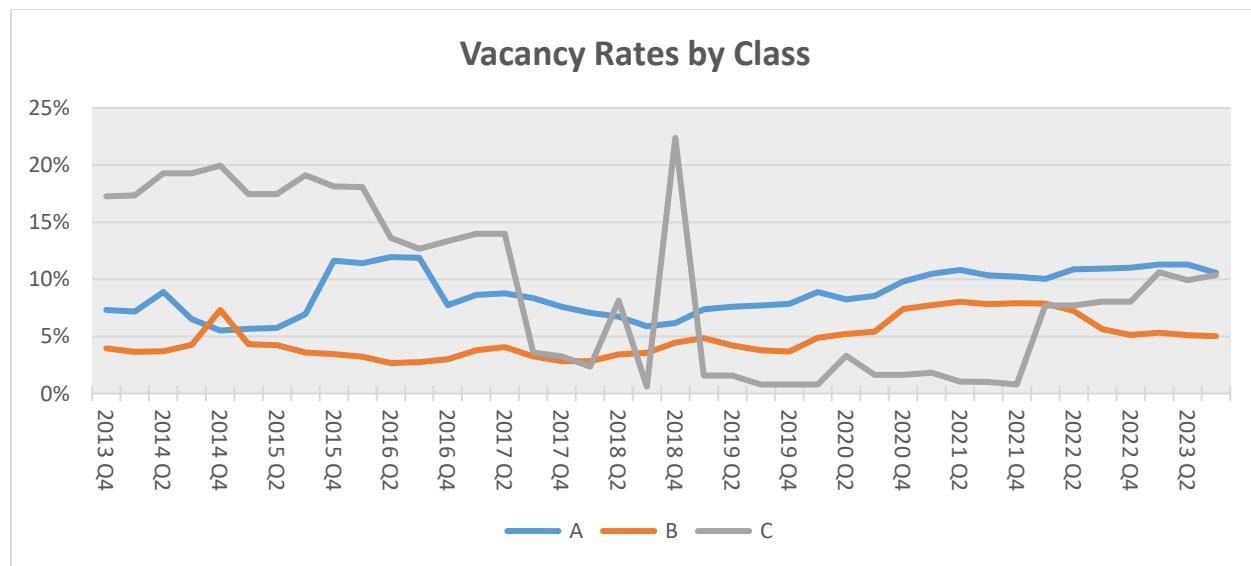
Net absorption for the overall Columbus Circle Office market was 209,469 square feet in the third quarter 2023. That compares to 15,886 square feet in the second quarter 2023, -105,765 square feet in the first quarter 2023, and 7,857 square feet in the fourth quarter 2022. Net absorption in the market over the prior 12 months totaled 127,447 square feet.

The Class A (4 & 5 Star) Office market recorded net absorption of 206,848 square feet in the third quarter 2023, compared to -3,938 square feet in the second quarter 2023, -78,602 square feet in the first quarter 2023, and -28,915 square feet in the fourth quarter 2022.

The Class B (3 Star) Office market recorded net absorption of 5,121 square feet in the third quarter 2023, compared to 15,920 square feet in the second quarter 2023, -12,810 square feet in the first quarter 2023, and 36,772 square feet in the fourth quarter 2022.

The Class C (1 & 2 Star) Office market recorded net absorption of -2,500 square feet in the third quarter 2023, compared to 3,904 square feet in the second quarter 2023, -14,353 square feet in the first quarter 2023, and 0 square feet in the fourth quarter 2022.

## VACANCY



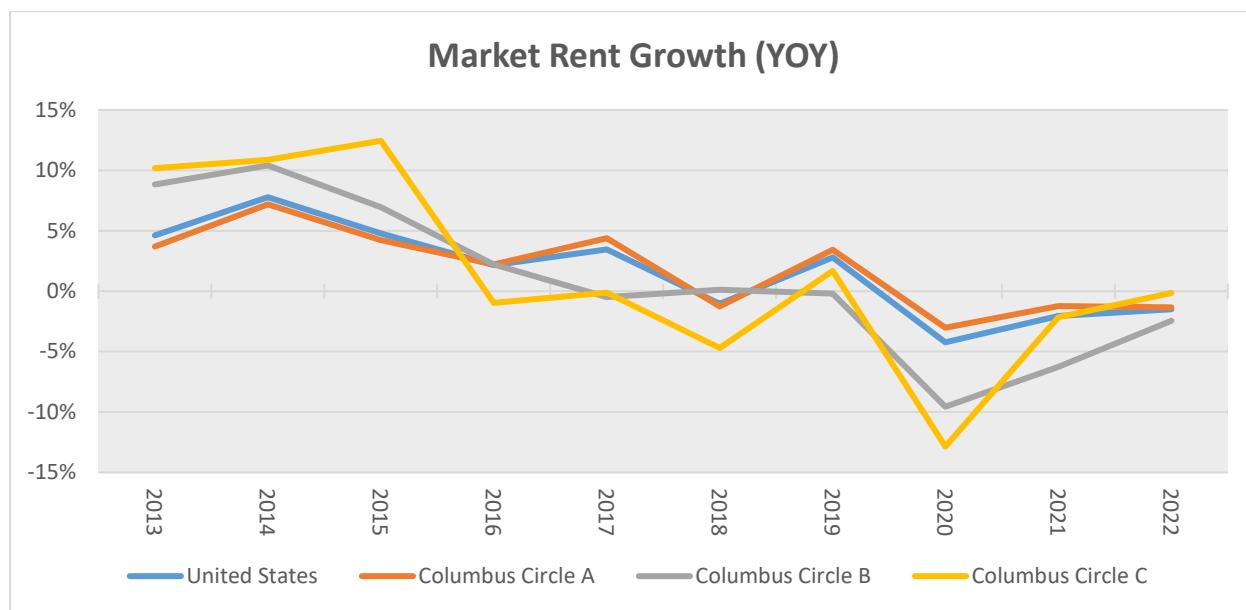
Vacancy for the overall Columbus Circle Office market decreased to 9.45% in the third quarter 2023. That compares to 10.02% in the second quarter 2023, 10.07% in the first quarter 2023, and 9.78% in the fourth quarter 2022.

Class A (4 & 5 Star) projects reported a vacancy rate of 10.58% at the end of the third quarter 2023, 11.31% at the end of the second quarter 2023, 11.30% at the end of the first quarter 2023, and 11.02% at the end of the fourth quarter 2022.

Class B (3 Star) projects reported a vacancy rate of 5.03% at the end of the third quarter 2023, 5.10% at the end of the second quarter 2023, 5.32% at the end of the first quarter 2023, and 5.14% at the end of the fourth quarter 2022.

Class C (1 & 2 Star) projects reported a vacancy rate of 10.37% at the end of the third quarter 2023, 9.92% at the end of the second quarter 2023, 10.62% at the end of the first quarter 2023, and 8.05% at the end of the fourth quarter 2022.

## RENTAL RATES



The rental rates shown below are per square foot per year on a full-service gross basis.

The average asking rental rate for available Office space, all classes, was \$74.66 psf at the end of the third quarter 2023 in the Columbus Circle market area. This represented a 0.0% decrease in quoted rental rates from the end of the second quarter 2023, when rents were reported at \$74.66.

The average quoted rate within the Class A (4 & 5 Star) sector was \$80.13 at the end of the third quarter 2023, while Class B (3 Star) rates stood at \$55.70, and Class C (1 & 2 Star) rates at \$45.36. At the end of the second quarter 2023, Class A (4 & 5 Star) rates were \$80.10, Class-B (3 Star) rates were \$55.81, and Class C (1 & 2 Star) rates were \$45.41.

## INVENTORY & CONSTRUCTION

During the third quarter 2023, a total of 0 square feet was completed in the Columbus Circle market area. This compares to a total of 0 square feet completed in the second quarter 2023, a total of 0 square feet completed in the first quarter 2023, and 0 square feet completed in the fourth quarter 2022. There was 260,000 square feet of Office space under construction at the end of the third quarter 2023.

SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
Class A (4 & 5 Star)	28,355,562	0	260,000
Class B (3 Star)	7,401,897	0	0
Class C (1 & 2 Star)	557,717	0	0
<b>Total</b>	<b>36,315,176</b>	<b>0</b>	<b>260,000</b>

## COLUMBUS CIRCLE MARKET OUTLOOK

The Columbus Circle Office market ended the third quarter 2023 with a vacancy rate of 9.45%. The vacancy rate decreased over the previous quarter, with net absorption totaling 209,469 square feet in the third quarter 2023. Rental rates no change PSF over the previous quarter and ended at \$74.66. A total of 0 square feet was delivered in the quarter, with 260,000 square feet still under construction at the end of the quarter.

## COLUMBUS CIRCLE RETAIL MARKET

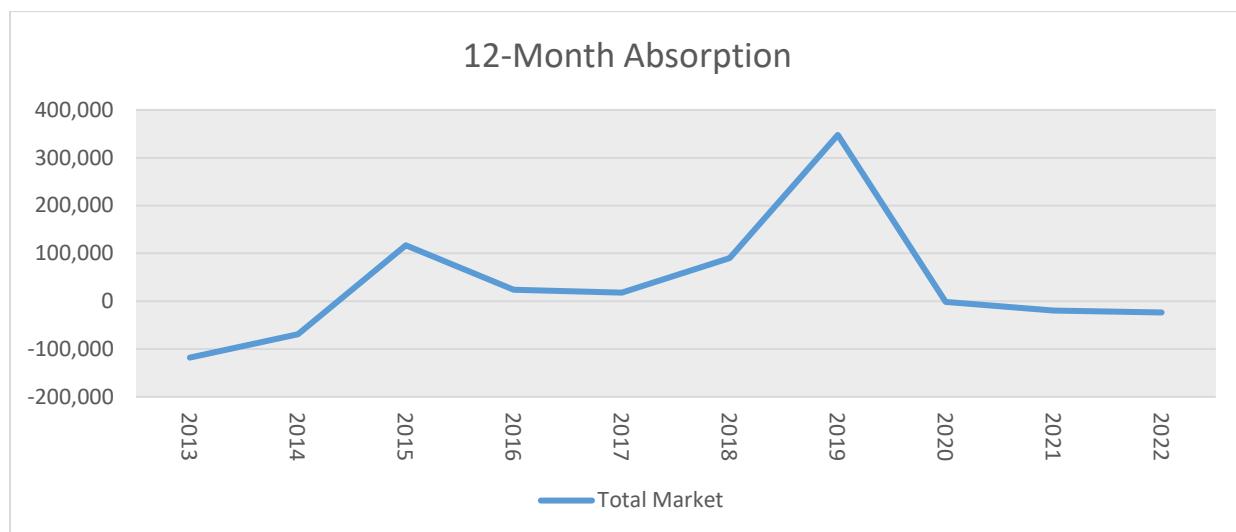
### KEY INDICATORS AT A GLANCE

	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	6.58%	6.12%	decreased 46 Basis Points
Absorption (SF)	-59,714	11,850	increased 71,564 SF
Quoted Rental Rates (\$/SF/Year)	\$146.27	\$146.74	increased \$0.47 PSF
Inventory (SF)	2,571,396	2,571,396	no change SF
Net Deliveries (SF)	0	0	no change SF
Under Construction (SF)	0	0	no change SF

### COLUMBUS CIRCLE RETAIL MARKET STATISTICS

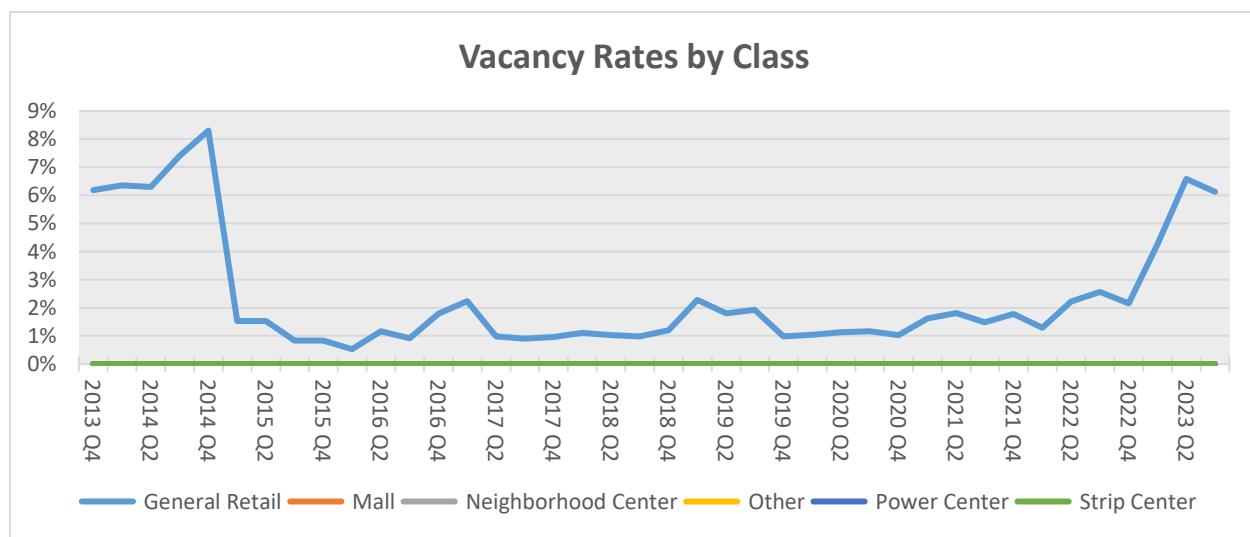
PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2023 Q3	2,571,396	6.12%	11,850	0	0	\$146.74
2023 Q2	2,571,396	6.58%	-59,714	0	0	\$146.27
2023 Q1	2,571,396	4.26%	-54,001	0	0	\$144.71
2022 Q4	2,571,396	2.16%	10,135	0	0	\$144.91
2022	2,571,396	2.16%	-23,446	-13,925	0	\$144.91
2021	2,585,321	1.78%	-19,388	0	0	\$141.92
2020	2,585,321	1.03%	-1,360	0	0	\$139.62
2019	2,585,321	0.98%	347,791	346,253	0	\$139.29
2018	2,239,068	1.20%	89,989	96,300	346,253	\$135.24
2017	2,142,768	0.96%	17,902	0	442,553	\$132.70
2016	2,142,768	1.79%	24,269	45,000	416,300	\$129.86
2015	2,097,768	0.84%	117,096	-42,854	461,300	\$126.80
2014	2,140,622	8.30%	-68,952	-25,027	45,000	\$122.26

The Columbus Circle Retail market ended the third quarter with a vacancy rate of 6.12%. The vacancy rate decreased over the previous quarter, with net absorption totaling 11,850 square feet in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$146.74. A total of 0 square feet was delivered to the market, with 0 square feet still under construction at the end of the quarter.

**ABSORPTION**

Net absorption for the overall Columbus Circle Retail market was 11,850 square feet in the third quarter 2023. That compares to -59,714 square feet in the second quarter 2023, -54,001 square feet in the first quarter 2023, and 10,135 square feet in the fourth quarter 2022. Net absorption in the market over the prior 12 months totaled -91,730 square feet.

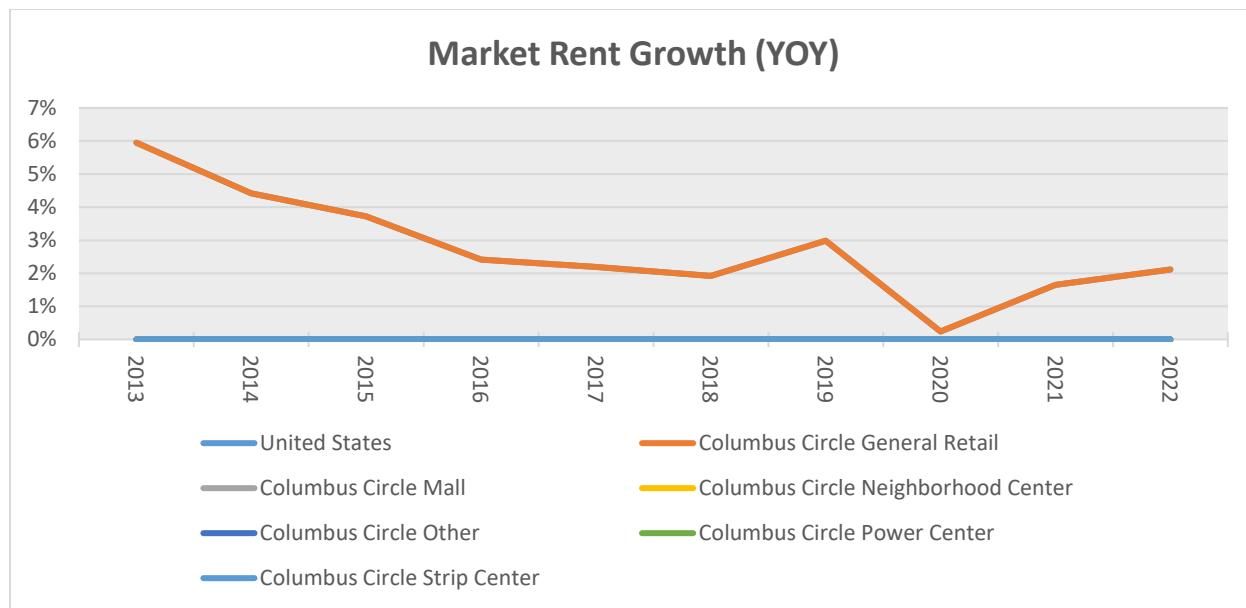
General Retail recorded net absorption of 11,850 square feet in the third quarter 2023, compared to -59,714 square feet in the second quarter 2023, -54,001 square feet in the first quarter 2023, and 10,135 square feet in the fourth quarter 2022.

**VACANCY**

Vacancy for the overall Columbus Circle Retail market decreased to 6.12% in the third quarter 2023. That compares to 6.58% in the second quarter 2023, 4.26% in the first quarter 2023, and 2.16% in the fourth quarter 2022.

General Retail recorded vacancy of 6.12% in the third quarter 2023, compared to 6.58% in the second quarter 2023, 4.26% in the first quarter 2023, and 2.16% in the fourth quarter 2022.

## RENTAL RATES



The rental rates shown below are per square foot per year on a NNN basis.

The average asking rental rate for available Retail space, all classes, was \$146.74 psf at the end of the third quarter 2023 in the Columbus Circle market area. This represented a 0.3% increase in quoted rental rates from the end of the second quarter 2023, when rents were reported at \$146.27.

The average quoted rate within the Mall subtype sector was \$0.00 at the end of the third quarter 2023, while Neighborhood Center subtype rates stood at \$0.00, Power Center subtype rates at \$0.00, Strip Center rates at \$0.00, General Retail rates at \$146.74, and Other retail rates at \$0.00. At the end of the second quarter 2023, Mall subtype rates were \$0.00 , Neighborhood Center rates were \$0.00, Power Center rates were \$0.00, Strip Center rates were \$0.00, General Retail rates were \$146.27 and Other Retail rates were \$0.00.

## INVENTORY & CONSTRUCTION

During the third quarter 2023, a total of 0 square feet was completed in the Columbus Circle market area. This compares to a total of 0 square feet completed in the second quarter 2023, a total of 0 square feet completed in the first quarter 2023, and 0 square feet completed in the fourth quarter 2022. There was no Retail space under construction at the end of the third quarter 2023.

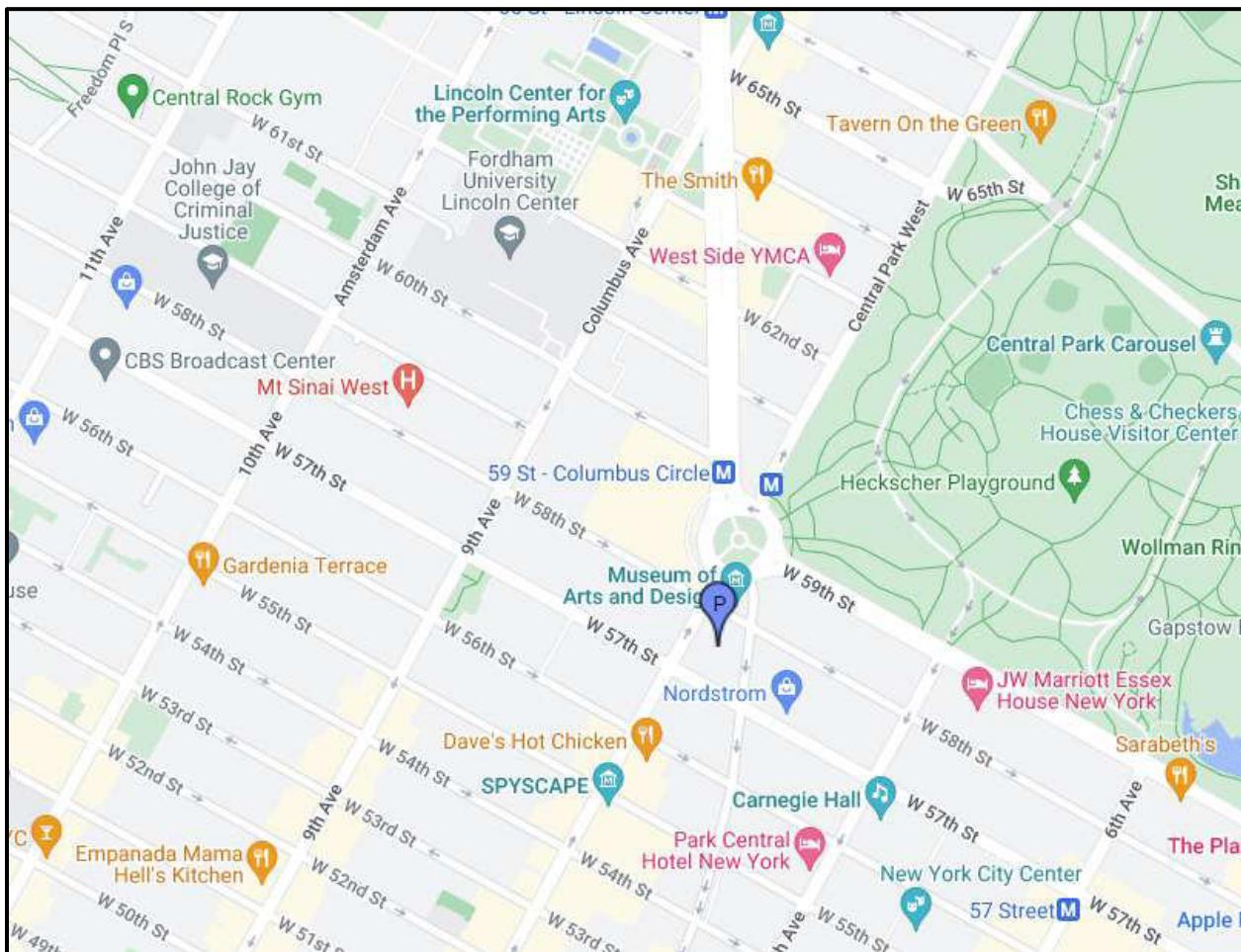
SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
General Retail	2,571,396	0	0

## COLUMBUS CIRCLE MARKET OUTLOOK

The Columbus Circle Retail market ended the third quarter 2023 with a vacancy rate of 6.12%. The vacancy rate decreased over the previous quarter, with net absorption totaling 11,850 square feet in the third quarter 2023. Rental rates increased \$0.47 PSF over the previous quarter and ended at \$146.74. A total of 0 square feet was delivered in the quarter, with 0 square feet still under construction at the end of the quarter.

# NEIGHBORHOOD ANALYSIS

## LOCATION IDENTIFICATION



## NEIGHBORHOOD DESCRIPTION

The subject property is located in Midtown Manhattan. Midtown comprises the area between 34th Street to 59th Street. As New York's largest central business district, Midtown Manhattan is the busiest single commercial district in the United States. The great majority of New York City's skyscrapers, including its tallest hotels and apartment towers, lie within Midtown. More than 700,000 commuters work in its offices, hotels, and retail establishments; the area also hosts many tourists, visiting residents, and students. Some areas, especially Times Square and Fifth Avenue, have massive clusters of retail establishments. Midtown Manhattan is the economic heart of Metropolitan New York, containing major corporate headquarters, retail businesses, financial service industries, and world class hotels. Midtown Manhattan is home to the city's tallest and most famous buildings such as the Empire State Building and Chrysler Building.

Midtown Manhattan has the headquarters of several companies, including Bloomberg, Colgate-Palmolive, Deloitte, Ernst & Young, JPMorgan Chase & Co., KPMG, L'Oreal, Morgan Stanley & Co., Ogilvy, Pfizer, PricewaterhouseCoopers, Thomson Reuters, Time Warner, Twenty-First Century Fox, Viacom, and Wells Fargo.

Central Midtown is characterized by post-war and modern hi-rise office towers with some ground floor retail uses which primarily include major banks and various retailers. The major office corridors within Central Midtown are Park, Madison, Fifth, and Sixth Avenues with prime retail space concentrated on Madison and Fifth Avenues. New York's Diamond District is situated along West 47th Street between Fifth and Sixth Avenues.

Midtown East is predominated by mid- and high-rise office and residential buildings. Within the greater Midtown East area, there are several residential enclaves such as Sutton Place, Beekman Place, Tudor City, Turtle Bay, and Murray Hill. From a residential standpoint, the attraction of this area is its great convenience to employment and retail centers as well as the United Nations. For retailers and restaurants, Midtown East is home to many of Manhattan's prestigious office buildings, numerous Fortune 500 firms, many of Manhattan's fashionable hotels and the headquarters of the United Nations.

Midtown West includes the Garment Center, Hell's Kitchen (Clinton) and Times Square. While the Garment Center district was traditionally the headquarters for the sale, manufacturing and display of the fashion and textile industry it is now home to office and showroom space. Hell's Kitchen is a mixed use neighborhood which has seen significant residential development over the last twenty years. Times Square is one of New York's most charismatic neighborhoods characterized by a wide range of uses which include retail and entertainment, office buildings, residential, hotels and theaters. It is considered a premier tourist destination, playing host to millions of visitors annually from around the world. The northern portion of Midtown West is home to The Time Warner Center, a 2,800,000 square foot office, retail, hotel, and condominium development.

Located in the southwestern portion of Midtown West, Hudson Yards is one of the largest new developments within Manhattan. Once completed, it will contain more than 18 million square feet of commercial and residential space. Twenty-eight acres in size, this was Manhattan's largest undeveloped parcel of land. More than half of the development, 14 acres, is allocated to new open space and parks. On March 15, 2019, Hudson Yards officially opened its restaurants and food halls, along with a host of high-end stores and the project's new public park. Several office and residential buildings have completed construction in the last few years with many still under construction.

In August 2017, the City Council approved a rezoning for a section of Midtown East. The rezoned blocks run from East 39th Street to East 57th Street, from Third to Madison Avenues. The rezoning is intended to revitalize what was once the core of corporate activity in New York City. The change will also allow buildings with landmark status to transfer their unused development rights to sites anywhere in the 78-block area. Large employers have been leaving that part of Midtown for state-of-the-art buildings at the Hudson Yards project on the Far West Side or at the new World Trade Center complex in Lower Manhattan.

Midtown contains some of Manhattan's most popular attractions. They are Radio City Music Hall, the Rockefeller Center Plaza and Promenade, which is home of the famous Christmas tree and skating rink, and St. Patrick's Cathedral. These landmark properties are all located within one or two blocks of each other.

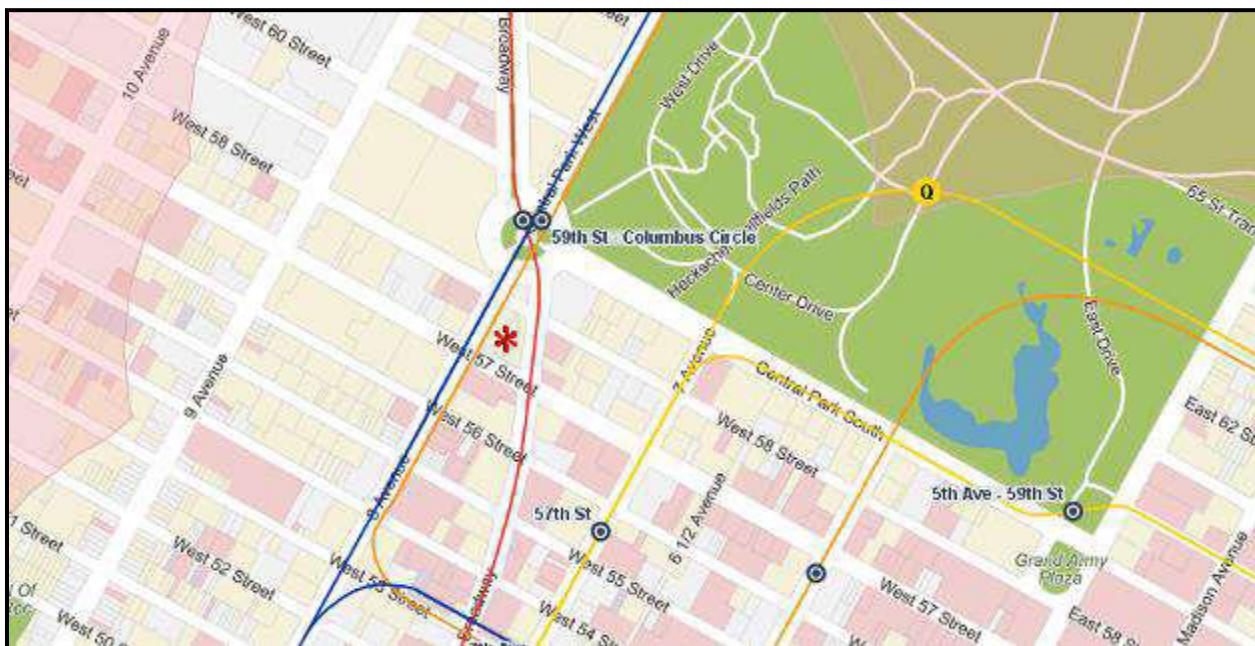
Transportation linkage in Midtown, as one would expect in such a major commercial center, is excellent. The subject property enjoys easy access to all forms of mass transportation within Manhattan. Commuter rail stations are situated at Park Avenue and 42nd Street (Grand Central Terminal) and Seventh Avenue and West 32nd Street (Pennsylvania Station). Grand Central serves Westchester and Putnam Counties in New York as well as the southeasterly coastline of Connecticut. Penn Station serves New Jersey and Long Island and is a major stop in Amtrak's Northeast Corridor between Boston and Washington. Grand Central is also a major stop served by the IRT local and express service along the East Side of Manhattan and into Brooklyn and the Bronx. The #7 train also runs from Queens through Grand Central and to Hudson Yards. Bus service runs uptown/downtown the avenues with cross-town bus service available along 34<sup>th</sup>, 42<sup>nd</sup> and 57<sup>th</sup> Streets. Automobile river crossings in Midtown include the Queens-Midtown Tunnel, Queensboro (a/k/a 59th Street) Bridge, and the Lincoln Tunnel to New Jersey. The Staten Island Ferry, located at the southern tip of Manhattan in Battery Park, is easily accessible by subway.

### The Specific Subject Location

The subject property is located within the Columbus Circle district of Midtown. The Columbus Circle district is situated in the northwest/central portion of Midtown and contains a mixture of uses including office buildings, hotels, and multi-family apartment buildings. There are several theaters and comedy clubs in the area and the music and entertainment industries have long maintained production and editing studios, recording studios, and general offices and related business in the immediate area. Carnegie Hall, a world-renowned performance arts center and theater, the New York Opera and the Rose Museum are all located within the neighborhood.

The subject is located on the full block bound by West 57th and 58th Streets, Broadway, and 8th Avenue. The immediate area is mixed use in nature and is characterized by pre- and post-war hi-rise office towers with ground floor retail uses as well as hotel use, and some pre- and post-war multi-family residential apartment buildings. Columbus Circle and Central Park are located one block north of the subject.

### Subject Access to Public Transportation



Access to public transportation in this area is excellent. North-south buses travel along Broadway, Eighth and Seventh Avenues. Cross-town buses travel along West 57th and West 59th Streets. The A, B, C, D and 1 lines stop at 59<sup>th</sup> Street Columbus Circle. The B, D and E lines have a stop at Seventh Avenue and 53<sup>rd</sup> Street. The N, Q and R lines have a stop at West 57th Street and Seventh Avenue. The West Side Highway can be accessed at West 57th Street.

**SPECIFIC SUBJECT LOCATION**

The following table reflects significant locations in the subject's area:

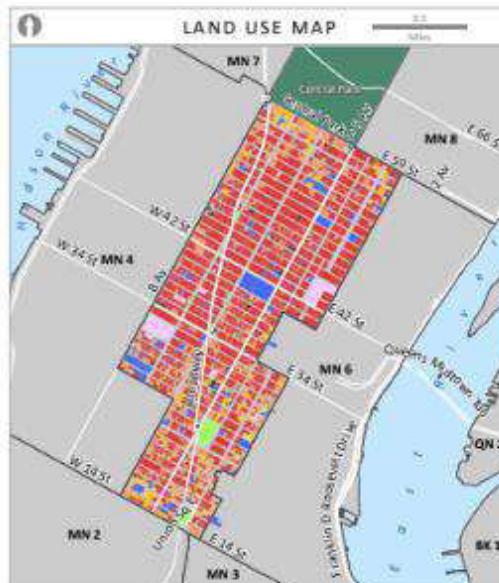
DISTANCE TO SUPPORTIVE USES / ACCESS			
Type	Distance	Direction	
<b>Interstate/Freeways</b>			
West Side Highway	0.8 miles	NW	
Lincoln Tunnel	1.5 miles	W	
<b>Transportation Centers</b>			
Grand Central Station	1.0 miles	S	
LaGuardia Airport	5.7 miles	E	
<b>Shopping Facilities</b>			
The Shops at Columbus Circle	0.1 miles	NW	
Rockefeller Center	0.6 miles	S	
<b>Education Centers</b>			
Fordham Law School	0.3 miles	N	
Columbia University	3.0 miles	N	
<b>Landmarks / Other</b>			
Central Park	0.9 miles	E	
Madison Square Garden	1.3 miles	SW	

# Manhattan Community District 5



**Neighborhoods<sup>1</sup>:** Flatiron, Gramercy Park, Herald Square, Midtown, Midtown South, Murray Hill, Times Square, Union Square

POPULATION & DENSITY		
2000 <sup>2</sup>	2010 <sup>3</sup>	2000-2010
44,028	51,673	+17%
2013-2017 Estimate <sup>4</sup>		N/A
Square Miles		1.6
Population Density		32,296/sq mi



Map Source: PLUTO 19v2

COMMUNITY BOARD PERSPECTIVES		
Top 3 pressing issues identified by Manhattan Community Board 5 in 2019:		
1. Traffic 2. Trash removal & cleanliness 3. Homelessness		
To learn more, please read Manhattan CD 5's Statements of Community District Needs and Community Board Budget Requests for Fiscal Year 2021.		
Website: <a href="http://www.cb5.org">www.cb5.org</a> Email: <a href="mailto:office@cb5.org">office@cb5.org</a>		

Land Use Category	# Lots	% Lot Area
1 & 2 Family Bldgs	15	0%
Multifamily Walk-up	77	1%
Multifamily Elevator	187	5%
Mixed Use	769	14%
Commercial	1,641	66%
Industrial	15	0%
Transportation/Utility	22	3%
Public/Institutional	113	7%
Open Space	6	2%
Parking	39	1%
Vacant	88	1%
Other	8	0%

## A Snapshot of Key Community Indicators

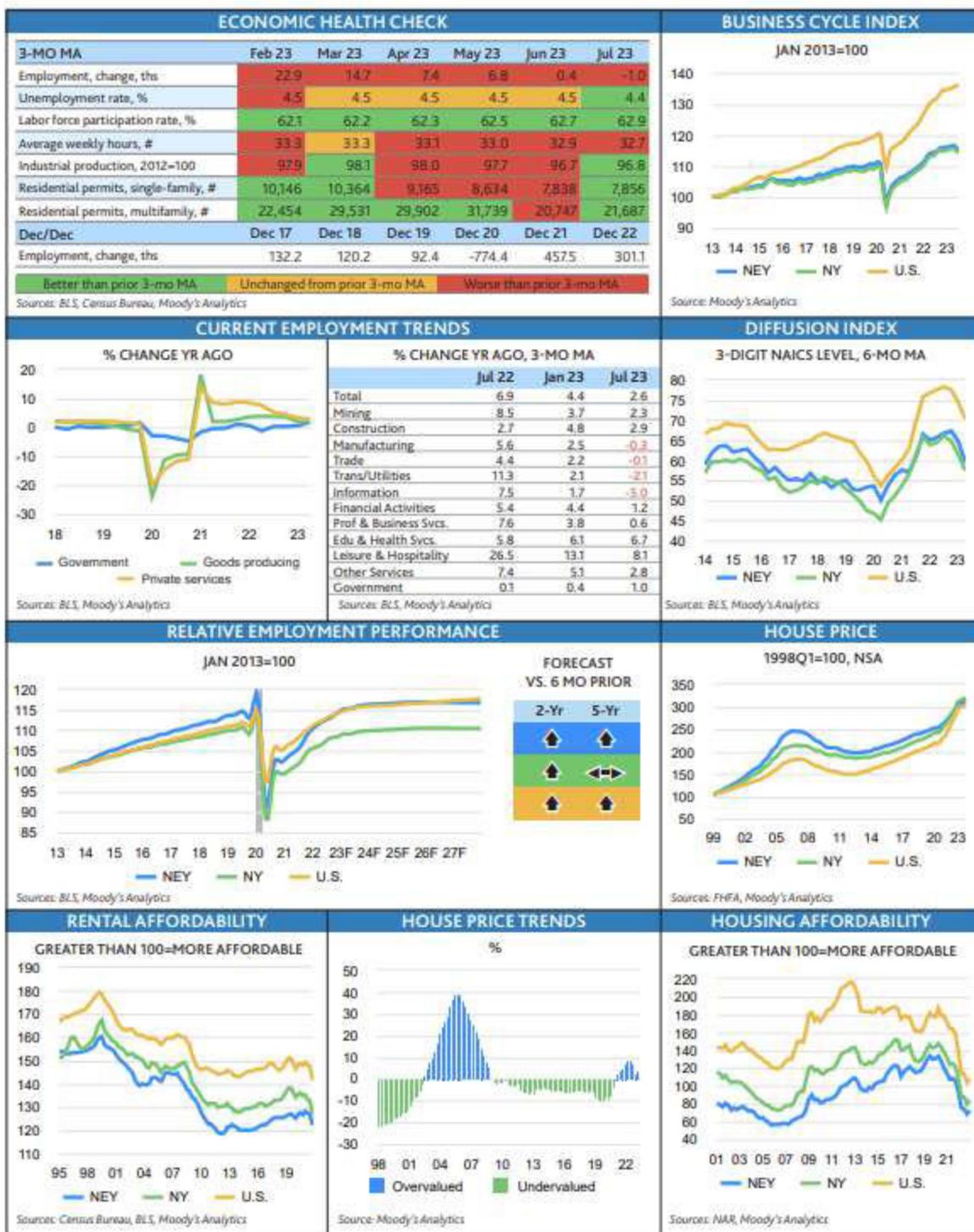
COMMUNITY ASSETS <sup>5</sup>		RENT BURDEN <sup>6, 7</sup>		ACCESS TO PARKS <sup>7</sup>	
Public Schools	15	Manhattan CD 5 <b>34%</b>	Manhattan 37%	Manhattan CD 5 <b>95%</b>	Citywide Target 85%
Public Libraries	7		NYC 45%		
Hospitals and Clinics	17				
Parks	10				
Click to visit the NYC Facilities Explorer					
MEAN COMMUTE TO WORK <sup>4, 8</sup>		LIMITED ENGLISH PROFICIENCY <sup>4</sup>		CRIME RATE <sup>9</sup>	
Manhattan CD 5 <b>27</b> minutes	Manhattan 32 minutes	Manhattan CD 5 <b>10%</b>	Manhattan 16%	Manhattan CD 5 <b>87.2</b>	Manhattan 15.7
	NYC 41 minutes	of residents 5 years or older have limited English proficiency	NYC 23%	major felonies were reported per 1,000 residents in 2017	NYC 11.8
EDUCATIONAL ATTAINMENT <sup>4, 10</sup>		UNEMPLOYMENT <sup>4, 10</sup>		NYCgov POVERTY MEASURE <sup>11</sup>	
Manhattan CD 5 <b>74%</b> of residents 25 years or older have earned a bachelor's degree or higher	Manhattan 61%	Manhattan CD 5 <b>3.7%</b> of the civilian labor force was unemployed on average from 2013 to 2017	Manhattan 4.2%	Manhattan CD 5 <b>11%</b> of residents have incomes below the NYCgov poverty threshold. See the federal poverty rate here.	Manhattan 14%
	NYC 37%	NYC 4.9%			NYC 20%

Neighborhoods may be in multiple districts. Names and boundaries are not officially designated.<sup>2</sup> 2000 US Census; <sup>3</sup> 2010 US Census; <sup>4</sup> American Community Survey 2013-2017 5-Year Estimates, calculated for Public Use Microdata Areas (PUMAs). PUMAs are geographic approximations of community districts. MN 5 shares PUMA 3807 with MN 4, and the ACS population estimate cannot be reliably disaggregated. <sup>5</sup> NYC Dept of City Planning Facilities Database (2019). <sup>6</sup> Differences of less than 3 percentage points are not statistically meaningful. <sup>7</sup> NYC Dept of Parks and Recreation (DPR) (2019). DPR considers walking distance to be 1/4 mile for parks less than 6 acres, and 1/2 mile for larger parks and pools. <sup>8</sup> Differences of less than 2 minutes are not statistically meaningful. <sup>9</sup> NYPD CompStat, Historic Complaint Data (2018). <sup>10</sup> Differences of less than 2 percentage points are not statistically meaningful. <sup>11</sup> 2013-2017 NYCgov Poverty Measure by PUMA. This metric from the Mayor's Office for Economic Opportunity accounts for NYC's high cost of housing, as well as other costs of living and anti-poverty benefits.

NEW YORK-JERSEY CITY-WHITE PLAINS NY-NJ																				
ECONOMIC DRIVERS			EMPLOYMENT GROWTH RANK			RELATIVE COSTS		VITALITY & QUALITY												
FINANCIAL CENTER \$ €	Tourist DESTINATION	MEDICAL CENTER	2022-2024 <b>122</b> 2nd quintile	2022-2027 <b>225</b> 3rd quintile	U.S.=100%	LIVING <b>120%</b>	BUSINESS <b>154%</b>	RELATIVE <b>0.33</b> Rank: 99	QUALITY OF LIFE <b>112</b> Best=1, Worst=403											
BUSINESS CYCLE STATUS																				
STRENGTHS & WEAKNESSES																				
STRENGTHS					WEAKNESSES															
<ul style="list-style-type: none"> <li>Financial capital of the world.</li> <li>High per capita income and limited exposure to manufacturing.</li> <li>Strong international immigration.</li> </ul>					<ul style="list-style-type: none"> <li>High costs, including taxes, housing, office rents and energy.</li> <li>Rapidly aging infrastructure.</li> <li>Troubled fiscal health made worse by population losses.</li> </ul>															
FORECAST RISKS																				
SHORT TERM		LONG TERM																		
RISK EXPOSURE 2023-2028	<b>391</b>	5th quintile	Markt Level=403																	
UPSIDE																				
<ul style="list-style-type: none"> <li>Return of international travelers and robust demand for in-person events drive rapid growth in consumer industries.</li> <li>New construction and office conversions improve housing affordability.</li> </ul>																				
DOWNSIDE																				
<ul style="list-style-type: none"> <li>Interest rates rise again, and equity market reaction drives more Wall Street layoffs.</li> <li>Permanent shift to remote work decimates Manhattan office market.</li> </ul>																				
MOODY'S RATING																				
<b>Aa2</b>																				
CITY AS OF NOV 17, 2022																				
2017	2018	2019	2020	2021	2022	INDICATORS	2023	2024	2025	2026	2027	2028								
1,095.8	1,130.5	1,166.7	1,116.9	1,182.2	1,230.8	Gross metro product (C125 bil)	1,262.6	1,275.9	1,296.7	1,324.9	1,354.2	1,383.6								
1.4	3.2	3.2	-4.3	5.8	4.1	% change	2.6	1.1	1.6	2.2	2.2	2.2								
7,007.6	7,123.0	7,240.6	6,513.7	6,714.5	7,137.6	Total employment (ths)	7,335.3	7,387.9	7,408.5	7,412.1	7,407.7	7,403.6								
1.8	1.6	1.7	-10.0	3.1	6.3	% change	2.8	0.7	0.3	0.0	-0.1	-0.1								
4.4	4.0	3.7	11.0	8.3	4.7	Unemployment rate (%)	4.4	4.3	4.4	4.5	4.5	4.5								
6.6	3.9	3.8	5.1	6.2	1.2	Personal income growth (%)	4.1	4.7	3.8	3.9	3.7	3.6								
69.1	72.1	74.9	76.4	76.6	78.0	Median household income (\$ ths)	82.4	85.5	88.1	91.3	94.1	97.1								
14,807.3	14,860.1	14,903.0	14,832.0	14,550.2	14,502.7	Population (ths)	14,530.9	14,551.0	14,564.4	14,572.9	14,577.6	14,577.8								
0.5	0.4	0.3	-0.5	-1.9	-0.3	% change	0.2	0.1	0.1	0.1	0.0	0.0								
-7.8	-31.6	-30.3	-128.8	-320.3	-101.2	Net migration (ths)	-33.0	-40.2	-45.2	-47.9	-49.6	-51.7								
7,212	6,989	7,850	7,824	8,956	8,521	Single-family permits (#)	8,311	8,476	9,873	10,497	10,319	9,980								
33,942	32,008	42,629	36,593	35,333	37,995	Multifamily permits (#)	28,430	33,311	31,573	30,462	28,942	28,396								
4.5	4.2	3.1	3.4	8.3	10.5	HFHA house price index (% change)	2.4	0.3	2.3	4.5	5.2	4.7								

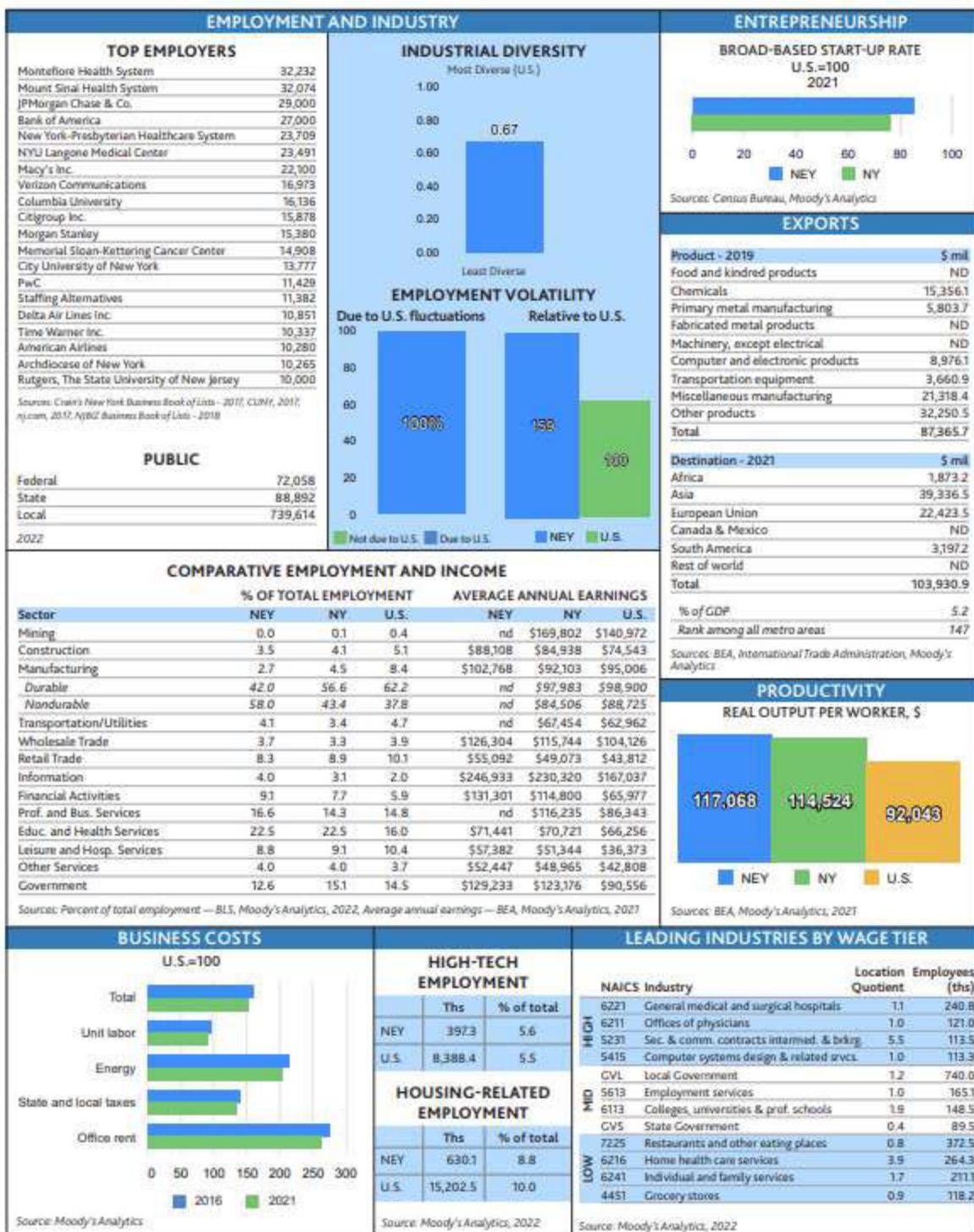
MOODY'S ANALYTICS / Prospa® U.S. Metro / August 2023

## PRÉCIS® U.S. METRO • New York-Jersey City-White Plains NY-NJ



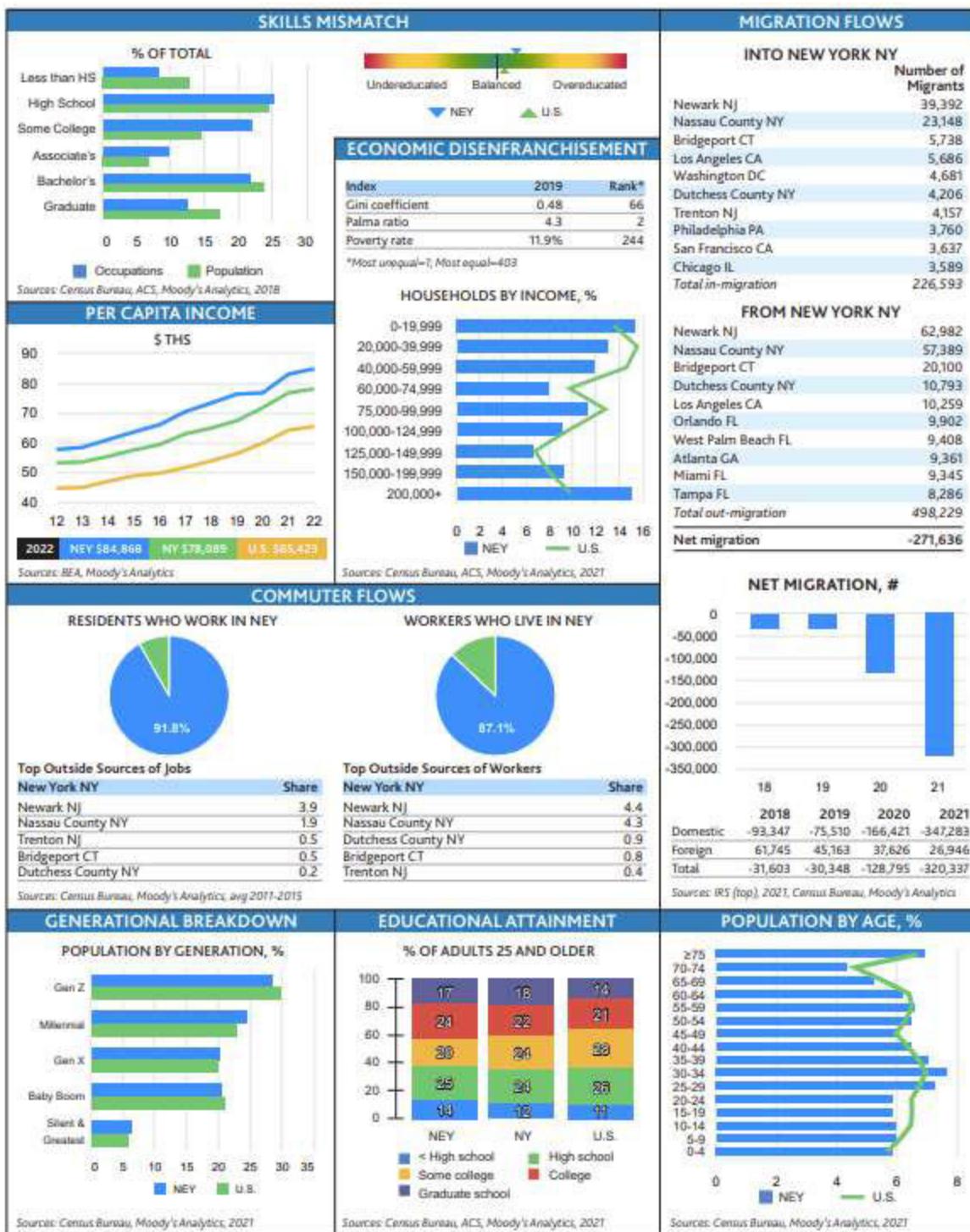
MOODY'S ANALYTICS / PRÉCIS® U.S. METRO / August 2023

## PRÉCIS® U.S. METRO • New York-Jersey City-White Plains NY-NJ



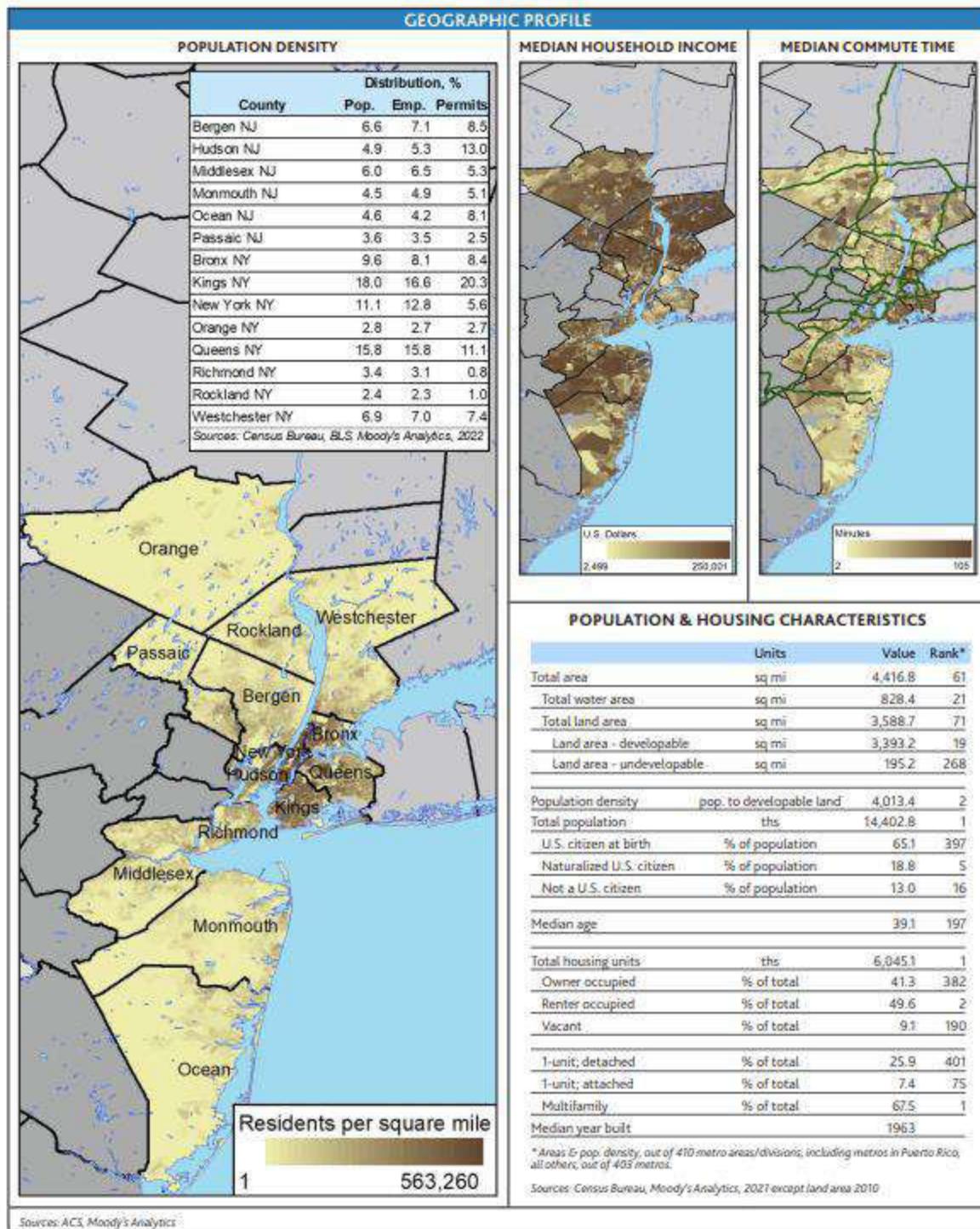
MOODY'S ANALYTICS / Précis® U.S. Metro / August 2023

## PRÉCIS® U.S. METRO • New York-Jersey City-White Plains NY-NJ



HOODY'S ANALYTICS / PRÉCIS® U.S. METRO / AUGUST 2023

## PRÉCIS® U.S. METRO • New York-Jersey City-White Plains NY-NJ



MOODY'S ANALYTICS / PRÉCIS® U.S. METRO / August 2023

## DEMOGRAPHIC OVERVIEW

The following demographic profile, assembled by Environics Analytics, a nationally recognized compiler of demographic data, reflects the subject's zip code (10019) and market (New York County). The area is projected to have a 2023 population of 48,503 in 28,479 household units. The current projections, as forecasted by Environics Analytics, are as follows:

### UNIVERSE TOTALS

Description	10019			New York County		
	2023 Estimate	% Change 2010-2023	% Change 2023-2028	2023 Estimate	% Change 2010-2023	% Change 2023-2028
<b>Universe Totals</b>						
Population	48,503	-3.48%	1.87%	1,605,752	-5.22%	-0.48%
Households	28,479	-1.71%	3.90%	793,705	-2.94%	1.89%
Families	8,170	13.57%	4.37%	320,102	3.65%	1.68%
Housing Units	34,968			908,208		

### HOUSEHOLD INCOME

The estimated average household income is \$182,135, while the median income is \$112,629. Approximately 20.2% of households have an income of less than \$25,000, while 40.7% of the households earn over \$150,000 per year.

Description	HOUSEHOLDS BY HOUSEHOLD INCOME			
	10019	% of Total	New York County	% of Total
2023 Est. Households by Household Income				
Income < \$15,000	3,297	11.6%	98,283	12.4%
Income \$15,000 - \$24,999	2,459	8.6%	52,319	6.6%
Income \$25,000 - \$34,999	1,289	4.5%	38,813	4.9%
Income \$35,000 - \$49,999	1,970	6.9%	53,495	6.7%
Income \$50,000 - \$74,999	1,967	6.9%	75,802	9.6%
Income \$75,000 - \$99,999	2,132	7.5%	72,260	9.1%
Income \$100,000 - \$124,999	2,162	7.6%	63,226	8.0%
Income \$125,000 - \$149,999	1,622	5.7%	51,231	6.5%
Income \$150,000 - \$199,999	2,717	9.5%	70,419	8.9%
Income \$200,000 - \$249,999	1,746	6.1%	44,139	5.6%
Income \$250,000 - \$499,999	3,028	10.6%	74,820	9.4%
Income \$500,000+	4,090	14.4%	98,898	12.5%
2023 Est. Average Household Income	\$182,135		\$168,993	
2023 Est. Median Household Income		\$112,629		\$102,170

### POPULATION CHARACTERISTICS

The neighborhood has an average age of 38 and a median age near 38. 25.08% of the area population is aged 54 and over, while 23.80% is younger than 18 years old.

**AGE CHARACTERISTICS**

Description	2023 EST. POPULATION BY AGE			
	10019	% of Total	New York County	% of Total
Age 0-17	10	23.80%	236,395	14.73%
Age 18-34	29	21.02%	461,592	28.74%
Age 35-54	31	29.56%	433,455	26.99%
55 and above	30	25.08%	474,310	29.54%
2023 Est. Median Age	38		39	
2023 Est. Average Age	38		42	

In terms of household size, 59.1% of households are single persons, 30.2% have two persons, and 6.9% have 3 persons. Only 0.8% of households have five or more.

**HOUSEHOLDS BY SIZE**

Description	2023 EST. HOUSEHOLDS BY HOUSEHOLD SIZE			
	10019	% of Total	New York County	% of Total
1-person	16,830	59.1%	377,511	47.6%
2-person	8,592	30.2%	240,079	30.3%
3-person	1,954	6.9%	90,608	11.4%
4-person	882	3.1%	55,375	7.0%
5-person	216	0.8%	20,270	2.6%
6-person	5	0.0%	6,151	0.8%
7-or-more-person	0	0.0%	3,711	0.5%

**EDUCATIONAL ATTAINMENT**

The population is relatively well educated. 5.0% have not earned a high school diploma in contrast to 36.64% with a bachelor's degree and 34.9% with advanced degrees.

Description	EDUCATIONAL ATTAINMENT			
	10019	% of Total	New York County	% of Total
2023 Est. Pop Age 25+ by Edu. Attainment	41,716		1,244,384	
Less than 9th grade	1,095	2.62%	82,186	6.60%
Some High School, no diploma	994	2.38%	74,268	5.97%
High School Graduate (or GED)	4,256	10.20%	157,413	12.65%
Some College, no degree	3,600	8.63%	118,835	9.55%
Associate Degree	1,922	4.61%	45,052	3.62%
Bachelor's Degree	15,286	36.64%	397,383	31.93%
Master's Degree	9,686	23.22%	229,837	18.47%
Professional School Degree	3,457	8.29%	93,136	7.48%
Doctorate Degree	1,420	3.40%	46,274	3.72%

**EMPLOYMENT DYNAMICS**

According to Environics Analytics, 88.60% of workers are characterized as "white collar," while 2.40% are engaged in "blue collar" activities. 9.00% of the employed population works in the service and farm sectors. Within these broad categories, the largest employment sectors in the city are Business/Financial Operations (17.1%), Sales/Related (11.3%), and Arts/Entertainment/Sports (8.9%).

**OCCUPATION CLASSIFICATION**

OCCUPATION CLASSIFICATION				
Description	10019	% of Total	New York County	% of Total
2023 Est. Pop 16+ by Occupation Classification	30,779		887,112	
White Collar	27,269	88.60%	707,230	79.72%
Blue Collar	739	2.40%	53,921	6.08%
Service and Farm	2,771	9.00%	125,961	14.20%

**OCCUPATION BREAKDOWN**

OCCUPATION				
Description	10019	% of Total	New York County	% of Total
2023 Est. Civ. Employed Pop 16+ by Occupation	30,779		887,112	
Architect/Engineer	588	1.91%	11,114	1.25%
Arts/Entertainment/Sports	2,734	8.88%	71,173	8.02%
Building Grounds Maintenance	358	1.16%	20,394	2.30%
Business/Financial Operations	5,253	17.07%	99,683	11.24%
Community/Social Services	185	0.60%	15,294	1.72%
Computer/Mathematical	1,863	6.05%	41,283	4.65%
Construction/Extraction	175	0.57%	12,076	1.36%
Education/Training/Library	1,286	4.18%	60,856	6.86%
Farming/Fishing/Forestry	3	0.01%	342	0.04%
Food Prep/Serving	814	2.64%	37,090	4.18%
Health Practitioner/Technician	1,615	5.25%	48,186	5.43%
Healthcare Support	397	1.29%	25,568	2.88%
Maintenance Repair	133	0.43%	5,947	0.67%
Legal	1,666	5.41%	37,141	4.19%
Life/Physical/Social Science	502	1.63%	16,970	1.91%
Management	5,916	19.22%	149,779	16.88%
Office/Admin. Support	2,180	7.08%	66,584	7.51%
Production	221	0.72%	10,050	1.13%
Protective Services	163	0.53%	13,790	1.55%
Sales/Related	3,481	11.31%	89,167	10.05%
Personal Care/Service	1,036	3.37%	28,777	3.24%
Transportation/Moving	210	0.68%	25,848	2.91%

**TRANSIT DYNAMICS**

There are good links to employment centers via public transport and the local highway network. Based on its urban location, roughly 4.47% of the employed drove alone to work. Given strong public transit service, 41.13% traveled by public transportation. The average travel time is roughly 29 minutes. Within this, roughly 16.0% of workers travel less than 15 minutes, while 58% live within 30 minutes of their jobs. The remaining workers travel in excess of a half hour. 6.1% work an hour or more away from home.

**TRANSPORTATION TO WORK**

Description	TRANSPORTATION TO WORK			
	10019	% of Total	New York County	% of Total
2023 Est. Workers Age 16+ by Transp. to Work	30,454		869,648	
Drove Alone	1,361	4.47%	49,219	5.66%
Car Pooled	264	0.87%	15,140	1.74%
Public Transportation	12,525	41.13%	489,281	56.26%
Walked	10,575	34.72%	181,787	20.90%
Bicycle	728	2.39%	20,002	2.30%
Other Means	1,602	5.26%	30,393	3.49%
Worked at Home	3,399	11.16%	83,826	9.64%

**TRAVEL TIME TO WORK**

Description	TRAVEL TIME TO WORK			
	10019	% of Total	New York County	% of Total
2023 Est. Workers Age 16+ by Travel Time to Work	26,231		767,298	
Less than 15 Minutes	4,195	16.0%	87,128	11.4%
15 - 29 Minutes	11,098	42.3%	252,460	32.9%
30 - 44 Minutes	7,160	27.3%	249,949	32.6%
45 - 59 Minutes	2,184	8.3%	96,067	12.5%
60 or more Minutes	1,594	6.1%	81,694	10.6%
2023 Est. Avg Travel Time to Work in Minutes	29		35	

**HOUSING DYNAMICS**

Housing units are mostly renter occupied (78.48%), with 21.52% owner occupied. Reflecting this dynamic, the distribution of housing units is skewed towards single unit and two- to four-unit homes which makes up 3.5% of the total.

**TENURE OF OCCUPIED HOUSING UNITS**

Description	OCCUPIED HOUSING UNITS BY TENURE			
	10019	% of Total	New York County	% of Total
2023 Est. Occupied Housing Units by Tenure	28,479		793,705	
Owner Occupied	6,129	21.52%	191,508	24.13%
Renter Occupied	22,350	78.48%	602,197	75.87%

**HOUSING BY UNITS IN STRUCTURE**

Description	HOUSING UNITS BY UNITS IN STRUCTURE			
	10019	% of Total	New York County	% of Total
2023 Est. Housing Units by Units in Structure	34,914		907,618	
1 Unit Attached	140	0.40%	6,998	0.77%
1 Unit Detached	477	1.37%	10,659	1.17%
2 Units	258	0.74%	8,076	0.89%
3 or 4 Units	340	0.97%	18,039	1.99%
5 to 19 Units	4,414	12.64%	147,407	16.24%
20 to 49 Units	3,739	10.71%	204,037	22.48%
50 or More Units	25,502	73.04%	511,613	56.37%
Mobile Home or Trailer	44	0.13%	789	0.09%
Boat, RV, Van, etc.	54	0.15%	590	0.07%

New development in the neighborhood represents 7.86% of the total stock added in this period. Given the overwhelming presence of older housing stock, the median year built is 1970.

#### HOUSING BY YEAR STRUCTURE BUILT

Description	HOUSING UNITS BY YEAR STRUCTURE BUILT			
	10019	% of Total	New York County	% of Total
2023 Est. Housing Units by Year Structure Built	34,968		908,208	
Housing Units Built 2014 or Later	2,748	7.86%	24,356	2.68%
Housing Units Built 2010 to 2013	1,086	3.11%	18,064	1.99%
Housing Units Built 2000 to 2009	4,279	12.24%	61,394	6.76%
Housing Units Built 1990 to 1999	2,385	6.82%	35,568	3.92%
Housing Units Built 1980 to 1989	4,062	11.62%	59,126	6.51%
Housing Units Built 1970 to 1979	2,775	7.94%	70,513	7.76%
Housing Units Built 1960 to 1969	4,335	12.40%	118,632	13.06%
Housing Units Built 1950 to 1959	1,309	3.74%	83,493	9.19%
Housing Units Built 1940 to 1949	1,595	4.56%	60,022	6.61%
Housing Unit Built 1939 or Earlier	10,394	29.72%	377,040	41.51%

The median owner-occupied home value is \$1,273,847, with 61% of homes valued at \$1,000,000 or more.

#### OWNER OCCUPIED HOUSING VALUES

Description	OWNER-OCCUPIED HOUSING UNITS BY VALUE			
	10019	% of Total	New York County	% of Total
2023 Est. Owner-Occupied Housing Units by Value	6,129		191,508	
Value Less than \$20,000	44	0.72%	1,922	1.00%
Value \$20,000 - \$39,999	7	0.11%	1,534	0.80%
Value \$40,000 - \$59,999	4	0.07%	1,456	0.76%
Value \$60,000 - \$79,999	8	0.13%	776	0.41%
Value \$80,000 - \$99,999	41	0.67%	968	0.51%
Value \$100,000 - \$149,999	69	1.13%	2,364	1.23%
Value \$150,000 - \$199,999	249	4.06%	1,522	0.79%
Value \$200,000 - \$299,999	31	0.51%	2,334	1.22%
Value \$300,000 - \$399,999	114	1.86%	3,326	1.74%
Value \$400,000 - \$499,999	281	4.58%	6,303	3.29%
Value \$500,000 - \$749,999	775	12.64%	19,661	10.27%
Value \$750,000 - \$999,999	780	12.73%	23,426	12.23%
Value \$1,000,000 - \$1,499,999	1,116	18.21%	33,929	17.72%
Value \$1,500,000 - \$1,999,999	840	13.71%	21,325	11.14%
Value \$2,000,000 or more	1,770	28.88%	70,662	36.90%
2023 Est. Median All Owner-Occupied Housing Value	\$1,273,847		\$1,432,727	

# SITE DESCRIPTION

## GENERAL SITE DESCRIPTION OVERVIEW

<b>Location</b>	The subject property is a full block bound by West 58th Street to the north, Broadway to the east, West 57th Street to the south, and Eighth Avenue to the west in Columbus Circle.		
<b>Parcel Number</b>	1010297501		
<b>Legal Description</b>	Block 1029, Lots 1001-1021		
<b>Site Area</b>	32,375 square feet (0.74 acres)		
<b>Configuration</b>	Generally Rectangular		
<b>Topography</b>	Generally level		
<b>Drainage</b>	Street drainage is collected with the utilization of recessed catch basins. The catch basins empty by gravity into the New York City sewer storm system mains.		
<b>Utilities/Municipal Services</b>	All available to site.		
<b>Floodplain</b>	<b>Zone</b>	<b>Map</b>	<b>Date</b>
	Zone X (Unshaded)	3604970088F	September 5, 2007
	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.		
<b>Census Tract No.</b>	0137.00		
<b>Soil/Subsoil Conditions</b>	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.		
<b>Environmental Concerns</b>	No unusual conditions observed. No studies provided. Site is assumed to be free of any environmental concerns.		
<b>Land Use Restrictions</b>	A title report was not provided, however, we are unaware of any detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.		
<b>Hazards/Nuisances</b>	None noted.		
<b>Frontage</b>	121.21' West 58th Street, 200.83' 8th Avenue, 201.21 West 57th Street, 216.17' Broadway		
<b>Access</b>	One curb cut along 8th Avenue		
<b>Paving</b>	Streets are paved with asphalt in accordance with New York City Department of Highway standards. All streets appeared to be in good condition.		
<b>Street Lighting</b>	Street lighting consists of standard New York City type lighting fixtures which are 400-watt, sodium vapor fixtures and controlled by photo cells. The lighting fixtures are post mounted as per New York City Department of Highway requirements.		
<b>Curbing</b>	The curbing is edged with steel. All curbing appeared to be in good condition.		
<b>Sidewalks</b>	There are concrete sidewalks on all roadways.		
<b>Surrounding Land Uses</b>	Retail, Office, and Residential		
<b>Comments</b>	The subject site is comparable to other lots located in the immediate subject vicinity. The site conforms to neighboring standards in most respects, and there are no negative external factors affecting the site. Based upon the current use of the site, all aspects of the property are functionally adequate.		

## ZONING SUMMARY



### ZONING

<b>Designation</b>	C5-3, MID
<b>Description</b>	Commercial, Special Midtown District
<b>Zoning Intent</b>	<p>C5 is a central commercial district with continuous retail frontage intended for offices and retail establishments that serve the entire metropolitan region. Famous shopping streets, such as Fifth Avenue, Madison Avenue and East 57th Street are C5 districts. Parts of Lower Manhattan, Downtown Brooklyn and Long Island City are also within C5 districts.</p> <p>Department stores, large office buildings, and mixed buildings with residential space above office or commercial floors, are typical C5 uses. Use Groups 5 (hotels), 6, 9 and 10 (retail shops and business services) and 11 (custom manufacturing) are permitted in C5 districts. Home maintenance services, auto rental establishments and other uses not in character with the district, including illuminated signs, are not permitted.</p>
<b>Compliance</b>	The subject is a legal conforming use in this zoning district.

### ZONING REQUIREMENTS

Max Floor Area Ratio	15.00
Subject's FAR	16.37

C5	Restricted Commercial District					
	C5-1	C5-2	C5-3 C5-5	C5-4	C5-1A	C5-2A
Commercial FAR	4.0	10.0	15.0	10.0	4.0	10.0
Residential District Equivalent	R10	R10	R10	R10		R10A
Required Accessory Parking PRC-B			None			
Permitted Sign Regulations (surface area)	3 X street frontage (200 sf total)	3 X street frontage (200 sf total)	3 X street frontage (200 sf total)	5 X street frontage (500 sf total)	3 X street frontage (200 sf total)	

## CONFORMITY

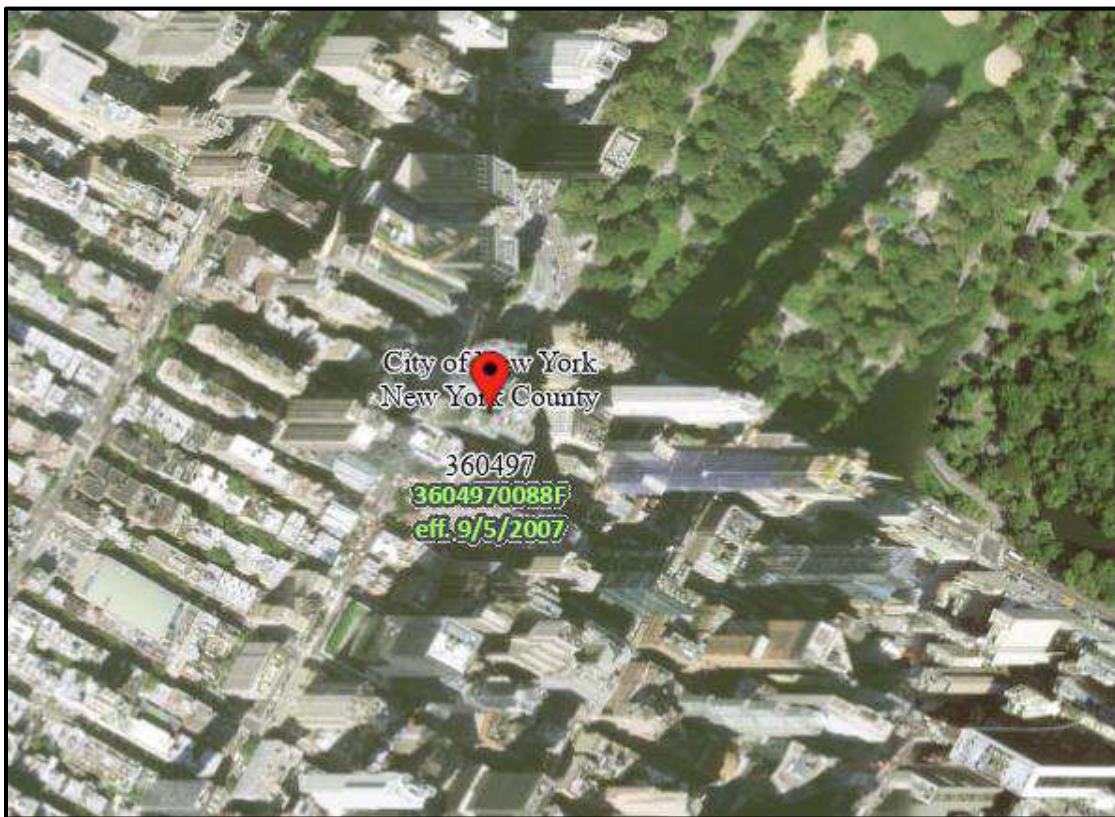
We note that the subject conforms in terms of use, as retail and offices are listed as allowable use categories in this district.

**Conclusion:** Based on the total site area of  $32,375\pm$  square feet and the allowed commercial Floor Area Ratio of 15.00, the maximum allowable building area is  $485,625\pm$  square feet. Since the subject building contains an aggregate of  $654,582\pm$  square feet of gross building area, it exceeds the bulk zoning regulations of the zoning district. Since the improvements were constructed prior to the enactment of current zoning regulations, the subject property represents legal, pre-existing non-complying bulk. The subject conforms to the use regulations of the zoning district. In terms of age, condition, size, and construction, the subject conforms to surrounding improvements within the immediate neighborhood.

### Notes:

It should be noted that zoning ordinances are complex and often require the assistance of an architect or zoning lawyer. For a more definitive interpretation of the Zoning Resolution, one of these sources should be consulted.

We know of no deed restrictions, private or public, that further limit the subject's use. The research required to determine whether such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter, and only a title examination by an attorney or title company can uncover such restrictive covenants. As such, to determine if any such restrictions do exist, a title search should be conducted.

**FLOOD MAP****Conclusion:**

According to the Federal Emergency Management Agency, the subject is located on flood panel number 3604970088F, which has an effective date of 5-Sep-2007. The subject is reported to be located within Flood Insurance Zone X (Unshaded), which is not located in the 100-year flood plain.

The subject site benefits from good location characteristics for office with grade level retail uses. There are no known factors which could prevent the site from being developed to its highest and best use, as if vacant, or adverse to the existing use of the site.

# IMPROVEMENTS DESCRIPTION

## GENERAL IMPROVEMENT DESCRIPTION OVERVIEW

<b>Address</b>	3 Columbus Circle New York, New York 10019
<b>Property Description</b>	Office (Condominium) Multi-Tenant Office Condominium Building
<b>Year Built</b>	1927
<b>Year Renovated</b>	2011
<b>Number of Buildings</b>	1
<b>Number of Stories</b>	25
<b>Building Construction Class</b>	Class A
<b>Net Rentable Area</b>	752,834 square feet
<b>Gross Building Area</b>	654,582 square feet
<b>Add-On Factor</b>	15%
<b>LEED Rating</b>	Gold
<b>Floor-Area Ratio</b>	16.37
<b>Elevator(s)</b>	21
<b>Comments</b>	Within Manhattan "leasable" office area is generally not defined by "usable" area, rather it accounts for common area elements shared by tenants. Add-on factors within the market generally range 0 to 25% with some buildings having add-on factors up to 27% and most Class A and B office buildings have a total leasable area that is greater than the actual gross building area. The subject's leasable area conforms to market standards and is considered reasonable as the add-on factor is indicated to be 15%.

## CONSTRUCTION DETAIL

<b>General Layout</b>	The subject is a high-rise office condominium building with street-level retail demised for multiple tenants.
<b>Foundation</b>	Reinforced concrete slab
<b>Construction</b>	Framed with structural steel columns and beams
<b>Floor Structure</b>	Reinforced concrete
<b>Exterior Walls</b>	Masonry and glass
<b>Roof Type</b>	Flat roofing system consisting of built-up assemblies
<b>Roof Cover</b>	Waterproof membrane
<b>Windows</b>	Aluminum and steel framed double hung thermopane window

## INTERIOR DETAIL

<b>Interior Walls</b>	Drywall
<b>Ceilings</b>	2 x 2 acoustical tile
<b>Floor Coverings</b>	Commercial grade carpeting, VCT
<b>Doors</b>	Hollow-core wood with wood frames, steel, aluminum with glass
<b>Lighting</b>	Recessed incandescent, hanging fixtures, and fluorescent panel lighting
<b>Ceiling Heights</b>	Generally, ceilings heights are 10 feet and 8 inches, slab to slab with finished ceiling heights of 8 feet in the office areas.
<b>Restrooms</b>	There is at least one men's restroom and one women's restroom per floor; some floors have multiple restrooms. Finishes vary and range from average to very good condition, with new bathrooms meeting ADA requirements.
<b>Office Finishes</b>	Upper floor finishes vary from tenant to tenant and include polished concrete, marble, hardwood, carpeted and tiled flooring, painted plaster, gypsum or glass partition walls, and acoustic tiled or exposed painted ceilings with hung lighting. Offices contain high end pantries with stainless steel appliances, marble/stone countertops, and tile backsplashes. Finishes were found to be in excellent condition.
<b>Retail Finishes</b>	Retail stores are finished according to the concept of each individual tenant. Finishes include carpeted, hardwood, or tiled floors, acoustic tiled or painted ceilings, and painted or wallpapered walls. Lighting is provided by decorative fluorescent and incandescent fixtures. Interiors are in good condition.
<b>Common Area Features</b>	The lobby features marble floors and walls, with decorative ceilings with recessed fluorescent lighting. There is a security desk and decorative wood, metal and glass walls. The lobby is modern and attractive. Finishes include marble tiled, granite tiled and carpeted floors, wallpapered walls and acoustic tiled ceilings with recessed lighting. Finishes range and fall at the middle to upper end of the competitive range. There is a dedicated loading area on 58th Street.

## MECHANICAL DETAIL

<b>Heating</b>	The building contains two dual fuel boilers.
<b>Cooling</b>	Air conditioning is provided at each tenant floor level by packaged, electric driven units that range in total capacity from 20 to 30 tons per tenant.
<b>Plumbing</b>	Assumed to be adequate. Piping typically consists of PVC and black steel.
<b>Electrical</b>	Typical commercial service with 120/220 volt service.
<b>Fire Protection</b>	The building is fully sprinklered with a wet system and has a Class "E" system.

## SITE IMPROVEMENTS

<b>Parking Type</b>	None
<b>Landscaping</b>	None, the building covers the entire site

## RENOVATION/DEFERRED MAINTENANCE

<b>Recent Renovations or Replacements</b>	None
<b>Deferred Maintenance</b>	None
<b>Cost to Cure</b>	0

**SUMMARY**

<b>Building Condition</b>	Good/Excellent We did not inspect the roof of the building(s) nor make a detailed inspection of the mechanical systems. We are not qualified to render an opinion as to the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical systems.
<b>Building Quality</b>	Good/Excellent
<b>Design and Functionality</b>	Good/Excellent
<b>Actual Age</b>	96 years
<b>Expected Economic Life</b>	60 years
<b>Effective Age</b>	20 years
<b>Remaining Economic Life</b>	40 years

# PROPERTY TAX ANALYSIS

## TAX MAP



## PROPERTY ASSESSMENT AND TAX DATA

The subject property is designated on the New York City tax maps as Block 1029 | Lots 1001-1021. Increases in assessed value for residential and commercial properties are phased in over a five-year transitional period. The "Transitional" assessed value represents the phased-in, and the "Actual" assessed value represents the future or target assessment when the transitional or phase-in period is over. The taxes will be based on the lower of the transitional or actual assessed values.

## TAX RATES

The City of New York has four tax categories for real properties, of which the subject is **Class 4**. The following is a historical analysis of tax rates

Year	Class 1	Class 2	Class 3	Class 4
2009/2010	17.088	13.241	12.743	10.426
2010/2011	17.364	13.353	12.631	10.312
2011/2012	18.205	13.433	12.473	10.152
2012/2013	18.569	13.181	12.477	10.288
2013/2014	19.191	13.145	11.902	10.323
2014/2015	19.157	12.855	11.125	10.684
2015/2016	19.554	12.883	10.813	10.656
2016/2017	19.991	12.892	10.943	10.574
2017/2018	19.991	12.719	11.891	10.514
2018/2019	20.919	12.612	12.093	10.514
2019/2020	21.167	12.473	12.536	10.537
2020/2021	21.045	12.267	12.826	10.694
2021/2022	19.963	12.235	12.289	10.755
2022/2023	20.309	12.267	12.755	10.646
2023/2024	20.085	12.502	12.094	10.592

The city's tax year runs on a fiscal year from July to June. Properties in New York City are assessed every year. Increases in assessed value for commercial properties are phased in over a five-year transitional period. The "Transitional" assessed value represents the phase-in, and the "Actual" assessed value represents the future or target assessment when the transitional or phase-in period is over.

According to the State of New York, Department of the Treasury, Division of Taxation, the equalization ratio for New York County for the 2023 tax year is 45%. The equalized value is \$256,188,458.

REAL ESTATE ASSESSMENT AND TAXES			
Tax ID No.	2022/2023	2023/2024	Pro Forma
Block 1029, Lot 1001	\$10,503,936	\$11,331,355	
Block 1029, Lot 1002	\$3,861,231	\$4,154,170	
Block 1029, Lot 1003	\$4,025,098	\$3,966,649	
Block 1029, Lot 1004	\$3,726,425	\$4,009,137	
Block 1029, Lot 1005	\$3,797,976	\$4,086,116	
Block 1029, Lot 1006	\$3,691,169	\$3,971,205	
Block 1029, Lot 1007	\$2,335,162	\$2,512,323	
Block 1029, Lot 1008	\$2,335,162	\$2,512,323	
Block 1029, Lot 1009	\$2,335,162	\$2,512,323	
Block 1029, Lot 1010	\$2,335,162	\$2,512,323	
Block 1029, Lot 1011	\$24,202,194	\$26,038,346	
Block 1029, Lot 1012	\$13,649,128	\$14,724,302	
Block 1029, Lot 1013	\$15,918,981	\$17,172,956	
Block 1029, Lot 1014	\$3,861,231	\$4,154,170	
Block 1029, Lot 1015	\$3,861,231	\$4,154,170	
Block 1029, Lot 1016	\$3,861,231	\$4,154,170	
Block 1029, Lot 1017	\$3,861,231	\$4,154,170	
Block 1029, Lot 1018	\$2,335,162	\$2,512,323	
Block 1029, Lot 1019	\$2,350,284	\$2,528,583	
Block 1029, Lot 1020	\$1,216,621	\$1,308,921	
Block 1029, Lot 1021	\$1,221,029	\$1,313,663	
Tax Value Subtotal	\$115,284,806	\$123,783,698	\$123,783,698
General Tax Rate	per \$100	10.6460	10.5920
<b>Property Taxes</b>		<b>\$12,273,220</b>	<b>\$13,111,169</b>
Special/Direct Assessments		\$0	\$0
<b>Total Taxes</b>		<b>\$12,273,220</b>	<b>\$13,111,169</b>
<b>Total Taxes PSF</b>		<b>\$18.75</b>	<b>\$20.03</b>

## TAX COMPARABLES

The following chart summarizes the tax comparables.

REAL ESTATE TAX COMPARABLES						
Property Address	Year Built	Bldg Size (GBA - SF)	Tax Value	Tax Value Per SF	Taxes	Taxes Per SF
<b>Subject Property</b>	<b>1927</b>	<b>654,582</b>	\$123,783,698	\$189.10	\$13,111,169	\$20.03
959 8th Avenue	1928	493,533	\$91,176,331	\$184.74	\$9,657,397	\$19.57
1350 Avenue of the Americas	1966	517,199	\$87,313,500	\$168.82	\$9,248,246	\$17.88
1675 Broadway	1987	762,619	\$157,381,042	\$206.37	\$16,669,800	\$21.86
250 West 57th Street	1921	435,677	\$73,265,760	\$168.17	\$7,760,309	\$17.81
<b>Comps Low</b>	1921	435,677		\$168.17		\$17.81
<b>Comps High</b>	1987	762,619		\$206.37		\$21.86
<b>Comps Average</b>	1951	552,257		\$182.02		\$19.28

## CONCLUSION

The subject's current tax value appears reasonable, and the pro forma taxes are estimated utilizing the subject's current tax value.

# HIGHEST AND BEST USE

## INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, is it appropriate to proceed with the analysis with such an assumption.

## HIGHEST AND BEST USE CRITERIA

The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

## HIGHEST AND BEST USE AS VACANT

### LEGALLY PERMISSIBLE

The subject property is located in a C5-3, MID Commercial, Special Midtown District zoning district with commercial and residential permissible as of right. No known zoning changes to uses other than these are currently being considered or anticipated. The mixed-use nature of the area, combined with the generally good condition of the area's improvements and the current and expected trends in supply and demand, all support the current zoning. It is our opinion that the site, if vacant, could be developed for the above legally permitted uses.

### PHYSICALLY POSSIBLE

The subject site, containing approximately  $32,375\pm$  square feet, is good size and level with good street access and exposure, good street improvements, all necessary available utilities, and no apparent easements or encroachments that would hinder or prevent development. The subject site size is within the range of improved sites in the area and is not considered to restrict the utility of the subject in relation to competing sites. Any of the above legally permitted uses, therefore, are considered physically possible.

### FINANCIALLY FEASIBLE

The subject is located within a predominantly mixed-use section of its neighborhood where there is a continuing demand for office buildings and hotels although there is some residential use within the vicinity, particularly along the side streets. Hotel rates, office rents and residential condominiums all support new construction. Construction costs are typically higher for hotels, rendering office or residential (with ground floor retail) use the most profitable use. Commercial use allows a higher FAR (15.00) than residential space (10.00), so commercial use is more profitable than residential space. General market conditions are such that holding for new office with street level retail construction until there is more clarity in market conditions.

### MAXIMALLY PRODUCTIVE

All legally permissible, physically possible and financially feasible uses of the site, as vacant, have been presented and examined. In conclusion, it is our opinion that the highest and best use of the subject, as vacant, is a speculative hold for office building with street level retail development until there is more clarity in market conditions.

## HIGHEST AND BEST USE AS IMPROVED

### LEGALLY PERMISSIBLE

As described in the Zoning Summary section of this report, the site is zoned C5-3, MID Commercial, Special Midtown District, which permits most commercial and residential uses as of right. In the Zoning section of this appraisal, we determined that the existing improvements represent a conforming use with legal pre-existing non-complying bulk as the subject exceeds the maximum allowed.

### PHYSICALLY POSSIBLE

As noted in the Improvements Analysis section, the site is improved with a 25-story Class A office building with street-level retail containing approximately  $654,582\pm$  square feet of gross building area and  $752,834 \pm$  square feet of rentable area situated on a  $32,375\pm$  square foot site. Physically, the subject conforms to its surrounding uses. We noted no significant items of deferred maintenance or functional issues. The subject's layout and design can accommodate a variety of retail and office-oriented uses. Overall, the building appeals to general office and retail users and functions well for its intended use.

### FINANCIALLY FEASIBLE

Financial feasibility as an income-producing investment is based on the amount of rental income it can generate net of the required operating expenses. If the resulting net operating income motivates continued operation, then the land is being put to a productive and financially feasible use. The subject is capable of producing positive net cash flow to an investor. The net operating income generated by the subject property provides a sufficient return to the land. The property represents a financially feasible use as it continues to add value to the land. In addition, the subject is improved with a bulk not permitted under current zoning regulations. The existing improvements provide contributory value to the site, and there is no alternate use that would result in a greater value. Therefore, utilization of the existing improvements is financially feasible.

### MAXIMALLY PRODUCTIVE

The maximally productive use should conform to neighborhood trends and be consistent with existing nearby land uses. Demolition of the existing improvements and redevelopment of the site with an alternative or more profitable use is not economically feasible. The single use that produces the greatest return on investment and usually the highest price and value is typically the highest and best use. As shown in the applicable valuation sections, properties like the subject have been acquired and continue to be used for office purposes. None of the comparable properties were acquired for conversion to an alternative use. This provides evidence suggesting that the current use is maximally productive.

## VALUATION PROCESS

Valuation in the appraisal process generally involves three techniques, including the Cost Approach, Sales Comparison Approach and the Income Capitalization Approach. These three valuation methods are defined in the following table:

VALUATION METHODS	DEFINITION
<b>Cost Approach</b>	In this approach, value is based on adding the contributing value of any improvements (after deductions for accrued depreciation) to the value of the land as if it were vacant based on its highest and best use. If the interest appraised is other than fee simple, additional adjustments may be necessary for non-realty interest and/or the impact of existing leases or contracts.
<b>Sales Comparison Approach</b>	In this approach, recent sales of similar properties in the marketplace are compared directly to the subject property. This comparison is typically accomplished by extracting "units of comparison", for example, price per square foot, and then analyzing these units of comparison for differences between each comparable and the subject. The reliability of an indication found by this method depends on the quality of the comparable data found in the marketplace.
<b>Income Capitalization Approach</b>	In this approach, a property is viewed through the eyes of a typical investor, whose primary objective is to earn a profit on the investment principally through the receipt of expected income generated from operations and the ultimate resale of the property at the end of a holding period.

### VALUATION METHODS UTILIZED

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value.

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

# INCOME CAPITALIZATION APPROACH

## GENERAL PROCESS

In the Income Capitalization Approach, the appraiser concludes to a value indication for the subject by converting a projected net operating income into a single present value by using either the direct capitalization or yield capitalization method.

In direct capitalization, the estimated net operating income is divided by a market-driven capitalization rate to provide an indication of value. In yield capitalization, a series of income streams are discounted over a holding period to estimate a present value. The yield capitalization approach is referred to as a discounted cash flow analysis and is most useful for properties that are not stabilized or expect to have large fluctuations in the income stream over a holding period.

The Income Capitalization Approach to value requires the following sequential steps:

- |  |   |
|--|---|
| <b>Estimate Economic Gross Income</b>    | Estimate the economic gross income for the subject's space based on existing leases and market data.  |
| <b>Estimate Effective Gross Income</b>   | Estimate a proper vacancy and credit loss for the subject's market, then deduct this rent loss from the estimated economic gross income to arrive at an effective gross income.   |
| <b>Estimate the Net Operating Income</b> | Calculate the net operating income by deducting the estimated operating expenses (fixed and variable) and a provision for replacement of short-lived building components from the estimated effective gross income.   |
| <b>Value Indication</b>                  | Convert the net operating income into a value indication by using a market-derived capitalization rate in the case of direct capitalization and/or a market-derived discount rate in the yield capitalization analysis (discounted cash flow analysis). The yield capitalization approach also forecasts the anticipated future income streams and estimates a reversion price at the end of a presumed holding period. These future income streams are then discounted to a present value using a market-extracted discount rate based on investor expectations based on the risks associated with a property. |

## INCOME ANALYSIS – RENT ROLL

Following is a reconstructed rent roll for the subject property.

Tenant Name	Suite	Area (SF)	Start Date	End Date	Mos. Remain	RENT ROLL					Capitalized @ Mkt	Market \$/SF/Yr	Annual Mkt. Rent	Capitalized Rent	
						Contract Rent/SF	Annual Rent	Expense Structure	Tenancy Type						
CHASE BANK	0115	6,551	Jan - 2006	Jul-31	91	\$553.92	\$3,628,730	Modified Gross	Retail	\$425.00	\$2,784,175	\$3,628,730			
BUILDING STORAGE	B-01	3,021	Jun - 2012	Nov-45	263	---	---	None	Storage	\$35.00	\$105,735	---			
JAZZ AT LINCOLN CENTER, INC.	1200	30,653	Jul - 2012	Mar-28	51	\$58.00	\$1,777,874	Base Yr + Electric	Office	\$74.00	\$2,268,322	\$1,777,874			
YOUNG & RUBICAM, INC.	0900	34,634	Sep - 2012	Jul-33	115	\$73.60	\$2,549,062	Base Yr + Electric	Office	\$74.00	\$2,562,916	\$2,549,062			
YOUNG & RUBICAM, INC.	1000	34,634	Sep - 2012	Jul-33	115	\$73.60	\$2,549,062	Base Yr + Electric	Office	\$74.00	\$2,562,916	\$2,549,062			
YOUNG & RUBICAM, INC.	1800	34,177	Sep - 2012	Jul-33	115	\$73.60	\$2,515,427	Base Yr + Electric	Office	\$82.00	\$2,802,514	\$2,515,427			
YOUNG & RUBICAM, INC.	1900	21,315	Sep - 2012	Jul-33	115	\$73.60	\$1,568,784	Base Yr + Electric	Office	\$82.00	\$1,747,830	\$1,568,784			
EMERGE 212 3CC LLC	1500	33,442	Mar - 2013	Jan-28	49	\$60.00	\$2,006,520	Base Yr + Electric	Office	\$74.00	\$2,474,708	\$2,006,520			
EMERGE 212 3CC LLC	1600	23,917	Mar - 2013	Jan-28	49	\$60.00	\$1,435,020	Base Yr + Electric	Office	\$82.00	\$1,961,194	\$1,435,020			
CVS CAREMARK PHARMACY	0102	21,159	May - 2013	Jun-28	54	\$222.18	\$4,701,107	Modified Gross	Retail	\$193.40	\$4,092,225	\$4,701,107			
YOUNG & RUBICAM, INC.	B-13	1,300	Aug - 2013	Jul-33	115	\$35.00	\$45,500	Gross	Storage	\$35.00	\$45,500	\$45,500			
YOUNG & RUBICAM, INC.	B-14	185	Aug - 2013	Jul-33	115	---	---	Gross	Storage	\$35.00	\$6,475	---			
THE JUILLIARD SCHOOL 2220	2220	5,789	Dec - 2013	Feb-25	14	\$89.00	\$515,221	Base Yr + Electric	Office	\$74.00	\$428,386	\$515,221			
THE JUILLIARD SCHOOL	2200	3,886	Jan - 2014	Feb-25	14	\$89.00	\$345,854	Base Yr + Electric	Office	\$74.00	\$287,564	\$345,854			
HARVARD BUSINESS SCHOOL	2210	4,855	Mar - 2014	Jan-24	1	\$82.00	\$398,110	Base Yr + Electric	Office	\$74.00	\$359,270	\$398,110			
LAGODA INVESTMENT	2215	3,091	May - 2014	Jan-24	1	\$91.22	\$281,961	Base Yr + Electric	Office	\$74.00	\$228,734	\$281,961			
VERSACE USA, INC.	2000	21,342	Jul - 2014	Jun-25	18	\$75.00	\$1,600,650	Base Yr + Electric	Office	\$86.00	\$1,835,412	\$1,600,650			
BENVOLIO GROUP LLC	2120	5,789	Aug - 2014	Jun-24	6	\$80.50	\$466,015	Base Yr + Electric	Office	\$74.00	\$428,386	\$466,015			
LAURA & JOHN ARNOLD	1601	9,708	Mar - 2015	Jun-25	18	\$61.00	\$592,188	Base Yr + Electric	Office	\$73.00	\$708,684	\$592,188			
TOKAI TOKYO SECURITIES	1715	2,964	Jun - 2015	Dec-29	72	\$92.94	\$275,474	Base Yr + Electric	Office	\$73.00	\$216,372	\$275,474			
TRUSTEES OF COLUMBIA	1408	6,031	Sep - 2015	Jul-25	19	\$89.10	\$537,362	Base Yr + Electric	Office	\$72.00	\$434,232	\$537,362			
TRUSTEES OF COLUMBIA	1425	3,100	Sep - 2015	Jul-25	19	\$94.14	\$291,834	Base Yr + Electric	Office	\$72.00	\$223,200	\$291,834			
TRUSTEES OF COLUMBIA	1422	1,920	Nov - 2015	Jul-25	19	\$94.15	\$180,768	Base Yr + Electric	Office	\$72.00	\$138,240	\$180,768			
KIFO USA 1420	1420	6,190	Dec - 2016	Jun-26	30	\$103.19	\$638,746	Base Yr + Electric	Office	\$72.00	\$445,680	\$638,746			
NORDSTOM GRADE	0106	3,973	Apr - 2017	Jun-40	198	\$815.62	\$3,240,458	Modified Gross	Retail	\$400.00	\$1,589,200	\$3,240,458			
TRUSTEES OF COLUMBIA	1430	3,111	Jun - 2017	Jul-25	19	\$88.36	\$274,888	Base Yr + Electric	Office	\$72.00	\$223,992	\$274,888			
NORDSTROM	0101	43,018	Sep - 2017	Jun-40	198	\$241.25	\$10,378,093	Base Yr + Electric	Retail	\$210.00	\$9,033,780	\$10,378,093			
JOSEPHSON	2500-2600	22,742	Jan - 2018	Dec-32	108	\$100.00	\$2,274,200	Base Yr + Electric	Office	\$90.00	\$2,046,780	\$2,274,200			
NOVA VENTURES	2105	3,649	Jul - 2018	Dec-28	60	\$87.00	\$317,463	Base Yr + Electric	Office	\$72.00	\$262,728	\$317,463			
COHEN AND COMPANY LLC	2400	11,166	Aug - 2018	Jan-29	61	\$83.00	\$926,778	Base Yr + Electric	Office	\$75.00	\$837,450	\$926,778			
BELOVEFINE LTD.	24A	196	Sep - 2018	Oct-28	58	\$60.84	\$11,925	Base Yr + Electric	Storage	\$35.00	\$6,860	\$11,925			
BELOVEFINE LTD.	2410	5,227	Dec - 2018	Oct-28	58	\$92.00	\$480,884	Base Yr + Electric	Office	\$75.00	\$392,025	\$480,884			
TENCORE PARTNERS	2100	3,874	Mar - 2019	Apr-24	4	\$96.97	\$375,662	Modified Gross	Office	\$74.00	\$286,676	\$375,662			
YOUNG & RUBICAM, INC.	03-08	214,372	Sep - 2019	Jul-33	115	\$76.00	\$16,292,272	Base Yr + Electric	Office	\$74.00	\$15,863,528	\$16,292,272			
AGENCY FOR THE PERFORMING ARTS 2300	2300	21,226	Aug - 2019	Aug-30	80	\$75.00	\$1,591,950	Base Yr + Electric	Office	\$86.00	\$1,825,436	\$1,591,950			
TRUSTEES OF COLUMBIA	1100	34,634	Jul - 2020	Jul-33	115	\$68.49	\$2,372,083	Base Yr + Electric	Office	\$74.00	\$2,562,916	\$2,372,083			
KIFO USA 1412	1412	2,833	Dec - 2020	Jun-26	30	\$83.23	\$235,624	Modified Gross	Office	\$72.00	\$203,832	\$235,624			
COHEN AND CO. EXPANSION (PREV. RAY J)	1705/1710	8,409	Jan - 2022	Feb-24	2	\$79.00	\$664,311	Base Yr + Electric	Office	\$73.00	\$613,857	\$664,311			
KIFO USA 1402/1403	1402/1403	5,136	Apr - 2022	Jun-26	30	\$84.89	\$435,995	Gross	Office	\$72.00	\$369,792	\$435,995			
HCHK PROPERTY MANAGEMENT INC.	2205	3,574	Jun - 2022	Apr-25	16	\$79.52	\$284,204	Base Yr + Electric	Office	\$74.00	\$264,476	\$284,204			
UNITED FIRST PARTNERS LLC	1730	5,933	Oct - 2022	Feb-30	74	\$68.36	\$405,580	Base Yr + Electric	Office	\$73.00	\$433,109	\$405,580			
AGENCY FOR THE PERFORMING ARTS 2115	2115	3,057	Jun - 2023	Sep-30	81	\$75.76	\$231,598	Base Yr + Electric	Office	\$74.00	\$226,218	\$231,598			
KIFO USA 1410	1410	2,130	Sep - 2023	Jun-26	30	\$89.18	\$189,953	Base Yr + Electric	Office	\$72.00	\$153,360	\$189,953			
PS BROADWAY HOLDINGS RENEWAL	1720	4,445	Jan - 2024	Mar-26	27	\$72.00	\$320,040	Base Yr + Electric	Office	\$73.00	\$324,485	\$320,040			
Vacant 1201	1201	4,052	---	---	---	---	---	Base Yr + Electric	Office	Yes	\$72.00	\$291,744	\$291,744		
Vacant 1401	1401	4,407	---	---	---	---	---	Base Yr + Electric	Office	Yes	\$72.00	\$317,304	\$317,304		
Vacant 1700	1700	3,160	---	---	---	---	---	Base Yr + Electric	Office	Yes	\$73.00	\$230,680	\$230,680		
Vacant 1725	1725	4,100	---	---	---	---	---	Base Yr + Electric	Office	Yes	\$73.00	\$299,300	\$299,300		
Vacant 1735	1735	4,896	---	---	---	---	---	Base Yr + Electric	Office	Yes	\$73.00	\$357,408	\$357,408		
Vacant 2110	2110	4,865	---	---	---	---	---	Base Yr + Electric	Office	Yes	\$74.00	\$360,010	\$360,010		
Vacant 2405	2405	4,998	---	---	---	---	---	Base Yr + Electric	Office	Yes	\$75.00	\$374,850	\$374,850		
<b>Totals/Avg.</b>		<b>722,356</b>	<b>96.0%</b>			<b>\$97.19</b>	<b>\$70,205,230</b>				<b>\$91.52</b>	<b>\$68,900,466</b>	<b>\$72,436,526</b>		
<b>Total</b>		<b>752,834</b>	<b>100.0%</b>												

The leases at the property are structured with a blend of Base Year + Electric, Modified Gross, and Gross leases. However, the vast majority of the leases at the property are structured with Base Year + Electric lease terms, where the tenants reimburse their proportionate share of increases in OpEx and RE Taxes over base year amounts, along with being sub metered by the landlord for electricity.

## RECENT LEASING ACTIVITY

Subject leases signed within the past 24 months are shown below.

SUMMARY OF RECENT LEASES								
Tenant Name	Suite	Area (SF)	Tenancy Type	New/ Renewal	Term (mos)	Start Date	Annual Rent/SF	Expense Structure
COHEN AND CO. EXPANSION (PREV. RAY J)	1705/1710	8,409	Office	New	26	Jan - 2022	\$79.00	Base Yr + Electric
KIFO USA 1402/1403	1402/1403	5,136	Office	New	51	Apr - 2022	\$84.89	Gross
HCHK PROPERTY MANAGEMENT INC.	2205	3,574	Office	New	35	Jun - 2022	\$79.52	Base Yr + Electric
UNITED FIRST PARTNERS LLC	1730	5,933	Office	New	89	Oct - 2022	\$68.36	Base Yr + Electric
AGENCY FOR THE PERFORMING ARTS 2115	2115	3,057	Office	New	88	Jun - 2023	\$75.76	Base Yr + Electric
KIFO USA 1410	1410	2,130	Office	Expansion	34	Sep - 2023	\$89.18	Base Yr + Electric
PS BROADWAY HOLDINGS RENEWAL	1720	4,445	Office	Expansion	27	Jan - 2024	\$72.00	Base Yr + Electric

Cohen and Company LLC expanded into Suites 1705/1710 following the expiration of Raymond James's lease in November 2021. The lease commenced in January 2021 for a two-year term at a starting rent of \$79/sf with base year + electric lease terms and 1.5 months free rent.

KIFO USA expanded into Suites 1402/1403. The lease commenced in April 2022 for a five-year term at a starting rent of \$84.89/sf with gross lease terms and 6 months free rent.

HCHK Property Management Inc. recently leased Suite 2205 beginning in June 2022 for a three-year term at a starting rent of \$79.52/sf with base year + electric lease terms and no free rent.

United First Partners LLC recently leased Suite 1730 beginning in October 2022 for a seven-year term at a starting rent of \$68.36/sf with base year + electric lease terms and 6 months of free rent.

Agency for the Performing expanded into Suite 2115. The lease commenced in June 2023 for a seven-year term at a starting rent of \$75.76/sf with base year + electric lease terms, 4 months free rent, and a \$20/sf TI allowance.

KIFO USA 1410 expanded into Suite 1410. The lease commenced in September 2023 for a three-year term at a starting rent of \$89.18/sf with base year + electric lease terms, 3 months free rent, and a \$30/sf TI allowance.

PS Broadway Holdings renewed its lease for Suite 1720, which in January 2024 for a two-year term at a starting rent of \$72/sf with base year + electric lease terms and 4 months free rent.

## TENANCY BY SPACE TYPE

Following is a summary of leases at the subject property, categorized by space type.

TENANCY BY SPACE TYPE			
Tenancy Type	Total Area (SF)	Contract Rent *	
		\$/SF	Annual \$
Office	673,431	\$74.89	\$50,430,715
Retail	74,701	\$293.82	\$21,948,387
Storage	4,702	\$12.21	\$57,425
<b>Total/Avg.</b>	<b>752,834</b>	<b>\$96.22</b>	<b>\$72,436,526</b>

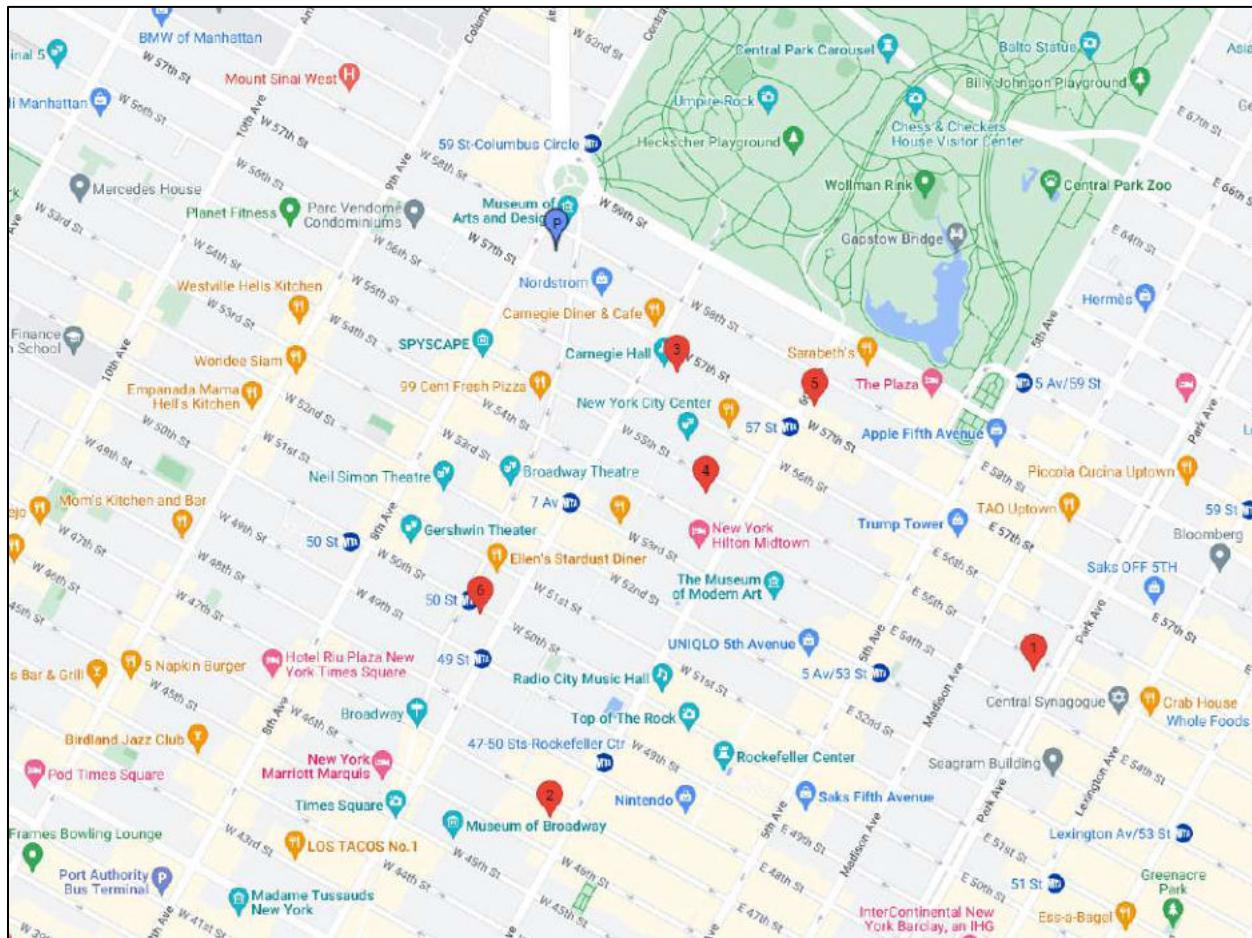
\* Includes vacant suites at market rates

## MARKET RENT - OFFICE

### COMPETING OFFICE SPACE

To estimate the market rental rate of the office spaces in the subject, the rental rates of similar properties in the subject and surrounding areas have been analyzed. These rental rates are summarized below, and the pertinent details of each are located in the Exhibits section of this report.

### COMPARABLE LEASE MAP AND LEASE SURVEY



COMPARABLE LEASE SURVEY													
Comp No.	Property Name / Location	Bldg. Size (SF Net)	Year Built	Overall Occup. %	Tenant	Lease Start	Lease End Date	Lease Term	Unit Size (SF)	Lease Rate (\$/SF/Yr)	Expense Structure	Tenancy Type	
Lease 1	410 Park Avenue New York, NY	236,665	1958	86.0%	Tripost Capital Partners LLC	Oct-2023	Oct-2033	120 mos.	118,850	\$80.00	Modified Gross	Office   Office	
Lease 2	1185 6th Avenue New York, NY	1,047,390	1970	63.0%	Confidential		May-2023	Jun-2023	180 mos.	27,231	\$70.00	Base Year	Office   Office
Lease 3	152 West 57th Street New York, NY	542,584	1988	88.0%	Fisher Investments	Oct-2022	Oct-2027	60 mos.	2,202	\$76.00	Base Yr + Electric	Office   Office	
Lease 4	1345 Avenue of the Americas New York, NY	1,931,978	1968	100.0%	Brevan Howard US Investment	Sep-2022	Sep-2037	180 mos.	83,403	\$89.00	Base Yr + Electric	Office   Office	
Lease 5	57 West 57th Street New York, NY	143,914	1928	89.0%	Confidential	Sep-2022	Sep-2028	72 mos.	3,329	\$66.00	Base Yr + Electric	Office   Office	
Lease 6	750 7th Avenue New York, NY	561,139	1988	92.0%	Shinhan Bank	Jul-2022	Jul-2037	180 mos.	15,279	\$79.00	Modified Gross	Office   Office	
Minimum			1928	63.0%						\$66.00			
Maximum			1988	100.0%						\$89.00			
Average			1967	86.3%						\$76.67			
Subject		752,834	1927	96.0%									

## OFFICE MARKET RENT SUMMARY AND CONCLUSION

The comparable office market rents range from \$66.00 - \$95.00 per square foot. The range of spaces and rent per square foot is indicative of the factors that influence the value, including size, location, and asset quality. In the development of our opinion of market rent, we have considered the following:

- **Market Conditions:** The onset of the COVID-19 pandemic had muted the office rental market and flattened rental rates beginning in 2020. However, leasing activity increased over the course of 2021, 2022, and 2023. The comparables all were signed between Jul-2022 and Oct-2023 and are reflective of current market conditions for similar office space in the submarket.
- **Size:** The comparables and the subject units present a wide range of sizes ranging from 2,202 – 118,850 square feet and 1,920 -214,372 square feet, respectively.
- **Location:** The subject is well located in the Columbus Center District, approximately one block from Columbus Circle and two blocks from Central Park. The subject's location is generally similar to the comparables.
- **Utility/Condition:** With respect to physical utility, the asset is appealing, as it has 26-stories, good ceiling heights, excellent views, and flexible floor plates. Typically, higher floors command a premium over lower floors. Overall, the subject is similar-to-superior to the comparables. The subject property was constructed in 1927 and renovated in 2011, adequately maintained and is in good condition. The subject is similar-to-superior to the comparables.
- **Lease Terms:** Another consideration on market rent is lease terms, whereby all things being equal a NNN leased space will have a lower base rent than that with a modified gross lease. In this submarket, most leases are structured with base year lease terms where the tenants pay their proportionate share of real estate taxes and operating expenses over a base year plus electric, and other miscellaneous charges.
- **Tenant Improvements:** According to the 4Q2023 PricewaterhouseCoopers Survey, investors model tenant improvement allowance at \$10 to \$140 per square foot for new deals and \$10 to \$45 per square foot for renewals within the Manhattan Office Market. Based on the ranges provided by PwC, the inspection of the subject property, and conversations with local market participants, \$100 per square foot per lease year work letters for new leases and \$50 per square foot per lease year for renewals for Major Office is projected in the analysis, while \$70 per square foot per lease year work letters for new leases and \$30 per square foot per lease year for renewals for Minor Office is projected in the analysis.
- **Leasing Commissions:** Leasing commissions are based upon the following market-oriented schedule for new leases with 10 and 15-year lease terms: 5% in Y1, 4% in Y2, 3.5% in Y3-4, 3% in Y5-7, 2.0% for Year 8 and beyond.
- According to the 4Q2023 PricewaterhouseCoopers Survey, investors model tenant retention (renewal probability) probability at 40% to 70% within the Manhattan Office Market. Downtime between leases typically ranges from 2 to 10 months, we estimate a renewal probability factor of 70% and downtime between leases is at 6 months for the analysis. Market rent is projected to increase 10% every 5 years throughout the analysis.

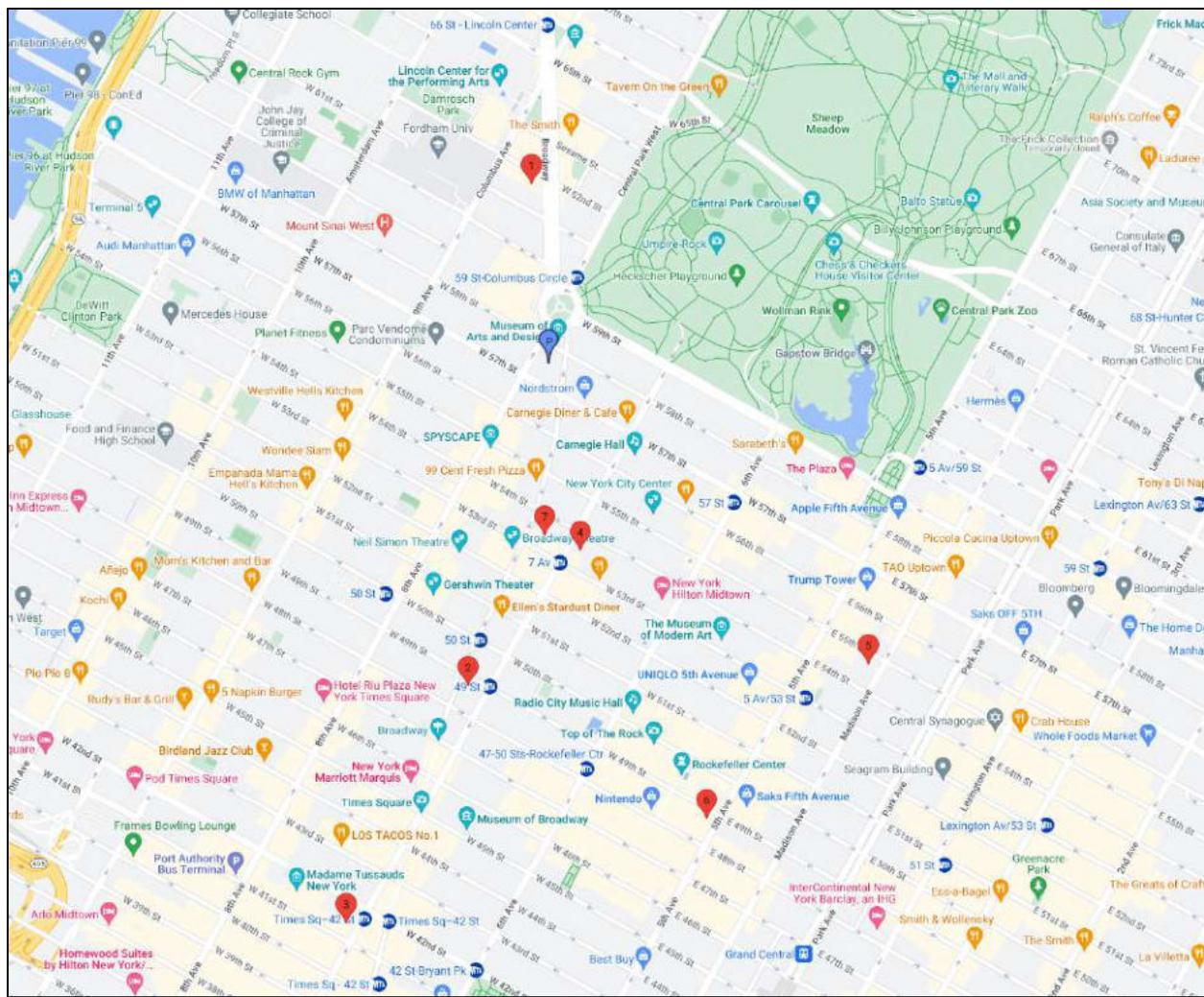
<b>MARKET RENT CONCLUSION</b>	
Net Rentable Area (SF)	673,431
<b>Office Conclusions</b>	
Comparable Lease Rate Range	\$66.00 - \$89.00
<b>Concluded Market Rent (\$/SF): Major Office (&gt;20k SF)</b>	
<b>Floors 3-8</b>	<b>\$74.00</b>
<b>Floors 9-15</b>	<b>\$74.00</b>
<b>Floors 16-18</b>	<b>\$82.00</b>
<b>Floors 19-23</b>	<b>\$86.00</b>
<b>Floors 24-26</b>	<b>\$90.00</b>
<b>Concluded Market Rent: Minor Office (&lt;20k SF)</b>	
<b>Floors 9-15</b>	<b>\$72.00</b>
<b>Floors 16-18</b>	<b>\$73.00</b>
<b>Floors 19-23</b>	<b>\$74.00</b>
<b>Floors 24-26</b>	<b>\$75.00</b>
Expense Structure	Base Year + Electric
Concessions (Free Rent)	None
Major Office	12/6
Minor Office	8/4
Annual Escalations	10% / 5 years
<b>Tenant Improvements (\$/SF)</b>	
Major Office	
New	\$100.00
Renewal	\$50.00
Minor Office	
New	\$70.00
Renewal	\$30.00
<b>Leasing Commissions</b>	
Major Office	
New	37%
Renewal	18.5%
Minor Office	
New	31%
Renewal	15.5%
<b>Average Lease Term (years)</b>	
Major Office	15
Minor Office	10

## MARKET RENT – RETAIL

The subject property contains 3 retail tenants: CVS which occupies 21,159 SF on the cellar, first, and second floors on the corner of 8<sup>th</sup> Avenue and 57<sup>th</sup> Street, Chase which occupies 6,551 SF at grade on the corner of 8<sup>th</sup> Avenue and 58<sup>th</sup> Street, and Nordstrom which occupies 46,991 SF of basement, first and second floor space. Retail income is summarized as follows:

To estimate the market rental rate of the retail space, the rental rates of similar properties in the immediate and surrounding areas have been analyzed. These rental rates are summarized below, and the pertinent details of each are in the Exhibits section of this report.

## COMPARABLE LEASE MAP AND SURVEY – RETAIL



MARKET RENT - RETAIL												
Comp No.	Lease Date	Address	Tenant	Square Footage	Percentage	Term (Yrs)	Leased Area	Base Rent (PSF) Ground Floor Only	Base Rent (PSF)	Blended Base Rent (PSF)	Total Contract Rent	Lease Structure
1	9/23	1875 Broadway	Café Aroma	1,354	100%	10	Ground	\$260	\$260	\$260	\$352,000	MG
				1,354			Blended					
2	7/23	1604-1610 Broadway	Pedro Zamora's	1,565	7%	10	Ground	\$1,597	\$501	\$784,025	MG	
				7,201	30%		2nd	\$100	\$720,100			
				7,204	30%		3rd	\$75	\$540,300			
				2,039	8%		3rd (Mezz)	\$75	\$152,925			
				6,053	25%		4th	\$50	\$302,650			
				24,062			Blended			\$104	\$2,500,000	
3	4/23	5 Times Square	Miniso	4,810	50%	2	Ground	\$499	\$398	\$1,915,500	MG	
				4,845	50%		2nd	\$100	\$484,500			
				9,655			Blended			\$249	\$2,400,000	
4	3/23	831-839 7th Avenue	Café Aroma	1,400	50%	15	Ground	\$206	\$156	\$218,000	MG	
				1,400	50%		LL	\$50	\$70,000			
				2,800			Blended			\$103	\$288,000	
5	7/22	540 Madison Avenue	Grand Seiko	3,200	52%	10	Ground	\$181	\$428	\$1,370,000	MG	
				3,000	48%		LL	\$50	\$150,000			
				6,200			Blended			\$245	\$1,520,000	
6	4/22	608 5th Avenue	Aritzia	10,150	31%	10	Ground	\$700	\$533	\$5,405,000	MG	
				11,200	34%		2nd	\$100	\$1,120,000			
				11,600	35%		LL	\$50	\$580,000			
				32,950			Blended			\$216	\$7,105,000	
7	3/22	1700 Broadway	Chop & Go	1,250	100%	10	Ground	\$163	\$163	\$204,000	MG	
				1,250			Blended			\$163	\$204,000	
							Mn	\$156	\$103			
							Average	\$348	\$191			
							Max	\$533	\$260			

The retail rents range from \$156 to \$533 per square foot per square foot, with an average of \$338 per square foot. In the development of our opinion of market rent, we have considered the following:

- Location:** Within the subject's neighborhood retail rents vary on a block-by-block basis. All of the comparable rentals are located within a few blocks of the subject. We will conclude at separate market rents for the subject's storefronts based on their individual locations.
- Size:** The subject units contain between 1,100 and 32,950 square feet. We will take into account size in our market rent determination.
- Utility:** With respect to physical utility, the retail units are very appealing. The proportion of grade level space directly affects the average market rent with ground floor space renting for significantly more than secondary levels.
- Lease Terms:** Another consideration on market rent is lease terms, whereby all things being equal a NNN leased space will have a lower base rent than that with a semi net or modified gross lease. In this area, most leases are semi-net / modified gross and tenants pay RE Taxes over the base. Our opinions of market rent are based on a semi-net reimbursement structure.
- Rent Concessions:** While tenant improvement and rent concession information was not available for each of the comparables, landlords within the submarket typically do not offer tenant improvement allowances to retail tenants and free rent typically ranges from 3 to 6 months.
- Tenant Improvements:** According to the 4Q2023 PricewaterhouseCoopers Survey, investors model tenant retention (renewal probability) probability at 50% to 85% within the National Strip Center Market. Downtime between leases typically ranges from 3 to 24-months as per the survey. For retail space within the market, we estimate a renewal probability factor of 75% and downtime between leases is at 6 months for the analysis.
- Leasing Commissions:** Leasing commissions are based upon the following market-oriented schedule for new leases with 10-year lease terms: 5% in Y1, 4% in Y2-3, 3.5% in Y4-5, and 3% for Year 6 and beyond.

The comparable leases range from \$156 to \$533 per square foot for the ground floor rents and \$103 to \$249 per square foot for the blended rents. Retail rental rates are particularly location sensitive based on the extent of

pedestrian traffic flow and other neighborhood characteristics; pedestrian and vehicular traffic in the subject area is considered high. The subject has a unique range of retail spaces.

Considering the frontage, location and size of the individual stores, we will apply a market rent of \$425 per square foot for the Broadway small retail (Chase) unit; \$435 at grade, \$100 second floor and \$50 basement for the CVS unit for an effective market rent of \$193 per square foot. The current CVS rent is \$193 per square foot which is essentially market while the Chase rent is slightly above market. We apply a market rent of \$400 per square foot for the 57th Street ground floor retail space and \$210 per square foot for the multi-level retail space, both of which are occupied by Nordstrom. Nordstrom's lease extends beyond the length of the analysis and does not roll to market during the holding period.

MARKET RENT CONCLUSION	
Net Rentable Area (SF)	74,701
<b>Retail Conclusions</b>	
Concluded Market Rent: Broadway Small Retail (Chase)	\$425
Concluded Market Rent: Blended Retail (CVS)	\$193
Concluded Market Rent: 57th Street Retail	\$400
<b>Concluded Market Rent: Multi-Level Retail</b>	<b>\$210</b>
Expense Structure	Base Year + Electric
Concessions (Free Rent)	10/5
Annual Escalations	3%
Tenant Improvements (\$/SF)	
New	\$0.00
Renewal	\$0.00
Leasing Commissions	
New	35%
Renewal	17.5%
Average Lease Term (years)	10

## MARKET RENT – STORAGE

The subject has 4,702 square feet of which 3,021 square feet is non-income producing building space. The occupied units have rental rates up to \$60.84 per square foot.

Based on the utility of the basement space, coupled with conversations with brokers and managing agents in the local market, we conclude to the following leasing assumptions for the subject's basement storage space.

MARKET RENT CONCLUSION	
Net Rentable Area (SF)	4,702
<b>Concourse &amp; Sub-Basement</b>	
<b>Concluded Market Rent: Storage</b>	<b>\$35.00</b>
Expense Structure	Gross
Concessions (Free Rent)	6/3
Annual Escalations	10% in Y6
Tenant Improvements (\$/SF)	
New	\$0.00
Renewal	\$0.00
Leasing Commissions	
New	31%
Renewal	15.5%
Average Lease Term (years)	10

## POTENTIAL GROSS RENTAL INCOME CONCLUSION

Potential gross rental income based on contract rents, with market rents applied to vacant and/or owner-occupied space, and potential gross rental income based on market rents is shown in the following table.

POTENTIAL GROSS RENTAL INCOME					
Tenancy Type	Total Area (SF)	Contract Rent *		Market Rent	
		\$/SF	Annual \$	\$/SF	Annual \$
Office	673,431	\$74.89	\$50,430,715	\$76.08	\$51,236,516
Retail	74,701	\$293.82	\$21,948,387	\$234.26	\$17,499,380
Storage	4,702	\$12.21	\$57,425	\$35.00	\$164,570
<b>Total/Avg.</b>	<b>752,834</b>	<b>\$96.22</b>	<b>\$72,436,526</b>	<b>\$91.52</b>	<b>\$68,900,466</b>

\* Includes vacant suites at market rates

As shown above, the property is 96.0% occupied. Based on the summary of rents above, the weighted average contract rent in place at the subject is approximately 5.13% above the weighted average market rent and the property is determined to be leased slightly above market.

## VACANCY AND COLLECTION LOSS

Occupancy data for the market, submarket, lease comparables and the subject, as well as the concluded occupancy/vacancy for the subject, is shown in the following table.

VACANCY CONCLUSION	
New York Class A Office Market Occupancy	86.5%
New York Retail Market Occupancy	95.9%
Columbus Circle Class A Office Submarket Occupancy	90.6%
Columbus Circle Retail Submarket Occupancy	93.9%
Lease Comparables Occupancy Range	63.0%–100.0%
Lease Comparable Average Occupancy	86.3%
Sales Comparables Occupancy Range	75.0%–100.0%
Sales Comparable Average Occupancy	88.6%
Subject's Current Occupancy	96.0%
<b>Subject's Stabilized Occupancy</b>	<b>97.0%</b>
<b>Subject's Stabilized Vacancy Loss</b>	<b>3.0%</b>

A total vacancy loss for the subject property of 3.0% is projected as the subject property has consistently operated near 100% occupancy. We also estimate a nominal level of collection loss of 1.5%.

The rent roll consists of tenants with significant tenure and consistent record of paying rent in a timely manner. More than half of the property consists of tenants that warrant a lower credit loss allocation based on their perceived durability created by credit tenant profiles. The vacancy/credit loss overrides are summarized in the table below:

CREDIT LOSS OVERRIDE CALCULATION		
Tenancy	(SF)	V/CL
CHASE BANK	6,551	0%
JAZZ AT LINCOLN CENTER, INC.	30,653	0%
YOUNG & RUBICAM, INC.	34,634	0%
YOUNG & RUBICAM, INC.	34,634	0%
YOUNG & RUBICAM, INC.	34,177	0%
YOUNG & RUBICAM, INC.	21,315	0%
CVS CAREMARK PHARMACY	21,159	0%
YOUNG & RUBICAM, INC.	1,300	0%
YOUNG & RUBICAM, INC.	185	0%
THE JUILLIARD SCHOOL 2220	5,789	0%
THE JUILLIARD SCHOOL	3,886	0%
HARVARD BUSINESS SCHOOL	4,855	0%
VERSACE USA, INC.	21,342	0%
TRUSTEES OF COLUMBIA	6,031	0%
TRUSTEES OF COLUMBIA	3,100	0%
TRUSTEES OF COLUMBIA	1,920	0%
NORDSTOM GRADE	3,973	0%
TRUSTEES OF COLUMBIA	3,111	0%
NORDSTROM	43,018	0%
YOUNG & RUBICAM, INC.	214,372	0%
TRUSTEES OF COLUMBIA	34,634	0%
<b>Total</b>	<b>530,639</b>	

## OTHER INCOME

Real Estate Tax and operating expense escalations and electric reimbursements are modeled based on the leases and operating history. The subject generates miscellaneous income from tenant services, water charges, late fees, HVAC reimbursement and other miscellaneous income sources. The T12 (October 2023) miscellaneous income was reported at \$2,272,893 and the owner projected miscellaneous income at \$1,904,502 for 2024. Based on the foregoing, we will project miscellaneous income at \$1,900,000 for the upcoming year. Miscellaneous income is projected to increase at 3% per annum.

As a result of the Young & Rubicam surrender agreement and subsequent direct lease with Trustees of Columbia for suite 1100, Young & Rubicam repays the "total loss" according to the schedule below:

YOUNG & RUBICAM REPAYMENT SCHEDULE										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Payment	\$445,359	\$412,041	\$378,223	\$343,898	\$381,212	\$446,866	\$410,973	\$374,542	\$337,564	\$176,323

The advertising/sign space at the property was recently licensed to Vector Media via two separate agreements. The first of which is for a term of three years through September 2024. The current rental rate is \$551,250 for 4Q2023

(\$2,126,250 per annum). The second of which is for a term of five years through May 2028. The current rental rate is \$1,137,500 per annum. The payment schedule is included in the DCF analysis. The PV of the remaining payments for Young & Rubicam and Vector Media is calculated below and added below-the-line in the Sales Comparison Approach:

	PV OF VECTOR MEDIA BILLBOARD & YOUNG & RUBICAM PAYMENTS										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	NPV (7.00% IRR)
Vector Media Billboard Sign 1	\$1,653,750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,545,561
Vector Media Billboard Sign 2	\$1,137,500	\$1,137,500	\$1,137,500	\$1,137,500	\$464,785	\$0	\$0	\$0	\$0	\$0	\$4,184,338
Young & Rubicam	\$445,359	\$412,041	\$378,223	\$343,898	\$381,212	\$446,866	\$410,973	\$374,542	\$337,564	\$176,323	\$2,663,948
<b>Subtotal</b>											\$8,393,846
<b>Rounded (Nearest \$100,000)</b>											<b>\$8,400,000</b>

## SUBJECT'S HISTORICAL INCOME AND EXPENSES

Typically, the best source of information to estimate pro forma operations for the property is the actual historical performance of the subject. The property contact supplied us with operating history for Ann. 2021, Ann. 2022, and T12 (October 2023), and 2024 Client Proforma. The subject property's operating history and proforma was analyzed and compared to the expense ranges indicated by the expense comparables.

	HISTORICAL & PRO FORMA OPERATING ANALYSIS										
	Annualized 2021		Annualized 2022		Annualized 2023		T12 (October 2023)		2024 Budget		
	Total	per SF	Total	per SF	Total	per SF	Total	per SF	Total	per SF	
<b>INCOME</b>											
Gross Potential Rent	\$65,817,227	\$87.43	\$70,418,883	\$93.54	\$69,119,401	\$91.81	\$69,738,853	\$92.64	\$71,404,148	\$94.85	
Recoveries	\$5,924,149	\$7.87	\$6,459,710	\$8.58	\$6,226,342	\$8.27	\$7,416,939	\$9.85	\$7,917,566	\$10.52	
Miscellaneous	\$361,304	\$0.48	\$610,237	\$0.81	\$1,802,997	\$2.39	\$2,272,893	\$3.02	\$1,904,502	\$2.53	
<b>Potential Gross Income</b>	<b>\$72,102,680</b>	<b>\$95.78</b>	<b>\$77,488,830</b>	<b>\$102.93</b>	<b>\$77,148,740</b>	<b>\$102.48</b>	<b>\$79,428,685</b>	<b>\$105.51</b>	<b>\$81,226,216</b>	<b>\$107.89</b>	
Vacancy & Collection Loss	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	
<b>EFFECTIVE GROSS INCOME (EGI)</b>	<b>\$72,102,680</b>	<b>\$95.78</b>	<b>\$77,488,830</b>	<b>\$102.93</b>	<b>\$77,148,740</b>	<b>\$102.48</b>	<b>\$79,428,685</b>	<b>\$105.51</b>	<b>\$81,226,216</b>	<b>\$107.89</b>	
<b>EXPENSES</b>											
Real Estate Taxes	\$11,632,781	\$15.45	\$12,166,357	\$16.16	\$11,859,411	\$15.75	\$12,519,097	\$16.63	\$13,200,677	\$17.53	
Insurance	\$573,853	\$0.76	\$546,766	\$0.73	\$704,316	\$0.94	\$737,922	\$0.98	\$774,838	\$1.03	
Utilities	\$1,772,395	\$2.35	\$1,520,229	\$2.02	\$1,571,978	\$2.09	\$1,881,836	\$2.50	\$2,417,643	\$3.21	
Electricity	\$1,601,452	\$2.13	\$1,394,741	\$1.85	1,331,733	\$1.77	\$1,619,426	\$2.15	\$2,098,998	\$2.79	
Gas	\$131,919	\$0.18	\$95,130	\$0.13	196,597	\$0.26	\$193,853	\$0.26	\$216,645	\$0.29	
Water/Sewer	\$39,023	\$0.05	\$30,358	\$0.04	43,648	\$0.06	\$68,557	\$0.09	\$102,000	\$0.14	
Payroll	\$1,761,199	\$2.34	\$1,673,041	\$2.22	\$2,303,156	\$3.06	\$2,864,513	\$3.80	\$2,585,365	\$3.43	
Repairs & Maintenance	\$1,576,809	\$2.09	\$1,298,224	\$1.72	\$1,465,079	\$1.95	\$1,630,357	\$2.17	\$1,576,760	\$2.09	
Cleaning	\$142,981	\$0.19	\$97,830	\$0.13	\$141,681	\$0.19	\$278,486	\$0.37	\$367,084	\$0.49	
Administrative & General	\$342,735	\$0.46	(\$22,170)	-\$0.03	\$280,542	\$0.37	\$392,099	\$0.52	\$256,036	\$0.34	
Management	\$1,457,212	\$1.94	\$1,694,769	\$2.25	\$1,477,650	\$1.96	\$1,456,241	\$1.93	\$1,621,782	\$2.15	
<b>TOTAL EXPENSES</b>	<b>\$19,259,964</b>	<b>\$25.58</b>	<b>\$18,975,046</b>	<b>\$25.20</b>	<b>\$19,803,812</b>	<b>\$26.31</b>	<b>\$21,760,552</b>	<b>\$28.90</b>	<b>\$22,800,185</b>	<b>\$30.29</b>	
<b>NET OPERATING INCOME (NOI)</b>	<b>\$52,842,716</b>	<b>\$70.19</b>	<b>\$58,513,784</b>	<b>\$77.72</b>	<b>\$57,344,928</b>	<b>\$76.17</b>	<b>\$57,668,133</b>	<b>\$76.60</b>	<b>\$58,426,031</b>	<b>\$77.61</b>	

\*Fiscal Year Beginning Dec-23

\*\* Annualized 12 mos

## COMPARABLE EXPENSE DATA

Each of the respective expense items is projected in consideration of actual historical operations and market data. The following table summarizes the expenses from other similar office properties in the market area. Although an attempt was made to categorize expenses on a similar basis to the subject, the nature of the raw data prevented such in some categories, especially with regard to the level of detail.

Comparable No.	EXPENSE COMPARABLES					
	1	2	3	4		
<b>Address</b>	1731 Broadway	1221 6th Avenue	127-29 W 55th Street	250 West 57th Street		
City	New York	New York	New York	New York		
State	New York	New York	New York	New York		
Rentable Area	553,431	2,636,182	540,000	435,677		
Year Operations	2022	2022	2022	2022		
<b>EXPENSES</b>	<b>Amount</b>	<b>\$/SF</b>	<b>Amount</b>	<b>\$/SF</b>	<b>Amount</b>	<b>\$/SF</b>
Insurance	\$374,807	\$0.68	\$2,947,390	\$1.12	\$254,763	\$0.47
Electricity	\$1,787,363	\$3.23	\$6,764,355	\$2.57	\$283,662	\$0.53
Gas	\$116,444	\$0.21	\$2,437,067	\$0.92	\$138,278	\$0.26
Water/Sewer	Not Reported	---	\$668,287	\$0.25	\$113,727	\$0.21
Payroll	\$1,563,936	\$2.83	\$6,761,758	\$2.56	\$1,394,342	\$2.58
Repairs & Maintenance	\$990,081	\$1.79	\$6,416,165	\$2.43	\$1,094,564	\$2.03
Cleaning	\$1,331,582	\$2.41	\$5,929,605	\$2.25	\$1,417,090	\$2.62
Administrative & General	\$120,233	\$0.22	Not Reported	---	\$731,761	\$1.36
Management	\$2,483,947	\$4.49	\$5,514,207	\$2.09	\$1,348,356	\$2.50
<b>Total Expenses</b>	<b>\$8,768,393</b>	<b>\$15.84</b>	<b>\$37,438,834</b>	<b>\$14.20</b>	<b>\$6,776,543</b>	<b>\$12.55</b>
					<b>\$6,270,086</b>	<b>\$14.39</b>

## OPERATING EXPENSE SUMMARY

Expense Item	OPERATING EXPENSE COMPARISON AND CONCLUSION							
	Expense Comps Range	Average	Annualized 2021	Annualized 2022	Annualized 2023	T12 (October 2023)	Budget	BBG Forecast
Real Estate Taxes			\$15.45	\$16.16	\$15.75	\$16.63	\$17.53	\$17.42
			\$11,632,781	\$12,166,357	\$11,859,411	\$12,519,097	\$13,200,677	\$13,111,169
Insurance	\$0.47-\$1.12	\$0.71	\$0.76	\$0.73	\$0.94	\$0.98	\$1.03	\$1.05
			\$573,853	\$546,766	\$704,316	\$737,922	\$774,838	\$790,476
Electricity	\$0.53-\$3.23	\$2.23	\$2.13	\$1.85	\$1.77	\$2.15	\$2.79	\$2.80
			\$1,601,452	\$1,394,741	\$1,331,733	\$1,619,426	\$2,098,998	\$2,107,935
Gas	\$0.21-\$0.92	\$0.43	\$0.18	\$0.13	\$0.26	\$0.26	\$0.29	\$0.30
			\$131,919	\$95,130	\$196,597	\$193,853	\$216,645	\$225,850
Water/Sewer	\$0.20-\$0.25	\$0.22	\$0.05	\$0.04	\$0.06	\$0.09	\$0.14	\$0.15
			\$39,023	\$30,358	\$43,648	\$68,557	\$102,000	\$112,925
Payroll	\$2.56-\$4.02	\$3.00	\$2.34	\$2.22	\$3.06	\$3.80	\$3.43	\$3.45
			\$1,761,199	\$1,673,041	\$2,303,156	\$2,864,513	\$2,585,365	\$2,597,277
Repairs & Maintenance	\$1.79-\$4.37	\$2.66	\$2.09	\$1.72	\$1.95	\$2.17	\$2.09	\$2.10
			\$1,576,809	\$1,298,224	\$1,465,079	\$1,630,357	\$1,576,760	\$1,580,951
Cleaning	\$0.71-\$2.62	\$2.00	\$0.19	\$0.13	\$0.19	\$0.37	\$0.49	\$0.50
			\$142,981	\$97,830	\$141,681	\$278,486	\$367,084	\$376,417
Administrative & General	\$0.22-\$1.36	\$0.64	\$0.46	-\$0.03	\$0.37	\$0.52	\$0.34	\$0.35
			\$342,735	(\$22,170)	\$280,542	\$392,099	\$256,036	\$263,492
Management	\$1.24-\$4.49	\$2.58	\$1.94	\$2.25	\$1.96	\$1.93	\$2.15	\$2.22
			\$1,457,212	\$1,694,769	\$1,477,650	\$1,456,241	\$1,621,782	\$1,673,309
Replacement Reserves								\$0.17
								\$130,916
<b>Total Operating Expenses Per SF</b>	<b>\$12.55-\$15.84</b>	<b>\$14.25</b>	<b>\$25.58</b>	<b>\$25.20</b>	<b>\$26.31</b>	<b>\$28.90</b>	<b>\$30.29</b>	<b>\$30.51</b>
<b>Total Operating Expenses</b>			<b>\$19,259,964</b>	<b>\$18,975,046</b>	<b>\$19,803,812</b>	<b>\$21,760,552</b>	<b>\$22,800,185</b>	<b>\$22,970,718</b>

## OPERATING EXPENSE ANALYSIS AND PROJECTIONS

The following is a summary of expenses as applied to the subject property. The expenses have been analyzed on a per square foot basis. The leases at the property are structured with a blend of Base Year + Electric, Modified Gross, and Gross leases. However, the vast majority of the leases at the property are structured with Base Year + Electric lease terms, where the tenants reimburse their proportionate share of increases in OpEx and RE Taxes over base year amounts, along with being sub metered by the landlord for electricity. The landlord is solely responsible for base year taxes on a tenant-by-tenant basis and all reserves.

Real Estate Taxes - The subject's 2022/2023 real estate tax payment amounts to \$13,111,169.

Insurance - Insurance costs vary by the type of coverage. Costs are generally lower for larger buildings (on a per square foot basis) or multi-building policies. With emphasis on the subject's operating history and budget, we will project an expense of \$1.05 per square foot, or \$790,476.

Electricity - The subject's electric expense includes only a small amount of tenant electric since nearly all tenants are directly metered to the utility company. The comparables also range in the amount of tenant electric included in this expense. We will project an expense of \$2.80 per square foot, or \$2,107,935.

Gas – The subject's historical expense ranges from \$0.13 - \$0.26 per square foot and is generally trending upward. We projected a gas expense equal to \$0.30 per square foot, or \$225,850.

Water/Sewer - The subject's historical expense ranges from \$0.04 - \$0.06 per square foot and is generally trending upward. We projected a water/sewer expense equal to \$0.15 per square foot, or \$112,925.

Payroll - The subject's historical expense ranges from \$0.2.22 - \$3.06 per square foot and is generally trending upward. We projected a payroll expense equal to \$3.45 per square foot, or \$2,597,277.

Repairs & Maintenance – This expense varied depending on the age and quality of each building, management philosophy, services provided, and accounting methodology. Some management companies expense items which typically are included as a capital cost. In addition, repairs and maintenance costs may change from year to year; in some cases, repairs that require attention may be postponed due to cash flow considerations. In projecting a repairs and maintenance cost for the upcoming year, we considered the age and condition of the building as well as services provided. With the most weight applied to the operating history and the budget, we project an expense of \$2.10 per square foot, or \$1,580,951.

Cleaning – This category includes contract janitorial services and supplies, window cleaning, and trash removal. Based on the historical expenses, we project an expense of near the owner's budget for a rounded \$0.50 per square foot, or \$376,417 is projected.

Administrative & General - These costs are associated with the overall operations of a property and do not fall within a specific expense silo, including legal and professional fees, telephone usage, permits and dues, uniforms, exterminating and other miscellaneous items. The historical expense ranges from -\$0.03 to \$0.46 per square foot, so we project an expense of \$0.35 per square foot or \$263,492.

Management/Legal Fee - Based on the anticipated single tenant status of the subject, it is reasonable to project the annual management fee to be 2.0% of effective gross income. Management is based on the collection of income from the tenant, administrative and other costs like professional fees. Based on the current estimated effective gross income of 83,666,402 management costs will be projected at \$1,673,309.

Replacement Reserves - This account accrues funds for the eventual repair/replacement of building components outside of routine repairs & maintenance. Based upon our experience with similar properties and the age of the subject, and its condition, we have estimated this expense at \$0.20 per square foot of GBA (\$0.17 per square foot of NRA) or \$130,916.

Expense Growth Rates - Real estate taxes are projected to increase at 3% per annum. With the exception of the management expense, which is a percentage of effective gross income, the balance of the operating expenses is projected to escalate at a rate of 3% per annum.

# DISCOUNTED CASH FLOW

## GENERAL PROCESS

Value estimates for a variety of ownership interests may be calculated by forecasting cash flows over a typical holding period and discounting those cash flows to a present value estimate by using a typical discount rate. This valuation approach is referred to as yield capitalization or discounted cash-flow analysis. The discount rate used in this approach addresses the expected profitability of the investment.

By definition, Discounted Cash Flow is a method of estimating property value by discounting all expected future cash flows over a holding period, to a present value using a discount rate that is typical for investors in the marketplace for the interest being valued.

## SUMMARY OF ASSUMPTIONS

The following table provides a summary of all assumptions used in the discounted cash flow analysis. Most of the Discounted Cash Flow components summarized below were discussed and supported in the previously presented Direct Capitalization section. Support for assumptions not previously discussed are provided after the summary.

Forecast	Assumptions	DISCOUNTED CASH FLOW ASSUMPTION CONCLUSIONS						
DCF Software	ARGUS Enterprise 14.0							
Holding Period	9 years							
Current Occupancy	96.0%							
Stabilized Occupancy	97%							
Income Annual Change	3.00%							
Expense Annual Change	3.00%							
Discount Rate - As Is	7.00%							
Reversion	Cap Year 10							
Terminal Capitalization Rate	5.50%							
Selling and Marketing Cost (% of reversion)	3.00%							
		Major Office (>20k SF)	Minor Office (<20k SF)	Broadway Small Retail (Chase)	Blended Retail (CVS)	57th Street Retail	Multi-Level Retail	Storage
Market Rent (\$ PSF)				\$425	\$193	\$400	\$210	\$35.00
Floors 3-8		\$74.00						
Floors 9-15		\$74.00	\$72.00					
Floors 16-18		\$82.00	\$73.00					
Floors 19-23		\$86.00	\$74.00					
Floors 24-26		\$90.00	\$75.00					
Expense Structure		Base Year + Electric	Base Year + Electric	Base Year + Electric	Base Year + Electric	Base Year + Electric	Base Year + Electric	Gross
Average Lease Term (years)		15	10	10	10	10	10	10
Tenant Improvements - New (\$/PSF)		\$100.00	\$70.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Tenant Improvements - Renewal (\$/PSF)		\$50.00	\$30.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Leasing Commissions - New		37%	31%	35%	35%	35%	35%	31%
Leasing Commissions - Renewal		18.5%	15.5%	17.5%	17.5%	17.5%	17.5%	15.5%
Concessions		12/6	8/4	10/5	10/5	10/5	10/5	6/3
Renewal Probability		75%	75%	75%	75%	75%	75%	75%
Downtime Between Leases (mos.)		6 months	6 months	6 months	6 months	6 months	6 months	6 months

Based on current market conditions, market rent growth for the office spaces will be 1.50% in Y1, and 3.00% in Y2+.

## HOLDING PERIOD

According to the PricewaterhouseCoopers (PwC) Investors Survey for the 4Q2023 typical holding periods for Manhattan office buildings range from 3 to 10 Years. There is significant rollover and lease up in Years 10 to 11. Thus, we have utilized an 8-year holding period with the reversion based in Year 9, which is a year of stabilized operations without significant tenant turnover.

## GROWTH RATES

The following table provides a summary of historical and forecast inflation estimates, along with growth rate assumptions for both market rent(s) and expenses according to investor survey data.

INCOME/EXPENSE GROWTH RATES					
Survey/Investment Type	Annual Rate	Survey/Investment Type	Annual Rate		
Bureau of Labor Statistics (BLS)		Mortgage Bankers Association (MBA)			
CPI-U Past 10 Years	2.81%	2023 CPI Reforecast	3.20%		
CPI-U Past 5 Years	4.02%	2024 CPI Forecast	2.40%		
CPI-U Past 3 Years	5.70%	2025 CPI Forecast	2.10%		
CPI-U Past 1 Year	3.20%	2026 CPI Forecast	2.20%		
Survey/Investment Type	Market Rent Change	Average	Expense Change	Average	
PwC Real Estate Investor Survey (4Q23)					
CBD Office	0.00% - 3.00%	1.50%	0.00% - 4.00%	2.70%	
Strip Center	0.00% - 3.00%	1.08%	0.00% - 3.00%	2.42%	
Manhattan Office Market	0.00% - 3.00%	1.50%	1.00% - 5.00%	3.50%	
Situs RERC Real Estate Report (3Q23)					
CBD Office	0.00% - 3.00%	1.90%	2.50% - 5.00%	3.50%	
Neigh/Community	1.00% - 4.00%	2.90%	2.50% - 5.00%	3.40%	
<b>Subject's Conclusions</b>	<b>Income Growth Rate</b>	<b>3.00%</b>	<b>Expense Growth Rate</b>	<b>3.00%</b>	

## TERMINAL CAPITALIZATION RATE

The following table provides a summary of terminal capitalization rates according to investor survey data.

TERMINAL CAPITALIZATION RATES		
Survey/Investment Type	Terminal OAR Range	Average
PwC Real Estate Investor Survey (4Q23)		
CBD Office	5.50% - 10.50%	7.15%
Strip Center	5.25% - 10.00%	7.46%
Manhattan Office Market	4.50% - 7.50%	6.63%
Situs RERC Real Estate Report (3Q23)		
CBD Office	6.00% - 8.80%	7.20%
Neigh/Community	6.00% - 8.30%	6.90%
New York First Tier CBD Office		7.10%
<b>Subject's Estimated Terminal Capitalization Rate</b>		<b>5.50%</b>

Please note, the hold period is selected based on a year with stabilized occupancy.

## LEASE EXPIRATION

The following table provides a summary of lease expiry (first term only) for the subject property. Properties with a significant amount of rollover up front may be deemed higher risk than those with more rollover towards the latter half of the anticipated holding period.

CONTRACT LEASE EXPIRATION SCHEDULE				
Year	SF Expiring	% of Property	Cumulative SF	Cumulative %
1	26,018	3%	26,018	3%
2	58,461	8%	84,479	11%
3	20,732	3%	105,211	14%
4	114,594	15%	219,805	29%
5	14,815	2%	234,620	31%
6	0	0%	234,620	31%
7	33,180	4%	267,800	36%
8+	485,034	64%	752,834	100%

*Expirations include first term contract rent only*

## DISCOUNT RATE

In order to develop an indication of value by the Income Approach, it is necessary to establish an acceptable yield rate to discount the annual cash flows and the reversion value. We begin with a general discussion, and then will focus on the specific factors that influence the yield for the property.

This is a competitive rate of return reflecting the inherent risks, illiquidity, potential benefits, and availability of tax shelter of property ownership relative to prospective rates of return for alternative investment opportunities. Typical investors require a rate of return for investment quality property such as the subject which is greater than the safe or "risk-less" rate offered by long-term treasury bonds.

The difference between an investor's required rate of return and the safe rate is basically the premium necessary to compensate the investor for the added risks of lack of liquidity offered by a real estate investment. To support our opinion of an equity yield rate acceptable to a typical investor in the subject interest, we have begun with an analysis of competitive investment yields:

SURVEY OF COMPETITIVE RATES	
Federal Funds Rate	5.33%
Prime Rate	8.50%
10 year Treasury Bond	3.84%
30 year Treasury Bond	3.98%
Corporate Bonds (Aaa)	5.28%
Corporate Bonds (Baa)	5.46%

*Source: Federal Reserve/Moody's – December 2023*

- The **Federal Funds Rate** is a foundational rate determining the cost of funds by Federal Reserve banks to depository institutions.
- The **Prime Rate** is a base rate posted by large banks for loans to corporations. It is a rate for business loans to banks' most creditworthy customers. It is no longer a lending rate per se, but a base rate from which other rates are adjusted.
- The **10, 20 and the 30-Year Treasury Bonds** are long-term obligations that are guaranteed by the federal government. We note that yields are below the historical average, reflecting sustained demand for the perceived surety in the U.S. Government's ability to repay these securities. Yields generally decline in Treasury's when there is a "flight to quality" caused by events such as the recent credit meltdown and global recession. However, recent economic conditions resulting from Russia's invasion of Ukraine and supply chain disruptions from China, coupled with Fed guidance continue to apply upward pressure on inflation

and weigh on global economic activity. The Fed indicated at the December 2023 FOMC meeting that it will hold consistent with previous guidance to roll over at auction securities maturing in each month for Treasuries that exceed a cap of \$60 billion and reinvesting into agency mortgage-backed (MBS) the amount of principal payments from the Federal reserve's holdings of agency debt and agency MBS received in each calendar month that exceeds a cap of \$35 billion. It is also important to note that the 2/10-year treasury yields have remained inverted since July 2022. The inverted 2/10 treasury yields are historically an indicator of economic uncertainty as a flight to safety in the near term outweighs that in the long-term. On Friday, March 10, 2023, Silicon Valley Bank (SVB) failed, followed by Signature Bank on March 12, 2023, and First Republic Bank on May 1, 2023. We are actively monitoring the impact of these bank failures as they relate to macroeconomic market conditions and interest rate policy.

- Corporate Bonds offered by **Aaa** and **Baa** credit rated organizations are priced roughly 144 and 162 bps respectively over Treasuries, indicating the market's perception of minimal risk. **Baa** debt is issued by weaker corporate borrowers and exhibits corresponding risk, liquidity, and pricing characteristics compared to higher-grade obligations.

**Conclusion:** As we know from the December 2023 FOMC meeting, the Federal Reserve decided to maintain the federal funds target range at 5.25% - 5.50%. The fed funds rate has a strong correlation to short-term interest rates, which can affect the 10-year treasury rate and substantially affect 30-year mortgage rates. Additionally, the Federal Reserve Bank of Cleveland estimated a 30-year expected inflation rate of 2.50%, which is above the benchmarked 2% target in the Federal Reserve's dual mandate. The Fed also indicated in the December 2023 FOMC meeting that the overnight repurchase and reverse repurchase agreement operations will continue to be limited at \$500 bn and \$160 bn, respectively, and can be temporarily increased at the discretion of the Chair. Repo rates have risen from approximately 4.3% to 5.4% since the beginning of 2023 indicating a flight towards lending on government securities.

The values used as comparison points to widely published capital markets trading data (reported below) is that reported by the Real Estate Research Corporation (R.E.R.C.) and PWC Real Estate investment surveys. These offerings summarize expected rates of return, including capitalization rates and income and expense growth rates, from a representative sample of institutional investors.

These published rates generally reflect the primary value indications on an unleveraged basis since the capital structures of organizations vary so greatly. Overall property yields are presented first:

The following table provides a summary of discount rates according to investor survey data.

DISCOUNT RATES		
Survey/Investment Type	IRR Range	Average
PwC Real Estate Investor Survey (4Q23)		
CBD Office	6.50% - 12.00%	8.61%
Strip Center	7.00% - 11.00%	8.71%
Manhattan Office Market	6.00% - 8.50%	7.54%
Situs RERC Real Estate Report (3Q23)		
CBD Office	7.00% - 10.00%	8.00%
Neigh/Community	7.00% - 8.50%	7.60%
New York First Tier CBD Office		8.60%
<b>Subject's Estimated Discount Rate - As Is</b>		<b>7.00%</b>

#### Required Real Estate Yields Vis-À-Vis Capital Market Returns

	3Q 2023	2Q 2023	3Q 2022	3Q 2021	3Q 2020	3Q 2019
Real Estate Yield (%)	7.9	7.7	7.3	7.6	7.8	7.8
Moody's Baa Corporate (%)	6.0	5.7	5.4	3.2	3.3	4.0
Moody's Aaa Corporate (%)	4.9	4.6	4.2	2.5	2.2	3.1
10-Year Treasurys (%)	4.2	3.6	3.1	1.3	0.7	1.8
<b>Yield Spread (Percentage Points)</b>						
Moody's Baa Corporate (%)	1.9	2.0	1.9	4.4	4.5	3.8
Moody's Aaa Corporate (%)	3.0	3.1	3.1	5.1	5.6	4.7
10-Year Treasurys (%)	3.8	4.1	4.2	6.3	7.2	6.0

Sources RERC, Federal Reserve, Moody's, 3Q 2023.

Liquidity is an extreme concern to all investors, as transactional volume is growing significantly in most markets. Of all the property types, most credit is available for residential transactions, though the capital markets are deep for "Core-class" office and retail projects with strong tenancy. These effects are measured below, as overall yields for real estate are affected by numerous external factors.

- **Location:** the better the location, the lower the IRR. The asset is extremely well located at the internationally renowned Columbus Circle in Midtown Manhattan, a core investment market where there is very strong demand for investment real estate. The site is a hub of regional transport links, and there is a concentration of internationally known office/retail users. Given the appeal of this location investors consider this a very attractive location.
- **Tenant Credit Quality:** the asset is and has historically been nearly 100% leased to a variety of corporate tenants with a long history of occupancy, Young & Rubicam and Nordstrom are the largest office and retail tenants and the cash flow from such would be viewed as durable. Thus, an investor would accept a return below the average yield for commercial real estate.
- **Physical Characteristics of the Subject Property:** the newer the property, the higher the quality of construction and finishes, and the better the design and layout of the physical plant, the lower the IRR. The property was renovated in 2011 and offers windows on all four sides with panoramic views of Central Park, Hudson River, and New York City, features an energy efficient glass curtain wall façade, a newly designed lobby and entrance featuring stellar white marble and bronze accents; usable terraces on multiple floors; and new modernized elevators and cabs. The building has been Wired Certified Gold and was awarded an Energy Star label in 2014, 2016, 2017 and 2018 for its operating efficiency Overall, this asset has good physical features like high ceilings, good frontage/exposure and column spacing. Our cash flow explicitly considers the fact the sponsor anticipates limited capital investment as the asset is institutionally maintained and in excellent condition. Thus, there is limited risk, and this asset will produce reliable cash flow.
- **Degree of Forecasted Cash Flow Growth:** the greater the growth forecasted, the higher the IRR. This asset is leased to long-term tenants with a relatively low degree of speculative cash flow as most income is contractual. As a result, cash flow growth is close inflation, while underlying market rents suggest strong upside potential. As such, the forecasted cash flow is extremely reliable and suggests an investor would accept a relatively low yield as a result. This is a substantial factor in weighing our opinion.
- **Amount of Equity Investment Required:** the greater the required equity investment (that portion of the total acquisition cost not typically funded by conventional financing), the higher the IRR. Today's capital market allows for relatively high degrees of leverage.
- **Length of Projection Period:** the longer the projection period, the higher the IRR. The holding period is forecasted to be 9 years, which is typical for the investor surveys.

- **Institutional Appeal:** the subject is an attractive, "core asset" quality of which national and international institutional investors would consider acquisition. Since these investors have access to broad capital markets, their costs of capital are generally lower than regionals, leading them to accept lower rates of return.
- **Type of Investment:** the riskier the perceived return on investment for a particular type of real estate, the higher the IRR. Office investors typically require average returns as compared to other asset classes. Based on the factors described above, it is our opinion that an investor would require an overall yield rate near the mid-point of the market range.

The summation approach was applied to account for yield expectations associated with these investment considerations. A 6.00% basic rate was used based on the return exhibited by corporate and utility bonds. The basic rate is increased for liquidity, asset management, and risk. This results in a 7.00% discount rate. Based on the foregoing, it is our opinion that this pre-tax discount or yield rate would be required by a typical investor for a property like the subject.

## DISCOUNTED CASH FLOW SUMMARY

For the Years Ending	DISCOUNTED CASH FLOW									
	Forecast Year 1 Dec-2024	Forecast Year 2 Dec-2025	Forecast Year 3 Dec-2026	Forecast Year 4 Dec-2027	Forecast Year 5 Dec-2028	Forecast Year 6 Dec-2029	Forecast Year 7 Dec-2030	Forecast Year 8 Dec-2031	Forecast Year 9 Dec-2032	
<b>Rental Revenue</b>										
Potential Base Rent	73,915,806	75,578,171	75,806,844	76,108,336	78,438,548	81,030,313	83,254,810	83,982,455	83,733,853	
Absorption & Turnover Vacancy	-2,599,359	-2,376,404	-487,964	0	-3,568,180	-391,587	-805,373	-570,697	0	
Free Rent	-904,356	-1,801,636	-2,543,122	-326,923	-4,160,954	-4,496,110	-331,162	-2,215,840	-1,212,732	
Scheduled Base Rent	70,412,091	71,400,131	72,775,757	75,781,412	70,709,414	76,142,616	82,118,275	81,195,918	82,521,121	
<b>Total Rental Revenue</b>	<b>70,412,091</b>	<b>71,400,131</b>	<b>72,775,757</b>	<b>75,781,412</b>	<b>70,709,414</b>	<b>76,142,616</b>	<b>82,118,275</b>	<b>81,195,918</b>	<b>82,521,121</b>	
<b>Other Tenant Revenue</b>										
Total Expense Recoveries	7,769,048	8,187,712	8,768,450	9,603,708	9,153,431	9,482,884	10,291,581	10,960,349	11,739,147	
<b>Total Other Tenant Revenue</b>	<b>7,769,048</b>	<b>8,187,712</b>	<b>8,768,450</b>	<b>9,603,708</b>	<b>9,153,431</b>	<b>9,482,884</b>	<b>10,291,581</b>	<b>10,960,349</b>	<b>11,739,147</b>	
<b>Total Tenant Revenue</b>	<b>78,181,139</b>	<b>79,587,843</b>	<b>81,544,207</b>	<b>85,385,120</b>	<b>79,862,845</b>	<b>85,625,500</b>	<b>92,409,857</b>	<b>92,156,267</b>	<b>94,260,268</b>	
<b>Other Revenue</b>										
Miscellaneous	1,900,000	1,957,000	2,015,710	2,076,181	2,138,467	2,202,621	2,268,699	2,336,760	2,406,863	
Vector Media Billboard Sign 1	1,653,750	0	0	0	0	0	0	0	0	
Vector Media Billboard Sign 2	1,801,042	1,891,094	1,971,649	2,074,931	846,280	0	0	0	0	
Young & Rubicam	445,359	412,041	378,223	343,898	381,212	446,866	410,973	374,542	337,564	
<b>Total Other Revenue</b>	<b>5,800,151</b>	<b>4,260,135</b>	<b>4,365,582</b>	<b>4,495,010</b>	<b>3,365,959</b>	<b>2,649,487</b>	<b>2,679,672</b>	<b>2,711,302</b>	<b>2,744,427</b>	
<b>Potential Gross Revenue</b>	<b>83,981,289</b>	<b>83,847,978</b>	<b>85,909,789</b>	<b>89,880,130</b>	<b>83,228,803</b>	<b>88,274,987</b>	<b>95,089,529</b>	<b>94,867,569</b>	<b>97,004,695</b>	
<b>Vacancy &amp; Credit Loss</b>										
Vacancy Allowance	0	0	-183,078	-183,078	0	-367,324	-531,925	-396,049	-435,092	
Credit Loss	-314,887	-323,961	-367,350	-397,554	-379,906	-431,326	-501,466	-526,066	-566,818	
<b>Total Vacancy &amp; Credit Loss</b>	<b>-314,887</b>	<b>-323,961</b>	<b>-550,428</b>	<b>-580,633</b>	<b>-379,906</b>	<b>-798,649</b>	<b>-1,033,392</b>	<b>-922,115</b>	<b>-1,001,910</b>	
<b>Effective Gross Revenue</b>	<b>83,666,402</b>	<b>83,524,017</b>	<b>85,359,361</b>	<b>89,299,498</b>	<b>82,848,898</b>	<b>87,476,338</b>	<b>94,056,138</b>	<b>93,945,454</b>	<b>96,002,785</b>	
<b>Operating Expenses</b>										
Real Estate Taxes	13,111,169	13,504,504	13,909,639	14,326,928	14,756,736	15,199,438	15,655,421	16,125,084	16,608,837	
Insurance	790,476	814,190	838,616	863,774	889,688	916,378	943,870	972,186	1,001,351	
Electricity	2,107,935	2,171,173	2,236,308	2,303,397	2,372,499	2,443,674	2,516,985	2,592,494	2,670,269	
Gas	225,850	232,626	239,604	246,792	254,196	261,822	269,677	277,767	286,100	
Water/Sewer	112,925	116,313	119,802	123,396	127,098	130,911	134,838	138,884	143,050	
Payroll	2,597,277	2,675,195	2,755,451	2,838,115	2,923,258	3,010,956	3,101,285	3,194,323	3,290,153	
Repairs & Maintenance	1,580,951	1,628,380	1,677,231	1,727,548	1,779,374	1,832,756	1,887,738	1,944,370	2,002,701	
Cleaning	376,417	387,710	399,341	411,321	423,661	436,370	449,462	462,945	476,834	
Administrative & General	263,492	271,397	279,539	287,925	296,563	305,459	314,623	324,062	333,784	
Management	1,673,309	1,670,460	1,707,171	1,785,962	1,657,435	1,749,527	1,881,123	1,878,909	1,920,056	
<b>Total Operating Expenses</b>	<b>22,839,801</b>	<b>23,471,947</b>	<b>24,162,702</b>	<b>24,915,159</b>	<b>25,480,509</b>	<b>26,287,292</b>	<b>27,155,021</b>	<b>27,911,024</b>	<b>28,733,134</b>	
<b>Net Operating Income</b>	<b>60,826,602</b>	<b>60,052,071</b>	<b>61,196,658</b>	<b>64,384,338</b>	<b>57,368,389</b>	<b>61,189,046</b>	<b>66,901,116</b>	<b>66,034,430</b>	<b>67,269,650</b>	
<b>Leasing Costs</b>										
Tenant Improvements	1,376,396	4,228,807	1,656,228	0	7,286,730	975,835	446,186	1,941,227	0	
Leasing Commissions	458,432	1,386,780	525,815	0	3,727,349	335,910	149,189	1,400,741	0	
<b>Total Leasing Costs</b>	<b>1,834,828</b>	<b>5,615,587</b>	<b>2,182,043</b>	<b>0</b>	<b>11,014,080</b>	<b>1,311,745</b>	<b>595,375</b>	<b>3,341,968</b>	<b>0</b>	
<b>Capital Expenditures</b>										
Capital Reserves	130,916	134,844	138,889	143,056	147,348	151,768	156,321	161,011	165,841	
<b>Total Capital Expenditures</b>	<b>130,916</b>	<b>134,844</b>	<b>138,889</b>	<b>143,056</b>	<b>147,348</b>	<b>151,768</b>	<b>156,321</b>	<b>161,011</b>	<b>165,841</b>	
<b>Total Leasing &amp; Capital Costs</b>	<b>1,965,744</b>	<b>5,750,431</b>	<b>2,320,932</b>	<b>143,056</b>	<b>11,161,427</b>	<b>1,463,513</b>	<b>751,696</b>	<b>3,502,978</b>	<b>165,841</b>	
<b>Cash Flow Before Debt Service</b>	<b>58,860,857</b>	<b>54,301,639</b>	<b>58,875,726</b>	<b>64,241,282</b>	<b>46,206,962</b>	<b>59,725,532</b>	<b>66,149,421</b>	<b>62,531,451</b>	<b>67,103,809</b>	

## PRESENT VALUE SUMMARY

PRESENT VALUE REPORT					
Analysis	Period	Cash Flow	P.V. of Cash Flow @ 6.50%	P.V. of Cash Flow @ 7.00%	P.V. of Cash Flow @ 7.50%
<u>Period</u>	<u>Ending</u>	<u>Before Debt Service</u>			
Year 1	Dec-2024	58,879,502	55,285,917	55,027,572	54,771,630
Year 2	Dec-2025	54,320,205	47,891,913	47,445,371	47,005,045
Year 3	Dec-2026	58,894,005	48,755,348	48,075,051	47,407,352
Year 4	Dec-2027	64,259,561	49,950,441	49,023,311	48,117,593
Year 5	Dec-2028	46,225,498	33,739,105	32,958,141	32,198,770
Year 6	Dec-2029	59,743,878	40,944,518	39,809,869	38,711,734
Year 7	Dec-2030	66,153,713	42,570,325	41,197,208	39,874,475
Year 8	Dec-2031	62,531,335	37,783,383	36,393,806	35,061,459
Totals		471,007,697	356,920,951	349,930,329	343,148,057
Property Resale @ 5.50% Cap Rate		1,186,389,965	716,853,817	690,489,761	665,211,503
Total Unleveraged Present Value			1,073,774,768	1,040,420,090	1,008,359,560

## VALUE INDICATION FROM DISCOUNTED CASH FLOW

Our conclusion via the Discounted Cash Flow Method is as follows.

DISCOUNTED CASH FLOW METHOD VALUE CONCLUSION - AS IS		
Discount Rate (0.50% Spread)	Value	\$/SF
Based on Low-Range of 6.50%	\$1,073,774,768	\$1,426
Based on Most Probable Rate of 7.00%	\$1,040,420,090	\$1,382
Based on High-Range of 7.50%	\$1,008,359,560	\$1,339
<b>Reconciled Value</b>	<b>\$1,040,420,090</b>	<b>\$1,382</b>
<b>Rounded to nearest \$5,000,000</b>	<b>\$1,040,000,000</b>	<b>\$1,381</b>

## IMPLIED GOING IN CAPITALIZATION RATE

To test the reasonableness of our value opinion developed with the Discounted Cash Flow Method, we have analyzed "going in" capitalization rates indicated by the PricewaterhouseCoopers' and Real Estate Research Corporation's investment surveys, plus extracted rates from the direct comparables analyzed in the Sales Approach.

The discounted cash flow analysis produced an "as is" market value estimate of \$1,040,000,000 (rounded). The Year 1 NOI, as presented below, excludes the Vector Media Billboard Sign 1 & Sign 2 license payments, and Young & Rubicam "total loss" payments as they are not expected in perpetuity.

	DISCOUNTED CASH FLOW	
		Forecast
		Year 1
		<u>Dec-2024</u>
	<u>For the Years Ending</u>	
<b>Rental Revenue</b>		
Potential Base Rent	73,915,806	
Absorption & Turnover Vacancy	-2,599,359	
Free Rent	-904,356	
Scheduled Base Rent	<u>70,412,091</u>	
Total Rental Revenue	<u>70,412,091</u>	
<b>Other Tenant Revenue</b>		
Total Expense Recoveries	<u>7,769,048</u>	
Total Other Tenant Revenue	<u>7,769,048</u>	
Total Tenant Revenue	78,181,139	
<b>Other Revenue</b>		
Miscellaneous	<u>1,900,000</u>	
Total Other Revenue	<u>1,900,000</u>	
Potential Gross Revenue	<u>80,081,139</u>	
<b>Vacancy &amp; Credit Loss</b>		
Vacancy Allowance	0	
Credit Loss	<u>-314,887</u>	
Total Vacancy & Credit Loss	<u>-314,887</u>	
Effective Gross Revenue	<u>79,766,252</u>	
<b>Operating Expenses</b>		
Real Estate Taxes	13,111,169	
Insurance	790,476	
Electricity	2,107,935	
Gas	225,850	
Water/Sewer	112,925	
Payroll	2,597,277	
Repairs & Maintenance	1,580,951	
Cleaning	376,417	
Administrative & General	263,492	
Management	<u>1,673,309</u>	
Total Operating Expenses	<u>22,839,801</u>	
Net Operating Income	<u>56,926,451</u>	

Based on the year 1 NOI of 56,926,451 the implied going-in capitalization rate is 5.47%.

## MARKET DERIVATION

When adequate data is available, the overall rate is best derived from the comparable sales employed in the Sales Comparison Approach. The following table summarizes capitalization rates extracted from the comparable sales transactions.

MARKET DERIVED CAPITALIZATION RATE SUMMARY					
No.	Property / Location	Date of Sale	Year Built	Occup.	Capitalization Rate
1	20 Hudson Yards New York, NY	11/22/2023	2019	100%	---
2	450 Park Avenue New York, NY	06/24/2022	1972	82%	4.00%
3	441 9th Avenue New York, NY	12/20/2021	1962	75%	---
4	452 5th Avenue New York, NY	12/05/2021	1902	90%	---
5	51 West 52nd Street New York, NY	10/13/2021	1964	96%	5.01%
Additional Cap Rate Comparables					
1	126 East 56th Street New York, NY	04/04/2023	1982	80%	5.20%
2	40 Fulton Street New York, NY	12/21/2022	1987	95%	6.25%
3	635-641 Avenue of the Americas New York, NY	06/07/2021	1902	94%	5.50%
4	330 Madison Avenue New York, NY	02/27/2020	1972	96%	4.67%
5	540 Madison Avenue New York, NY	06/26/2019	1971	93%	4.50%
6	30 Hudson Yards New York, NY	06/13/2019	2019	100%	5.00%
<hr/>					
Low					
High					
Median					
Average					
<hr/>					
Appraiser's Concluded Range					
<hr/>					

The sales above indicate a wide range of capitalization rates from 4.00% to 6.25% with an average of 5.02%. We note that the sales occurred prior to a series of rate hikes carried out by the Federal Reserve. Hence, we would anticipate a cap rate at or above that of the comparable sales. Based on the data available and the analyses presented, the subject warrants a capitalization rate between 5.00% - 6.00%.

## INVESTOR SURVEYS

INVESTOR SURVEYS		
Survey/Investment Type	OAR Range	Average
PwC Real Estate Investor Survey (4Q23)		
CBD Office	4.50% - 10.00%	6.78%
Strip Center	5.25% - 10.00%	7.50%
Manhattan Office Market	5.50% - 9.50%	7.08%
Situs RERC Real Estate Report (3Q23)		
CBD Office	5.80% - 8.50%	6.80%
Neigh/Community	5.50% - 7.80%	6.40%
New York First Tier CBD Office		6.40%
RealtyRates.com Investor Survey (4Q23)		
CBD	6.58% - 13.24%	9.40%
Retail	5.83% - 14.13%	9.77%
<b>Indicated OAR:</b>	<b>4.50% - 14.13%</b>	<b>7.52%</b>

The Investor Surveys are a secondary consideration in our selection of the cap rate.

## BAND OF INVESTMENT

The band of investment calculation is summarized in the following table.

BAND OF INVESTMENT	
Loan Parameters	
Loan-to-Value (LTV)	75%
Amortization Period (yrs)	25
Interest Rate	7.00%
Mortgage Constant	0.08481
Equity Dividend Rate	6.00%
Calculation	
0.75 LTV x 0.08481	Mortgage Constant = 0.06361
0.25 Equity x 0.06000	Equity Dividend Rate = 0.01500
<b>Capitalization Rate</b>	
<b>7.86%</b>	

## CAPITALIZATION RATE SUMMARY AND CONCLUSIONS

The capitalization rates derived from the various techniques are summarized in the following table.

SUMMARY CAPITALIZATION RATE AND CONCLUSION	
Method	Capitalization Rate
Market Extraction	5.00% - 6.00%
Investor Surveys	7.52%
Band of Investment	7.86%
<b>Primary Weight</b>	<b>Market Extraction</b>
<b>Secondary Weight</b>	<b>Investor Surveys</b>
<b>Implied Going-In Capitalization Rate</b>	<b>5.47%</b>

Typically, most weight is placed on the rates derived from sources most closely associated with the subject's immediate market, that is, comparable sales, particularly if the comparable sales have a similar risk profile to the subject property. We note that the primarily influencing factors are consistent with those highlighted in our analysis of the required yield, whereby a lower capitalization rate is associated with growth and nominal risk. Further, well-located and strongly tenanted assets typically garner more demand, a fact which on its own will drive down returns. In this regard, we see that the range of local sales is clustered slightly below and toward the lower end of the national indication. The implied going-in capitalization rate of 5.47% is near the middle of the range of competitive assets, which is considered reasonable. Thus, our opinion of value offers a reasonably competitive return.

**VALUE VIA THE INCOME APPROACH****DECEMBER 31, 2023****\$1,040,000,000**

# SALES COMPARISON APPROACH

## METHODOLOGY

In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold properties in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

<b>Unit of Comparison</b>	A unit of comparison (i.e. price per square foot, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
<b>Search for Sales</b>	Research must be done to locate comparable sales, listings and contracts of properties that are similar to the subject. Similarities may include property type, size, physical condition, location and the date of the sale.
<b>Confirmation</b>	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
<b>Comparison</b>	Each of the improved sales that is chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
<b>Reconciliation</b>	Once the comparables have been adjusted, a value must be concluded based on the indications produced from the analysis of the comparables.

## UNITS OF COMPARISON

UNITS OF MEASURE	
X	1. <b>Per Square Foot of Net Rentable Area:</b> For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of the corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area.
	2. <b>Per Square Foot of Usable Area:</b> The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
	3. <b>Per Square foot of Gross Leasable Area:</b> Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.
	4. <b>Per Square Foot of Gross Building Area:</b> Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.
	5. <b>Per Unit:</b> Total number of dwelling units in the property. Typically used for apartment properties.

## SALE OF THE SUBJECT PROPERTY

According to public records, Lots 1001-1010 and 1012-1021 (all but the 3rd through 8th floors) are owned by Devash LLC who acquired the asset in 2000. In August 2018 the Moinian Group purchased S. L. Green's 48.9% interest in these tax lots based on a property value of \$820,000,000 as reported by the client. Public records do not indicate a purchase price although news sources report proceeds of \$233 million (after debt) to S.L. Green.

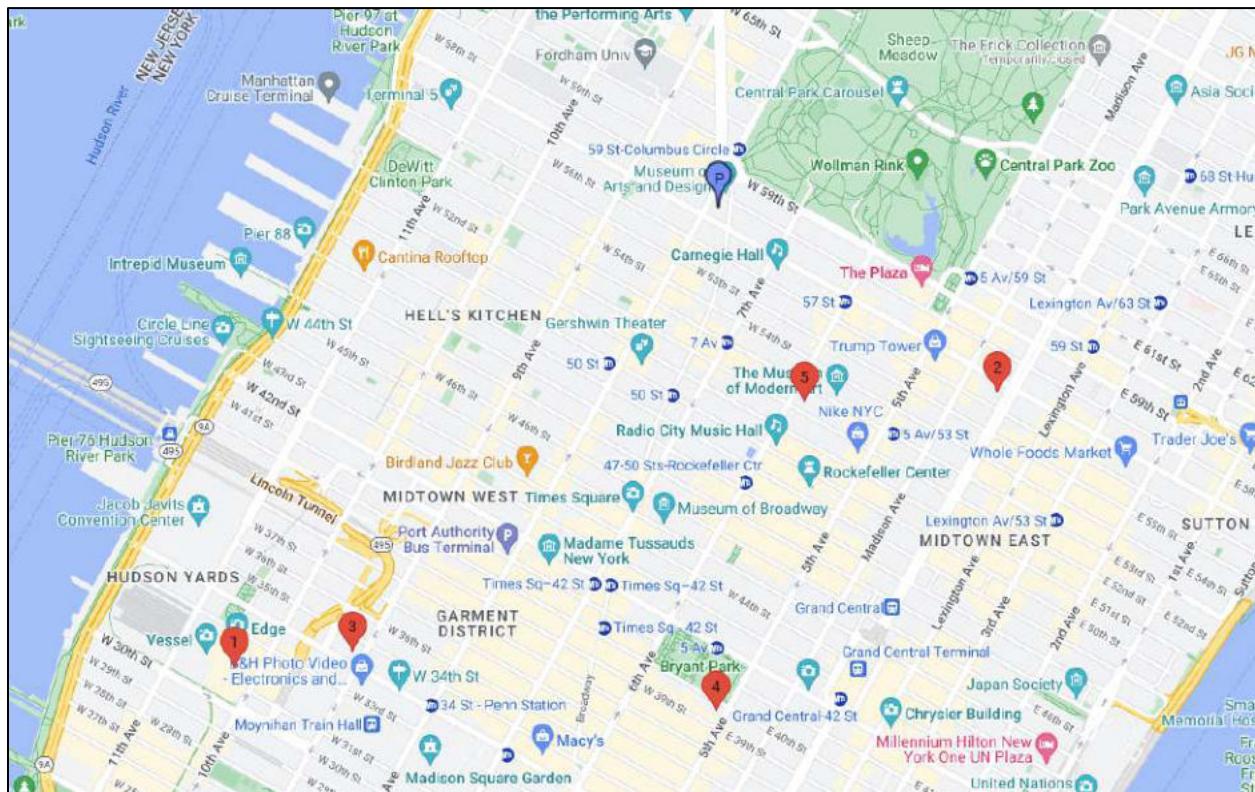
On March 12, 2019, the Moinian Group (3 Columbus Circle LLC) purchased Lot 1011 (Floors 3-8) from Young & Rubicam (285-3CC, LLC) who then leased back their space for a recorded consideration of \$215,600,000. Adding the purchase price to the previous valuation of \$820,000,000 totals \$1,035,600,000 which is within 0.5% of our current valuation of \$1,040,000,000. The slight increase is reasonable given market conditions and that very little vacancy remains.

To the best of our knowledge, there have been no other transfers of ownership in the previous three years, and we are unaware of any bids, offers, or options to purchase this asset.

## COMPARABLE IMPROVED SALES

The onset of the COVID-19 pandemic in 2020 and lasting effects through 2021, along with the Fed's hikes of the federal funds rate throughout 2022 and 2023 have substantially diminished the sales velocity of all asset classes. Due to the exemplified paucity of recent sales of large, trophy office assets in the immediate area, our search was expanded to include sales of similar properties in surrounding neighboring markets. We have therefore presented a Sales Comparison Approach for support purposes. On the following pages, we present a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process.

## COMPARABLE IMPROVED SALES MAP



## COMPARABLE IMPROVED SALES SUMMARY

SUMMARY OF IMPROVED SALES												
Comp No.	Property / Location	Property Use	Date of Sale	Transaction Status	Property Rights	Year Built / Renovated	Bldg. Size (SF Net)	Occup.	Sale Price	\$/SF	NOI PSF	Overall Rate
1	20 Hudson Yards New York, NY	Condominium	Nov-23	Closed	Fee Simple	2019	328,500	100%	\$550,000,000	\$1,674	----	----
2	450 Park Avenue New York, NY	Professional Office	Jun-22	Closed	Leased Fee	1972 / 1989	337,000	82%	\$445,000,000	\$1,320	\$52.82	4.00%
3	441 9th Avenue New York, NY	Condominium	Dec-21	Closed	Leased Fee	1962 / 2017	697,958	75%	\$1,033,000,000	\$1,480	----	----
4	452 5th Avenue New York, NY	Professional Office	Dec-21	Closed	Leased Fee	1902 / 2013	865,000	90%	\$855,000,000	\$988	----	----
5	51 West 52nd Street New York, NY	Professional Office	Oct-21	Closed	Leased Fee	1964 / 2017	878,260	96%	\$760,000,000	\$865	\$43.35	5.01%
Subj.	3 Columbus Circle New York, New York	-----	-----	-----	Leased Fee	1927 / 2011	752,834	96%	-----	-----	\$80.80	-----

## COMPARABLE IMPROVED SALES ADJUSTMENT GRID

COMPARABLE SALE SUMMARIES AND ADJUSTMENTS							
Property / Location	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	
Property / Location	3 Columbus Circle New York, New York	20 Hudson Yards New York, NY	450 Park Avenue New York, NY	441 9th Avenue New York, NY	452 5th Avenue New York, NY	51 West 52nd Street New York, NY	
Transaction Status	----	Closed	Closed	Closed	Closed	Closed	
Date of Sale	-----	Nov-23	Jun-22	Dec-21	Dec-21	Oct-21	
Bldg. Size (SF Net)	752,834	328,500	337,000	697,958	865,000	878,260	
Occup.	96%	100%	82%	75%	90%	96%	
Sale Price	-----	\$550,000,000	\$445,000,000	\$1,033,000,000	\$855,000,000	\$760,000,000	
NOI PSF	\$80.80	-----	\$52.82	-----	-----	\$43.35	
Overall Rate	-----	-----	4.00%	-----	-----	5.01%	
Unadjusted Price per SF (Net)	-----	\$1,674	\$1,320	\$1,480	\$988	\$865	
Transactional Adjustments							
Property Rights Conveyed	<i>Leased Fee</i>	<i>Fee Simple</i>	<i>Leased Fee</i>	<i>Leased Fee</i>	<i>Leased Fee</i>	<i>Leased Fee</i>	
Adjustment	-----	0%	-5%	0%	-5%	-5%	
Financing	<i>Assumed Cash</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
Adjustment	-----	0%	0%	0%	0%	0%	
Terms/Conditions of Sale	<i>Arm's Length</i>	<i>Arm's Length</i>	<i>Arm's Length</i>	<i>Arm's Length</i>	<i>Arm's Length</i>	<i>Arm's Length</i>	
Adjustment	-----	0%	0%	0%	0%	0%	
Expenditures After Sale	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>	
Adjustment	-----	0%	0%	0%	0%	0%	
Market Conditions	<i>Current</i>	Nov-23	Jun-22	Dec-21	Dec-21	Oct-21	
Adjustment	-----	0%	-10%	-10%	-10%	-10%	
Total Transactional Adjustments	-----	0%	-15%	-10%	-15%	-15%	
Adjusted Price per SF (Net)	-----	\$1,674	\$1,129	\$1,332	\$845	\$740	
Property Adjustments							
Location	<i>Columbus Circle</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	
-----	752,834	0%	0%	0%	0%	0%	
Property Size SF (Net)	-----	328,500	337,000	697,958	865,000	878,260	
Condition	<i>Good/Excellent</i>	<i>Superior</i>	<i>Similar</i>	<i>Superior</i>	<i>Similar</i>	<i>Superior</i>	
-----	-----	-5%	0%	-5%	0%	-5%	
Quality	<i>Good/Excellent</i>	<i>Similar</i>	<i>Superior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Similar</i>	
-----	-----	0%	-10%	-10%	10%	0%	
NOI/SF (Net)	\$80.80	-----	\$52.82	-----	-----	\$43.35	
Economics / Tenancy	-----	0%	26%	0%	0%	43%	
Occupancy	96.0%	100.0%	82.0%	75.0%	90.0%	96.0%	
Total Property Adjustments	-----	-15%	16%	0%	15%	38%	
Indication for Subject	-----	\$1,423	\$1,310	\$1,332	\$972	\$1,021	

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$865	\$972
Maximum	\$1,674	\$1,423
Average	\$1,266	\$1,212
Median	\$1,320	\$1,310
Standard Deviation	\$301	\$180

## **ADJUSTMENT PROCESS**

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

## **DISCUSSION OF ADJUSTMENTS**

### **TRANSACTIONAL ADJUSTMENTS**

#### **PROPERTY RIGHTS CONVEYED**

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price. The subject's interest appraised is the unencumbered leased fee interest of a condo.

Comparable No. 2, No. 4, and No. 5 are sales of unencumbered sales of office buildings, which generally trade at a premium to condos, and were adjusted downward 5%.

#### **FINANCING TERMS**

This category accounts for differences in financing terms associated with the transaction. Financing arrangements that may require an adjustment include mortgage assumptions (at favorable interest rates), seller buydowns, installment sales, wrap-around loans, or any other atypical financing arrangements that do not represent cash-equivalent terms.

All of the comparables were considered similar to the subject, and no adjustments were required for this category.

#### **TERMS/CONDITIONS OF SALE**

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. This may include such factors as seller distress (short sale, REO, auction) or buyer motivation (assemblage, etc.). In some situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein to account for any disparity between asking prices and the achievable sale price anticipated.

All of the comparables were considered similar to the subject, and no adjustments were required for this category.

#### **EXPENDITURES IMMEDIATELY AFTER SALE**

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

All of the comparables were considered similar to the subject, and no adjustments were required for this category.

## MARKET CONDITIONS

This time-adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates.

Market fundamentals have dramatically deteriorated since the Fed began its tightening cycle in the early portion of 2022. For sales which occurred prior to July 2022, a downward adjustment of 10% has been utilized to account for the mark to market of interest rate policy. Similarly, sales that occurred between July 2022 and December 2022 received a downward adjustment of 10% and sales that occurred between January 2023 and May 2023 received a downward adjustment of 5%. The adjustments were made according to the following table.

MARKET CONDITIONS ADJUSTMENT ANALYSIS		
Sale No.	Date of Sale	Adjustment to December 2023
1	Nov-23	0%
2	Jun-22	-10%
3	Dec-21	-10%
4	Dec-21	-10%
5	Oct-21	-10%

## SUMMARY OF TRANSACTIONAL ADJUSTMENTS

All of the comparables were considered similar to the subject, and no adjustments were required for this category.

## PROPERTY ADJUSTMENTS

### LOCATION

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

All of the comparables were considered similar to the subject, and no adjustments were required for this category.

### PROPERTY SIZE SF (NET)

Normally, all other characteristics being equal, the unit value of a property is affected by its size. Building size and price per square foot typically have an inverse relationship. Larger buildings tend to achieve lower pricing on a per-unit basis due to their economies of scale, and smaller pool of prospective buyers.

Comparable No. 1 and No. 2 are smaller and received a downward adjustment of 10%.

### CONDITION

Older properties that have been well maintained could be considered to be in better condition than newer properties that have not been well maintained or that have incurred deferred maintenance.

Comparable No. 1, No. 3 and No. 5 were renovated and/or constructed more recently and received a downward adjustment of 5%.

## QUALITY

Quality adjustments reflect differences in the quality and durability of construction materials, design, building classification, finish-out, et cetera.

Comparable No. 1 is LEED Gold certified and has superior overall buildout and received a downward adjustment of 10%. Comparable No. 3 is LEED Platinum certified and has superior exterior finishes, warranting a downward adjustment of 10%. Comparable No. 5 is LEED Gold certified but has inferior exterior finishes and received an upward adjustment of 10%.

## ECONOMICS/TENANCY

The quality of a property's tenancy at time of sale for investment properties plays a substantial role in a property's sale price, as properties with credit-worthy tenants generally command premiums as compared to properties with risky or local tenants. The absolute variance is discounted 50% to avoid double counting and the adjustments were made according to the following table:

LOCATION/INCOME ADJUSTMENT ANALYSIS			
Sale No.	Comp NOI (\$/SF)	Subject NOI (\$/SF)	Variance (50% Discount)
1	-----	\$80.80	0%
2	\$52.82	\$80.80	26%
3	-----	\$80.80	0%
4	-----	\$80.80	0%
5	\$43.35	\$80.80	43%

## OCCUPANCY

All other factors being equal, properties that exhibit higher occupancy command premiums over those with lower occupancy ratios.

Comparable No. 2 was below stabilized occupancy at the time of sale and received an upward adjustment of 10%. Comparable No. 3 was below stabilized occupancy at the time of sale and received an upward adjustment of 15%.

## SALES COMPARISON APPROACH CONCLUSION

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$865	\$972
Maximum	\$1,674	\$1,423
Average	\$1,266	\$1,212
Median	\$1,320	\$1,310
Standard Deviation	\$301	\$180

The indicated unadjusted range of the comparable sales is from \$865 to \$1,674 per square foot, with an average of \$1,266 per square foot. Based on the unadjusted unit prices, the standard deviation is \$301. After adjustments, the comparable sales exhibited a range between \$972 and \$1,423 with an average of \$1,212 per square foot. After adjustments, the standard deviation declined to \$180, which indicates a tightening of the unit prices relative to the mean and provides a higher degree of confidence in the adjustments applied. Primary weight was placed on comparable No. 1 as it is the most recently closed sale and No. 3 as it received the least overall adjustments. Based on the data available and the analyses presented, the indicated value of the subject property by the Sales Comparison Approach is \$1,370 per square foot, calculated in the following table.

The PV of the remaining payments for Young & Rubicam and Vector Media is calculated below and added below-the-line:

PV OF VECTOR MEDIA BILLBOARD & YOUNG & RUBICAM PAYMENTS											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	NPV (7.00% IRR)
Vector Media Billboard Sign 1	\$1,653,750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,545,561
Vector Media Billboard Sign 2	\$1,137,500	\$1,137,500	\$1,137,500	\$1,137,500	\$464,785	\$0	\$0	\$0	\$0	\$0	\$4,184,338
Young & Rubicam	\$445,359	\$412,041	\$378,223	\$343,898	\$381,212	\$446,866	\$410,973	\$374,542	\$337,564	\$176,323	\$2,663,948
<b>Subtotal</b>											\$8,393,846
<b>Rounded (Nearest \$100,000)</b>											<b>\$8,400,000</b>

Our conclusion via the Sales Comparison Approach is as follows.

SALES COMPARISON APPROACH VALUE CONCLUSION	
Indicated Value per SF	\$1,370
per SF (Net)	x 752,834
<b>Indicated Value</b>	<b>\$1,031,382,580</b>
Plus: PV of Vector Media Billboard & Young & Rubicam Payments	\$8,400,000
<b>Reconciled As Is Value</b>	<b>\$1,039,782,580</b>
<b>Rounded to nearest \$5,000,000</b>	<b>\$1,040,000,000</b>
<b>Per SF (Net)</b>	<b>\$1,381</b>

# RECONCILIATION AND FINAL VALUE

## SUMMARY OF VALUE INDICATIONS

VALUE INDICATIONS			
As Is as of December 31, 2023			
<b>Cost Approach</b>	Not Developed		
<b>Land Value</b>	Not Developed		
<b>Sales Comparison Approach</b>	\$1,040,000,000	\$1,381	Per Square Foot (NRA)
<b>Income Capitalization Approach</b>			
<b>Discounted Cash Flow</b>	\$1,040,000,000	\$1,381	Per Square Foot (NRA)
<b>Approach Reliance</b>	DCF		
<b>Value Conclusion - As Is</b>	<b>\$1,040,000,000</b>	<b>\$1,381</b>	<b>Per Square Foot (NRA)</b>
<b>Exposure Time (Months)</b>	12 Months		
<b>Marketing Time (Months)</b>	12 Months		

## MARKET VALUE - VALUATION RELIANCE

**The Cost Approach** is traditionally a good indicator of value when properties being appraised are new or close to new. The subject improvements were constructed beginning in 1927 and renovated in 2011 and suffer from accrued physical depreciation as a result of age and normal wear. The improvements also suffer from functional obsolescence due to inadequacies in design that are less than current market standards. Difficulty in estimating all forms of accrued depreciation limits the reliability of this Approach. Further, investors in the subject market do not typically use the cost approach for income producing properties as an indication of value as it does not consider the value of the leases. The Cost Approach, therefore, has not been utilized in this report.

**The Income Capitalization Approach** is considered to be a good indicator of value when market rents, stabilized expenses, capitalization rates, discount rates and vacancy rates are based on reliable market data. For our analysis, income and expenses were derived from actual and market figures and were considered reliable. Vacancy rates were based on a neighborhood survey and were considered to be reflective of market demand for the subject property. The capitalization and discount rates were derived from reliable market surveys of investor criteria. There was a significant quantity of quality data available for the development of this approach. The subject is operating at stabilized occupancy and is leased to a diverse set of high-quality tenants with substantial tenure.

**The Sales Comparison Approach** is considered a reliable indicator of value when few differences exist between the sales and the subject, and the sales data collected is considered to be reliable and accurate. The sales used to estimate the value of the subject property were considered to be comparable in most respects, although adjustments were required. The difficulty in measuring the differentiation between tenant quality, paired with the paucity of sales of large, Class A mixed-use assets like the subject limits the reliability of this approach. Overall, the indicated value estimate by this Approach is considered to be a good indicator and is given secondary weight in the final value estimate.

Overall, the Income Approach is considered a better indicator of value than the Sales Comparison Approach. The value indicated by the Income Approach is a reflection of a prudent investor's analysis of an income-producing property. Since the subject property is income-producing by nature, an analysis of income, expenses, overall capitalization rates and yield rates is considered to be an appropriate method. The presence of long-term leased space to high-quality Class-A tenants in the subject increases the need to analyze income as it relates to value. In the

case of the subject, the Sales Comparison Approach values were similar to the Income Approach values and, therefore, provide secondary support

## FINAL OPINION OF VALUE

Based on the inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion.

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Fair Value - As Is	Leased Fee	December 31, 2023	\$1,040,000,000

## MARKETING TIME AND EXPOSURE TIME

Financing for stabilized properties like the subject purchased for investment purposes is readily available and at favorable borrowing rates. Therefore, we believe it would sell within 12 months at the appraised market value.

The exposure time is also estimated at less than twelve months; however, it could be slightly longer than the marketing time depending on any improvement in the market.

# CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of New York.
9. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Jon DiPietra, MAI has and Scott Silverman, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
12. Jon DiPietra, MAI has not and Scott Silverman, MAI has made a follow-up exterior inspection of the property that is the subject of this report on December 20, 2023.
13. Rose Segan, and Bron Seaman provided significant real property appraisal assistance to the person signing this certification in the form of market research and report writing.
14. Jon DiPietra, MAI has and Scott Silverman, MAI has previously appraised the property that is the subject of this report in January 2023 with a date of value of December 2022 for \$1,100,000,000; in January 2022 with a date of value of December 2021 for \$1,150,000,000; in January 2021 with a date of value of December 2020 for \$1,100,000,000.

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# STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that the Appraiser may comment on, analyze, or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
  - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
  - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
  - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
  - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
  - e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.

- f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in 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 noncompliance with the requirements of ADA was not considered in estimating the value of the property.
  - g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
  - h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
  - i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
  - j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
  - k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
  - l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
  - m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment

- records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
  - 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
  - 5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
  - 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
  - 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
  - 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
  - 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
  - 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
  - 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that

may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.

- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

## Overview

### BBG OVERVIEW

BBG is one of the nation's largest real estate due diligence firms with more than 45 offices across the country serving more than 3,000 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

### THE BBG DIFFERENCE

**National Footprint.** BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

**Customer-focused Growth.** BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

**Qualified Team.** Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

**Unbiased Independence.** By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

**Innovative Technology.** BBG has made significant analytics and IT investments to continually improve our data and report quality.

### SERVICES

#### Valuation

- + Single Asset Valuation
- + Portfolio Valuation
- + Institutional Asset Valuation
- + Appraisal Review
- + Appraisal Management
- + Lease and Cost Analysis
- + Insurance Valuation
- + Arbitration & Consulting
- + Feasibility Studies
- + Highest and Best Use Studies
- + Evaluation
- + Investment analysis
- + Tax appeals
- + Litigation Support
- + Manufactured Housing and Campgrounds

#### Advisory

- + ASC 805 Business combinations
- + ASC 840 Leases
- + Purchase Price Allocations
- + Portfolio Valuations for reporting net asset values (NAV)
- + Public and non-traded REIT valuations
- + Valuations for litigation and litigation support
- + Sale-leaseback valuation analysis
- + Valuations for bankruptcy/fresh start accounting
- + Cost segregation analysis

#### Assessment

- + Environmental due diligence
- + Property condition consulting
- + Small loan services
- + Energy consulting
- + Environmental consulting
- + Zoning
- + ALTA Surveys

## Valuation + Assessment

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## GLOSSARY

**Appraisal:** (noun) the act or process of developing an opinion of value; an opinion of value. (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.<sup>7</sup>

**Appraisal Practice:** valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.<sup>7</sup>

**Appraisal Review:** (noun) the act or process of developing an opinion about the quality of another appraiser's work (i.e., a report, part of a report, a workfile, or some combination of these), that was performed as part of an appraisal or appraisal review assignment; (adjective) of or pertaining to an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.<sup>7</sup>

**Appraiser:** one who is expected to perform valuation services competently and in a manner that is independent, impartial and objective.<sup>7</sup>

**Appraiser's Peers:** other appraisers who have expertise and competency in a similar type of assignment.<sup>7</sup>

**Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.<sup>1</sup>

**Asset:**

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

**Asset:** A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.<sup>2</sup>

**Assignment:** a valuation service that is provided by an appraiser as a consequence of an agreement with a client.<sup>7</sup>

**Assignment Conditions:** Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulation, jurisdictional exceptions, and other conditions that affect the scope of work.<sup>7</sup>

**Assignment Elements:** Specific information needed to identify the appraisal or appraisal review problem: client and any other intended users, intended use of the appraiser's opinions and conclusions, type and definition of value; effective date of the appraiser's opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions.<sup>7</sup>

**Assignment Results:** An appraiser's opinions or conclusions, not limited to value, that were developed when performing an appraisal assignment, an appraisal review assignment, or a valuation service other than an appraisal or appraisal review.<sup>7</sup>

**Bias:** a preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an assignment.<sup>7</sup>

**Business Enterprise:** an entity pursuing an economic activity.<sup>7</sup>

**Business Equity:** the interests, benefits, and rights inherent in the ownership of a business enterprise or a part thereof in any form (including, but not necessarily limited to, capital stock, partnership interests, cooperatives, sole proprietorships, options, and warrants).<sup>7</sup>

**Capital Expenditure:** Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. Also referred to as Cap Ex.<sup>1</sup>

**Cash Equivalency Analysis:** An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.<sup>1</sup>

**Client:** the party or parties (i.e., individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.<sup>7</sup>

**Condominium Ownership:** A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real estate.<sup>1</sup>

**Confidential Information:**

**1:** information that is either:

- Identified by the client as confidential when providing it to a valuer and that is not available from any other source, or
- Classified as confidential or private by applicable law or regulation.

**2:** Information that is either

- Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- Classified as confidential or private by applicable law or regulation \*
- NOTICE: For example, pursuant to the passage of the Gramm-Leach-Bliley Act in November 1999, some public agencies have adopted privacy regulations that affect appraisers. The Federal Trade Commission (FTC) issued two rules. The first rule (16 CFR 313) focuses on the protection of "non-public personal information" provided by consumers to those involved in financial activities "found to be closely related to banking or usual in connection with the transaction of banking." These activities include "appraising real or personal property." The second rule (16 CFR 314) requires appraisers to safeguard customer non-public personal information. Significant liability exists for appraisers should they fail to comply with these FTC rules.<sup>7</sup>

**Cost:** the actual or estimated amount required to create, reproduce, replace or obtain a property.<sup>7</sup>

**Cost Approach:** A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.<sup>1</sup>

**Credible:** worthy of belief.<sup>7</sup>

**Deferred Maintenance:** Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.<sup>1</sup>

**Disposition Value:** The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.<sup>1</sup>

**Economic Life:** The period over which improvements to real estate contribute to property value.<sup>1</sup>

**Effective Date:** the date to which the appraiser's analysis, opinions and conclusions apply, also referred to as date of value.<sup>7</sup>

**Effective Gross Income Multiplier (EGIM):** The ratio between the sale price (or value) of a property and its effective gross income.<sup>1</sup>

**Effective Rent:** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.<sup>1</sup>

**Exposure Time:** an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effect date of the appraisal.<sup>7</sup>

**Extraordinary Assumption:** an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.<sup>7</sup>

**Fair Market Value:**

1. In nontechnical usage, a term that is equivalent to the contemporary usage of market value.
2. As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. For example, one definition of *fair market value* provided by the Internal Revenue Service for certain purposes is as follows: The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includable in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate. (IRS Regulation §20.2031-1)<sup>1</sup>

**Fair Share:**

1. A share of a fund or deposit that is divided or distributed proportionately.
2. A share of a burden or obligation that is divided proportionately; e.g., a tenant in a multitenant building or development may be required to pay a pro rata share of the building's operating expenses based on the number of square feet the tenant occupies. In a shopping center, the tenant's share of operating costs is often stated as a fraction, with the gross leasable area of the tenant's premises as the numerator and the gross leasable area or gross leased area of the entire shopping center as the denominator.
3. The share of a trade area that a retail facility is likely to capture; assumes that capture is a function of property size as a proportion of the overall inventory of competitive space in the trade area, i.e., that the facility captures a "fair share" of the trade area.<sup>1</sup>

**Fair Value:**

1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).<sup>1</sup>
3. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.<sup>2</sup>

**Feasibility Analysis:** a study of the cost benefit relationship of an economic endeavor.<sup>1</sup>

**Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>1</sup>

**Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.<sup>1</sup>

**Going Concern:**

1. An established and operating business having an indefinite future life.
2. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.<sup>1</sup>

**Gross Building Area (GBA):**

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.<sup>1</sup>

**Highest and Best Use:**

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS).
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)<sup>1</sup>

**Hypothetical Condition:** a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.<sup>7</sup>

**Income Capitalization Approach:** Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.<sup>1</sup>

**Inspection:** Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector.<sup>1</sup>

**Insurable Value:** A type of value for insurance purposes.<sup>1</sup>

**Intangible Property (intangible Assets):** Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.<sup>7</sup>

**Intended Use:** the user(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.<sup>7</sup>

**Intended User:** the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.<sup>7</sup>

**Internal Rate of Return ("IRR"):** The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y).<sup>1</sup>

**Investment Value:** 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS)<sup>1</sup>

**Jurisdictional Exception:** an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.<sup>7</sup>

**Leasehold Interest:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.<sup>1</sup>

**Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.<sup>1</sup>

**Liquidation Value:** The most probable price that a specified interest in real

property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.<sup>1</sup>

**Load Factor:** A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of usable area from the rentable area and then dividing the difference by the usable area:<sup>1</sup>

Load Factor =

$$\frac{(\text{Rentable Area} - \text{Useable Area})}{\text{Useable Area}}$$

**Market Value:** a type of value stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraiser as applicable in an appraisal.

**Market Value "As If Complete" On The Appraisal Date:** Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

**Market Value "As Is" On The Appraisal Date:** Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

**Market Value of the Total Assets of the Business:** The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future.<sup>4</sup>

**Marketing Time:** An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.).<sup>3</sup>

**Mass Appraisal:** the process of valuing a universe of properties as of a given date using standard methodology, employing common data and allowing for statistical testing.<sup>7</sup>

**Mass Appraisal Model:** a mathematical expression of how supply and demand factors interact in a market.<sup>7</sup>

**Misleading:** intentionally or unintentionally misrepresenting, misstating or concealing relevant facts or conclusions.<sup>7</sup>

**Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also lease.<sup>1</sup>

**Net Rentable Area (NRA):** 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.<sup>5</sup>

**Penetration Ratio (Rate):** The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.<sup>1</sup>

**Personal Inspection:** a physical observation performed to assist in identifying relevant property characteristics in a valuation service.<sup>7</sup>

**Personal Property:** any tangible or intangible article that is subject to ownership and not classified as real property, including identifiable tangible objects that are considered by the general public as being "personal", such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails or designs for digital tokens.<sup>7</sup>

**Physical Characteristics:** attributes of a property that are observable or measurable as a matter of fact, as distinguished from opinions and conclusions, which are the result of some level of analysis or judgement.<sup>7</sup>

**Price:** the amount asked, offered or paid for a property.<sup>7</sup>

**Prospective opinion of value.** A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.<sup>1</sup>

**Real Estate:** an identified parcel or tract of land, including improvements, if any.<sup>7</sup>

**Real Property:** the interests, benefits and rights inherent in the ownership of real estate.<sup>7</sup>

**Reconciliation:** A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value.<sup>1</sup>

**Relevant Characteristics:** features that may affect a property's value or marketability such as legal, economic or physical characteristics.<sup>7</sup>

**Reliable Measurement:** [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.<sup>2</sup>

**Remaining Economic Life:** The estimated period over which existing improvements are expected to contribute eco-nomically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.<sup>1</sup>

**Replacement Cost:** The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.<sup>1</sup>

**Report:** any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment.<sup>7</sup>

**Retrospective Value Opinion:** A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."<sup>1</sup>

**Sales Comparison Approach:** The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of

comparable sales is available.<sup>1</sup>

**Scope of Work:** the type and extent of research and analyses in an appraisal or appraisal review assignment.<sup>7</sup>

**Signature:** personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses and the conclusions in the report.<sup>7</sup>

**Stabilized value:** A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

**Substitution:** The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.<sup>3</sup>

**Total Assets of a Business:** Total assets of a business is defined by the Appraisal Institute as “the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit).”

**Use Value:**

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually.<sup>1</sup>

**Valuation Service:** a service pertaining to an aspect of property value, regardless of the type of service and whether it is performed by appraisers or by others.<sup>7</sup>

**Value:** the monetary relationship between properties and those who buy and sell, or use those properties, expressed as an opinion of the worth of a property at a given time.<sup>7</sup>

**Workfile:** data, information and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP.<sup>7</sup>

<sup>1</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). <sup>2</sup>Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser*, IFRS Website, [www.ifrs-ebooks.com/index.html](http://www.ifrs-ebooks.com/index.html). <sup>3</sup>Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). <sup>4</sup> This definition is taken from “Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon,” *Journal of Real Estate Appraisal*, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. <sup>5</sup>Financial Publishing Company, *The Real Estate Dictionary*, 7 ed. <sup>6</sup> U.S. Treasury Regulations. <sup>7</sup>USPAP 2020-2021

## LETTER OF ENGAGEMENT



December 6, 2023

Mr. Yaron Babila  
Moinian Group  
3 Columbus Circle, 26th Floor  
New York, NY 10019  
212-808-4000  
ybabilia@moiniangroup.com

RE: 535-545 Fifth Avenue  
572-580 Eleventh Avenue  
123 Linden Boulevard, Brooklyn  
245 Fifth Avenue  
1428 Fulton Street, Brooklyn  
3 Columbus Circle

123 Washington Street  
90 Washington Street  
Gramercy Portfolio  
72 Madison Avenue  
650 N.E. 2<sup>nd</sup> Avenue, Miami

Dear Mr. Babila:

We are pleased to submit this proposal and our terms and conditions for the appraisal of the above-referenced real estate.

## PROPOSAL SPECIFICATIONS

**Valuation Premise:**

Provide an updated opinion of value of each referenced property as of December 31, 2023 in individual reports.

**Property Rights Appraised:**

Leased fee interest

**Intended Use:**

Asset valuation for proposed financing in preparation of IFRS financial statements in connection with a potential TASE offering.

**Intended Users:**

Moinian Group

**Scope of Work:**

The appraisals will include any approach to value that is applicable and necessary to the assignment.

**Appraisal Standards:**

Uniform Standards of Professional Appraisal Practice (USPAP) and Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.

**Fee:**

\$108,000

**Payment Terms:**

Full payment is due upon delivery of the final reports or within 30 days of your receipt of our draft reports, whichever is sooner. If draft reports are requested, the full fee is considered earned upon delivery of our draft report. BBG will look to Moinian Group for payment of our fee.

December 6, 2023

Page 2 of 7

**Report Copies:**

PDF delivery of draft and/or final reports. Hard copies will be furnished upon request.

**Delivery Date:**

Delivery of the appraisal conclusions and/or reports will be during early January 2023, pending timely receipt of your written authorization to proceed and any necessary data.

**Acceptance Date:**

Date of execution

The attached terms and conditions of the engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contract or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by BBG, Inc. and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such terms and conditions of the engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgement and acceptance of the terms and conditions of the engagement, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

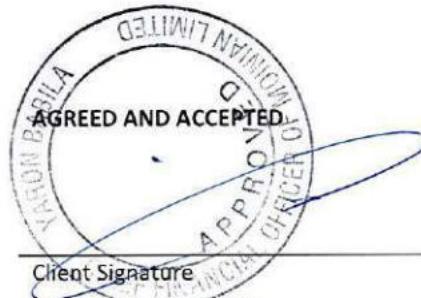
Client acknowledges and agrees that BBG may anonymize all property and operational information ("Client Data") provided and aggregate with other anonymized data from other clients and/or other sources and use such aggregated anonymized client data in existing or future BBG product offerings. BBG shall process the client data in a manner that renders the form and source of the client data unidentifiable to any other client or third party.

Thank you for the opportunity to quote this deal. Please let me know if you need pricing on a Phase I, PCA, Seismic Risk Assessment (SRA), Zoning, ALTA surveys, Energy Services, Indoor Air Quality, or Construction Risk Management Services.

Sincerely,



Jon DiPietra, MAI  
Managing Director  
As Agent for BBG, Inc.



Client Signature

12/6/23

Date

## **Terms and Limiting Conditions of the Engagement**

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The Terms and Conditions of the Engagement are deemed part of the attached Proposal Specifications and Appraisal Services Agreement and are incorporated fully therein, and shall apply to any appraisal reports, contract or orders into which they are incorporated.

### **A) Definitions. In the Terms and Conditions of the Engagement:**

1. "BBG, Inc." means BBG, Inc. and its agents, successors, assigns, servants, employees, principals, affiliated companies and all those in privity with them.
2. "Appraiser" means the appraiser(s) performing part or all of the appraisal services and/or signing an appraisal report.
3. "Appraisal Services Agreement" means any written agreement with Client for performance of the appraisal services by Appraiser, including any agreement entered into electronically.
4. "Client" means any party identified expressly as a client in an Appraisal Services Agreement and also any party identified expressly as a client by the Appraiser in an appraisal report.
5. "Appraisal" means the appraisal or consulting report(s) prepared by BBG, Inc.

### **B) Venue and Jurisdiction**

**THIS APPRAISAL SERVICES AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC SUBSTANTIVE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION. IF ANY ACTION RELATING TO THIS APPRAISAL SERVICES AGREEMENT OR THE CONTEMPLATED TRANSACTIONS IS BROUGHT BY A PARTY HERETO AGAINST ANY OTHER PARTY HERETO, THE PREVAILING PARTY IN SUCH ACTION WILL BE ENTITLED TO RECOVER ALL REASONABLE EXPENSES RELATING THERETO (INCLUDING ATTORNEYS' FEES AND EXPENSES) FROM THE NON-PREVAILING PARTY.**

Each party to this Appraisal Services Agreement (a) hereby irrevocably submits to the exclusive jurisdiction and venue of the state courts located in New York County, New York (or, if but only if such court lacks jurisdiction, the United States District Court for the Southern District of New York) for the purpose of any Action between any of the parties hereto arising in whole or in part under or in connection with this Appraisal Services Agreement, any Ancillary Agreement, or the Contemplated Transactions, (b) hereby waives and agrees not to assert any claim that he, she or it is not subject personally to the jurisdiction of the above-named courts or that any such Action brought in the above-named courts should be dismissed on grounds of forum non conveniens. Notwithstanding the foregoing, a party hereto may commence any Action in a court other than the above-named courts solely for the purpose of enforcing an order or judgment issued by the above-named courts.

### **C) Limitations of Liability**

It is expressly agreed that in any action which may be brought against BBG, Inc., arising out of, relating to, or in any way pertaining to this engagement, this Appraisal Services Agreement, this Appraisal, or any information or opinions contained therein, BBG, Inc. shall not be responsible or liable for any incidental or consequential losses, unless the Appraisal was fraudulent or prepared with gross negligence. It is further agreed that the collective liability of BBG, Inc. in any such action shall not exceed the fees paid for the preparation of the respective Appraisal unless the Appraisal was fraudulent or prepared with gross negligence. Finally, it is agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

Client hereby agrees to indemnify, defend, protect and hold BBG, Inc. harmless from and against all claims, damages, losses and expenses, including attorneys' fees, expenses and costs, incurred upon investigating and defending any claim, action or proceeding arising from, or in any way connected to, relating to, or in any way pertaining to this engagement, this Appraisal Services Agreement, the Appraisal, or any information or opinions contained therein. Further, you acknowledge that any opinions and conclusions expressed by professionals employed by BBG, Inc. related to the Appraisal are representations made by them as employees and not as individuals. BBG, Inc.'s responsibility is limited to you a Client, and use of BBG, Inc.'s product by third parties shall be solely at the risk of you and/or third parties. BBG, Inc. acknowledges that Client will be the end-user of, and can rely upon, the opinion and conclusions of BBG, Inc. for this Appraisal.

### **D) Confidentiality**

The parties agree that (i) this Appraisal Services Agreement and the terms contained herein, (ii) valuation conclusions, (iii) the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof, and (iv) all information regarding the Site of whatever nature made available to either party by the other (including BBG, Inc.'s final report and all prior drafts of same) and methods of each party revealed during the performance of the Services (altogether, collectively, the "Confidential Information") shall be treated as strictly confidential. Accordingly, neither party nor any employee, agent or affiliate thereof shall disclose the same to any third party without the written consent of other party and approval of Appraiser; provided, however, that, a party shall not hereby be precluded from disclosure of Confidential Information that may be compelled by legal requirements, or from disclosing this Appraisal Services Agreement (and the terms contained

## **Terms and Limiting Conditions of the Engagement**

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herein) to its attorneys, accountants, auditors, lenders, and other professionals who may be bound to that party by duties of confidence.

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number and financial account numbers.

### **E) General Assumptions and Limiting Conditions**

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that the Appraiser may comment on, analyze, or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
  - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
  - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
  - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
  - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way, except as stated.
  - e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
  - f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of

## **Terms and Limiting Conditions of the Engagement**

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- the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report or oral report.
  - g) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
  - h) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's or Consultant's inspection.
  - i) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
  - j) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
  - k) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
  - l) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

## **Terms and Limiting Conditions of the Engagement**

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- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the effective date.
- 5) Any value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser or Consultant. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.

## **Terms and Limiting Conditions of the Engagement**

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- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work. A payment agreement must be reached in advance of the Appraiser providing such services.
- 13) Client shall not disseminate, distribute, make available, or otherwise provide any appraisal report prepared hereunder to any third party (including, without limitation, incorporating or referencing the report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the report provided that either Appraiser has received an acceptable release from such third party with respect to such report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the report to such third party, (b) any third party service provider (including rating agencies and auditors) using the report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of a report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend, and hold Appraiser and its affiliates and their officers, directors, employees, contractors, agents, and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and, collectively, the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages, and expenses (collectively, "Damages") claimed against, sustained, or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the report.

## RENT ROLL

## Lease Summary Report

0123123819 - 3 Columbus Circle (2) (Amounts in USD, Measures in SF)

As of Jan, 2018

All Tenants/ Base Lease Periods Only

1/2/2024 5:17:47 PM

General Tenant Information			Rent Details			Free Rent		Recovery		Tenant Improvements	Leasing Commissions	Renewal Assumption
Tenant Name Suite Number Lease Dates Lease Term Tenure	Initial Area Building Share %	Lease Period Lease Status Market Leasing Lease Type	Rate Per Year Amount Per Year Rate Per Month Amount Per Month Rental Value Per Year	Rent Changes On Date	Rent Changes To \$/SF-Annual	Date	Months	Structure Name Type Input Amount	Rate \$/SF Total Amount	Rate \$/SF Total Amount	Market - % Reabsorb Option	
1. NOVA VENTURES Suite: 2105 7/1/2018 - 1/31/2029 10 Years 7 Months Freehold	3,649. 0.48%	Base Contract MINOR OFFICE (19-23) Office	82.00 299,218 6.83 24,935 270,026	Jul-2023	87.00	Jul-2018 Jul-2019 Jul-2020	3 Months 2 Months 1 Month	NOVA VENTURES	20.00 72,980	25.22 92,043	Market - 70.00%	
2. NORDSTROM Suite: 0101 9/1/2017 - 7/31/2040 22 Years 11 Months Freehold	43,018. 5.71%	Base Contract RETAIL MULTI-LEVEL Retail	209.21 9,000,000 17.43 750,000 9,033,780	Oct-2018 Oct-2019 Oct-2024 Oct-2029 Oct-2034	214.45 241.25 271.41 305.33 343.50	None		NORDSTROM	0.00 0	0.00 0	Market - 75.00%	
3. COHEN AND CO. EXPANSION (PREV. RAY J) Suite: 1705/1710 1/15/2022 - 3/14/2024 2 Years 2 Months Freehold	8,409. 1.12%	Base Contract MINOR OFFICE (16-18) Office	79.00 664,311 6.58 55,359 613,857		None			COHEN EXPANSION	0.00 0	0.00 0	Market - 70.00%	
4. CVS CAREMARK PHARMACY Suite: 0102 5/1/2013 - 7/31/2028 15 Years 3 Months Freehold	21,159. 2.81%	Base Contract RETAIL CVS Retail	172.50 3,650,000 14.38 304,167 4,083,687	Aug-2018 Aug-2023	193.20 222.18	None		CVS (GRADE)	0.00 0	0.00 0	Market - 75.00%	
5. COHEN AND COMPANY LLC Suite: 2400 8/1/2018 - 2/28/2029 10 Years 7 Months Freehold	11,166. 1.48%	Base Contract MINOR OFFICE (24-26) Office	83.00 926,778 6.92 77,232 837,450	Mar-2024	88.00	Aug-2018	7 Months	COHEN	105.00 1,172,430	24.85 277,456	Market - 70.00%	
6. NORDSTOM GRADE Suite: 0106 4/1/2017 - 7/31/2040 23 Years 4 Months Freehold	3,973. 0.53%	Base Contract RETAIL (57TH STREET) Retail	725.00 2,880,425 60.42 240,035 1,589,200	Oct-2022 Oct-2027 Oct-2032 Oct-2037	815.62 917.58 1,032.28 1,161.31	None		None N/A	0.00 0	0.00 0	Market - 75.00%	
7. CHASE BANK Suite: 0115 1/1/2006 - 8/31/2031 25 Years 8 Months Freehold	6,551. 0.87%	Base Contract RETAIL (BROADWAY SMALL) Retail	481.67 3,155,425 40.14 262,952 2,784,175	Sep-2021 Sep-2026	553.92 637.01	None		JP MORGAN (GRADE)	0.00 0	0.00 0	Market - 75.00%	
8. YOUNG & RUBICAM, INC. Suite: 03-08 4/1/2019 - 8/31/2033 14 Years 5 Months Freehold	214,372. 28.48%	Base Contract MAJOR OFFICE (3-15) Office	76.00 16,292,272 6.33 1,357,689 15,863,528	Apr-2024 Apr-2029	83.60 91.96	None		YOUNG(0300- 0800)	0.00 0	0.00 0	Market - 70.00%	
9. YOUNG & RUBICAM, INC. Suite: 0900 9/1/2012 - 8/31/2033 21 Years Freehold	34,634. 4.60%	Base Contract MAJOR OFFICE (3-15) Office	63.60 2,202,763 5.30 183,564 2,562,916	Aug-2018 Aug-2023 Aug-2028	68.60 73.60 78.60	None		YOUNG (0900 - 1000)	0.00 0	0.00 0	Market - 70.00%	
10. YOUNG & RUBICAM, INC. Suite: 1000 9/1/2012 - 8/31/2033 21 Years Freehold	34,634. 4.60%	Base Contract MAJOR OFFICE (3-15) Office	63.60 2,202,763 5.30 183,564 2,562,916	Aug-2018 Aug-2023 Aug-2028	68.60 73.60 78.60	None		YOUNG (0900 - 1000)	0.00 0	0.00 0	Market - 70.00%	

11. TRUSTEES OF COLUMBIA Suite: 1100 7/1/2020 - 8/31/2033 13 Years 2 Months Freehold	34,634. 4.60%	Base Contract MAJOR OFFICE (3-15) Office	65.50 2,268,527 5.46 189,044 2,562,916	Jul-2021 Jul-2022 Jul-2023 Jul-2024 Jul-2025 Jul-2026 Jul-2027 Jul-2028 Jul-2029 Jul-2030 Jul-2031 Jul-2032 Jul-2033	66.48 67.48 68.49 69.52 70.56 71.62 72.69 73.79 74.89 76.02 77.16 78.31 79.49	None	Trustees of Columbia University	0.00 0	0.00 0	Market - 70.00%	
12. JAZZ AT LINCOLN CENTER, INC. Suite: 1200 7/1/2012 - 4/30/2028 15 Years 10 Months Freehold	30,653. 4.07%	Base Contract MAJOR OFFICE (3-15) Office	52.00 1,593,956 4.33 132,830 2,268,322	May-2023	58.00	None	JAZZ (1201)	0.00 0	0.00 0	Market - 70.00%	
13. KIFO USA 1402/1403 Suite: 1402/1403 4/27/2022 - 7/31/2026 4 Years 3 Months 5 Days Freehold	5,136. 0.68%	Base Contract MINOR OFFICE (9-15) Office	84.89 435,974 7.07 36,331 369,792	Jul-2024 Jul-2025 Jul-2026	87.01 89.18 91.41	Apr-2022	6 Months	KIFO 1402/1403	0.00 0	0.00 0	Market - 70.00%
14. TRUSTEES OF COLUMBIA Suite: 1408 9/1/2015 - 8/31/2025 10 Years Freehold	6,031. 0.80%	Base Contract MINOR OFFICE (9-15) Office	68.00 410,108 5.67 34,176 434,232	Sep-2016 Sep-2017 Sep-2018 Sep-2019 Sep-2020 Sep-2021 Sep-2022 Sep-2023 Sep-2024	70.04 72.14 74.31 76.53 81.53 83.96 86.50 89.10 91.77	None	COLUMBIA - 1408	0.00 0	0.00 0	Market - 70.00%	
15. KIFO USA 1410 Suite: 1410 9/15/2023 - 7/31/2026 2 Years 10 Months 17 Days Freehold	2,130. 0.28%	Base Contract MINOR OFFICE (9-15) Office	89.18 189,958 7.43 15,830 153,360	Sep-2024 Sep-2025	91.41 93.70	Sep-2023	3 Months	KIFO 1410	30.00 63,900	0.00 0	Market - 70.00%
16. KIFO USA 1412 Suite: 1412 12/1/2020 - 7/31/2026 5 Years 8 Months Freehold	2,831. 0.38%	Base Contract MINOR OFFICE (9-15) Office	79.22 224,282 6.60 18,690 203,832	Mar-2022 Mar-2023 Mar-2024 Mar-2025 Mar-2026	81.20 83.23 85.31 87.45 89.99	None	KIFO 1412	0.00 0	0.00 0	Market - 70.00%	
17. KIFO USA 1420 Suite: 1420 12/1/2016 - 7/31/2026 9 Years 8 Months Freehold	6,190. 0.82%	Base Contract MINOR OFFICE (9-15) Office	77.00 476,630 6.42 39,719 445,680	Mar-2017 Mar-2018 Mar-2019 Mar-2020 Mar-2021 Mar-2022 Mar-2023 Mar-2024 Mar-2025	79.31 81.69 84.14 86.66 97.26 100.18 103.19 106.28 109.47	None	KIFO 1420	0.00 0	0.00 0	Market - 70.00%	
18. TRUSTEES OF COLUMBIA Suite: 1422 11/1/2015 - 8/31/2025 9 Years 10 Months Freehold	1,920. 0.26%	Base Contract MINOR OFFICE (9-15) Office	70.00 134,400 5.83 11,200 138,240	Sep-2016 Sep-2017 Sep-2018 Sep-2019 Sep-2020 Sep-2021 Sep-2022 Sep-2023 Sep-2024	72.10 74.26 76.49 78.79 86.15 88.73 91.40 94.15 96.96	None	COLUMBIA - 1422	0.00 0	0.00 0	Market - 70.00%	
19. TRUSTEES OF COLUMBIA Suite: 1425 9/1/2015 - 8/31/2025	3,100. 0.41%	Base Contract MINOR OFFICE (9-15)	70.00 217,000 5.83	Sep-2016 Sep-2017 Sep-2018	72.10 74.26 76.49	None	COLUMBIA - 1425	0.00 0	0.00 0	Market - 70.00%	

10 Years Freehold		Office	18,083 223,200	Sep-2019 Sep-2020 Sep-2021 Sep-2022 Sep-2023 Sep-2024	78.79 86.15 88.73 91.40 94.14 96.96							
20. TRUSTEES OF COLUMBIA Suite: 1430 6/1/2017 - 8/31/2025 8 Years 3 Months Freehold	3,111. 0.41%	Base Contract MINOR OFFICE (9-15) Office	74.00 230,214 6.17 19,185 223,992	Jul-2018 Jul-2019 Jul-2020 Jul-2021 Jul-2022 Jul-2023 Jul-2024 Jul-2025	76.22 78.51 80.86 83.29 85.79 88.36 91.01 93.74	Jun-2017	3 Months	Columbia 1430	0.00 0	0.00 0	Market - 70.00%	
21. EMERGE 212 3CC LLC Suite: 1500 3/1/2013 - 2/29/2028 15 Years Freehold	33,442. 4.44%	Base Contract MAJOR OFFICE (3-15) Office	50.00 1,672,100 4.17 139,342 2,474,708	Mar-2018 Mar-2023	55.00 60.00	None		EMERGE (1500)	0.00 0	0.00 0	Market - 70.00%	
22. EMERGE 212 3CC LLC Suite: 1600 3/1/2013 - 2/29/2028 15 Years Freehold	23,917. 3.18%	Base Contract MAJOR OFFICE (16-18) Office	50.00 1,195,850 4.17 99,654 1,961,194	Mar-2018 Mar-2023	55.00 60.00	None		EMERGE (1601)	0.00 0	0.00 0	Market - 7.00%	
23. LAURA & JOHN ARNOLD Suite: 1601 3/1/2015 - 7/31/2025 10 Years 5 Months Freehold	9,708. 1.29%	Base Contract MINOR OFFICE (16-18) Office	56.00 543,648 4.67 45,304 708,684	Mar-2020	61.00	Mar-2015	5 Months	LAURA AND JOHN 1601	60.00 582,480	44.03 427,455	Market - 70.00%	
24. TOKAI TOKYO SECURITIES Suite: 1715 6/1/2015 - 1/31/2030 14 Years 8 Months Freehold	2,964. 0.39%	Base Contract MINOR OFFICE (16-18) Office	0.00 0 0.00 0 216,372	Jul-2015 Jul-2016 Jul-2017 Jul-2018 Jul-2019 Jul-2020 Jul-2021	78.00 79.56 81.15 82.77 84.43 91.12 92.94	Jun-2015	6 Months	TOKAI (1715)	0.00 0	0.00 0	Market - 70.00%	
26. PS BROADWAY HOLDINGS Renewal Suite: 1720 1/1/2024 - 3/31/2026 2 Years 3 Months Freehold	4,445. 0.59%	Base Contract MINOR OFFICE (16-18) Office	72.00 320,040 6.00 26,670 324,485			Jan-2024 Jan-2025	3 Months 1 Month	PS BROADWAY Renewal	0.00 0	0.00 0	Market - 70.00%	
27. UNITED FIRST PARTNERS LLC Suite: 1730 10/1/2022 - 3/31/2030 7 Years 6 Months Freehold	5,933. 0.79%	Base Contract MINOR OFFICE (16-18) Office	68.36 405,580 5.70 33,798 433,109	Apr-2024 Apr-2025 Apr-2026 Apr-2027 Apr-2028 Apr-2029	69.73 71.12 72.54 77.90 79.46 81.05	Oct-2022	6 Months	UNITED FIRST PARTNERS LLC (1730)	0.00 0	0.00 0	Market - 70.00%	
28. YOUNG & RUBICAM, INC. Suite: 1800 9/1/2012 - 8/31/2033 21 Years Freehold	34,177. 4.54%	Base Contract MAJOR OFFICE (16-18) Office	63.60 2,173,697 5.30 181,141 2,802,514	Aug-2018 Aug-2023 Aug-2028	68.60 73.60 78.60	None		YOUNG (1800)	0.00 0	0.00 0	Market - 7.00%	
29. YOUNG & RUBICAM, INC. Suite: 1900 9/1/2012 - 8/31/2033 21 Years Freehold	21,315. 2.83%	Base Contract MAJOR OFFICE (19-23) Office	63.60 1,355,659 5.30 112,972 1,833,090	Aug-2018 Aug-2023 Aug-2028	68.60 73.60 78.60	None		YOUNG (1900)	0.00 0	0.00 0	Market - 70.00%	
30. VERSACE USA, INC. Suite: 2000 7/1/2014 - 7/31/2025 11 Years 1 Month Freehold	21,342. 2.83%	Base Contract MAJOR OFFICE (19-23) Office	70.00 1,493,940 5.83 124,495 1,835,412	Jul-2017 Jul-2019	72.00 75.00	Jul-2014 Jul-2015 Aug-2015	12 Months 0.97 Months 0.03 Months	VERSACE (2000)	0.00 0	0.00 0	Market - 70.00%	

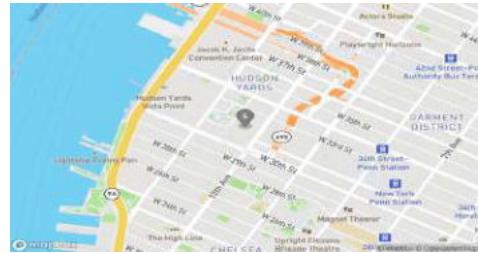
31. TENCORE PARTNERS Suite: 2100 3/15/2019 - 5/14/2024 5 Years 2 Months Freehold	3,874. 0.51%	Base Speculative MINOR OFFICE (19-23) Office	87.00 337,038 7.25 28,087 286,676	May-2020 May-2021 May-2022 May-2023	89.39 91.85 94.38 96.97	Mar-2019	2 Months	Tencore	70.00 271,180	17.05 66,068	Market - 70.00%
32. AGENCY FOR THE PERFORMING ARTS 2115 Suite: 2115 6/1/2023 - 9/30/2030 7 Years 4 Months Freehold	3,057. 0.41%	Base Contract MAJOR OFFICE (19-23) Office	75.76 231,600 6.31 19,300 262,902	Jun-2024 Jun-2025 Oct-2025 Oct-2026 Oct-2027 Oct-2028 Oct-2029	78.03 80.37 81.82 84.28 86.80 89.41 92.09	Jun-2023 Jun-2024	2 Months 2 Months	Agency for The Performing Arts 2115	20.00 61,140	0.00 0	Market - 70.00%
33. BENVOLIO GROUP LLC Suite: 2120 8/1/2014 - 7/31/2024 10 Years Freehold	5,789. 0.77%	Base Contract MINOR OFFICE (19-23) Office	76.50 442,859 6.38 36,905 428,386	Aug-2018	80.50	Aug-2014 Jan-2015 Aug-2015	5 Months 1 Month 1 Month	BENVOLIO (2120)	0.00 0	0.00 0	Market - 70.00%
34. THE JUILLIARD SCHOOL Suite: 2200 1/1/2014 - 3/31/2025 11 Years 3 Months Freehold	3,886. 0.52%	Base Contract MINOR OFFICE (19-23) Office	0.00 0 0 287,564	Aug-2016 May-2020	83.00 89.00	None		JUILLIARD (2205)	0.00 0	0.00 0	Market - 70.00%
35. HCHK Property Management Inc. Suite: 2205 6/1/2022 - 5/31/2025 3 Years Freehold	3,574. 0.47%	Base Contract MINOR OFFICE (19-23) Office	79.52 284,192 6.63 23,683 264,476			None		GLOBAL OFFICE	0.00 0	0.00 0	Market - 70.00%
36. HARVARD BUSINESS SCHOOL Suite: 2210 3/1/2014 - 2/29/2024 10 Years Freehold	4,855. 0.64%	Base Contract MINOR OFFICE (19-23) Office	74.00 359,270 6.17 29,939 359,270	Mar-2019	82.00	None		HARVARD (2210)	0.00 0	0.00 0	Market - 70.00%
37. LAGODA INVESTMENT Suite: 2215 5/1/2014 - 2/28/2024 9 Years 9 Months 28 Days Freehold	3,091. 0.41%	Base Contract MINOR OFFICE (19-23) Office	76.00 234,916 6.33 19,576 228,734	Jun-2015 Jun-2016 Jun-2017 Jun-2018 Jun-2019 Jun-2021 Jul-2022 Jul-2023	78.28 80.63 83.05 85.54 85.33 87.25 89.21 91.22	May-2015	1 Month	LAGODA (2215)	0.00 0	0.00 0	Market - 70.00%
38. THE JUILLIARD SCHOOL 2220 Suite: 2220 12/19/2013 - 3/31/2025 11 Years 3 Months 13 Days Freehold	5,789. 0.77%	Base Contract MINOR OFFICE (19-23) Office	78.00 451,542 6.50 37,629 428,386	May-2019 Jul-2019 May-2020	0.00 83.00 89.00	None		Julliard 2220	0.00 0	0.00 0	Market - 70.00%
39. AGENCY FOR THE PERFORMING ARTS 2300 Suite: 2300 8/7/2019 - 9/30/2030 11 Years 1 Month 25 Days Freehold	21,226. 2.82%	Base Contract MAJOR OFFICE (19-23) Office	75.00 1,591,950 6.25 132,663 1,825,436	Oct-2025	81.00	Aug-2019	14 Months	Agency for The Performing Arts 2300	20.00 424,520	0.00 0	Market - 70.00%
40. BELOVEFINE LTD. 2410 Suite: 2410 12/1/2018 - 11/30/2028 10 Years Freehold	5,227. 0.69%	Base Contract MINOR OFFICE (24-26) Office	86.00 449,522 7.17 37,460 392,025	Dec-2023	92.00	Dec-2018	2.5 Months	BeloveFine BY18/19	105.00 548,835	26.48 138,433	Market - 70.00%
41. BELOVEFINE LTD. 24A Suite: 24A 9/1/2018 - 11/30/2028 10 Years 3 Months Freehold	196. 0.03%	Base Contract STORAGE Storage	55.10 10,800 4.59 900 6,860	Oct-2019 Oct-2020 Oct-2021 Oct-2022 Oct-2023 Oct-2024	56.20 57.33 58.47 59.64 60.84 62.05	None		None N/A	105.00 20,580	18.71 3,667	Market - 75.00%

42. JOSEPHSON Suite: 2500-2600 1/26/2018 - 1/25/2033 15 Years Freehold	22,742. 3.02%	Base Speculative MAJOR OFFICE (24-26) Office	100.00 2,274,200 8.33 189,517 2,046,780	Oct-2025 Oct-2026 Oct-2027	63.30 64.56 65.85	Jul-2024 Jul-2029	110.00 120.00	Jan-2018	18 Months	JOSEPHSON	139.47 3,171,780	36.46 829,099	Market - 70.00%
43. BUILDING STORAGE Suite: B-01 6/1/2012 - 12/31/2045 33 Years 7 Months Freehold	3,021. 0.40%	Base Contract STORAGE Storage	0.00 0 0.00 0 105,735					None		None N/A	0.00 0	0.00 0	Market - 75.00%
44. YOUNG & RUBICAM, INC. Suite: B-13 8/1/2013 - 8/31/2033 20 Years 1 Month Freehold	1,300. 0.17%	Base Contract STORAGE Storage	30.00 39,000 2.50 3,250 45,500	Aug-2018 Aug-2022 Aug-2027	32.50 35.00 37.50			None		None N/A	0.00 0	0.00 0	Market - 75.00%
45. YOUNG & RUBICAM, INC. Suite: B-14 8/1/2013 - 8/31/2033 20 Years 1 Month Freehold	185. 0.02%	Base Contract STORAGE Storage	0.00 0 0.00 0 6,475					None		None N/A	0.00 0	0.00 0	Market - 75.00%
1. Vacant 1201 (1 of 1) Suite: Auto Lease-Up 10/1/2024 - 9/30/2034 10 Years Freehold	4,052. 0.54%	Base Speculative MINOR OFFICE (9-15) Office	72.00 291,744 6.00 24,312 291,744	Oct-2029	79.20	Oct-2024	8 Months		GLOBAL OFFICE	70.00 283,640	20.78 84,217	Market - 70.00%	
2. Vacant 1700 (1 of 1) Suite: Auto Lease-Up 4/1/2025 - 3/31/2035 10 Years Freehold	3,160. 0.42%	Base Speculative MINOR OFFICE (16-18) Office	74.10 234,140 6.17 19,512 234,140	Apr-2030	81.50	Apr-2025	8 Months		GLOBAL OFFICE	72.10 227,836	21.39 67,588	Market - 70.00%	
3. Vacant 1725 (1 of 1) Suite: Auto Lease-Up 7/1/2025 - 6/30/2035 10 Years Freehold	4,100. 0.54%	Base Speculative MINOR OFFICE (16-18) Office	74.10 303,790 6.17 25,316 303,790	Jul-2030	81.50	Jul-2025	8 Months		GLOBAL OFFICE	72.10 295,610	21.39 87,694	Market - 70.00%	
4. Vacant 1735 (1 of 1) Suite: Auto Lease-Up 10/1/2025 - 9/30/2035 10 Years Freehold	4,896. 0.65%	Base Speculative MINOR OFFICE (16-18) Office	74.10 362,769 6.17 30,231 362,769	Oct-2030	81.50	Oct-2025	8 Months		GLOBAL OFFICE	72.10 353,002	21.39 104,719	Market - 70.00%	
5. Vacant 2110 (1 of 1) Suite: Auto Lease-Up 1/1/2026 - 12/31/2035 10 Years Freehold	4,865. 0.65%	Base Speculative MINOR OFFICE (19-23) Office	77.36 376,372 6.45 31,364 376,372	Jan-2031	85.10	Jan-2026	8 Months		GLOBAL OFFICE	74.26 361,289	22.33 108,646	Market - 70.00%	
6. Vacant 1401 (1 of 1) Suite: Auto Lease-Up 1/1/2025 - 12/31/2034 10 Years Freehold	4,407. 0.59%	Base Speculative MINOR OFFICE (9-15) Office	73.08 322,064 6.09 26,839 322,064	Jan-2030	80.39	Jan-2025	8 Months		GLOBAL OFFICE	72.10 317,745	21.10 92,969	Market - 70.00%	
7. Vacant 2405 (1 of 1) Suite: Auto Lease-Up 4/1/2026 - 3/31/2036 10 Years Freehold	4,998. 0.66%	Base Speculative MINOR OFFICE (19-23) Office	77.36 386,662 6.45 32,222 386,662	Apr-2031	85.10	Apr-2026	8 Months		GLOBAL OFFICE	74.26 371,166	22.33 111,616	Market - 70.00%	

\* Results displayed are based on Forecast data only

## **COMPARABLE IMPROVED SALES**

**Sale Comparable #1**  
**20 Hudson Yards (Floors 5-7)**  
 20 Hudson Yards  
 New York, NY 10001  
 New York County  
 BBG Property #799812



#### Property Data

##### Improvement Details

Property Type/Use	Office Condominium	Lat/Long	40.753394 / -74.0011
Legal	Block 702   Lot 1309	Number of Buildings	1
Parcel ID #	1007021309	Year Renovated	N/A
Year Built	2019	Condition	Good/Excellent
Quality	Good/Excellent	Construction Details	
Class	Class A	Rentable Area	328,500 SF
Gross Building Area	306,210 SF	Floor Area Ratio	1.54
Number of Stories	3	Census Tract	0099.03
Opportunity Zone	No	Site Size (Net)	198,898 SF (4.57 acres)
Site Size (Gross)	198,898 SF (4.57 acres)	Flood Zone	Zone X (Unshaded)

Sale Transaction Data for BBG Event #957000 on 11/22/2023				PSF (GBA)	PSF (Rentable)
Transaction Date	11/22/2023	Consideration	\$550,000,000	\$1,796.15	\$1,674.28
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00
Occupancy at TOS	100%	Cash Equivalent Price	\$550,000,000	\$1,796.15	\$1,674.28
Property Rights	Fee Simple				
Transaction Component	Real Estate				
Tenancy	Owner				
Grantor	ERY RETAIL PODIUM LLC				
Grantee	WELLS FARGO PROPERTIES, INC.				
Comments	This sale represents the acquisition of floors 5-7 at 20 Hudson Yards. by Wells Fargo. Per public record, the recorded sale price is \$321,731,413; however, per several sources (Traded, CoStar, New York Post, Globest, etc.) the total consideration was approximately \$550,000,000. The space was previously occupied by Nieman Marcus and was sitting vacant since 2020, when Nieman Marcus declared bankruptcy. Per CoStar: "About 2,300 Wells Fargo employees are expected to move to the new space from the company's current office at 150 E. 42nd St. beginning in late 2026, the San Francisco-based firm said in a statement."				
Verification	12/27/2023 Public Record, Traded, CoStar, New York Post, Globest,				

**Sale Comparable #2**  
**450 Park Avenue**  
**450 Park Avenue**  
**New York, NY 10022**  
**New York County**  
**BBG Property #556309**



#### Property Data

##### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.761496 / -73.9714
Legal	Block 1292   Lot 37		
Parcel ID #	1012920037	Number of Buildings	1
Year Built	1972	Year Renovated	1989
Quality	Average	Condition	Average/Good
Class	Class A	Construction Details	
Gross Building Area	296,215 SF	Rentable Area	337,000 SF
Number of Stories	32	Floor Area Ratio	22.15
Opportunity Zone	No	Census Tract	0004.00
Site Size (Gross)	13,375 SF (0.31 acres)	Site Size (Net)	13,375 SF (0.31 acres)
Flood Zone	Zone X (Unshaded)		

Sale Transaction Data for BBG Event #759913 on 6/24/2022				PSF (GBA)	PSF (Rentable)
Transaction Date	6/24/2022	Consideration	\$445,000,000	\$1,502.29	\$1,320.47
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00
Occupancy at TOS	82%	Cash Equivalent Price	\$445,000,000	\$1,502.29	\$1,320.47
Property Rights	Leased Fee				
Transaction Component	Real Estate				
Tenancy	Multiple				
Grantor	Crown Acquisitions				
Grantee	SL Green Realty Corp.				
Comments	450 Park Avenue in New York, a 337,000 square foot office building, was sold on June 24, 2022 for \$445 million. The multi-tenant office building was about 82% leased at sale. SL Green Realty Corp reported acquiring the property in a joint venture with unidentified institutional investors from South Korea and Israel. SL Green holds a 25.1% interest.				
The buyers confirmed the going-in cap rate as about 4%.					
Verification	8/10/2022	Public Records			

Financial Attributes	In-Place Income	
	Amount	PSF (Rentable)
Net Operating Income	\$17,800,000	\$52.82
Overall Rate	4.00%	

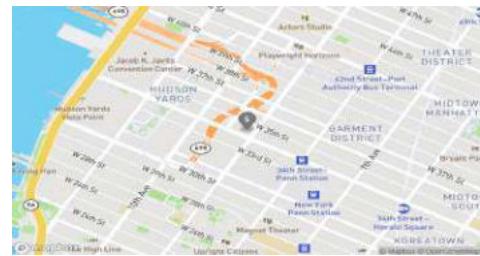
**Sale Comparable #3**
**Hudson Commons**

441 9th Avenue

New York, NY 10001

New York County

BBG Property #78852


**Property Data**
*Improvement Details*

Property Type/Use	Office Condominium	Lat/Long	40.753850 / -73.9965
Legal	Block 732   Lot 1001-1002		
Parcel ID #	1007321001 1007321002	Number of Buildings	1
Year Built	1962	Year Renovated	2017
Quality	Average	Condition	Average
Class	Class A	Construction Details	
Gross Building Area	512,974 SF	Rentable Area	697,958 SF
Number of Stories	26	Floor Area Ratio	12.90
Opportunity Zone	No	Census Tract	0111.00
Site Size (Gross)	39,779 SF (0.91 acres)	Site Size (Net)	39,779 SF (0.91 acres)
Flood Zone	Zone X (Unshaded)		
Comments	1.2 Miles from the Grand Central Terminal		

<b>Sale Transaction Data for BBG Event #682632 on 12/20/2021</b>				<b>PSF (GBA)</b>	<b>PSF (Rentable)</b>
Transaction Date	12/20/2021	Consideration	\$1,033,000,000	\$2,013.75	\$1,480.03
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00
Occupancy at TOS	75%	Cash Equivalent Price	\$1,033,000,000	\$2,013.75	\$1,480.03
Property Rights	Leased Fee				
Transaction Component	Real Estate				
Tenancy	Multiple				
Grantor	CBP 441 NINTH AVENUE OWNER, LLC				
Grantee	FSP HUDSON COMMONS, LLC				
Comments	Cove Property Group and The Baupost Group announced the \$1.033 billion sale of Hudson Commons, the 697,958 sq. ft. 25-story trophy tower at 441 Ninth Avenue to CommonWealth Partners in a transaction arranged by CBRE.				
Hudson Commons is 75% occupied, with approximately 670,000 square feet of office space and 16,000 square feet of ground-floor retail available. Fitness giant Peloton and rideshare innovator Lyft anchor Hudson Common's office tenancy. The property is richly amenitized, offering tenant lounges, a bike room, outdoor space totaling nearly 30,000 sq. ft., meeting rooms and conferencing facilities designed to evoke a luxury hospitality setting.					
Verification	1/6/2022	Public Record, Knowledgeable Third Party			

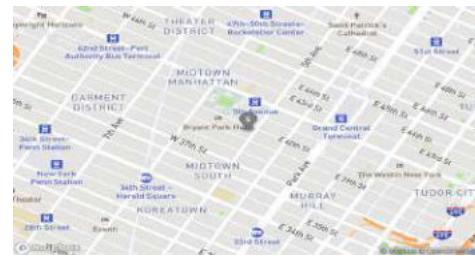
**Sale Comparable #4**
**HSBC Tower**

452 5th Avenue

New York, NY 10018

New York County

BBG Property #520934


**Property Data**
*Improvement Details*

Property Type/Use	Office Professional Office	Lat/Long	40.752110 / -73.9823
Legal	Block 841   Lot 49	Number of Buildings	2
Parcel ID #	1008410049	Year Renovated	2013
Year Built	1902	Condition	Good
Quality	Good	Construction Details	
Class	Class A	Rentable Area	865,000 SF
Gross Building Area	616,352 SF	Floor Area Ratio	18.77
Number of Stories	29	Census Tract	0084.00
Opportunity Zone	No	Site Size (Net)	32,834 SF (0.75 acres)
Site Size (Gross)	32,834 SF (0.75 acres)		

Sale Transaction Data for BBG Event #673963 on 12/5/2021				PSF (GBA)	PSF (Rentable)
Transaction Date	12/5/2021	Consideration	\$855,000,000	\$1,387.19	\$988.44
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00
Occupancy at TOS	90%	Cash Equivalent Price	\$855,000,000	\$1,387.19	\$988.44
Property Rights	Leased Fee				
Transaction Component	Real Estate				
Tenancy	Multiple				
Grantor	PROPERTY & BUILDING CORP.				
Grantee	INNOVO PROPERTY GROUP				
Comments	Andrew Chung's Innovo Property Group is buying PBC USA's 865,000-square-foot building at 452 Fifth Avenue for around \$855 million, PBC USA announced Sunday.				
<p>The 30-story property — known as HSBC Tower since it houses the bank's 548,000-square-foot U.S. headquarters — is under contract for a sale expected to close next year, according to the source. Innovo is currently seeking financing for the deal, according to a source with knowledge of the deal.</p> <p>The 865,000-square-foot building — which is about 90 percent leased — last traded in 2010, when PBC, the U.S. arm of Israel-based Property &amp; Building Corp., purchased it from HSBC for \$330 million. HSBC's lease, which represents about 60 percent of the building, is scheduled to expire in 2025, after the company renewed in 2017.</p>					
Verification	12/10/2021	TradedNY, The Real Deal, Commercial Observer			

**Sale Comparable #5**
**CBS Building**

51 West 52nd Street

New York, NY 10019

New York County

BBG Property #520470


**Property Data**
*Improvement Details*

Property Type/Use	Office Professional Office	Lat/Long	40.761210 / -73.9789
Legal	Block 1268   Lot 1		
Parcel ID #	1012680001	Number of Buildings	1
Year Built	1964	Year Renovated	2017
Quality	Good	Condition	Good
Class	Class A	Construction Details	
Gross Building Area	817,095 SF	Rentable Area	878,260 SF
Number of Stories	38	Floor Area Ratio	17.12
Opportunity Zone	No	Census Tract	0104.00
Site Size (Gross)	47,725 SF (1.10 acres)	Site Size (Net)	47,725 SF (1.10 acres)

Sale Transaction Data for BBG Event #673762 on 10/13/2021				PSF (GBA)	PSF (Rentable)
Transaction Date	10/13/2021	Consideration	\$760,000,000	\$930.12	\$865.35
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00
Occupancy at TOS	96%	Cash Equivalent Price	\$760,000,000	\$930.12	\$865.35
Property Rights	Leased Fee				
Transaction Component	Real Estate				
Tenancy	Multiple				
Grantor	CBS BROADCASTING INC.				
Grantee	51 W. OWNER, LP				
Comments	The iconic "CBS Building" - a 38-story office tower, also known as "Black Rock" - was sold on October 13th, 2021 for a total of \$760 million.				

Designed by Eero Saarinen and owned by ViacomCBS since its delivery to market in 1963, this 491-foot-tall structure has served as headquarters for the CBS broadcasting network for nearly 60 years.

A CBRE Capital Markets team led by Darcy Stacom, Bill Shanahan, and Doug Middleton represented ViacomCBS in the transaction.

Following a two-month contract period, the asset was purchased at a rate of \$865 per square foot by Harbor Group International, LLC ("HGI"), headquartered in Norfolk, Virginia.

HGI invested just over \$200 million in cash in the asset as down-payment. They secured commercial mortgage-backed securities (CMBS) financing through Deutsche Bank AG and Goldman Sachs in the sum of \$420 million, with an additional \$138 million mezzanine loan through Brookfield Real Estate Finance.

The financing was arranged by CBRE's James Millon, Tom Traynor, and P.J. Finley.

ViacomCBS will continue leasing a portion of the building back from HGI on a short-term basis.

The details of this sale comparable report were originally compiled via public documents from the county register and local news outlets, and further verified by representatives of the buyer.

Verification	12/1/2021	
	Public Record, Knowledgeable Third Party	

Financial Attributes	In-Place Income	
	Amount	PSF (Rentable)
Net Operating Income	\$38,076,000	\$43.35
Overall Rate	5.01%	

## COMPARABLE OFFICE LEASES

**Lease Comparable #1**
**410 Park Avenue**

410 Park Avenue

New York, NY 10022-4407

New York County

BBG Property #799817


**Property Data**
**Improvement Details**

Property Type/Use	Office Professional Office	Lat/Long	40.760301 / -73.9722
Legal	Block 1290   Lot 37		
Parcel ID #	1012900037	Number of Buildings	1
Year Built	1958	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class A	Construction Details	
Gross Building Area	236,665 SF	Rentable Area	236,665 SF
Number of Stories	21	Floor Area Ratio	20.20
Opportunity Zone	No	Census Tract	0102.00
Site Size (Gross)	11,715 SF (0.27 acres)	Site Size (Net)	11,715 SF (0.27 acres)
Flood Zone	Zone X (Unshaded)		

**Leases**

Commencement	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
10/1/2023	1400	Tripost Capital Partners LLC	118,850 SF \$80.00 Modified Gross	120 N/A	N/A N/A	86%	10/19/2023 Broker

**Lease Comparable #2**

**1185 Avenue of the Americas**

1185 6th Avenue

New York, NY 10036

New York County

BBG Property #410191



## Property Data

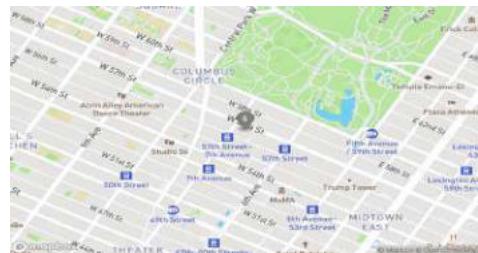
### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.757970 / -73.9823
Legal	Block 999   Lot 29	Number of Buildings	2
Parcel ID #	1009990029	Year Renovated	N/A
Year Built	1970	Condition	Average
Quality	Average	Construction Details	
Class	Class B	Rentable Area	1,047,390 SF
Gross Building Area	1,047,390 SF	Floor Area Ratio	24.91
Number of Stories	42	Census Tract	
Opportunity Zone	No	Site Size (Net)	42,049 SF (0.97 acres)
Site Size (Gross)	42,049 SF (0.97 acres)		

## Leases

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
5/2/2023	E23	Confidential	27,231 SF \$70.00 Base Year	180 N/A	N/A N/A	63%	6/5/2023 Knowledgeable Third Party

**Lease Comparable #3**  
**Carnegie Hall Tower**  
152 West 57th Street  
New York, NY 10019  
New York County  
BBG Property #155264



## Property Data

### Improvement Details

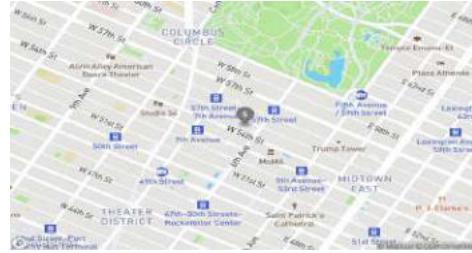
Property Type/Use	Office Professional Office	Lat/Long	40.765030 / -73.9796
Legal	Block 1009, Lot 5		
Parcel ID #	1010090005	Number of Buildings	1
Year Built	1988	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class A	Construction Details	
Gross Building Area	542,584 SF	Rentable Area	542,584 SF
Number of Stories	60	Floor Area Ratio	43.22
Opportunity Zone	No	Census Tract	137
Site Size (Gross)	12,553 SF (0.29 acres)	Site Size (Net)	12,552 SF (0.29 acres)
Comments	Improved with a 61-story office & retail building, adjacent to Carnegie Hall		

### Leases

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
10/1/2022	21st Floor	Fisher Investments	2,202 SF \$76.00 Base Yr + Electric	60 N/A	N/A N/A	88%	1/10/2023 Broker

**Lease Comparable #4**

**1345 Avenue of the Americas**  
1345 Avenue of the Americas  
New York, NY 10105  
New York County  
BBG Property #111712



## Property Data

### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.763100 / -73.9790
Legal	Block 1007, Lot 29		
Parcel ID #	Block 1007, Lot 29	Number of Buildings	1
Year Built	1968	Year Renovated	2018
Quality	Good/Excellent	Condition	Good/Excellent
Class	Class A	Construction Details	
Gross Building Area	1,931,978 SF	Rentable Area	0 SF
Number of Stories	49	Floor Area Ratio	19.28
Opportunity Zone	No	Census Tract	0137.00
Site Size (Gross)	100,188 SF (2.30 acres)	Site Size (Net)	100,188 SF (2.30 acres)
Flood Zone	Zone X (Unshaded)		

### Leases

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
9/1/2022	19th and 20th Floors	Brevan Howard US Investment Management	83,403 SF \$89.00 Base Yr + Electric	180 N/A	N/A N/A	100%	1/10/2023 Broker

**Lease Comparable #5**  
**57 West 57th Street**  
 57 West 57th Street  
 New York, NY 10019  
 New York County  
 BBG Property #230332



## Property Data

### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.764480 / -73.9768
Legal	Block 1273   Lot 1	Number of Buildings	1
Parcel ID #	Parcel: 1012730001	Year Renovated	1989
Year Built	1928	Condition	Average
Quality	Average	Construction Details	
Class	Class B	Rentable Area	143,914 SF
Gross Building Area	143,914 SF	Floor Area Ratio	14.46
Number of Stories	18	Census Tract	112
Opportunity Zone	No	Site Size (Net)	9,950 SF (0.23 acres)
Site Size (Gross)	9,950 SF (0.23 acres)		
Flood Zone	Zone X (Unshaded)		

### Leases

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
9/1/2022	507	Confidential	3,329 SF \$66.00 Base Yr + Electric	72 N/A	N/A N/A	89%	1/10/2023 Broker

**Lease Comparable #6**  
**750 7th Avenue**  
750 7th Avenue  
New York, NY 10019  
New York County  
BBG Property #676489



## Property Data

### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.761196 / -73.9838
Legal	Block 1021, Lot 26	Number of Buildings	1
Parcel ID #	1010210026	Year Renovated	N/A
Year Built	1988	Condition	Good
Quality	Good	Construction Details	
Class	Class A	Rentable Area	561,139 SF
Gross Building Area	561,139 SF	Floor Area Ratio	25.49
Number of Stories	34	Census Tract	0125.00
Opportunity Zone	No	Site Size (Net)	22,015 SF (0.51 acres)
Site Size (Gross)	22,015 SF (0.51 acres)		

### Leases

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
7/1/2022	26th Floor	Shinhan Bank	15,279 SF \$79.00 Modified Gross	180 N/A	N/A N/A	92%	1/10/2023 Broker

## **COMPARABLE RETAIL LEASES**

**Sale Comparable #1**  
**Mixed-Use Condominium**  
 1875 Broadway  
 New York, NY 10023  
 New York County  
 BBG Property #816572



## Property Data

### Improvement Details

Property Type/Use	Multifamily Condominium	Lat/Long	40.770521 / -73.9826
Legal	Block 1114   Lot 7502		
Parcel ID #	1011147502	Number of Buildings	1
Year Built	1987	Year Renovated	1996
Quality	Good	Condition	Good
Class	Class A	Construction Details	
Gross Building Area	136,958 SF	Rentable Area	136,958 SF
Multifamily Units	0		
Number of Stories	27	Floor Area Ratio	7.69
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	0145.00
Site Size (Gross)	17,800 SF (0.41 acres)	Site Size (Net)	17,800 SF (0.41 acres)

### Leases

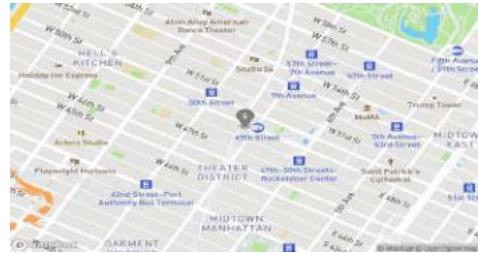
Commencement Date	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
9/1/2023	Ground	Cafe Aroma	1,354 SF \$186.00 Modified Gross	120 N/A	N/A N/A	0% CoStar, Broker, Knowledgeable Third Party	1/1/2024

Total rent of \$352,000

1,354 SF Ground, 2,000 SF LL

\$50/sf for the LL, extracted ground floor rent \$186/sf

**Lease Comparable #2**  
**Mixed-Use Building**  
 1604 Broadway  
 New York, NY 10019  
 New York County  
 BBG Property #816573



## Property Data

### Improvement Details

Property Type/Use	Retail General Freestanding	Lat/Long	40.760504 / -73.9843
Legal	Block 1020   Lot 38	Number of Buildings	1
Parcel ID #	1010200038	Year Renovated	2016
Year Built	1930	Condition	Good
Quality	Good	Construction Details	
Class	Class B	Rentable Area	28,202 SF
Gross Building Area	28,202 SF	Floor Area Ratio	3.99
Number of Stories	3	Census Tract	0125.00
Opportunity Zone	No	Site Size (Net)	7,074 SF (0.16 acres)
Site Size (Gross)	7,074 SF (0.16 acres)		

### Leases

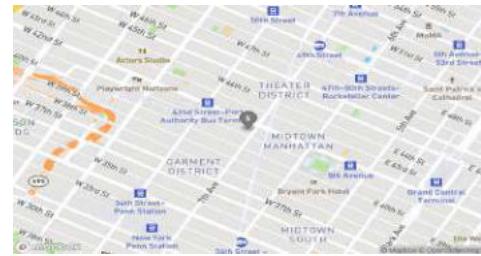
Commencement Date	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
7/1/2023	Ground, 2nd, 3rd, 3rd (Mexx), 4th	Pedro Zamora's	24,062 SF \$501.00 Modified Gross	120 N/A	N/A N/A	0% CoStar, Broker, Knowledgeable Third Party	1/1/2024

Total Rent of \$2,400,000

1,565 SF Ground, 7,201 SF 2nd Fl, 7,204 SF 3rd Fl, 2,039 SF 3rd Fl (Mezz), 6,053 SF 4th Fl

\$100/SF for 2nd Fl, \$75/sf for 3rd Fl (Mezz) and 3rd Fl, \$50/sf for 4th Fl, extracted ground floor rent of \$501/sf

**Lease Comparable #3**  
**Five Times Square**  
 5 Times Square  
 New York, NY 10036  
 New York County  
 BBG Property #204802



## Property Data

### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.755770 / -73.9875
Legal	Block 1013   Lot 29	Number of Buildings	1
Parcel ID #	1010130029	Year Renovated	N/A
Year Built	2000	Condition	Good/Excellent
Quality	Good/Excellent	Construction Details	
Class	Class A	Rentable Area	1,169,964 SF
Gross Building Area	1,100,000 SF	Floor Area Ratio	40.51
Number of Stories	38	Census Tract	
Opportunity Zone	No	Site Size (Net)	27,156 SF (0.62 acres)
Site Size (Gross)	27,156 SF (0.62 acres)		

### Leases

Commencement Date	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
4/1/2023	Ground, 2nd Floor	Miniso	4,810 SF \$398.00 Modified Gross	24 N/A	N/A N/A	0% Knowledgeable Third Party, CoStar	1/1/2024

Total rent of \$2,400,000

4,810 SF Ground, 4,845 SF 2nd Fl

\$100/sf 2nd Fl, extracted ground floor rent of \$398/sf

**Sale Comparable #4**  
**Multifamily Building**  
 831 7th Avenue  
 New York, NY 10019  
 New York County  
 BBG Property #676452



## Property Data

### Improvement Details

Property Type/Use	Multifamily Apartments	Lat/Long	40.763201 / -73.9814
Legal	Block 1006   Lot 63		
Parcel ID #	1010060063	Number of Buildings	1
Year Built	1911	Year Renovated	1988
Quality	Good/Excellent	Condition	Good/Excellent
Class		Construction Details	
Gross Building Area	98,616 SF	Rentable Area	98,616 SF
Multifamily Units	0		
Number of Stories	12	Floor Area Ratio	9.82
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	0131.00
Site Size (Gross)	10,041 SF (0.23 acres)	Site Size (Net)	10,041 SF (0.23 acres)

### Leases

Commence	Suite	Tenant	Leased Area Rent \$/SF/Year	Term (Mos) TI (PSF)	Free Rent (Mos) Escalations	Occupancy	Verification
3/20/2023	Ground, LL	Cafe Aroma	1,400 SF \$156.00 Modified Gross	180 N/A	N/A N/A	0%	1/1/2024 Knowledgeable Third Party

Total rent of \$288,000

1,400 SF Ground, 1,400 SF LL

\$50/sf for LL, extracted ground floor rent of \$156/sf

**Lease Comparable #5**  
**540 Madison Avenue**  
540 Madison Avenue  
New York, NY 10022  
New York County  
BBG Property #292397



## Property Data

### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.760940 / -73.9738
Legal	Block 1290   Lot 56		
Parcel ID #	1012900056	Number of Buildings	1
Year Built	1971	Year Renovated	1997
Quality	Average	Condition	Average
Class	Class A	Construction Details	
Gross Building Area	272,532 SF	Rentable Area	283,715 SF
Number of Stories	43	Floor Area Ratio	21.71
Opportunity Zone	No	Census Tract	0102.00
Site Size (Gross)	12,552 SF (0.29 acres)	Site Size (Net)	12,552 SF (0.29 acres)
Flood Zone	Zone X (Unshaded)		

### Leases

Commence	Suite	Tenant	Leased Area	Term (Mos)	Free Rent (Mos)		Verification
			Rent \$/SF/Year	TI (PSF)	Escalations	Occupancy	
8/1/2022	Ground, LL	Grand Seiko	3,200 SF \$428.13 Modified Gross	127 N/A	N/A N/A	73%	1/10/2023 CoStar, Daily Business, Traded, Knowledgeable Third Party

Total rent of \$1,520,000

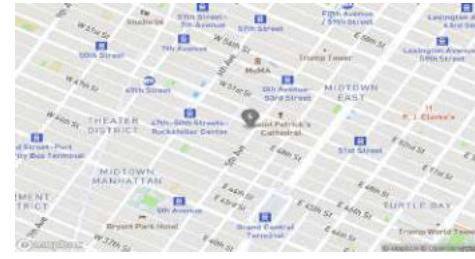
3,200 SF Ground, 3,000 SF

\$50/sf for the LL, extracted ground floor rent \$428.13/sf

## Lease Comparable #6



608 5th Avenue  
New York, NY 10020  
New York County  
BBG Property #520957



### Property Data

#### *Improvement Details*

Property Type/Use	Office Professional Office	Lat/Long	40.757860 / -73.9780
Legal	Block 1264   Lot 40		
Parcel ID #	1012640040	Number of Buildings	1
Year Built	1932	Year Renovated	2011
Quality	Good	Condition	Good
Class	Class B	Construction Details	
Gross Building Area	127,558 SF	Rentable Area	137,000 SF
Number of Stories	11	Floor Area Ratio	9.70
Opportunity Zone	No	Census Tract	0096.00
Site Size (Gross)	13,150 SF (0.30 acres)	Site Size (Net)	13,150 SF (0.30 acres)

#### *Leases*

Commence	Suite	Tenant	Leased Area Rent \$/SF/Year	Term (Mos) TI (PSF)	Free Rent (Mos) Escalations	Occupancy	Verification
4/22/2022	1st Floor	Aritzia	10,150 SF \$533.00 Modified Gross	120 N/A	N/A N/A	100%	8/30/2022 Confidential

10,150 SF on Ground, 11,200 SF on 2nd floor, 11,600 SF on LL

Total rent of \$7,105,000; \$100/sf for 2nd floor, \$50/sf for LL equates to Extracted ground floor rent of \$533/sf

**Lease Comparable #7**  
**1700 Broadway**  
1700 Broadway  
New York, NY 10019  
New York County  
BBG Property #226513



## Property Data

### Improvement Details

Property Type/Use	Office Professional Office	Lat/Long	40.763510 / -73.9823
Legal	Block 1025, Lot 25		
Parcel ID #	1010250025	Number of Buildings	1
Year Built	1968	Year Renovated	N/A
Quality	Average	Condition	Average
Class	Class A	Construction Details	
Gross Building Area	596,559 SF	Rentable Area	596,559 SF
Number of Stories	41	Floor Area Ratio	19.79
Opportunity Zone	No	Census Tract	
Parking	Garage: 125 Total: 125		
Site Size (Gross)	30,150 SF (0.69 acres)	Site Size (Net)	30,150 SF (0.69 acres)

## Leases

Commence	Suite	Tenant	Leased Area Rent \$/SF/Year	Term (Mos) TI (PSF)	Free Rent (Mos) Escalations	Occupancy	Verification
3/15/2022	Ground	Chop & Go	1,250 SF \$163.20 Modified Gross	121 N/A	N/A N/A	68%	1/10/2023 Knowledgeable Third Party

## APPRAISER QUALIFICATIONS AND LICENSES



**Jon DiPietra, MAI**  
Senior Managing Director  
Work: 212.682.5360  
[jdipietra@bbgres.com](mailto:jdipietra@bbgres.com)

## Profile

Jon is currently Senior Managing Director of BBG in New York City, offering 20 years of experience analyzing all major property types throughout the Tri-State Area. Developing a specialty in Market Analysis, Jon has built a broad client base and has completed assignments conducted on behalf of foreign and domestic investment firms including major REITS, leading financial institutions, individual investors, leading law firms, and government agencies. He has been admitted as an expert witness in the New York State Supreme Court (NY County) and has prepared numerous assignments in support of litigation.

Jon began his career as an appraiser in 2001. Gaining training and education, Jon joined Neglia Appraisals in Brooklyn as a commercial appraiser. Later, he was an Assistant Vice President at Sovereign Bank, where he served on the management team of the Appraisal Department. Jon joined Leitner Group (now BBG) in 2007.

Continuing his commitment to the professional development of the next generation, Jon serves as Chairman of the Internship Committee of American Immobiliare, a not-for-profit organization based in New York City which provides a forum for professionals in commercial real estate and has served on the Board of the Metro NY Chapter of the Appraisal Institute.

Assignments of note include: 7 World Trade Center, a 52-story Class-A office building; 650 Fifth Avenue, Nike's new global flagship store; Hallett's Point, a 7-building, 2.4 million square foot multi-use development, the TSX Broadway (redevelopment of the Doubletree Hotel into mixed-use hotel, retail and entertainment space), boutique hotel assets in New York including Hotel Indigo and NoMo Soho, several developments with Hudson Yards as well as the Nassau Coliseum redevelopment project.

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## Professional Affiliations

Appraisal Institute  
MAI Designation

General Certified Appraiser:  
State of New York (License #46-46386)  
State of New Jersey (License #42RG00262700)  
State of Connecticut (License #RCG.0001527)  
Commonwealth of Pennsylvania (License #GA003588)  
State of Maryland (License #04-33247)  
State of New Hampshire (License #NHCG-1045)  
Commonwealth of Massachusetts (License #100210)  
State of Utah (License #12851082-CG00)

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## Education

The University of Phoenix  
Bachelor of Science, Business Finance

**Valuation + Assessment**

UNIQUE ID NUMBER  
-3000046386

*State of New York  
Department of State*

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

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Control No. 1548916

1548916

**EFFECTIVE DATE**

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**EXPIRATION DATE**

MO. DAY YR.  
03 12 24

DIPIETRA JON A  
C/O JON DIPIETRA APPRAISER  
171 68TH ST  
BROOKLYN, NY 11220

HAS BEEN DULY CERTIFIED TO TRANACT BUSINESS AS A  
S.E. GENERAL APPRAISER

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

ROBERT J. RODRIGUEZ  
SECRETARY OF STATE



**Scott Silverman, MAI**  
Director  
**Work: 212.682.7788**  
**ssilverman@bbgres.com**

## Profile

Scott Silverman is a Director at BBG in the New York office. He has professional real estate experience in institutional investment management and real estate valuation. Mr. Silverman's investment management experience includes institutional retail and office asset management, portfolio management, acquisitions, dispositions, development, budgeting, leasing, and portfolio valuation. Scott's national valuation experience includes fair market value appraisals, fair value financial reporting purchase price allocations, financial analyses, cash flow models, and other real estate consulting services on a wide array of commercial real estate asset classes including multi-family, office, retail, hospitality, industrial, healthcare, mixed use, land, and special use properties.

Prior to joining BBG, Mr. Silverman was responsible for establishing Great American Group's real estate appraisal practice as Senior Associate. Additionally, Mr. Silverman spent time with Clarion Partners as a Financial Analyst and with RSM LLP as a valuation consultant.

In his spare time, Mr. Silverman co-founded a philanthropic real estate networking organization called New York Real Estate Under 30 (NYREu30) to help connect the new generation of real estate professionals while giving back to the community in Manhattan.

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## Professional Affiliations

Appraisal Institute  
MAI Designation

General Certified Appraiser:

State of New York (License #46-52529)	State of North Carolina (License #A8779)
State of Maryland (License #33666)	State of Texas (License #TX 1381134G)
State of Connecticut (License #RCG.0001592)	State of Georgia (License #424556)
State of New Jersey (License #42RG00270200)	State of Florida (License #RZ4364)
Commonwealth of Pennsylvania (License #GA004543)	State of Alabama (License #G01601)
State of California (License #3009168)	State of Arizona (License #CGA-1042697)
State of Illinois (License #553.002872)	State of Minnesota (License #40846556)
Commonwealth of Virginia (License #4001018323)	District of Columbia (License #GA40000090)
State of South Carolina (License #AB.8463 CG)	

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## Education

Pennsylvania State University  
B.S. Finance, 2015

UNIQUE ID NUMBER  
46000052529

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

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EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.

EFFECTIVE DATE  
MO | DAY | YR  
03 | 29 | 23

SILVERMAN SCOTT A  
C/O BBG INC  
112 MADISON AVE  
11TH FL  
NEW YORK, NY 10016

EXPIRATION DATE  
MO | DAY | YR  
03 | 28 | 25

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

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

**ROBERT J. RODRIGUEZ**  
SECRETARY OF STATE