M ETROPOLITAN V ALUATION S ERVICES
R E A L   E S T A T E   C O N S U L T I N G   A N D   A P P R A I S A L

March 20, 2008

Hon. Meenakshi Srinivasan, Chairperson
New York City Board of Standards and Appeals
40 Rector Street
New York, NY 10007

re: Congregation Shearith Israel
6-10 West 70th Street
New York, NY
74-07-BZ

Dear Chairperson Srinivasan:

Subsequent to our review of materials pertaining to the above-referenced matter as contained within a Metropolitan Valuation Services, Inc. ("MVS") report dated February 8, 2008, we have received additional analysis as performed by Freeman/Frazier & Associates, Inc. which is contained within a report dated March 11, 2008 as addressed to the NYC Board of Standards and Appeals. The Freeman/Frazier report was stated to have been prepared in response to questions raised by the BSA at the public hearing of February 12, 2008, and in response to the MVS report. Our review has been presented within a Restricted Format report and report has been prepared in conformity with and subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. The report contains recognized methods and techniques that materially contribute to a proper evaluation of the real estate problem under consideration. The report has been prepared subject to the attached Basic Assumptions and Limiting Conditions. The depth of discussion contained in this presentation is specific to the Zoning Variance Application for 6-10 West 70th Street and can only be relied upon by a reader familiar with the subject property and the referenced application. We are not responsible for any unauthorized use of this restricted format report. This reporting format is in compliance with the specific guidelines of Standard 2-2 of USPAP. This report should not be construed to represent an appraisal of the premises, as we were not engaged to appraise the site, but rather to review the Feasibility Study and its conclusions.

Our review will present comments and responses to the Freeman/Frazier report in the order in which they are presented and not necessarily in terms of importance.

METROPOLITAN VALUATION SERVICES, INC.
444 Park Avenue South – Suite 402
New York, NY 10016
Phone (212) 213-8650 Fax (212) 213-8621

Economic Analysis

This most recent Freeman/Frazier report presents the same basic analytic model as was prepared in their December 21, 2007 report. This analysis now includes two additional "as of right" analyses based on "tower" design schemes. Reiterating specific comments:

- Like the December 21, 2007 report, the March 11, 2008 report is flawed by poor judgment. Accordingly, its conclusions cannot be relied upon.

- The concluded land value of $750 per square foot is not appropriate insofar as it is based upon erroneous and misleading information and analysis. A more reasonable land value would be $500 per square foot of buildable area. If, as Freeman/Frazier maintains, the site presents development challenges and that construction costs would be greater than what would typically be incurred, these circumstances would be recognized by a potential purchaser who would therefore pay less for the land. Such an adjustment was not made by Freeman/Frazier.

- Freeman/Frazier have employed large, undocumented losses in net saleable area. If such atypically large losses were to be reasonably expected for a building to be constructed on the site, any profit-minded developer would pay less for the site. It is highly doubtful any of the comparable sites were purchased with the understanding of such large loss factors between gross and net saleable area. Freeman/Frazier should have made a large downward adjustment to the comparable sales cited for this factor.

- Large upward adjustments were made for the site's park view premiums. As illustrated by the architect's axonometric drawing contained within the Freeman/Frazier report, the lower seven floors of the proposed building do not possess Central Park views. These floors comprise 86.7% of the floor area, so characterizing the site as having park views is erroneous. Further, the only direct views of the park would be from the east facing windows along the property line abutting Congregation Shearith Israel. We have been advised that Congregation Shearith Israel has previously stated that it *will not* grant a light and air easement to the potential purchaser of 6-10 West 70th Street. That being the case, the few windows facing west to Central Park would be lot line windows, which are do not provide for legal ventilation and can be blocked should the Shearith Israel site ever be redeveloped.

- Exhibit Two of the Freeman/Frazier report presents their calculation of residential value. It starts with the zoning floor area of the site (assuming it is a single lot) broken into its R8B and R10A components, and apparently, *and in error*, uses the zoning components as a proxy for relative land value. By doing so, Freeman/Frazier have applied a value of $825 per square foot of building area to 74% of the site, under the presumption that the upper floors possess Central Park views. The floor area possessing such views is demonstrably insignificant, accordingly, their value calculations and conclusions are fundamentally in error.

- Further, reduction of the land value to $500 per square foot adds more than $5,000,000 to the estimated profit calculations, assuring each alternative's economic viability. It is of interest to note that Freeman/Frazier reports dated March 28, 2007, September 6, 2007 and as recently as October 24, 2007 were presented wherein the development potential of the site was estimated at $500 per square foot of building area. There is no evidence, either in their report or by market sales activity, to demonstrate that the property experienced a 50% increase in value since October 24, 2007.

- The Freeman/Frazier report appears to underestimate the residential saleable area and value of the outdoor terrace, thereby "shortchanging" the sales revenues and once again crippling any potential economic return.

- The Report has employed a construction loan interest rate that is far above current market parameters, incurring costs far greater than should be expected.

- Freeman/Frazier claim that the unique physical characteristics of the site have a significant impact on economic feasibility (page 4). This statement is entirely without merit. The site is a regular shaped 64 foot by 100 foot building lot. The land is level and there are no known subsoil conditions or environmental hazards negatively affecting the site. There is nothing atypical or apparent about the site that would support their claim. The additional building costs Freeman/Frazier claim as resulting from unique site conditions are rather the result of design programming decisions, *and not site conditions*. Given their curriculum vitae, it is at best disingenuous, if not deliberately misleading, for them to maintain that the site has unique characteristics that significantly impact economic feasibility.

- ***The Freeman/Frazier March 11, 2008 report appears to intentionally overestimate the underlying land value in an attempt to prove that as of right development is not economically feasible. Insofar as the value of the underlying land has been clearly demonstrated to be to fulcrum upon which economic feasibility is balanced, basing the land value on the opinion of an consultant with no appraisal qualifications or licenses, who does not identify themselves as a real estate appraiser, and who has demonstrated a failure to employ proper appraisal methodology and technique, can only result in an unreliable indication of economic feasibility.***

- Appropriate revision of the Economic Analysis contained within the Report reveals that both the development scenarios presented in the March 11, 2008 Freeman/Freeman report are economically feasible, generating project profit of $11,396,276 for the "Proposed Development with Courtyard" scenario and $6,968,046 for the "Proposed Development with Courtyard without Penthouse" scenario ***by only changing the land value from $750 to $500 per square foot***. Profit and positive economic feasibility would further increase by appropriate revisions to the net saleable area (see attached table of with revised calculations).

MVS Report Response

Economic Feasibility: Freeman/Frazier predictably disagrees with the MVS report conclusion that the "As of Right Scheme C" alternative is economically feasible. They state that "This would only be the case if each and every one of MVS's alternative and often unsupported assumptions were considered to be correct." None of the MVS adjustments are unsupported; the reasons for revising the land value, saleable area estimate, outdoor space and interest rate are explained. Because the economic feasibility of "As of Right Scheme C" *does not depend* upon each and every alternative assumption being adopted, we have estimated the profit accruing to "As of Right Scheme C" assuming only some of the alternative valuation assumptions (see Schedule A).

As illustrated, by only changing the land acquisition cost from $750 to $500 per square foot, project profit almost triples, from the Freeman/Frazier estimate of $1,240,000 to $3,618,000. Assuming that the land acquisition cost remains at $750 per square foot and that the saleable building area is adjusted to market norms, the project profit jumps to $8,400,000. Finally, assuming an adjustment in the acquisition cost, saleable area and interest rate, the project profit is $12,800,000. This exercise demonstrates a minimum project profit of 12.43% for "As of Right Scheme C" which, according to the Freeman/Frazier December 21, 2007 report, is actually *greater* than the 12.19% profit they projected in their "Revised Proposed Development" scheme.

Therefore, based upon any number of reasonable adjustments to the Freeman/Frazier calculations, development of "As of Right Scheme C" is economically feasible, with no apparent economic hardship evident.

MVS EXHIBIT A
COMPARATIVE PROFIT SUMMARY
AS OF RIGHT SCHEME C

	ALL RESIDENTIAL F.A.R. 4.0	*MVS Revised Land Price Only*	*MVS Revised Saleable Area Only*	*MVS Revised Land Price, Interest Rate and Saleable Area*
Building Area (sq.ft.)				
Gross Above-Grade Residential Area (1)	28,724	28,724	28,724	28,724
Built Residential Area	28,724	28,724	28,724	28,724
Sellable Area	17,780	17,780	25,402	25,402
Ratio of Sellable to Built	62%	62%	88%	88%
CAPITAL INVESTMENT SUMMARY				
Acquisition Cost	14,816,000	9,877,333	14,816,000	9,877,333
Holding & Prep. Costs	0	0	0	0
Base Construction Costs	11,808,000	11,808,000	11,808,000	11,808,000
Soft Construction Costs	6,847,000	6,742,667	6,847,000	6,847,000
Est. Total Development Costs	33,471,000	28,428,000	33,471,000	28,532,333
Project Value				
Sale of Units	40,199,000	40,199,000	57,431,665	57,431,665
(less) Sales Commissions	(2,412,000)	(2,412,000)	(3,446,000)	(3,446,000)
Net Project Value	37,787,000	37,787,000	53,985,665	53,985,665
PROJECT INVESTMENT				
Acquisition Cost	14,816,000	9,877,333	14,816,000	9,877,333
Holding & Prep. Costs	0	0	0	0
Base Construction Costs	11,808,000	11,808,000	11,808,000	11,808,000
Soft Construction Costs	6,847,000	6,742,667	6,847,000	6,847,000
Carrying Costs During Sales Period	688,000	688,000	688,000	688,000
Est. Total Investment	34,159,000	29,116,000	34,159,000	29,220,333
RETURN ON INVESTMENT				
Estimated Project Value	37,787,000	37,787,000	53,985,665	53,985,665
(less) Est. Total Investment	(34,159,000)	(29,116,000)	(34,159,000)	(29,220,333)
(less) Est. Transaction Taxes	(734,000)	(230,000)	(229,999)	(230,000)
Est. Profit (loss)	2,894,000	8,441,000	19,596,666	24,535,331
Development/Sales Period (months)	28	28	28	23
Annualized Profit (loss)	1,240,000	3,618,000	8,399,000	12,801,000
Return on Total Investment	8.47%	12.43%	24.59%	43.81%
Annualized Return on Total Investment	3.63%	5.33%	10.54%	22.86%

Site Value: This portion of the Freeman/Frazier review of the MVS February 8, 2008 report attempts to rehabilitate the errors noted by MVS. The author of the MVS report is a New York State Licensed commercial real estate appraiser possessing the prestigious MAI designation who has been practicing appraisal in the City of New York for more than 33 years, regularly appraising development sites and proposed construction projects for major lenders, developers and investors. Neither principals of the Freeman/Frazier firm are licensed to appraise real estate in the State of New York and neither appears to have any appraisal credentials whatsoever. That said, their attempt to defend their flawed "appraisal" is in itself flawed by a misunderstanding of valuation theory and technique. For example:

- Freeman/Frazier's attempt to discredit the MVS analysis of Sale No. 1, 510 West 34th Street, by stating that the potential purchase of additional air rights is purely speculative demonstrates their misunderstanding of the zoning district's as of right available TDRs. These TDRs are not speculative and persons involved with transactions in this district know that underlying land in this special zoning district sells at a premium because cheap TDRs are available "as of right."

- Sale No. 2, 166 West 58th Street, was in fact sold with an operating garage on the site. The cost to demolish the structure should have been considered.

- Freeman/Frazier state that a sale a year earlier for Sale No. 3, 452 Eleventh Avenue, at a much lower price is not relevant. Most real estate valuation professionals would disagree with this statement. Further, were that property to be appraised, the appraiser would be required by state licensing law to explain the huge value jump in such a short period of time. Failure to explain the discrepancy in prices diminishes the reliability of the analysis.

- Freeman/Frazier state that including 272-276 West 86th Street as a "vacant property" is not accurate and unprofessional. They maintain that these properties "would never be considered 'vacant property' for comparable purposes." In fact, MVS was retained by a construction lender to appraise these properties at the time of their acquisition. The site was purchased with the clear intent to demolish two of the three buildings on the site and erect an 18-story 18-unit luxury residential condominium on the site.

- Freeman/Frazier apparently use readily available public information and believe that 200 West End Avenue sold for $724 per square foot of developable building area. Their calculation is based simply on the sale price divided by the site size divided by the R8 zoning floor area ratio. MVS appraised this property for the construction lender. Had Freeman/Frazier conducted professional appraisal level research they would have found that the purchase price of $97,500,000 included development rights from Block 1158 Lot 65 increasing the total building area from 135,000 square feet to 261,183 square feet of floor area, or $373 per square foot, as stated in the MVS report. This type of misinformed analysis on the part of Freeman/Frazier is contained throughout their analysis.

Freeman/Frazier criticizes MVS for not making adjustments to these properties as in an appraisal. MVS states very clearly in the February 9, 2008 report that their report "should not be construed to represent an appraisal of the premises, as we were not engaged to appraise the site, but rather to review the Feasibility Study and its conclusions." MVS merely points out that Freeman/Frazier failed to analyze data correctly and overlooked other appropriate comparable data. Their evident lack of appraisal sophistication is mirrored in their error filled critique of a review of their own work.

Freeman/Frazier would have the reader of their report believe that the current economic upheaval and illiquidity in the credit markets has no impact on the market for development sites in New York City. Further, they cite “acceptable appraisal method” for justification. It would be virtually impossible for any valuation professional today to justify making 10% upwards adjustments to sales that were closed last summer. Insistence that “there is no clear indication” that the high end of the market is unaffected is unsupportable and wholly unreasonable.

Central Park Views: Freeman/Frazier continue to assert that an as of right “sliver” building on the site would have Central Park views on the upper floors and uses this as justification for their extraordinarily high land value estimate. As previously illustrated, the proportion of an as of right building with such views is less than 15%. Only an economically unfeasible sliver tower would have the views that Freeman/Frazier maintain are available.

Saleable Area: Freeman/Frazier represent that the sellable building areas were provided by the project architect. As this discrepancy plays large in the valuations, it is curious that details of these architect’s estimates were not provided in their March 11, 2008 report.

Soft Costs: Freeman/Frazier claim that MVS did not substantiate the claim that their report overestimated soft costs. As stated in the February 8, 2008 MVS report, soft costs are overstated because they include interest charges on development rights that should not be charged, as well as a lower construction loan interest rate. MVS recalculations use the same formulas as did Freeman/Frazier to calculate soft costs, which are reduced through a reduction in the loan amount (which was reduced by a lower site acquisition cost).

Freeman/Frazier is silent on whom the developer might be. It is our understanding that Freeman/Frazier previous stated that they assumed that Congregation Shearith Israel was the developer. It is quite illogical to charge oneself interest on an owned asset, without, of course, showing the charged interest as income (which they did not do). *Therefore, inclusion of all the carrying and soft costs associated with the site acquisition should be eliminated, adding approximately $2,500,000 to each of their profitability estimates.*

Conclusions

The objective in valuing the Congregation Shearith Israel site is to establish the price that a developer would pay for the 64 foot by 100 foot site. Whereas developers typically analyze their own investments based upon a “land residual” technique (starting out with the value of the finished development of the site and subtracting from that the cost of construction and entrepreneurial profit, with the remaining value attributable to the site acquisition). Real estate analysts and appraisers study the results of developer’s analyses, with the most commonly used unit of comparison the price per square foot of developable building area.

The Freeman/Frazier valuation technique throughout its reports concerning this case is fundamentally flawed in that it assumes that a developer would pay for building rights that cannot be built. Only at the instruction of the Board of Standards and Appeals did they cease this practice in their March 11, 2008 report. In a duplicitous tactic, Freeman/Frazier base their estimate of land value on the square footage and theoretical view characteristics of a "sliver tower" that they acknowledge would not be/could not be constructed on the site. They then apply that value to all their development alternatives, knowing full well that in the real world, a developer would not pay a cashmere price for wool.

As was illustrated in the MVS report dated February 8, 2008, the development of the Congregation Sheareth Israel site with an "As of Right Scheme C" building in conformity with zoning is economically feasible, providing a reasonable return to the property owner. Further, there is nothing so unusual about the site or the circumstances affecting the development of the site that would result in development not being economically feasible other than an unreasonably inflated land acquisition cost. In fact, the site is a highly desirable parcel that would prove economically feasible to develop with an as or right development assuming market-oriented and reasonable site acquisition cost.

Please do not hesitate to contact us with any questions you may have regarding our assumptions, observations or conclusions.

Very truly yours,
METROPOLITAN VALUATION SERVICES, INC.

Martin B Levine

By: Martin B. Levine, MAI
Chairman
NY Certification 46000003834

MVS EXHIBIT B

PRO FORMA ANALYSIS SUMMARY – COMPARATIVE ANALYSIS

		PROPOSED DEVELOPMENT WITH COURTYARD	*MVS Revised Land Value*	PROPOSED DEVELOPMENT WITH COURTYARD W/O PENTHOUSE	*MVS Revised Land Value*
DEVELOPMENT COST SUMMARY					
ACQUISITION COSTS		13,384,000	8,922,667	13,384,000	8,922,667
HOLDING & PREP. COSTS		0	0	0	0
BASE CONSTRUCTION COSTS		7,398,000	7,398,000	6,547,000	6,547,000
TENANT FIT-OUT COSTS		0	0	0	0
EST. SOFT COSTS		6,363,000	5,428,058	6,210,000	5,244,288
EST. TOTAL DEV. COSTS		27,145,000	21,748,724	26,141,000	20,713,954
ACQUISITION COST					
Land Purchase Price		13,384,000	8,922,667	13,384,000	8,922,667
TOTAL LAND VALUE		13,384,000	8,922,667	13,384,000	8,922,667
HOLDING & PREP. COSTS		0	0	0	0
BASE CONSTRUCTION COSTS		7,398,000	7,398,000	6,547,000	6,547,000
EST. CONST. LOAN AMOUNT		24,770,000	16,311,543	24,770,000	15,535,466
EST. CONST. PERIODS (MOS.)		24	24	24	24
EST. SOFT COSTS					
Builder's Fee/Developer's Profit	3.00%	814,000	652,000	784,000	621,000
Arch. & Engin. Fees	8.00%	592,000	592,000	524,000	524,000
Bank Inspect. Engin.		34,000	34,000	34,000	34,000
Construction Management	5.00%	296,000	296,000	262,000	262,000
Inspections, Borings & Surveys					
Laboratory Fees	LS	5,000	5,000	5,000	5,000
Soil Investigation	LS	10,000	10,000	10,000	10,000
Preliminary Surveys/Reports	LS	5,000	5,000	5,000	5,000
Onging Surveys	LS	10,000	10,000	10,000	10,000
Environmental Surveys/Reports	LS	2,000	2,000	2,000	2,000
Controlled Inspection Fees	LS	45,000	45,000	45,000	45,000
Legal Fees					
Dev. Legal Fees	LS	150,000	150,000	150,000	150,000
Con. Lender Legal		62,000	51,000	62,000	51,000
End Loan Legal		0	0	0	0
Permits & Approvals					
D.O.B. Fees		124,000	124,000	120,000	120,000
Condo/Co-op Offering Plan	LS	30,000	30,000	30,000	30,000
Other	LS	40,000	40,000	40,000	40,000
Accounting Fees	LS	5,000	5,000	5,000	5,000
Consultant Fees		0	0	0	0
Appraisal Fees	LS	8,000	8,000	8,000	8,000
Marketing/Pre-Opening Expenses					
Rental Commissions	25.00%	0	0	0	0
Sales Expenses & Advertising	LS	198,000	198,000	198,000	198,000
Financing and Other Charges					
Con. Loan Int. @ Loan Rate	9.50%	2,353,000	1,925,745	2,353,000	1,925,745
Rent-up Loan Int. @ Loan Rate	7.00%	0	0	0	0
Con. Lender Fees	1.00%	248,000	163,313	248,000	155,543
End Loan Fee	1.00%	0	0	0	0
Construction Real Estate Tax		445,000	445,000	445,000	445,000
Rent-up Real Estate Tax		0	0	0	0
Title Insurance	0.33%	90,000	72,000	86,000	68,000
Mtge. Rec. Tax	2.75%	681,000	449,000	681,000	427,000
Construction Insurance		111,000	111,000	98,000	98,000
Water and Sewer		5,000	5,000	5,000	5,000
Other		0	0	0	0
TOTAL EST. SOFT COSTS		6,363,000	5,428,058	6,210,000	5,244,288

MVS EXHIBIT C
COMPARATIVE DEVELOPMENT COST SUMMARY

	PROPOSED DEVELOPMENT WITH COURTYARD	*MVS Revised Land Value*	PROPOSED DEVELOPMENT WITH COURTYARD W/O PENTHOUSE	*MVS Revised Land Value*
Building Area (sq.ft.)				
Gross Above-Grade Residential Area (1)	20,863	20,863	20,309	20,309
Built Residential Area	20,863	20,863	20,863	20,863
Sellable Area	15,243	15,243	13,454	13,454
Ratio of Sellable to Built	73%	73%	64%	64%
CAPITAL INVESTMENT SUMMARY				
Acquisition Cost	13,384,000	8,922,667	13,384,000	8,922,667
Holding & Prep. Costs	0	0	0	0
Base Construction Costs	7,398,000	7,398,000	6,547,000	6,547,000
Soft Construction Costs	6,363,000	5,428,058	6,210,000	5,244,288
Est. Total Development Costs	27,145,000	21,748,724	26,141,000	20,713,954
Project Value				
Sale of Units	36,212,000	36,212,000	30,400,000	30,400,000
(less) Sales Commissions	(2,173,000)	(2,173,000)	(1,824,000)	(1,824,000)
Net Project Value	34,039,000	34,039,000	28,576,000	28,576,000
PROJECT INVESTMENT				
Acquisition Cost	13,384,000	8,922,667	13,384,000	8,922,667
Holding & Prep. Costs	0	0	0	0
Base Construction Costs	7,398,000	7,398,000	6,547,000	6,547,000
Soft Construction Costs	6,363,000	5,428,058	6,210,000	5,244,288
Carrying Costs During Sales Period	664,000	664,000	664,000	664,000
Est. Total Investment	27,809,000	22,412,724	26,805,000	21,377,954
RETURN ON INVESTMENT				
Estimated Project Value	34,039,000	34,039,000	28,576,000	28,576,000
(less) Est. Total Investment	(27,809,000)	(22,412,724)	(26,805,000)	(21,377,954)
(less) Est. Transaction Taxes	(661,000)	(230,000)	(555,000)	(230,000)
Est. Profit (loss)	5,569,000	11,396,276	1,216,000	6,968,046
Development/Sales Period (months)	28	28	28	28
Annualized Profit (loss)	2,387,000	4,884,000	521,000	2,986,000
Return on Total Investment	20.03%	50.85%	4.54%	32.59%
Annualized Return on Total Investment	8.58%	21.79%	1.94%	13.97%
TOTAL NET PROCEEDS	15,771,000	13,806,667	13,905,000	11,908,667

ASSUMPTIONS AND LIMITING CONDITIONS

This report has been prepared under the following general assumptions and limiting conditions:

1. No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters which are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser.
2. Title to the property is assumed to be good and marketable and the property is assumed to be free and clear of all liens unless otherwise stated. All mortgages, liens and encumbrances have been disregarded unless so specified within this report.
3. The appraiser has made no legal survey nor have we commissioned one to be prepared. Therefore, reference to a sketch, plat, diagram or previous survey appearing in the report is only for the purpose of assisting the reader to visualize the property.
4. The subject property is analyzed as though under responsible ownership and competent management with adequate financial resources to operate the property within market parameters.
5. It is assumed in this analysis that there were no hidden or unapparent conditions of the property, subsoil, or structures, including hazardous waste conditions, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
6. Information furnished by others is believed to be reliable. However, no warranty is given for its accuracy. Some information contained within this report may have been provided by the owner of the property, or by persons in the employ of the owner. Neither the consultant nor Metropolitan Valuation Services, Inc. ("MVS") shall be responsible for the accuracy or completeness of such information. Should there be any material error in the information provided to or obtained by the consultant; the results of this report are subject to review and revision.
7. The consultant assumes that no hazardous wastes exist on or in the subject property unless otherwise stated in this report. The existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The consultant has no knowledge of the existence of such materials on or in the subject property. The consultant however, is not qualified to detect such substances or detrimental environmental conditions. The consultant has inspected the subject property with the due diligence expected of a professional real estate appraiser. The consultant is not qualified to detect hazardous waste and/or toxic materials. Any comment by the consultants that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The value estimates rendered in this report are predicated upon the assumption that there is no such material on or affecting the property which would cause a diminution in value. No responsibility is assumed by the appraiser for any such conditions, or for any expertise or environmental engineering knowledge required to discover same. The client is urged to retain an expert in this field if so desired.
8. The consultants have inspected the exterior of the subject property with the due diligence expected of a professional real estate appraiser. MVS assumes no responsibility for the soundness the property's structural or mechanical systems and components. We accept no responsibility for considerations requiring expertise in other professional fields. Such considerations include, but are not limited to, soils and seismic stability, civil, mechanical, electrical, structural and other engineering and environmental matters.
9. It is assumed that there is full compliance with all applicable federal, state, and local land use laws and environmental regulations and unless non-compliance is noted, described, and considered herein.
10. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and/or analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more elements of the ADA. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, the appraiser did not consider possible noncompliance with the requirements of the ADA in estimating the value of the subject property.

11. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based.
12. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the consultant, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval of the appraisers.
13. Unless prior arrangements have been made, the consultant, by reason of this report, is not required to give further consultation or testimony, or to be in attendance in court with reference to the property that is the subject of this report.
14. Unless otherwise noted, this report has not given any specific consideration to the contributory or separate value of any mineral and/or timber rights associated with the subject real estate.
15. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the Appraisal Institute.
16. This report has been made subject to current market terms of financing. The opinions cited herein are valid only as of the date of report. Any changes that take place either within the property or the market subsequent to that date of value can have a significant impact on value.
17. Forecasted income and expenses that may be contained within this report may be based upon lease summaries and operating expense statements provided by the owner or third parties. MVS assumes no responsibility for the authenticity or completeness of such data.
18. This report is intended to be used in its entirety; if not presented in its entirety, the conclusions presented herein may be misleading.
19. This report has been prepared for the exclusive benefit of the addressee (the client), its successors and/or assigns. It may not be used or relied upon by any other party. Any other parties who use or rely upon any information in this report without our written consent do so at their own risk. Any person or entity not authorized by MVS in writing to use or rely this report, agrees to indemnify and hold MVS and its respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys fees, incurred in conjunction with defending any claim arising from or in any way connected to the use of, or reliance upon, the report by any such unauthorized person or entity.

Extraordinary Assumptions

An extraordinary assumption is defined as an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.

This report employs no extraordinary assumptions.

***Hypothetical* Conditions**

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

This report employs no hypothetical conditions.

CERTIFICATE OF APPRAISAL

I, Martin B. Levine, MAI certify that to the best of my knowledge and belief that:

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

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.

My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

This appraisal was not prepared in conjunction with a request for a specific value or a value within a given range or predicated upon loan approval.

Martin B. Levine, MAI has made a personal inspection of the exterior of the premises which is the subject of this appraisal. Martin B. Levine, MAI has extensive experience in the appraisal of similar properties.

The Appraisal Institute conducts a program of continuing professional education for its designated members. MAI and RM members who meet minimum standards of this program are awarded periodic education certification. I, Martin B. Levine, MAI am currently certified under the Appraisal Institute's continuing education program.

Martin B. Levine, MAI has been duly certified to transact business as a Real Estate General Appraiser (New York State certification #46000003834).

No one provided significant professional assistance to the person signing this report.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

METROPOLITAN VALUATION SERVICES, INC.

Martin B. Levine

By: Martin B. Levine, MAI
Chairman
For the Firm

MARTIN B. LEVINE, MAI

CHAIRMAN - METROPOLITAN VALUATION SERVICES

MARTIN B. LEVINE is a co-founder of Metropolitan Valuation Services, Inc. Mr. Levine is primarily responsible for the appraisal of commercial, non-multifamily properties, as well as for the company's quality control, reporting format, staff development and business relationships.

Mr. Levine has more than 32 years of experience in real estate appraisal. During his career Mr. Levine has appraised virtually every property type and performed a vast array of consulting assignments including feasibility and alternative use studies. Mr. Levine's clients include local, regional, national and foreign banks, Wall Street conduits, insurance companies, pension funds, private investors, government agencies and attorneys.

As a former executive vice president of a national valuation and due diligence firm for fourteen years, Mr. Levine oversaw one of the largest staff of professional appraisers in the Metropolitan New York area. Mr. Levine's responsibilities included marketing and professional oversight of five appraisal teams led by specialists in Metropolitan New York commercial and multifamily valuation, hospitality, retail, and New Jersey. Appraisal assignments included trophy office buildings, regional shopping centers, major industrial complexes, large-scale multifamily complexes and hotels. Properties appraised were concentrated in Metropolitan New York, but many clients utilized the firm for their national assignments, including multi-property portfolios.

Previous appraisal experience includes eleven years at The Chase Manhattan Bank, where Mr. Levine managed the largest institutional appraisal staff in New York City and oversaw all appraisals conducted for bank clients doing business in New York. Mr. Levine was also the Director of Real Estate Consulting for Planned Expansion Group, where he managed a small consulting group attached to an architectural and planning concern. Assignments included appraisals, land use and feasibility studies and economic forecasting.

Mr. Levine is a designated member of the Appraisal Institute (MAI) and is certified by the State of New York as a real estate General Appraiser. Mr. Levine received his Bachelor of Architecture and Master of City and Regional Planning degrees from Pratt Institute and has completed numerous courses in finance and real estate. He has served as Chairman of the Admissions Committee of the Metropolitan New York Chapter of the Appraisal Institute, and he has served on the Chapter's Board of Directors. Mr. Levine has been qualified and testified as an expert witness in New York, Brooklyn, Newark, Riverhead and Mineola courts.